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Co-operative Bank of Kenya Sustainability Review

2020

# CO-OPERATIVE BANK OF KENYA GROUP STRUCTURE

Coop Holdings Coop Society Ltd (64.56%)

Minority Shareholders (35.44%)

# Co-operative Bank of Kenya Ltd

100% **Co-optrust Investment** Services Ltd

60% **Kingdom Securities Ltd** 

100% Co-op Consultancy and **Insurance Agency Ltd** 

90% Kingdom Bank Ltd

51% Co-operative Bank of South Sudan Ltd

33.41% Co-operative **Insurance Society Ltd** 

25% Co-op Bank Fleet **Africa Leasing** Limited

Retail & Business Banking Division

Corporate and Institutional Banking Division

Co-operatives Banking Division

Credit Management Division

ICT & Innovations Division

Human Resource & Administration Division

Transformation Division

Finance & Strategy Division

Company Secretary Division

Operations Division



Trustworthy Innovative & Agile Value for our customers

Share & Collaborate

Passion for Excellence



Branches



Contact Centre





Sacco Front Offices Branch network



Account holders







Mcoop Cash Customers



Diaspora Banking Customers

# **Our History**

## 1966/1968

The Co-operative Bank of Kenya is establsihed and opens its doors in year 1968

## 1994

Converts into a full-fledged Commercial Bank to bank other customers beyond cooperatives including individuals, corporates and other institutions

## 1998

The Bank's Head Office is it by a terror attack aimed at the adjacent US Embassy. Operations are move to various hired premises in town.

## 2000

The bank makes a huge loss of Kshs. 2.3 Billion

## 2002

Returns to profitability reporting Kshs.103 Million profit. The bank re-occupies the renovated Cooperative House Building

## 2005

Doubles its share capital from Kshs.1.2 Billion to Kshs. 2.3 Billion through share capital injection of Kshs. 1.1. Billion

## 2007-2008

Records a complete turn around by reporting a Kshs. 2.3 Billion Profit before tax. Successfully listed in the Nairobi Securities Exchange in 2008.

## 2009-2013

The Bank undergoes its most rapid expansion by opening 77 branches. Customer accounts grow from 700,000 to 4.1 Million at the close of 2013

## 2014-2015

Embarks on the bold 'Soaring Eagle' Transformation Agenda to scale greater frontiers riding on over 5.9 Million account holders.

## 2016

Group registers continued growth with a PBT of Ksh. 17.7 Billion and an asset base of over Kshs.351.8 Billio

## 2017

The group records a PBT of Kshs.16.4 B a commendable performance against the backdrop of a tight operating environment, Interest rates capping and general economic slowdown

## 2018

The group continues to soar higher recording a PBT of Kshs. 18.16 Billion, 11% higher than Kshs. 16.4 Billion in 2017.

## 2019

The Group continues to perform well recording a PBT of Kshs. 20.71 Billion, a 14% growth. The bank disburses Kshs.43 Billion through Ecredit, a lending focus area.

## 2020

The Group continues to show resilience in a year marked by the Covid 19 pandemic, growing its balance sheet to Kshs. 537 Billion reclaiming 3rd largest Bank in Kenya position and posts a PBT of Kshs.14.3Billion. The Group acquires Kingdom Bank Ltd, a Niche MSME bank

# **Our Strategic Focus**

# **KEY STAKEHOLDERS**



1. Optimal returns 2. Sustainability/ Marketshare growth



1.Employer of choice 2. Staff productivity



1. Operational efficiency 2. Proactive Risk management 3. Optimal digital strategy

## THE COMMUNIT



1. Responsible Corporate Citizen 2. Sustainable Economic, Social & **Environmental Impact** 

## OUR CUSTOMERS



1. Customer centricity 2. Digitized customer journeys

## **REGULATORS**



Compliance to all regulations



Responsible engagement

Long term credit lines for specific purpose

# **Kev Enablers**

"Soaring Eagle Transformation is an efficiency and growth project that we begun in 2014 and it continues to be a key strategic enabler in every area of our business."

# Financial Capital



Total Assets

Kshs. 537B

(2019 Kshs.457.1B)

**Customer Deposit** Kshs. 378.6B

(2019 Kshs.332.8B)

Borrowed funds

Kshs. 46.0B

(2019 Kshs.26.4B)

Profit before tax

Kshs. 14.3B

(2019 Kshs.20.7B)

Retained earnings

Kshs. 74.6B

(2019 Kshs.62.4B)

**Total Capital** 

Kshs. 79.4B

(2019 Kshs.69.3B)

Liquidity of

52.2%

(2019 46.2%)

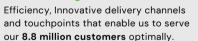








# **Manufactured Capital**



Agency Banking (23,389) Coop-Net Internet banking platform (115.911)

Adequate ICT infrastructure to support all our strategic initiatives.

Omnichannel platform Core Banking System

MCOOP Cash

Mobile banking platform (5 M)

# Natural Capital

Contributing positively towards preserving the natural resources that we employ in our value creation process.

# **Human Capital**



4628 (2019 - 4422)

Diverse staff members capable of meeting our present and future human capital needs

# Social & Relationship Capital

177 Branches

**581** ATMS



An optimal relationship with all our stakeholders to ensure long-term value addition.

## **Intellectual Capital**

- · Corporate governance, enterprise risk management & corporate planning
- · Dynamic IT skills
- · A strong brand
- · Tacit cooperatives knowledge

# Other Key Indicators

**Economic** 

Social

Environmental

Staff Numbers

2020 4628

2019 4422

Digital Channels Transaction

2020 166M

2019 136M

**Branches County Presence** 

2020 44

2019 42

ATMs

2020 581

2019 583











Training & Development 2020 Ksh 24.3M

2019 Ksh.70M

COOP foundation students

2020 7713

2019 7657

**CCIA** Consultancies

2020 2885

2019 2800

Staff Remuneration

2020 Ksh13.4B

2019 Ksh 12.4B

Wide branch network

2020 177

2019 159











Renewable energy Lending

2020 Ksh 3.4B

2019 Ksh 2.59B

**Electricity Cost (Million)** 

2020 Ksh 235M

2019 Ksh 261M

Water Cost

2020 Ksh 32M

2019 Ksh 35M

Generator Fuel cost (Million)

2020 Ksh 15M

2019 Ksh 19M











EMEA FINANCE AFRICAN BANKING

Best Bonk - Kenya

ADDED IN MSCI INDEX IN MAY 2020

ADDED IN MSCI INDEX small Index, raising the under Frontiers Index International Market

Under Frontiers in the International Market

Bank visibility in the International Market

GLOBAL SME FINANCE AWARDS 2019

GLOBAL SME FINANCE AWARDS 2019

ENANCIAL REPORTING AWARDS 2019 FINANCIAL REPORTING AWARDS 2019
Winner: Environmental Sustainability Reporting KENYA BANKERS ASSOCIATION: CATALYST 2nd Bank case study Financing and supporting chlerits in the informal 2nd - Best in sustainable finance Commercial Clients
2nd - Best in sustainable financing Commercial Clients
2nd - Gank case study Benk Operations
2nd - Gank case study Benk Operations Overall Winner case study financing Commerc. Winner past in sustainable financing Commerc. 2nd - past in sustainable financing Commerc. AWARDS 2019 3rd - Client Cose study financine and sup And - Bank cose study financine and sup And - Bank cose study KENYA ASSOCIATION OF MANUFACTURERS and bank case study Fins Sector Most Innovative Bank KENYA ASSOCIATION OF MANUFACTURE





# **Chairman Statement**

It gives me immense pleasure to present the 8th Sustainability Report of the Co-operative bank group. Your support, and the support of all our stakeholders enabled us to remain resilient, grow our business and adapt quickly in a period that was marked by global economic disruption occasioned by the ongoing Covid\_19 Pandemic. The Bank, in line with our vision and purpose, has continued to transform the lives of millions through the innovative products and sustainable solutions that we offer.

