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STANBIC HOLDINGS PLC

SUSTAINABILITY REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

STANBIC HOLDINGS PLC

SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

CREATING SHARED VALUE BY
LIVING OUR PURPOSE

CORPORATE INFORMATION

Chairman:	Kitili Mbathi (Outgoing 31 December 2023) Joseph Muganda (Effective 1 January 2024)
Chief Executive:	Patrick Mweheire*
Chief Executive of Stanbic Bank Kenya Limited:	Joshua Oigara
Non-Executive Directors:	Dorcas Kombo Peter N. Gethi Rose B. Osoro Samuel N. Gikandi (Retired 18th May 2023) Wambui K. Mbesa * Ugandan
Company Secretary:	Nancy Kiruki P.O. Box 72833 00200 Nairobi, Kenya
Auditor:	KPMG Kenya 8th Floor, ABC Towers Waiyaki Way P.O. Box 40612 00100 Nairobi, Kenya
Registered Office:	Stanbic Bank Centre Chiromo Road, Westlands P.O. Box 72833 00200 Nairobi, Kenya
Principal Banker:	Stanbic Bank Kenya Limited Chiromo Road, Westlands P.O. Box 72833 00200 Nairobi, Kenya
Ultimate Parent:	Standard Bank Group Limited (South Africa) 9th Floor, Standard Bank Centre 5 Simmonds Street, Johannesburg 2001 P.O.Box 7725, Johannesburg 2000 Johannesburg, South Africa

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OUR 2023 SUSTAINABILY HIGHLIGHTS

ENVIRONMENTAL

SUPPORTING CLIMATE CHANGE MITIGATION
USD 122M
Green/Sustainability linked loans

164
clients screened for E&S risks

EMPOWERING OUR CLIENTS THROUGH TRAINING
400
Clients trained on ESG

SUSTAINABILITY CHAMPION
Lead arranger in
Kshs. 15Bn
East Africa's largest ESG-linked facility

TREE PLANTING
23,960
trees planted

ENVIRONMENTAL STEWARDSHIP
95% Waste recycled 110.5Kg

INTERNAL OPERATIONS
Implemented an LED lighting technology, installed motion sensors in meeting rooms to optimize and conserve energy use

Continuous improvement through automation, reducing paper usage

SOCIAL

FULFILLING HOME OWNERSHIP DREAMS
Kshs. 635M
advanced under affordable housing

SCHOOL FEEDING PROGRAMME
231K
Meals served

IMPROVING EDUCATION
10,000
Books donated in 5 Counties

ENHANCING ICT SKILLS
624
Computers donated

DRIVING THE GROWTH OF SMALL BUSINESSES
Kshs. 46M
Concessional loans to MSMEs
(Kshs. 119m cumulative since inception)

FACILITATING HEALTH WELLBEING
Over 10,000
Individuals screened for cancer free of charge

ENHANCING DIGITAL LITERACY
150,000
Learners trained

BOOSTING CLIENT EXPERIENCE
50 APIs Implemented

EMPOWERING FUTURE GENERATIONS
116
students sponsored through secondary school

99.7%
SYSTEM UPTIME

93%
OF TRANSACTIONS PROCESSED DIGITALLY

TURN AROUND TIME (TAT) FOR TRADE TRANSACTIONS REDUCED FROM
3 HRS to 30 mins

INCLUSIVE FINANCE
Kshs. 19.3Bn
loans issued to D.A.D.As (women) since inception

INFRASTRUCTURE
Over 6,000
Number of jobs created at construction of Nairobi Expressway

PROMOTING BASKETBALL TALENT IN SOUTH SUDAN VIA STANBIC JR. NBA
The initiative has impacted 40 children under 16 years old, 240 boys and 210 girls