We have shown incredible resilience in the year 2020. We started the year with an outlook of strong growth supported by, among others, the recovery of the agricultural sector, reduced fiscal deficit cuts, payments of pending bills by the government, stronger growth in private sector credit following the repeal of interest rate caps, the continued implementation of the Big 4 agenda and a stable macroeconomic environment. These hopes were soon dashed when COVID-19 pandemic was confirmed to have spread to Kenya on March 12, 2020 and so far over 3000 Kenyans have succumbed. What started as a health crisis soon became an economic and social crisis as the Country acted to mitigate the spread of the highly contagious virus. Among the mitigants was the suspension of commercial flights in and out of Kenya, dusk to dawn curfews, and banning of public gatherings. The Government also went ahead to issue a cessation of movement in and out of Nairobi Metropolitan Area, Mombasa, Kilifi and Kwale, closure of schools, places of worship, entertainment spots, and a raft of other measures were issued. Since then containment measures have continued to take place with the latest measures being around the containment of the third wave of the Pandemic

The Group continues to proactively support all stakeholders throughout the Pandemic period. This has seen a restructure of Kshs.49 Billion in loans to support customers impacted by the pandemic. The Bank's huge investment in Digital has paid off with a seamless execution of uninterrupted financial services and a work from home model that supports social distancing which is critical to the pandemic containment.

We worked closely with our regulators and the Government in supporting all the measures and guidelines including Kshs. 100 million to the private sector led Covid\_19 Task force. We paid a Kshs. 5.8B Dividend which is a critical support/ income to the 15-million-member Cooperative Movement that predominantly owns the Bank. We have also managed to secure USD 85 Million from our long-term funding partners towards supporting our customers in the MSME segment, the health sector and Businesses undertaking Climate-Smart Projects.

Despite the global position, effective 22nd August 2020, Co-op Bank completed acquisition of 90% of the issued share capital of Jamii Bora bank. Co-op Bank is entitled to 90% of the voting rights in the Company, 90% of the distributable profits of the Company and the right to appoint all the members of the Board of Directors. During our AGM on 22nd October 2020 this deal was ratified. The Bank has appointed a new Board to drive the needed Transformation Agenda. This is a notable achievement in a year marked by a social and economic downturn.

The former Jamii Bora Bank has also changed its name and will henceforth operate as 'Kingdom Bank Limited'. The Group has continued with a strategy for continued deepening and dominance in our domain market segment while harnessing sustainable opportunities for expansion to other services like BancAssurance and Leasing business which are being done through our various other subsidiaries. Kingdom Bank Limited is a fully-fledged Commercial Bank, licensed and regulated by the Central Bank of Kenya, with over 444,000 customers in 17 branches.

As a bank we continue to our strategic goals that will see us achieve our vision to be the dominant bank in Kenya and the region. The Bank is now solidly the third largest Bank in Kenya by asset size of Kshs. 537 Billion. We are continually positioning ourselves to reach greater heights as far as sustainable banking and ultimately to contribute to a greener and better economy.



John K. Murugu, OGW Chairman, Co-operative Bank

# **Group MD&CEO Statement**

I am once again delighted to bring to you our sustainability report and share our progress and achievements for the year 2020. The operating environment was a difficult one due to the ongoing Covid\_19 pandemic and the resultant socio-economic disruptions. The period has been marked by rising non-performing loans as businesses and households struggle to repay the facilities advanced to them.

It was an environment that called for Banks to create value by growing in the sectors that were least impacted, to protect value by being resilient in terms of risk management including supporting customers in struggling sectors and to be fast and adaptable in the new environment. The Bank continues to adapt to the new normal, lending to growing sectors, supporting struggling customers and offering uninterrupted everyday transactions especially through alternative channels. Cyber risk continues to be a key concern especially as transactions and engagements go online hence as a Bank, we have proactive strategies to safeguard our stakeholders.

Our focus on sustainability is anchored on balancing social, economic and environmental risks and opportunities through the deliberate use of our products and services, collaboration and partnership, and by managing our own impact. The Bank has been recognized as the most sustainable financial institution by Kenya Bankers Association for practicing sustainable finance which has a direct positive impact on the financial sector, the economy, the environment and the society at large. To spur economic growth, we have secured long term funds from our long-term funding partners;

- USD 10 Million in partnership with Eco. Business Fund to finance sustainable agriculture.
- USD 75 Million in partnership with IFC to support customers to better cope with the
  disruptions brought about by the pandemic, especially those operating in the Micro
  small and medium enterprises (MSMEs), Businesses undertaking Climate-Smart Projects,
  including agricultural inputs and sustainable agricultural practices, renewable energy,
  energy efficiency and related areas.
- We have partnered with IFC and Philips (a leading health technology company) to help smaller businesses in Africa's health sector purchase essential medical equipment and strengthen their response to COVID-19 and other pressing healthcare challenges. The partnership is the first under the IFC -Led Africa Medical Equipment facility designed to provide risk sharing facilities to help small businesses up to 300 million Dollars in loans and leases

We support our key stakeholders and therefore support socio-economic sustainability through this tough period as we are cognizant of the significant impact we generate being one of the largest financial institutions in the region. This has largely included Robust engagement with regulators to ensure full compliance and support. This includes compliance to Ministry of Health guidelines, Government of Kenya directives, Occupational Safety & Health Policy in line with the OSH Act. (OSHA), Central Bank of Kenya guidelines, The Kenya Centre for Disease Control and Prevention (the "CDC") guidelines and World Health Organization guidelines. The Bank was the first to respond to the Private sector led Covid\_19 task force donating Ksh.100 Million towards critical medical supplies and equipment such as ventilators.

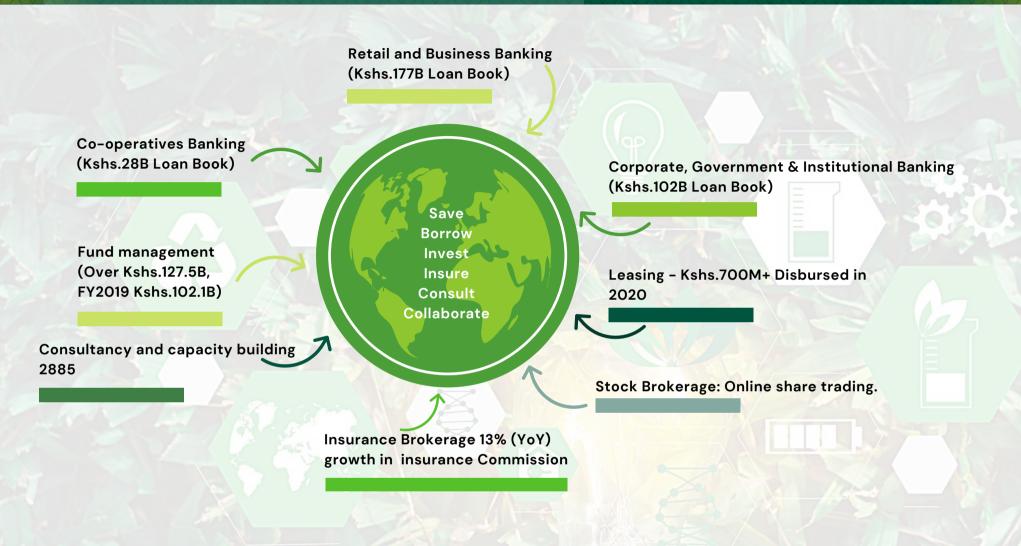
As a bank we demonstrated incredible resilience in 2020. Together with our stakeholders we forge forward in our sustainability journey as we work together to create a sustainable future.



Economic Stewardship

# **Key Numbers**

OUR CUSTOMERS	CHANNELS	OTHER KEY NUMBERS
8.8 Million	<b>177</b>	<b>537.1 Billion</b>
Accounts	Branches	Total Assets
<b>5 Million</b>	<b>24 Hour</b>	<b>72.4 Billion</b>
Mcoop Cash	Contact Centre	Core Capital
115K Internet	<b>479</b> FOSA's	<b>286.6 Billion</b> Net Ioan book
1.4 Sacco Link	23,300+ Coop Kwa Jirani Agents	<b>378.6 Billion</b> Customer Deposits
16K	581	<b>72.8 Million</b>
Diaspora Banking	<b>ATMs</b>	Market Capitalization
<b>1.7 Million</b>	5 Subsidiaries	<b>14.3 Billion</b>
facebook	2 Associate Company	PBT
<b>471,000+</b> Twitter	Internet Co-opNet (Retail and Corporate)	<b>4628</b> Staff members





LOCAL ECONOMIC IMPACT









We are an agent of economic growth. We recognize that for there to be economic growth we have to offer sustainable financial intermediation in the economy by connecting the surplus (Deposits) and the deficit (Loans). Despite the challenges we faced in 2020 our total mobilized deposits grew by 13.8%.

- Credit is the fuel of economic engine; over the last 5 years our net loans and advances to customers have grown at a compound annual rate of 6.6%. As at December 2020, Kes. 286.6 Billion was outstanding as loans and advances to public and private enterprises.
- As one of Kenya's top corporations we contribute to the country's economic growth through provision of responsible, innovative banking products and services and a variety of channels to make banking convenient and more accessible to the masses.
- In May 2018 in our Corporate & Co-operatives Banking divisions supported by IFC, we started a sector focus initiative in order to offer more targeted solutions to all sectors of the economy.