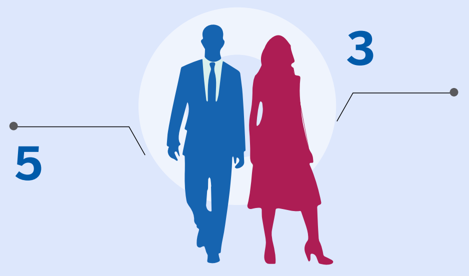
Kshs. 95.7Bn
WORTH OF TRADE FACILITATED

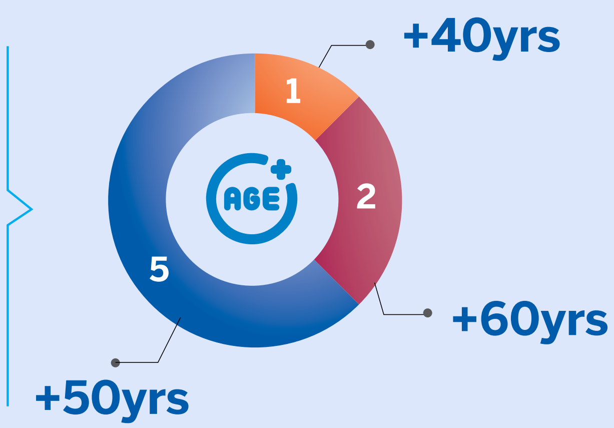
INCLUSIVE SUPPLY CHAIN
6.54%
of procurement spend to women-owned vendors

CAPACITY BUILDING
Over 20,000
Individuals trained on Financial Literacy

GOVERNANCE

BOARD DIVERSITY





EMPLOYEE COMPOSITION

GENDER PARITY
48% Female
52% Male

SENIOR MANAGEMENT
34 Female
56 Male

DIFFERENTLY ABLED EMPLOYEES
6

AGE DIVERSITY

Under 30	30 - 40	Over 40
11%	52%	37%

01
INTRODUCTION

ABOUT THIS REPORT

Overview

This Report provides **information on how the Group generated,** sustained and maximized positive **impact on the society, environment and economy (SEE) for the year ended December 31, 2023.** It also contains disclosures on how it managed environmental, social and governance (ESG) risks including climate risks and the impacts associated with its business and operating environment.

By outlining our sustainability objectives and commitment to ESG principles, this Report helps our stakeholders understand how we are promoting responsible and sustainable banking while entrenching an ethical culture and sound conduct in everything we do.

The Report also explains the Group's ESG governance framework and how material issues and risks from a sustainability and stakeholder perspective are addressed.

This Sustainability Report augments the 2023 Annual Integrated Report by demonstrating how we operate and make decisions responsibly.

The Report presents detailed information on our performance in the four impact areas comprising the core of our sustainability agenda. The Group has made a strategic choice to deploy tools, systems and capabilities to create sustainable value for clients, partners, shareholders, employees and communities.

Climate change remains a key area of interest hence the Group's commitment to financing green projects and the Blue Economy.

About the theme

Our Purpose: Kenya/South Sudan is our home, we drive her growth. The theme "Creating shared value by living our purpose" denotes the centrality of the Group's purpose to its quest to create sustainable value for society and its stakeholders.

Our target audience

This Report is addressed to all the Group's stakeholders. The information is presented in a transparent manner as required by various local and international frameworks governing sustainability reporting and disclosure. The Company is cognizant of the fact that our stakeholders want more and better information on the business's sustainability impacts.

Reporting scope and timelines

This report covers Stanbic Holdings Plc's sustainability impact and progress in Kenya and South Sudan for the period 1st January 2023 to 31st December 2023.

In some sections, however, the report contains information related to periods outside this specific period, for the purpose of illustrating progress achieved.