# Our overall book is approximately distributed as follows;

- a) Agriculture 1.9%
- b) Manufacturing 2.3%
- c) Trade 12.3%
- d) Financial Services 10.4%
- e) Energy & water 3.9%
- f) Building & Construction 2%
- g) Transport & Communication 9.9%
- h) Real estate 9.4%
- i) Tourism 1%
- i) Households 47%



# LOCAL ECONOMIC IMPACT





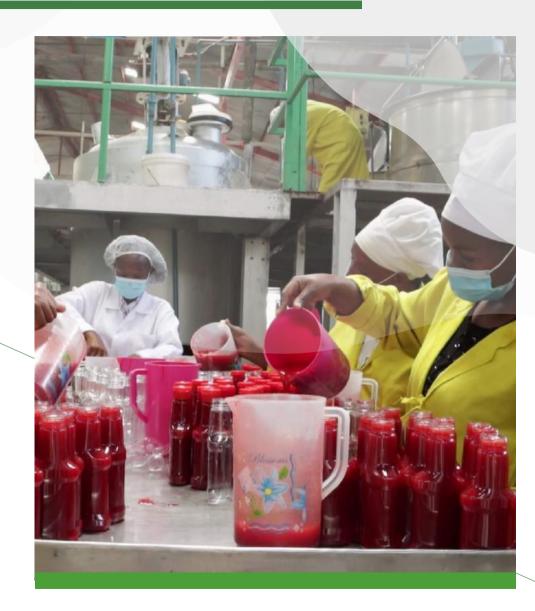


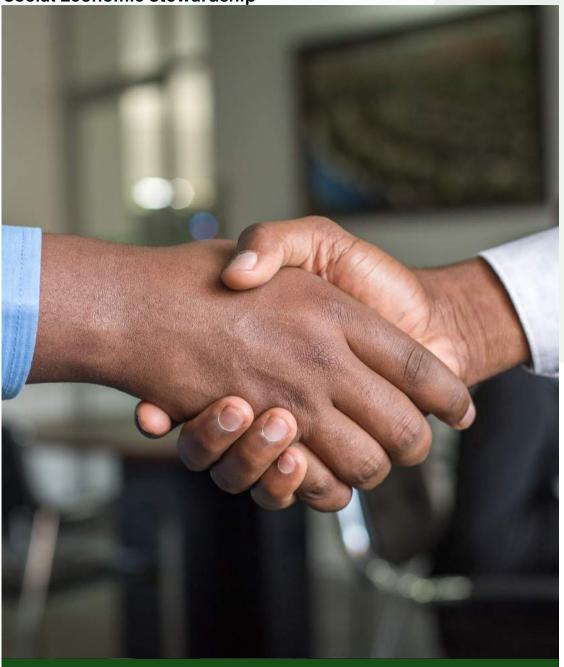
In Kenya, most MSMEs fall under the informal sector and by extension refers to people in self-employment or small-scale industries. The informal sector is estimated to constitute 98 percent of business in Kenya, contributing 30 percent of jobs and 3 percent of Kenya's GDP.

(Source: Kenya National Bureau of Statistics KNBS)

In 2018, supported by IFC, we launched an MSME transformation aimed at creating world-class African entrepreneurs and is designed to address the challenges that the bank and MSME customers face.

- To date, we have trained 10,750 customers on business management and financial skills, onboarded 116,000 clients onboarded to the new packages (Gold, Silver, Bronze,) improved Average Product holding within MSME packages stand to 3.4 products, onboarded 91 Anchors and 512 counter parties on our supply chain financing program. We further conducted 152 Non-financial services (NFS) clinics, 13 Networking forums and 3 international business trips.
- Through government borrowing from the open market, we have advanced Kes. 161.9 Billion through government securities in order to support realization of the countries development projects.
- We have spurred economic growth through our strong balance sheet growth over the years.





## **TAXES**















We contribute to the creation of prosperity and to the stability of our country through paying taxes. Taxes provide essential public revenues for governments to meet economic and social objectives. We view taxation as an essential part of our corporate social responsibility.

- In 2020 the bank paid Kshs.3.5 Billion in Corporate taxes and Kshs.2.4 Billion in employee Payroll taxes to the Kenyan tax authorities.
- The bank is also a Kenya Revenue Authority (KRA) appointed agent to assist the taxman in collection of various taxes across the country.
- The bank also directly invests in government securities as well as lending to various public entities

## **BUSINESS ETHICS**

At Co-op Bank we strongly believe that ethics are the heart of any strong organization. In being Ethical we have managed to foster employee morale, boost brand reputation, encourage loyalty in all our stakeholders, and improve our bottom line. We're determined to do the right thing by our customers, our communities and the planet: that's how we have become one of the leading financial institution in Kenya and the Region













## **EMPLOYMENT & STAFF DEVELOPMENT**









We believe that human capital is the most valuable asset of a great company. hence our commitment to the development and success of our staff through first-class continuous training, leadership-building and skills enrichment. There is a clear effort in managing the careers of our employees through coaching and mentoring processes, role specific trainings as well as stretch assignments as part of growing our employees. In 2020, 4019 staff underwent instructor led training; 3,332 physical in-person learning and 687 virtually. Another 31,900 cumulatively per head, completed 330 e-learning courses. We have Premium training and exposure for retention of key critical skills areas and capabilities e.g.

e.g. productivity & Engagement Coach programs, Data Analytics exposure visits and training, Digital capabilities exposure & premium training (design thinking and agile methodology) We have a robust Key Performance Indicators (KPI) focused performance management process with clear linkages to rewards and better accountability mechanisms. The introduction of fewer KPIs focused on core deliverables, performance dialogues and daily huddles keep staff focused on their performance at all times, ensure that they focus on core deliverables and provide better ways to measure and ultimately reward great performance. As a result, Staff productivity in 2020, measured by staff costs to total operating income improved to 24.9%.



SOCIAL INVESTMENTS

The bank makes immeasurable social investments directly through two of its subsidiaries; Co-op Bank foundation and Co-op Consultancy & Insurance Agency Ltd (CCIA).

## **CO-OP BANK FOUNDATION**



In 2007, in recognition of the need to enhance the existing Corporate Social Investment (CSI) initiatives by the bank, the Co-operative bank foundation was established to complement public efforts to increase access to education for the young people both at secondary school and university level.

The bank also offers mentorship and internship programmes to the beneficiaries to provide them with the necessary exposure to work environment. The secondary scholarship program has grown from an initial sponsorship of 30 students per region, to 60 students per region and another 5 students per county.

Since inception the foundation has spent over Ksh.1.18 Billion to support a total of 7713 learners in high school, universities, colleges and vocational institutions. In 2019, the foundation spent Kes.151.2 Million to support 2,834 students in various stages of their education; 2,680 in Secondary school education, 150 in university and 4 in Cooperative University College. The bank pays the learner's full school fees plus a monthly stipend for out of pocket expenses.

In 2020 due to covid-19 pandemic there was no intake or progression into universities.

# CO-OP CONSULTANCY & INSURANCE AGENCY



CCIA was formed in 2002 as a specialist subsidiary of the Bank to provide capacity building (Consultancy and financial advisory) services mostly to the Co-operative movement and other selected sectors of the economy at very concessionary terms. Its key objective is to enhance efficiency and profitability of the Co-operative movement through the provision of affordable solutions.

Since inception CCIA has successfully conducted over 2885 business advisory mandates and trained thousands of people drawn from the co-operative movement and microfinance institutions. Despite the pandemic, in 2020, CCIA conducted 38 physical pre-pandemic workshops, 32 virtual workshops and trained a total of 1,924 individuals from 183 Co-operatives

Over 70% of CCIA staff costs are absorbed by the bank. The consultancy has 20 consultants and a small compliment of support staff. We worked with three donor projects (KCEP-CRAL Project, We-Effect and Bankable Frontiers Association (BFA). The work of CCIA focuses on key areas of impact between business and society and develops creative solutions that draw on the complementary capabilities of both, to address major challenges that affect each partner.



To ensure that the group operates as a responsible corporate citizen by adopting key social responsibility principles that ensure profitability, community development and environmental preservation

# **EMPLOYEE DIVERSITY**



The bank endeavors to preserve gender and cultural diversity in our employee mix and takes pride as an equal opportunity employer for all qualified persons. Diversity includes, but not limited to, religious and political beliefs, gender, ethnicity, education, socio-economic background, and geographic location. This has created an inclusive environment where individuals and teams harness strengths in diversity to maximize potential and excel in performance.



By way of internal staff forums, the bank raises employees' understanding of strength in diversity and ascertains the spirit of patriotism and oneness to maintain all-round staff wellbeing. Our duty to accommodate involves taking steps to eliminate disadvantage to employees, prospective employees or clients resulting from a rule, practice or physical barrier that has or may have an adverse impact on any individual or groups.

**EMPLOYEE DIVERSITY** 



Our Corporate Wellness plan for 2020 key focus was on health living during Covid-19 and management. Within the year we facilitated 947 initiatives including 623 employee assistance programmes, 159 covid-19 management and support to staff and 159 health promotion webinars.

# **Covid 19 Pandemic initiatives**

- Enhancement of Occupational Safety & Health at the Workplace
- ✓ Provisions for Personal Protective Equipment (PPE's), regular talks and regular
- ✓ Communication to staff on handling of Covid 19 Pandemic
- ✓ Daily follow up & care calls for staff affected.

# Mental Health Awareness

Given the disruptive working conditions spurred by the Covid\_19 pandemic, the bank remains cognizant of mental health priorities and thus rolled out a Mental Health Awareness program. This engaged team leaders and staff bank wide and further issued a Mental Health tool kit for team leaders- allowing an increase in the uptake of counselling. 2020 - a total of 209 staff took up counselling referrals compared to 170 staff in 2019 The program similarly led to an upscaling of Employee Assistance Programs (EAPs) by creating awareness of Alcohol and Drug (A&D) abuse.

## Staff welfare club

Our Staff welfare club participates and contributes to the welfare of the members in both times of need and celebrations; such as newborns, marriages, Hospitalization and bereavement.

We invest in out-of-office staff activities such as sports events, teambuilding and CSR activities in reflection of our deep commitment to staff wellbeing. We aim to inspire our employees have meaningful life and work, be healthier and happy to work in Co-op bank every day.

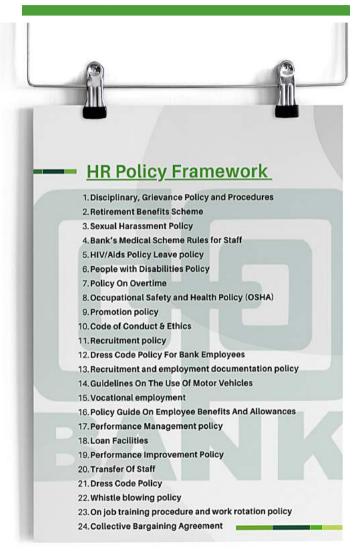
## Average work hours policy.

This is clearly spelt out in the Bank's Human Resource Manual/Guidelines as well as the Collective bargaining Agreement, which is binding for our unionizable employees. This aims at striking a healthy work-life integration. The normal work hours are 164 per month. We have a policy on overtime that states all unionizable employees are entitled to special compensation for overtime work, work on rest days



## **EMPLOYEE WELFARE**

We have proactive HR Policies, procedures and manuals that guide us on HR related issues. These include;





The Bank is committed to the highest possible standards of openness, probity and accountability and this is well captured by our whistle blowing policy.

In line with that commitment, we encourage staff with serious concerns about any aspect of the bank's work to come forward and voice those concerns. It is recognized that certain cases will have to proceed on a confidential basis. The policy makes it clear that employees can do so without fear of reprisals.

The Whistleblowing policy is intended to encourage and enable employees to raise serious concerns within the bank rather than overlooking a problem or simply reporting it outside of the defined channels within the Bank.

## This policy aims to:

- Provide avenues for staff to raise concerns and receive feedback on any action taken.
- Reassure staff that they will be protected from reprisals or victimization for "whistleblowing" in good faith.

The policy provides that staff may report an issue if it is unlawful; fraudulent; contrary to the bank's policies and procedure; falls below established standards of practice; amounts to improper conduct and breach the Bank's code of Conduct.

There are in place systems to encourage staff to raise concerns in a structured and protected way. This policy supplements other existing procedures relating to probity in the course of the bank's business or matters relating to the conduct of employees, including grievance, disciplinary, harassment and recruitment and selection policies and procedures.

# PEOPLE WITH DISABILITIES



The Bank is committed to equal opportunity and access for people with disabilities. In accordance with our values and the law, the Bank does not exclude any qualified persons with disabilities from participating in employment opportunities and Bank programs or activities. We are a strong advocate that people with disabilities have the skills to pursue meaningful careers and play an important role in our society and contribute to the bank's success as well as the wider success of the society. Implementation of the recommendations of the Banking Industry PwDs (People living with disabilities) Pilot Project Report, by InABLE in collaboration with Kenya Bankers Association and Financial Sector Deepening (FSD Kenya), Co-operative bank Ltd was among the 7 banks that participated in the PWDs digital accessibility study.

- All security guards in branches have been trained to recognize customers with disabilities and enforce queueing policies
- Standardized provision of ATM/Debit cards to all customers including those with visual impairments

















The bank has developed a HIV/AIDS policy based on the understanding that we are a caring institution with staff welfare at heart. As a policy, the bank does not screen for HIV during employee recruitment nor does it discriminate in any way against HIV positive staff and such cases are treated like any other health condition for purposes of medical cover.

Our HIV/AIDS policy ensures that staff living with HIV/AIDS enjoy equal health and social discretion, including confidentiality, prevention of stigmatisation and discrimination. Further, emphasis is made to provide information on preventive measures through external professional counsellors and trainers. Structured informal discussions at office level are also managed through the Peer Education Programme to promote sharing of awareness information and material.



The Bank has a recruitment policy that guides all the recruitment efforts in terms of the guiding principles, processes and procedures. The policy is reviewed as and when there are any changes effected on the recruitment process. Internally though, all policies are to be evaluated and reviewed every two years. Where the policy is changing, it is taken through an approval process, which involves key stakeholders including Board of Management.

At Co-op Bank, we have made it a priority to improve on our lead position as an employer of choice. We do this by primarily attracting and retaining the best talent in the market through appropriate investment in human capital development, inculcating high performance culture, rewarding outstanding performance, competitive remuneration packages and encouraging and appreciating innovations. To achieve this, we have implemented Flight Risks assessments for critical roles as part of talent management interventions.

We have succession planning in place for various talent benches for critical and flight-risk roles with at least 3 ready-now candidates per talent bench. Of our staff, a high degree of professionalism and integrity is demanded. We are an equal opportunity employer with an inclusive and conducive environment for work-life integration. Our target is an employee satisfaction rate of at least 92% and maintain a job offer acceptance rate of 95%



# SKILLS DEVELOPMENT & CAREER PROGRESSION













Our goal is to provide inspiring employee experiences whilst equipping our people quickly with the right skills in the most effective way and developing world-class leaders and managers of our business. We believe that human capital is the most valuable asset of a great company, hence our commitment to the development and success of our staff through first class continuous training, leadership-building and skills enrichment. Our Leadership and Management Centre (LMC) is tasked with up-skilling re-skilling and

developing our people. In 2020, 4019 staff underwent instructor led training; 3.332 physical in-person learning and 687 virtually. Another 31,900 cumulatively per head, completed 330 e-learning courses.

We have Premium training and exposure for retention of key critical skills areas and capabilities e.g. Productivity & Engagement Coach programs. Data Analytics exposure visits and training, Digital capabilities exposure & premium training (design thinking and agile methodology).

To unlock potential and align staff for role performance we continued enabling team leaders with coaching skills. Coaching has also gone to the level where peers are coaching each other with ease considering that they are more candid to one another. We will continue to demystify coaching at this level for higher impact. Staff in PIP some have been successfully coached and turned around by their line managers. To complement coaching initiatives, we conducted leadership and management programs for team leaders.

We have a robust Key Performance Indicators (KPI) focused performance management process with clear linkages to rewards and better accountability mechanisms. The introduction of fewer KPIs focused on core deliverables, performance dialogues and daily huddles keep staff focused on their performance at all times, ensure that they focus on core deliverables and provide better ways to measure and ultimately reward great performance.



## **COMMUNITY DIALOGUE**



As part of the wider community in which we operate, the bank collaborates with various stakeholders involved in poverty eradication, advancement of education, inadequate access to health services and financial services and various other activities addressing local challenges.