DEFINITIONS:

1. **Banking Act** – Banking (Amendment) Act of 2016.
2. **CBK Prudential Guidelines** – Central Bank of Kenya Prudential Guidelines of 2013.
3. **CBK Risk Management Guidelines** – CBK Risk Management Guidelines of 2013.
4. **Companies Act** – Kenya Companies (Amendment) Act of 2017.
5. **IFRS** – International Financial Reporting Standards.
6. **King IV™** – King Report on Corporate Governance.
7. **The Group** – Stanbic Holdings Plc

“One of the Group's key sustainability goals is ensuring its products meet the financial needs of clients responsibly. In 2023, significant traction was achieved in integrating sustainability into the client relationships.”

Our reporting standards

This Report has been prepared in accordance with the various global and local sustainability reporting and disclosure standards. These include:

Global Reporting Initiative (GRI) Standards:
These constitute global best practice framework on how companies communicate their material impacts on society and the planet. Stanbic Holdings Plc embraces the GRI principles, including transparency in reporting sustainability impacts. How we address material topics like inclusion, responsible water and energy consumption, data privacy and so on, falls within the rubric of GRI standards.

International Sustainability Standards Board (ISSB) IFRS S1 & S2:
In June 2023, ISSB issued new standards to guide companies on sustainability-related disclosures for the capital markets. In compliance with IFRS S1, this Report details how the Group is managing sustainability, but also opportunities for creating sustainable value over the short, medium and long-term. IFRS S2 relates to climate-related disclosures, an area covered extensively across the Report, especially climate resilience under one of the four positive impact areas.

The Group has also integrated the United Nations Sustainable Development Goals (SDGs) in reporting on sustainability.

The Group is also guided by various local and international instruments and frameworks on sustainable banking, chiefly, the Nairobi Securities Exchange ESG Disclosures Guidance Manual, Central Bank of Kenya Guidance on Climate-Related Risk Management, United Nations Principles for Responsible Banking and UN Global Compact.

Stakeholder engagement

We work closely with our clients and other stakeholders, including employees, partners, regulators, government and the communities where we operate, to mainstream sustainable practices and create shared prosperity.

The Theme of this Report:
“Creating Shared Value by Living Our Purpose.”

TRANSPARENCY IN REPORTING AND DISCLOSURES

Some of the information in this Report is also contained in the Investor Presentations on our performance in 2023. The Board assumes ultimate responsibility for this Report. No external assurance is provided.

WHO WE ARE

STANBIC AT A GLANCE; Founded on a solid legacy that spans over 100 years, we are a leading financial services organisation with an on-the-ground presence in Kenya and South Sudan. Stanbic is a member of the Standard Bank Group Limited, Africa's leading bank and financial services group, which operates in 20 countries.

Our Purpose
KENYA / SOUTH SUDAN IS OUR HOME, WE **DRIVE** HER GROWTH.

Our Vision
TO BE A LEADING FINANCIAL SERVICES ORGANISATION IN KENYA AND SOUTH SUDAN, DELIVERING **EXCEPTIONAL CLIENT EXPERIENCES** AND **SUPERIOR VALUE**

Standard Bank Group Limited (South Africa)* 100%

- **Stanbic Africa Holdings Limited (UK)** 74.92%
- **Other Shareholders** 25.08%

Stanbic Holdings Plc Kenya** 100%

- **Stanbic Bank Kenya Ltd (Including South Sudan branch)** 100%
  - **Stanbic Nominees Ltd** 100%
  - **Stanbic Kenya Foundation Ltd** 100%
- **Stanbic Bancassurance Intermediary Ltd** 100%
- **SBG Securities Ltd** 100%
  - **SBG Securities Nominee Ltd** 100%

Our Footprint

Branches	ATMs	Cash Deposits Machines	Agent Outlets
30	57	138	740

* Listed on the Johannesburg Stock Exchange. | ** Listed on the Nairobi Securities Exchange.

OUR STRATEGY

Our purpose and strategic priorities

Our purpose is: Kenya/South Sudan is our home, we drive her growth. We have three strategic priorities, and six value drivers against which we assess our progress.

Client focus

We understand our clients and provide them with the products and services they need to make life better.

We are responsive to their changing expectations.

We ensure fair outcomes for our clients.

Risk and conduct

We operate with integrity and hold ourselves to high ethical standards.

We understand the risks and opportunities facing our business and have robust policies and processes to manage them.

We ensure the security of our information and that of our clients and we guard against cyber-threats.

Employee engagement

Our employees believe in our purpose and their role in achieving it.

They are productive, motivated and engaged.

They reflect the diversity of the communities in which we work.

They strive to learn, grow and adapt to the changing world of work.

They feel valued and respected.

Operational excellence

Our systems are reliable, resilient, trusted.

Our digital channels are always-on, always secure.

We are here for you when you need us.

Financial outcome

We deliver sustainable growth and value to our shareholders.

Positive impact

We achieve positive impact by understanding the needs and challenges of Kenya/South Sudan people and delivering solutions to address these. We focus on four positive impact areas:

- Enterprise growth and job creation
- Infrastructure development and the just energy transition.
- Climate change mitigation and resilience.
- Financial inclusion.

We balance social, economic and environmental considerations to drive sustainable growth.

HOW WE CREATE VALUE

The Group's operating model is organised around four business units, that apart from implementing the Group's strategy of creating financial value for stakeholders, are also integral to driving positive impact and social licence.

Personal and Private Banking (PPB)

WHAT WE DO

We provide a wide-range of financial services to clients seeking personal banking solutions.

WHAT WE OFFER

- Transactional accounts
- Savings accounts
- Online & mobile banking
- Personal loans
- Affordable housing mortgages
- Solar financing solutions

HOW WE DRIVE POSITIVE IMPACT

- By providing personalized banking solutions, we enable clients to grow their wealth thus uplifting overall wellbeing of society.
- We also enable financial inclusion through access to financial services.

Business and Commercial Banking (BCB)

WHAT WE DO

We support the growth of businesses including micro, small and medium enterprises (MSMEs).

WHAT WE OFFER

- Business current account
- Business overdraft
- SME Bizna loan
- Corporate & Business Insurance
- Solar financing solutions

HOW WE DRIVE POSITIVE IMPACT

- By supporting businesses to access credit and other financial services, we promote enterprise growth and job creation.

Corporate and Investment Banking (CIB)

WHAT WE DO

We provide innovative financial services to large businesses, traders and investors in Kenya and South Sudan.

WHAT WE OFFER

- Transaction banking
- Currency solutions
- Global market advisory
- Sector research and advisory

HOW WE DRIVE POSITIVE IMPACT

- Promoting sustained, inclusive and sustainable economic growth and job creation.

Insurance & Asset Management (IAM)

WHAT WE DO

We provide a wide range of solutions to fulfil long and short-term insurance, health, investment, and asset management needs to both individual and corporate clients.

WHAT WE OFFER

- Distribution of life and general insurance solutions to clients across the Group
- Investment in equities, fixed income products
- Financial literacy initiatives
- Chama solution

HOW WE DRIVE POSITIVE IMPACT

- Promoting inclusive financial services for sustainable social and economic growth.

The role of the subsidiaries in propelling our Sustainability agenda

SBG Securities Limited (SBG)

WHAT WE DO

We are investment firm supporting clients in their investment journey.

WHAT WE OFFER

- Equities trading
- Fixed-income trading
- Investment research
- Investment banking advisory services

HOW WE DRIVE POSITIVE IMPACT

- By promoting investment, we contribute to growth of the capital markets.
- Driving Stanbic purpose of economic growth in Kenya and South Sudan.
- Strengthening capacity of domestic financial institutions to encourage and expand access to financial services for all.

Stanbic Bancassurance Intermediary Limited

WHAT WE DO

We provide a wide range of insurance solutions to our clients partnering with leading underwriters.

WHAT WE OFFER

- Short-term insurance: motor, medical, personal accident, marine, fire, theft
- Life insurance: group life, individual life, and last expense cover

HOW WE DRIVE POSITIVE IMPACT

- We promote sustainable development through providing risk management tools for businesses and individuals
- Encourage and expand access to insurance services for all.