In an effort to improve the use of modern agricultural technology in the Coconut Sector, we collaborated with Amiran Kenya to extend the quality of health services offered to citizens. The bank partnered with the Kenya Diabetes Management and Information Centre as well as the Kenya Psychological Association.

## **LABOUR STANDARDS**



We practice the virtuous value of mindfulness in appreciating the need for work-life balance for our staff and we have created an inclusive and conducive environment to cater for their different requirements. We support staff in child-rearing responsibilities by providing time off work for male and female staff in line with existing labour laws and best practice for enhanced productivity and employee engagement.

Our bank maintains cordial relations with the staff union, and we continue to foster partnership to ensure that staff interests are addressed timeously. On a continuous basis we create an inspiring experience for our people by improving the employee engagement incrementally as a key success factor to great business results as well as staff productivity

## **RESPONSIBLE COMPETITION**



We carry out our business in full compliance of the Competition Act to ensure our customers are protected.

## We do not take part in;

- 1. Restrictive trade practices.
- 2. Controlling mergers, acquisitions, and concentration of economic power.
- 3. Unfair and misleading market practices.
- 4. Anti-competitive agreements.





To ensure responsible supply chain and supplier relations In dealing with our suppliers we do due diligence, we have a minimum set of requirements:

- 1. Provide Workers' compensation and employer's liability insurance as required by law
- 2. Criminal Background Checks to the extent permitted by local law
- 3. Supplier should not assign Supplier personnel whose background checks show any of the following.
- Felony or misdemeanor convictions involving dishonesty (e.g. bribery, fraud, embezzlement, theft, violations of securities laws), violence (including but not limited to sexual or child abuse crimes), or computer related crimes and/or convictions that are employment-related;
- The existence of restrictions (such as court orders) that would prevent, or impose limitations on, a personnel's ability to provide the Services contemplated by the agreement. iii) Presents a higher than normal security risk to the Bank.
- 1. Tax compliance (Valid Tax Compliance Certificate)
- 2. Kenya Revenue Authority Pin certificate
- Business/ certificate of registration which the bank counterchecks with the registrar of companies.
- 4. Certificate of registration with the requisite professional bodies
- 5. Professional Indemnity cover for professional bodies
- 6. Contractual liability cover for requisite firms offering services
- 7. Relevant experience in carrying out the services or supply of goods
- 8. Audited accounts for 3 years for assurance.



## OCCUPATIONAL SAFETY & HEALTH POLICY STATEMENT

Co-operative Bank (Co-op Bank) recognizes and appreciates the importance of Occupational Health and Safety Policy in the Bank. The Bank commits to protect the Health and Safety of all persons in the Bank, including employees, customers, contractors and visitors to all Bank.

Co-opBank will develop and maintain effective Occupational Health, Safety and Welfare arrangements to protect its staff and all who come into contact with its operations and will ensure compliance with all relevant legal and statutory instruments in all matters of Occupational Health and

Co-opBank will make available the necessary resources in order to:-

- . Comply with all relevant workplace health and safety legislation;
- . Ensure the health and safety of employees and others.

Co-opBank will conduct all its activities and provide a work environment that:

- . Protects the health, safety and welfare of all persons, including staff, contractors and visitor, affected by our workplace activities;
- · Actively encourages controlling risk in workplace activities;
- . Strives for continuous improvement in workplaces health and safety

The Management of Co-opBank are responsible ( within the scope of their authority) for:-

- . Integrating workplace health and safety into all aspects of the workplace;
- . Promoting communication about workplace health and safety as a normal component of all aspects of work:
- . Planning, developing, implementing and monitoring a workplace health and safety program;
- . Taking effective action to provide and maintain a healthy and safe workplace.

The employees of Co-opBank and subsidiaries are responsible for:-

- . Working in a healthy and safe manner:
- . Encouraging others to work in a healthy and safe manner;
- . Cooperating with, supporting and promoting workplace health and safety at the workplace:
- . Reporting or rectifying any unsafe conditions that comes to their attention.

DR. GIDEON MURIUKI-CBS, MBS GROUP MANAGING DIRECTOR & CEO

Cooptani Kenya 👩 Cooptani Kenya 🛅 Cooptani Kenya 📵 Cooptani Kenya

Occupational Safety & Health Policy which provides for Health, Safety & Welfare of staff in line with the OSH Act. (OSHA)

## SOCIAL SUSTAINABILITY INITIATIVES



## Health, Safety & Wellness

We value and protect the health and safety of our employees and people who directly or indirectly may be affected by our business activities. A safe and secure working environment is a key priority and our workspaces are specifically designed with this in mind. Adequate dressing and equipment arrangements are in place for employees whose work necessitates this, thus facilitating high staff productivity.

Our processes and procedures prevent incidents of safety hazards, ill health and occupational diseases. Being proactive on health and safety continues to reduce costs associated with absenteeism and contributes to a high-performance culture. As part of our broader wellness programmes, we facilitate staff access to professional

In collaboration with our long term funding partners; International Finance Corporation (IFC) and Philips (a leading health technology company), the bank secured USD 300 Million to help smaller businesses in Africa's health sector purchase essential medical equipment and strengthen their response to COVID-19 and other pressing healthcare challenges.

## **PRODUCT STEWARDSHIP**



Our bank's products and brand propositions are designed to far exceed customer expectations and respond to the diversification and sophistication of their needs as well as changes in the business environment. By focusing on understanding our customers' needs, we have created a comprehensive range of ethical and excellent products. Our emphasis on operational excellence allows us to present the right product to the right person at the right time.

The Bank has also invested heavily in innovative delivery channels, which has played a critical role in enhancing financial inclusion. We have positioned ourselves as a 'one stop-shop' financial services provider. Across our network of outlets and channels, services offered go over and above the traditional banking services to include, Insurance, securities management, Custodial and trust services, stock brokerage, investments management and consultancy. We leverage our website, mainstream and social media to ensure we inform our customers.

Our staff are well trained and knowledgeable hence able to guide the customers to the financial solutions that best suit their needs. Through our Transformation Initiatives we reengineered the teller role and now our tellers are Sales and Service advisors. We also retooled our relationship managers to be able to offer the best from our customer centric basket of products. We have ongoing regional customer training for our MSME segments where we share best practice as we onboard them in the new MSME Packages.

On dispute resolution we have centralized all disputes through our CRM (Customer Relationship Management) system where all disputes are logged in and resolved. Enhanced cyber security assessments and monitoring using the newly established Security Operations Center ensures that all our financial solutions and customer data is well secured. We are on course in the implementation of the Kenya Banking Sector Charter.





Dial \*667# to get these MCo-op Cash loans chap chap!







For more information contact our call center Call 020 277 6000, 0703 027 000 or email of At customerservice@Co-oobank.co.ke

Karribu wakabi wineo

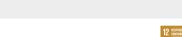
# SUPPLIER DIVERSITY



We have 1336 local suppliers and 99 foreign suppliers. Sourcing and Facilities management is anchored on the following; Sourcing and Facilities management Manual, Sourcing and Facilities Management Policy, ICT Sourcing Policy.



In 2020, we paid over Kshs 13.1 Billion to our suppliers. Of this amount, 80% was paid to local suppliers.





Co-operative Bank is a corporate member of the Marketing Society of Kenya (MSK). As a member we are bound by the code of Advertising Practice and Direct Marketing developed between the Marketing Society and the Advertising Practitioners Association (APA). The Code of Advertising Practice is based upon the International Code of Advertising Practice (ICAP), prepared by the International Chamber of Commerce, Co-operative Bank abides by this code which provides general rules in advertising practice that include moral issues across East African region, all media and communication channels, guiding principles and recommended complaints handling procedures in

The bank adheres to these principles both in letter and spirit and we actively seeks to confirm rather than seek to ingeniously go around the code. As a principle, all marketing communication the bank does conforms to the Marketing Operations Manual approved by the bank which ensures communication doesn't violate any or our national laws. Specifically, the bank communication is deliberately structured to communicate honestly and truthfully. As a result, communication involving words like Free and New are only used where, in truth and fact, the offer is absolutely free of cost or there is something that has never been offered before. All images used in the banks' advertising are legally obtained and models are compensated appropriately. The bank doesn't compel any of its staff or of its associates to offer free services. The bank doesn't run advertising communication seeking to influence children or minors in any way. As a principle, the bank doesn't run comparative advertising where it directly compares prices or other product features with any of our competitor financial institutions. Whereas this may not necessarily be unethical, the bank is careful not to depict other institutions negatively.

circumstances where bleach may occur.