Stanbic Kenya Foundation (SKF)

WHAT WE DO

Our mandate is to catalyze inclusive social economic growth in the Kenya and South Sudan economies in line with the Sustainable Development Goals.

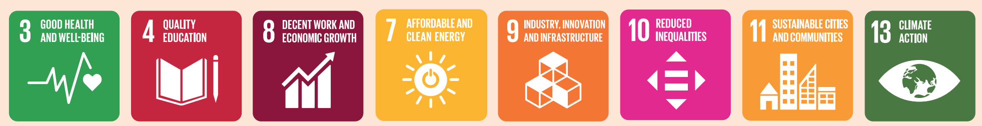
WHAT WE OFFER

- Economic empowerment
- Education
- Health
- Partnerships

HOW WE DRIVE POSITIVE IMPACT

- Enabling sustainable livelihoods through access to markets and finance, skills development and youth empowerment.
- Promoting access to quality education and literacy.
- Investment in sustainable health infrastructure through partnerships with government and health service providers.
- Partnerships for attainment of SDGs on education, health, decent work and economic growth.

OUR SDG FOCUS AREAS



OUR PEOPLE

DIVERSITY AND INCLUSION

Our employees play a central role in driving positive impact and ensuring the Group's long-term sustainability. Their contribution helps us achieve our strategic objectives by improving operational efficiency, client satisfaction, innovation, and social responsibility. By leveraging their skills, insights, and dedication, the Group can achieve immediate success while laying the groundwork for long-term viability. Employee engagement is one of our strategic pillars, and we strive to support the creation of a supportive and inclusive work environment that values employee contributions, which is critical for maximizing their impact on stakeholder value and sustainability.

Composition of our human capital

	2023	2022	2021
Permanent Employees	1129	1045	1005
Gender Parity	48% Female (546) 52% Male (583)	47% Female (500) 53% Male (545)	47% Female (469) 53% Male (537)
Contract & Commission Earners Employees	Contract: 27 Commission Earners: 54	Contract: 29 Commission Earners: 78	Contract: 44 Commission Earners: 38
Gender Parity in Senior Management	34 Female 56 Male	36 Female 55 Male	36 Female 51 Male
Gender Parity in Board	3 Female 5 Male	3 Female 5 Male	5 Female 4 Male
Differently Abled Employees	6	4	3
Age Breakdown	Below 30 years – 11%; 30-40 years – 52%; Above 40 - 37%	Below 30 years – 11%; 30-40 years – 57%; Above 40 - 32%	Below 30 years – 6%; 30-40 years – 62%; Above 40 - 32%
Percentage of Managerial and Non Managerial Employees	Managerial 40% (448) Non-Managerial 60% (681)	Managerial 40% (423) Non-Managerial 60% (622)	Managerial 41% (408) Non-Managerial 59% (598)
New Hires	195	145	69
Exits	114	110	50

* For more on our employee engagement strategies, refer to the **2023 Stanbic Holdings Annual Integrated Report page 81-86** *

DOING BUSINESS THE RIGHT WAY

ETHICS AND CONDUCT

Our code of ethics and conduct guides our decision-making, behaviours and interactions with our diverse stakeholders. It informs how we conduct ourselves in terms of how we treat one another, our clients and other stakeholders and how we manage our impact on society and the environment.

The code is based on three pillars, linked to our purpose and values.

1. Conduct in the market

How we do business

- We treat our clients fairly.
- We communicate effectively and proactively with our clients.
- We are responsive to client complaints.
- We value the right to privacy and take all reasonable steps to ensure we process personal information lawfully.
- We use data and artificial intelligence responsibly.
- We proactively detect and prevent financial crime.
- We support the orderly, fair and transparent functioning of financial markets and do not engage in anticompetitive behaviour.
- We ensure commission payments are legitimate and legal.
- We keep appropriate records.
- We ensure the accurate public reporting of our financial statements and transparency on tax matters.

2. Personal conduct

Our responsibilities to one another and the Group

- We promote diversity and inclusion.
- We do not tolerate unfair discrimination, bullying or harassment.
- We support our employees to develop their skills and careers.
- We ensure performance management processes enable constructive feedback and employee development.
- We recognise and reward our people fairly, and we incentivise ethical behaviour.
- We encourage innovation and collaboration to achieve better client outcomes.
- We take responsibility for how we represent the Group in public.
- We ensure that gift and entertainment giving or receiving is carefully managed and declared to prevent impropriety.
- We take all reasonable steps to prevent or fairly manage potential conflicts of interest.
- We protect the Group's physical and information assets.
- We maintain a healthy and safe work environment.
- We enjoy freedom of association and collective organization.

3. Societal conduct

Our impact on society and the environment

- We understand and manage our social, economic and environmental impacts.
- We strive to create shared value for our stakeholders, including shareholders, clients, employees and the societies in which we operate.
- We respect human rights.
- We promote financial inclusion.
- We engage constructively with our stakeholders.
- We are responsible for our procurement practices and third-party relationships.
- We commit to reducing our operational and financed carbon emissions in line with the Group's climate policy and the Paris Agreement.
- We undertake corporate social investment that creates sustainable benefits for our communities.

Our code of ethics and conduct aligns with global and national regulatory and governance standards in Kenya and South Sudan. It helps us ensure that we conduct ourselves lawfully and within the legal frameworks of the two countries in which we operate. It aims to empower us to make principle-based decisions, and to encourage honest and robust discussion to determine the appropriate course of action in any situation.

Employee responsibilities

All employees are required to read, understand and attest to follow the code on joining the Group.

All employees must complete mandatory online training on the code and related policies and attest to having done so.

Training use case studies and includes practical scenarios designed to deepen employee understanding. Employees may also be required to undertake role-specific training to understand and manage relevant conduct risks within the context of their business units and responsibilities.

In 2023, all our employees completed this training based on the Group code of ethics and conduct, with modules on business conduct, personal conduct, client conduct and managing the compliance risks associated with our conduct.

Managing risk incidents and breaches

Executives are responsible for monitoring and interrogating conduct and implementing mitigating and remedial actions when material concerns or issues arise.

Employees are regularly reminded, via training and communication campaigns, to report any behaviour contrary to the code.

Effective consequence management practices are in place for unethical behaviour. A breach of the code is a violation of terms of employment. Breaches may be subject to disciplinary action, up to and including dismissal.

Conduct risk management

Our code of ethics and conduct is supported by our comprehensive approach to conduct risk management. Conduct risk is the risk that harm is caused to the Group's clients, the market or the Group itself because of inappropriate conduct and behaviour in the execution of business activities. It encompasses governance arrangements, business models, product development, sales practices, treating clients fairly, and remuneration and incentive structures. We strive to meet clients' expectations for fair outcomes and market integrity by doing the right business the right way, thereby upholding the trust of all our stakeholders.

It is expected that every employee will uphold the highest level of integrity and take accountability for their actions in line with our values and code of ethics and conduct. We are committed to treating all clients objectively and fairly and applying policies equitably to all, regardless of individual differences. We do not tolerate unfair discrimination on any grounds. The Group has no tolerance for illegal, unethical or dishonest behaviour which was knowingly conducted. We have a culture-led approach to managing conduct. Conduct risk management is integrated into all relevant group policies and processes and managed as part of the Group's non-financial risk management framework. Our conduct risk policy sets out the requirements for timely identification, reporting, escalation, and remediation when conduct risk is identified.