We are cognizant of our role in facilitating the decarburization of the environment and enabling renewable energy scale-up. Bolstered by the Paris Agreement on climate change, there is now unprecedented international resolve to reconfigure the global economic system to address urgent human development needs without breaching crucial ecological and environmental limits. As a bank our activities will be guided by these globally agreed initiatives.

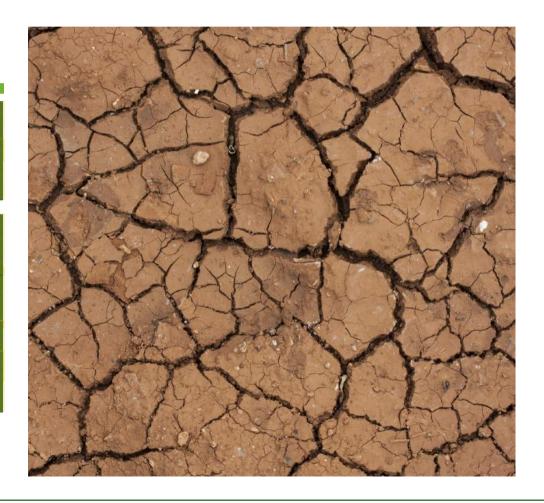
Some of the initiatives we have put in place for a greener environment; In collaboration with our funding partners;

# **USD 10 Million**

partnership with Eco. Business Fund to finance sustainable agriculture

# **USD 75 Million**

partnership with IFC to support customers to better cope with the disruptions brought about by the pandemic, especially those operating in the Micro small and medium enterprises (MSMEs), Businesses undertaking Climate-Smart Projects, including agricultural inputs and sustainable agricultural practices, renewable energy, energy efficiency and related areas.



LOCAL ENVIRONMENT IMPACT

13 ENVIRONMENT IMPACT

13 ENVIRONMENT IMPACT

14 ENVIRONMENT IMPACT









We seek to establish partnerships with industry members, government agencies, relevant environmental bodies, suppliers, customers and the general public to promote and achieve a high standard of environmental care. Pursuant to this objective, the bank partnered with the Agence Francaise De Development (AFD) towards promoting Renewable Energy and Energy Efficiency investments in the country through a USD 37.1 Million (Euro 30Mn) credit agreement. In 2020, our green lending book stood at Kshs. 3.4B (Kshs. 2.59 billion in 2019).

The Bank has funded various entities undertaking projects in Wind power generation, solar power installation and acquiring/upgrading to green energy efficient machinery. We also have a long-standing link with the Nairobi City Council to maintain green-gardens around Co-operative House. We have also collaborated with schools and government agencies in treeplanting activities in support of Kenya's effort to increase forest cover to the recommended 10% of area.







## WASTE MINIMIZATION & RESOURCE MANAGEMENT



In order to reduce waste, the bank has proactively adopted a 3Rs Model of Retain, Recycle and Re-use. Everything is useful to somebody else; Shredded papers are given to recyclers, Used envelops are re-used internally and detailed catalogue of assets and users is maintained to facilitate internal shifting from idle (Excess) stations to where they are shortages instead of procuring new ones

## **EMISSION REDUCTION**



Finance plays a key role in the transition to a low carbon economy by helping our customers to mitigate their emissions, save energy and reduce costs by providing funding for energy efficiency and renewable energy generation projects from small to large enterprises. Regulatory Compliance We maintain an open, honest and transparent relationships with the regulators and ensure compliance with all legal and regulatory requirements. As one of Kenya's big banks we understand our responsibility in constantly engage regulators in order to promote the required soundness and stability.

## REGULATORY COMPLIANCE



We maintain an open, honest and transparent relationships with the regulators and ensure compliance with all legal and regulatory requirements. As one of Kenya's big banks we understand our responsibility in constantly engage regulators in order to promote the required soundness and stability.

## **BIODIVERSITY**



Biodiversity underpins life on Earth. It ensures the sustainable productivity of soils and provides the genetic resources for all crops, livestock, and marine species harvested for food. We recognize the global threat posed by environmental issues such as climate change and loss of biodiversity. We ensure preservation of biodiversity by requiring our customers to provide requisite approvals from authorities tasked with environmental protection such as National Environmental Management Authority (NEMA).

## **ECOSYSTEM SERVICES**



The bank has fully shifted to the use of green gases equipment's to be in compliance with the Kyoto protocol and the green environment envisaged in the future; For instance the bank has substituted air conditioning equipment that have green gases (R410A & R407) as opposed to the prohibited R22. These gases that do not contain chloroform that enhances depletion of the ozone layer.



Environmental degradation is characterized by habitat loss and degradation due to human activity, climate change, and pollution, among other things. Climate change and pollution continue to be some of the biggest challenges facing the world today as global threats that may affect all aspects of our civilization. The climate change related risks for the banking industry in Kenya vary from the indirect rise in operating costs to largely non-existent legal guidelines. We appreciate that banks that successfully handle and manage these risks from the onset, will not only be in a position to manage these costs but will also benefit from various opportunities such as being able to address changing customer profile expectations and meeting the financing needs of "green" investments. For this reason, we at co-op bank believe that climate change is a strategic issue that requires full integration with all business processes and decision-making mechanisms. Our Transformation Project, which is owned right from the Board level, has contributed positively to resource efficiency as detailed in this Sustainability section.

## CARING FOR THE ENVIRONMENT



Climate change continues to be one of the biggest challenges facing the world today, as a global threat that may affect each and every aspect of our lives. The climate change related risks for the banking industry in Kenya vary from the indirect rise in operating costs to largely non-existent legal guidelines. We appreciate that, banks that successfully handle and manage these risks from the onset, will not only be in a position to manage these costs but will also benefit from various opportunities such as being able to address changing customer profile expectations and meeting the financing needs of "green" investments. For this reason, we at co-op bank believe that climate change is a strategic issue that requires full integration with all business processes and decision-making mechanisms.













Eco-Efficiency promotes a transformation from unsustainable development to one of sustainable development. It is based on the concept of creating more goods and services while using fewer resources and generating less waste and pollution.

## RESOURCE EFFICIENCY



## We have a four-way approach towards resource efficiency:

- 1. Prudently managing company resources both financial and non-financial
- 2. Financing green initiatives
- 3. Protecting Kenya's forest cover through tree planting initiatives
- 4. Supporting employee CSR activities that positively impact the environment

## We support directly and indirectly (through funding of projects engaged) in:

- Construction or physical improvements related to energy and water performance
- Improvements of at-risk public lands, forests and waterways and the general cleanup
- Creating awareness of the benefits of energy and water conservation/efficiency and solid waste recycling amongst our staff.

We conducted our first energy audit in 2016. We completed the second in 2020 aimed to gauge our resource efficiency, identify gaps and areas of improvement. The system enables managing and accounting for energy usage. The bank has also established and staffed the Energy Manager office to steer the process.

# Some of the energy saving measures being championed by the energy team include:

- · Use of standby and power saving modes on computers and monitors and switching off these machines at the end of the day and at other times when they're not in use
- Selection of appropriate print quality for example low quality to be used for all internal documents, colour printing to be used only in specified circumstances
- Printing in batches wherever possible
- Avoidance of all unnecessary and non-essential photocopying and printing to be avoided - this will also reduce waste.
- For all the new premises we are adopting green technologies including LED bulbs for lighting while for older premises we are replacing LFL lighting fixtures with LEDs as they burn out.

## **OUR ENERGY MANAGEMENT ROADMAP**



The bank has also drawn an Energy Management Policy Statement as a demonstration of its commitment to fulfilling the requirements of the Energy Management regulations and ultimately a cleaner, greener environment. Energy management is critical in ensuring that Cooperative Bank manages its energy costs in a sustainable way. It also ensures that the bank complies with the energy management regulations of 2012 as outlined in the Energy ACT of 2006 that has since been revised to Energy ACT of 2019. The regulations outline various aspects that the bank has to comply with as a minimum requirement. The bank is also keen on reducing its carbon footprint by adopting clean and sustainable energy sources to power its operations.