Respecting human rights

The Group is committed to respecting the human rights of people involved in and impacted by our business. This commitment includes our employees, our suppliers and service providers, and the people impacted by the projects and businesses we finance. We define human rights as the basic and universal rights that underpin each person's inherent freedom, dignity, and equality, as outlined in the UN Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. We align with the UN Principles for Business and Human Rights in terms of understanding our role in ensuring that human rights are respected.

We integrate respect for human rights into our day-to-day operations and in the way we do business. This includes:

- Providing a work environment for our people that respects their human rights. This commitment is reflected in our people policies and practices, including our code of ethics and conduct and policies governing diversity and inclusion, harassment in the workplace, discrimination in the workplace, sexual harassment in the workplace, occupational health and safety and whistleblowing among others.
- Exercising due diligence in deciding who we do business with and understanding the potential human rights impacts of our business relationships, purchasing, lending and investing.
- Combating financial crime and corruption in all its forms, including extortion, bribery and money laundering.
- Monitoring ESG risk in our supply chain.
- Encouraging our clients, suppliers and business partners to avoid human rights infringements in their businesses.

Whistleblowing

We have a comprehensive process in place to enable employees and external stakeholders to raise concerns if they become aware of behaviours or actions that they believe are not in line with the Group's values and code of ethics and conduct.

The Group's whistleblowing policy allows whistleblowers to raise concerns and make disclosures in good faith without fear of victimisation or prejudice. The Group is not obliged to protect a whistleblower if they make a disclosure in bad faith or maliciously make a false disclosure, unfairly or unjustly dishonour another, or conceal their own involvement in criminal activities and/or their own unethical behaviour.

The Group's whistleblowing policy allows whistleblowers to raise concerns and make disclosures in good faith without fear of victimisation or prejudice.

Issues which may be reported include:

- Behaviour that is not in line with the Group's values and code of ethics and conduct.
- Behaviour that is likely to cause financial harm or reputational damage to the Group.
- Failure to comply with the applicable country-domiciled law.
- Abuse of human rights.
- Any instance or suspected instance of injustice.
- Discrimination, harassment, victimisation, bullying or sexual misconduct.
- Danger to the health and safety of an individual.
- Adverse social or environmental impacts arising from projects or activities financed by the Group.
- Abuse of power or authority.
- Fraud, theft, bribery or corruption.
- Abuse of Group or client resources and assets.
- Misrepresentation of information.
- Mismanagement or maladministration.
- Deliberately concealing information about any of the above.

FAIR OUTCOMES FOR CLIENTS

We are committed to placing our clients at the centre of our business.

We engage our clients and assess their experiences with us through surveys, online communication channels, our call centres, social media and in-person contact. We track a net promoter score for personal and business clients, and a client satisfaction index for Corporate and Investment Banking clients.

We provide clients with clear, transparent and appropriate product information, including information on features and risks.

Fair pricing

We provide our clients with clear information regarding fees and costs payable. Pricing reviews assess client insights obtained through surveys, complaints and feedback received through relationship managers, together with information regarding the competitive environment, regulatory guidance and cost to serve.

Second-line functions including compliance and risk participate in pricing approval processes, to ensure that clients are treated fairly.

Product design and delivery

The Group is committed to providing our products and services honestly, fairly, with due skill, care and diligence, and in the interest of clients. We provide clients with clear, transparent and appropriate product information, including information on features and risks. We provide all relevant disclosures before, during and at the final contract for the product or service. We ensure the information provided to clients is factually correct, in plain language and not misleading, and adequate and appropriate in the circumstances, taking account of the established or reasonably assumed level of knowledge of the client.

We provide information timeously to give clients reasonably sufficient time to make an informed decision. We ensure client needs and eligibility of products are identified through a robust and objective evaluation process and consider clients' circumstances and ability to bear associated costs or risks when providing products and services.

Products are subject to ongoing review, monitoring and reporting of performance and suitability. We identify and implement product changes and enhancements based on regular feedback from employees, including frontline employees, and clients. We analyse our client experience measures and complaint data regularly to identify potential areas for improvement. We provide specific product training for sales employees and third-party suppliers within authorised roles.