Strategic objectives of Energy Management are as follows;

- ✓ Cleaner, greener environment
- Cost Management
- Regulatory Compliance: Energy Management Regulations of 2012

## WHAT WE ARE DOING:

- **Lighting upgrade installations** This has been going on and we intend complete all the LED lighting replacements by Quarter 1 of 2022. All new branches have LED lighting installed including lighting controls.
- Training of service managers/branches We are in the process of training the branches to monitor their electricity costs on a regular basis and check their meter readings before making any electricity payments. We are also in the process of training Service Managers on a continuous basis on this to ensure that they fully understand the subject properly.
- Water management Ensure all facilities connected to piped water have water fixtures that are efficient.
- Energy audits Investment grade and general energy audits for banks facilities. The energy audit is not only a regulatory requirement but also a measure to identify opportunities for energy conservation and efficiency.
- Measurement and verification We carry out computations with measured data and analysis of electricity bills to establish energy
  and cost savings. This enable us to determine whether we are making positive impact after implementation of the initiative or not.
- Regulatory compliance The energy Management Regulations of 2012 came into effect in 2012 and mandates the bank to do the following;
- 1. Conduct energy audits once every three years
- 2. Develop an energy policy
- 3. File implementation reports derived from the Energy Audit Report
- 4. Designate an Energy Manager
- 5. Develop an Energy Investment Plan
- 6. Implement Energy Audit recommendations to achieve at least 50% of the recommended savings
- 7. Carry out monitoring of the energy efficiency projects
- 8. Keep a record of production and consumption data















# **ENERGY AWARD**

Our Energy Manager, was awarded Energy Manager of Year Sub-Saharan Africa Region

# **ABOUT THE AWARDS**

Through its International Awards program, Association of Energy Engineers (AEE) shines lights on important work that is being done by individuals, organizations, agencies and corporations in the energy industry. These awards identify those who exemplify the very best in their fields. By identifying those who exemplify the very best in their fields, energy professionals are honored, and the industry is advanced.

Recognition of excellence by one's peers and other professionals in the industry is the purpose of this program by AEE. The international awards traditionally presented during the AEE World Energy Conference and Expo will now be presented virtually this year.

## THE AWARD - ENERGY MANAGER OF YEAR SUB-SAHARAN AFRICAN REGION

This award is presented to individuals for outstanding accomplishment in promoting the practices, principles of energy management and for superior service to the Association. Usually awarded to the Corporate director of Energy or Energy Manager performing duties for an industrial firm or building owner/manager.

ABOUT AEE (Association of Energy Engineers).

The association of Energy Engineers (AEE) is a nonprofit professional society with over 18000 members in more than 100 countries. AEE offers a variety of information outreach programs including trainings, conferences, chapters, journals and certification programs. The mission of AEE is to promote the scientific and educational interests for those engaged in the energy industry and to foster action for sustainable development.

# **RESOURCE MANAGEMENT**



Resource Management Our bank's environmental policy is aimed at conducting business in a responsible manner through conservation, optimal use of resources, energy saving mechanisms and reduction of waste. We believe operating digitally and paperless hence in our transformation journey we have phased out paper deposit slips and automated over 68 previously manual activities including establishing e-loans. We are also requesting our customers to switch to digital bank statements. We are selling idle assets and shredded paper for re-use. We are enhancing water harvesting at our properties to reduce reliance on public utility firms and free that capacity for access by currently un-connected citizenry. Towards our pursuit of a carbon-neutral operation, we migrated from diesel-powered generators to electric inverters as backup for our ATM machines. Our Growth and Efficiency Transformation Project continues to eliminate waste as a result of unnecessary motion, rework, overproduction, unnecessary processing, transportation and inventory; we have seen the following gains;

## **Less Paper**

Customer Relationship Management (CRM) System for bankers- CRM system with automated diaries for sales Appointments and follow-ups has eliminated the need for hard copy diaries.

- E-Loans- Digitization of credit processing via Mco-op Cash E-Flexi and Flexi plus loans eliminating paper use. The e-loan book disbursements grew by 58 Billion in 2020.
- Proactive Stationery and equipment management Overproduction waste: Branch printers' settings standardized to hold and back to back enforced to reduce unnecessary printing and usage of excess paper. Identification and repatriation of all unused / excess stationery and equipment in branch stores for redeployment.
- Service champions driving customer migration to alternative channels- Through experiential marketing; guiding customers to carry out transactions through convenience channels namely Mco-opCash, Agency and Internet banking.
- 92% of transactions are now handled outside the branch, reducing paper previously used for these transactions.
- Email statements and Internet banking has saved on statement printing paper.
- Cash and check drop boxes- Self-service cash and cheque deposit channel uses SMS notification cutting deposit receipts by 50%.
- Customer service phones- Installation of customer service phones with a direct line to the call center- Customers can use phones for balance enquiry, ATM blocking, PIN resets and regeneration etc. reducing stationary used to print statements and requisition forms.
- Q-Matic machines for in-branch marketing-The Q-matic kiosk with TV screens running advertisements have reduced use of paper marketing fliers.
- Automated Real- time service floor reports have eliminated the need for performance and customer questionnaire survey on paper.
- Business intelligence (BI) reports- Branch daily reports previously printed have now been automated through BI reports cutting paper and printing costs.
- Sales call reports automated for Relationship Managers hence no need to maintain paper documentation.
- Instant Issuing- Inventory waste: Instant card issuing has saved the cost of wasted unclaimed cards which have to be destroyed after 6 months









Proactive branch time management brought by branch transformation- Effective branch closure time 45 minutes after doors close has resulted to saving electricity across our branch network.

## Where we are: Electricity Costs

	YE	AR ON YEAR ELE	CTRICITY COS	STS	
Electricity Costs					
YEAR	2018	2019	2020	2020/2019 cost Savings	
COST	264,6	260.9	233.7	27.2	
20 .20					
Diesel Cost	S		4		
YEAR	2018	2019	2020	2020/2019 cost Savings	
COST	26.3	19.2	15.1	4.1	

## **Less Fuel**

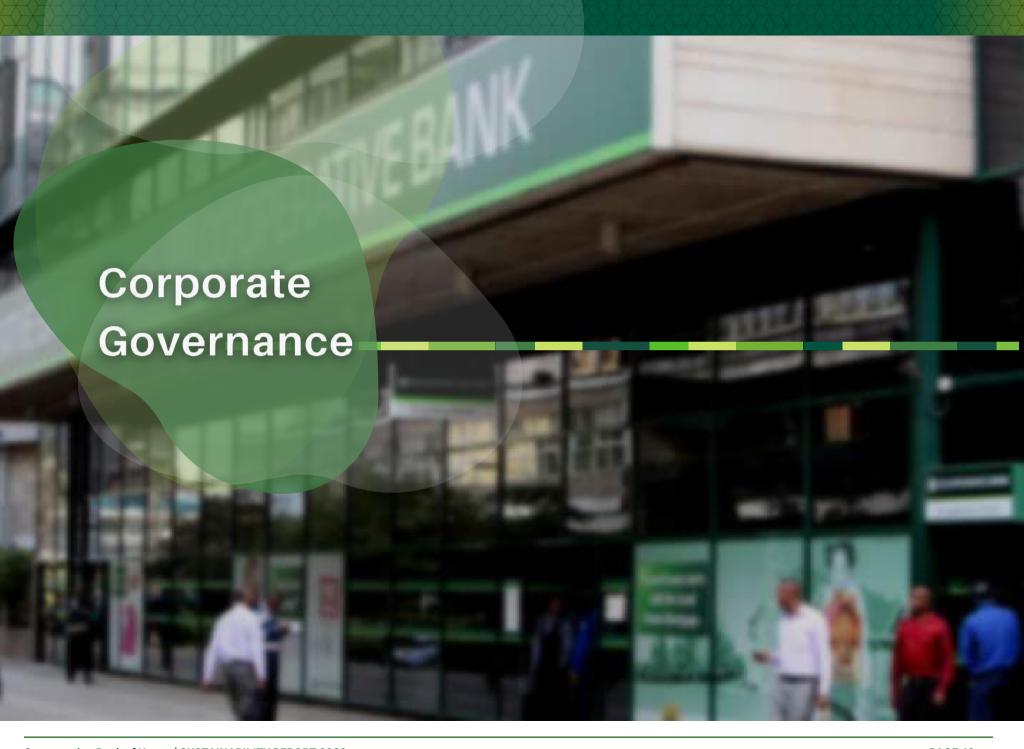
- Sales Force Excellence- Transportation waste: Up-skilling of Bankers to cross-sell a basket of products has reduced the excessive single products sales trips to customers resulting in efficient fuel consumption.
- E-Credit cutting down transportation of loan documentation from branches to Head office for disbursement.

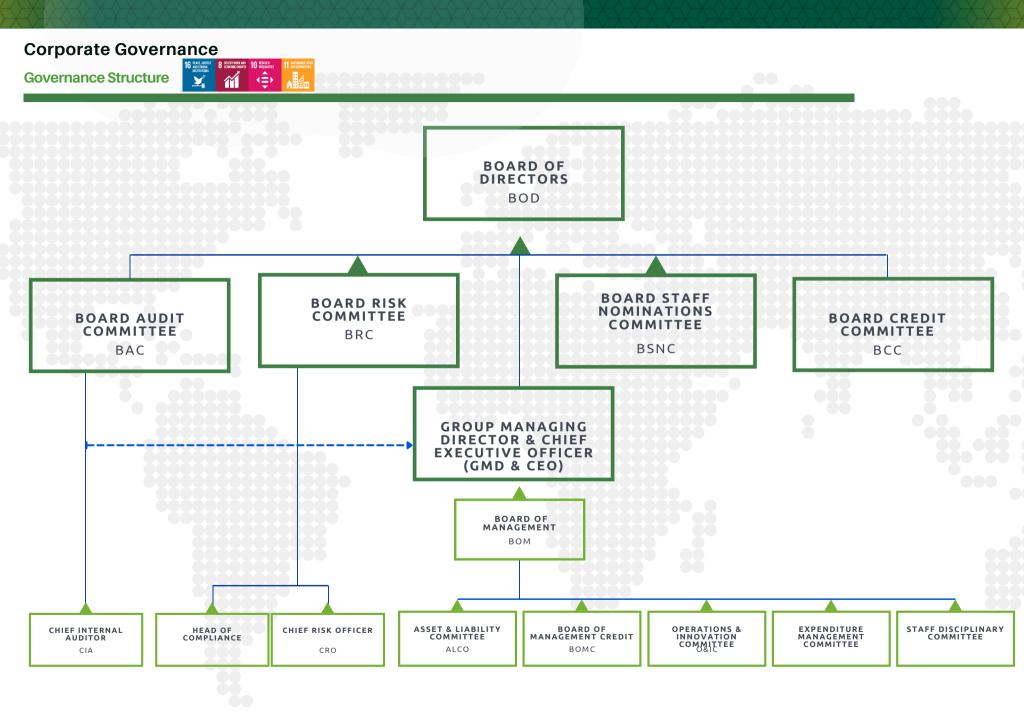
# Life-Cycle Analysis

We analyze all our products to ensure their sustainability. This is done throughout the following key life cycle stages of the products;

- Origination-proper product setup, pricing, Scoring, Credit reports, and pre-approval
- Processing and approval- Document verification, Risk & credit analysis reports, approval.
- Portfolio management- we have a proactive approach to managing our loan book.
- Servicing- For both loans and deposits, we ensure proper customer guidance to match the product and the need.
- We are guided by the Environmental and social management policy to ensure ethical products and services.







# **Corporate Governance**

Corporate Governance, Ethics and Compliance





Our bank considers corporate governance to be a critical issue towards maintenance of business integrity and stakeholders' trust and is therefore an integral part of our business philosophy. Our corporate governance values are founded on the pillars of responsibility, accountability, fairness and transparency. Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya as developed by the Centre for Corporate Governance and the Capital Markets Authority (CMA), sets out the minimum standards which are part of the broader corporate governance best-practice principles the bank adheres to.

The Board of Directors is responsible for the Group's corporate governance practices and recognizes its responsibilities to shareholders and other stakeholders to uphold the highest standards in economic, social, environmental and ethical issues by ensuring that the Group conducts its business in accordance with global best practice. The Board is responsible for the bank's corporate governance practices and has in place mechanisms to ensure observance and report on its compliance status on a regular basis including with regard to provisions of the Prudential Guidelines from the Central Bank of Kenya under the Banking Act. The Board consists of twelve directors of whom only one, the Managing Director is executive.

# **Corporate Governance**

# Corporate Governance, Ethics and Compliance



## **Audit Committee**

This committee's mandate include review and evaluation of the bank's financial condition, internal controls, performance and findings of the internal auditors and recommend appropriate remedial action. The team nominates external auditors for appointment by shareholders, reviews management reports and external auditor's reports concerning deviations and weaknesses in accounting and operational controls. It also coordinates between the internal and external audit functions, monitors the ethical conduct of the institution and the development of ethical standards and requirements for all group employees.

## Staff and Nomination Committee

The committee's mandate is to review human resource policies and make suitable recommendations on Senior Management appointments. It is also responsible for reviewing, vetting and recommending to the Board of Directors persons suitable for directorship positions before tabling the names to the General Meeting for appointment. The committee also assesses the performance and effectiveness of directors of the Company.

## **Risk Committee**

The committee's mandate is to review all credit and finance matters and risk management issues in terms of management, assurance, reporting and overseeing all such risks facing the bank.



## **Credit Committee**

The mandate of this committee is to review and oversee the overall lending of the bank. The Committee is responsible for reviewing and overseeing the overall lending policy of the bank, deliberate and consider loan applications beyond the discretionary limits of Management as set out in the Credit policy, review lending by the Credit Board of Management Committee, direct, monitor, review and consider all issues that may materially impact on the present and future quality of the Bank's credit risk management.

The board seeks to embed sustainability more effectively throughout the group by improving understanding of the strategic value of sustainability below the executive level, and particularly within our product and service portfolio and within our investment decisions. Our high standards of corporate governance are not an exercise in compliance, but a means of driving the performance of the business whilst managing and mitigating risk. The Bank's corporate governance structure has been feted by reputable reviewers, leading to recognition awards. The Board is guided by the Board of Directors Charter which is disclosed on our website.

## **Ethics & Compliance**

The Board has approved a Code of Conduct, which requires that stakeholders assign the utmost value to maintaining trust and abide by all relevant laws and regulations, uphold high ethical standards and act fairly and sincerely in the best interests of the company. The Code guides activities in dealing with directors, managers, employees, customers, suppliers, competitors, shareholders, regulators, government and the community at large. This code is in addition to compliance with the Central Bank of Kenya Code of Conduct as set out in the Prudential Guidelines. In addition, the Group has a whistle blowing policy that encourages staff and other stakeholders to raise any pertinent issues on the bank.

Sustainability through Policy and Governance in Co-op Bank is deep rooted and is driven from the Board level Strategic theme no.6: To operate as a good corporate citizen

We are committed to the achievement of the following:

- √ Kenya Bankers Association guiding principles and minimum standards
- ✓UN Sustainable Development Goals
- √ Kenya's Vision 2030
- √ Big Four Agenda
- ✓ Our Corporate Strategic Plan (2020-2024).



Source: FIRST for sustainability.org

The Environmental and Social (E&S) Policy and Environmental and Social Management System (ESMS) are governed and owned right from the Board of Directors level hence in line with our strategic objectives, mission and vision. We apply our E&S policy in conjunction with other policies within our enterprise risk management framework hence assuring of a holistic approach to risk.

# Key responsibilities

Board of Directors & Board of Management	Provide strategic sustainability direction. BOM to spearhead opportunities & risk optimization.		
Board of Management Credit	Receive, review and consider credit matters as per the bank' Credit Policy.		
Social Media & Sustainability committee	Monitor and respond to social media and sustainability events.		
Director - Credit Management Division The Environmental Manager	Have oversight for social and environmental policy and procedures of the Bank.		
Director - Human Resource & Administration Divison	Ensure sustainable finance initiative principles (SFI) are incorporated in training. Ensure optimum staff welfare.		
Company Secretary Division	Ensure appropriate environmental representations, warranties, and covenants are incorporated in each agreement. Co-op Foundation Governance		
Investor Relations & Strategy	Provide strategic alignment and insights on sustainability. To track & report achievements in sustainability.		
Relationship Managers/Business Heads	Ensure that all lending decisions are supported by appropriate due diligence documentation including, but not limited to, an environmental section in each final facility agreement.		
Relationship manager & HODs	Supervise projects against on-going compliance with the Applicable requirements.		

# **Sustainability Integration**

As a financial services firm, we are driven by our desire to enhance financial inclusion and help millions achieve their ambitions by fulfilling their financial services needs in a responsible and sustainable manner. This is aligned with the UN Sustainable Development Goals (SDGs), which aim to address development challenges to end poverty, protect the planet and ensure prosperity for all. The role of business is funda@mental, both to transition away from practices that undermine the goals' achievement and to proactively create solutions that solve existing challenges. As a bank that is predominantly- owned by the 15 million-member Co-operative Movement, we are inclusive by design. This has not only enabled us to deliver shared prosperity today, but also helped us build awareness and prudence to avoid putting future generations in jeop@ardy. Sustainability is fully integrated in our business model that stands on the three pillars of Economic sustainability, Social sustainability and Environmental stewardship