Advertising and marketing

Our brand and marketing function oversees the Group's advertising and communications campaigns and ensures regulatory compliance, client relevance, brand alignment and clarity.

The function, together with business, group legal and group compliance, all play a part in the advertising approval process, helping to ensure the achievement of fair client outcomes and compliance with disclosure requirements.

While the development of advertising is outsourced, no outsourced supplier is mandated to place advertisements on our behalf and advertisements may not be placed without the Group's approval process being followed.

In addition, clients may opt out of any and all forms of digital and direct marketing.

We differentiate between marketing material and critical operational communication. For example, should our banking systems experience an outage, we will still communicate relevant information to clients who may have opted out of direct marketing, such as the status of the outage, alternative means of banking and progress on resolving the issue.

Resolving client complaints

Our complaints management system is modelled on the principles of fairness, accessibility, responsiveness and efficiency. Our complaints management policy is designed to serve our clients and comply with applicable regulatory obligations across the Group, ensuring that the roles and responsibilities of all stakeholders are set out and the requirements for complaints management procedures are documented. The policy applies to all employees of the Group. It reflects the Group's minimum requirements. It may be supplemented by additional requirements in a local jurisdiction, or by a business policy or procedure.

Each business area has a complaints management framework and a complaint resolution system (CRS) that enables the capturing and management of complaints. Each area's complaints management procedure is publicly available. Business areas maintain management information in respect of all complaints and use this for root cause analysis to ensure appropriate action is taken to address areas of concern. Employees responsible for the capturing, management and resolution of complaints receive relevant training. When compensating a client, the principles of treating clients fairly and all other relevant legislation are considered.

Employees responsible for the capturing, management and resolution of complaints receive relevant training. When compensating a client, the principles of treating clients fairly and all other relevant legislation are considered.

PROTECTING CLIENT INFORMATION

Our ability to do business depends on the integrity of the Group's data and information assets and the protection of client privacy. Information is a valuable asset to the Group and must be protected according to its value, sensitivity, purpose and regulatory requirements. We do not share confidential or sensitive information with unauthorised people or competitors. We have zero tolerance for unlawful information processing activities.

We promote a culture of accountability, where all employees commit to their information risk responsibilities. We ensure that third parties acknowledge and comply with set minimum requirements.

Risk types

1. **Information risk:** Risk of accidental or intentional unauthorised use, access, modification, disclosure, dissemination or destruction of information resources, which would compromise the confidentiality, integrity and availability of information and which would potentially harm the business.
2. **Data privacy risk:** Risk of accidental or intentional compromise and/or unlawful processing of personally identifiable information at any point during its lifecycle, which would potentially cause harm to the business and/ or data subject.
3. **Cyber risk:** Risk of a digital attack on the bank's systems for financial gain, either directly through attacks on payment systems or indirectly through stolen data or extortion.

We protect the personal information of clients, third parties and employees. We prioritise data privacy rights as a fundamental human right and apply robust processes to give effect to the right to privacy. This requires constant vigilance in respect of **information risk, cyber risk, client privacy, technology risk and third-party risk.** We invest in people, process, technology and organisational controls to safeguard our information assets. Information risk, data privacy and cybersecurity receive extensive focus from the board and executives.

We manage data privacy, information security and cybersecurity within a framework of policies and standards:

- **The code of ethics and conduct requires all employees** to protect the confidentiality of client information, protect Group intellectual property and disclose information on intellectual property to relevant parties on a need-to-know basis only.
- **The enterprise-wide risk management framework** incorporates cyber and information risk types as material risks to be managed.
- **The information risk governance standard** sets out minimum requirements for information risk management including data privacy risk, across the Group. It ensures alignment between interconnected risk types, such as cyber risk and technology risk.
- **The cyber resilience standard** defines roles and responsibilities for managing cyber risk and enables accurate measurement and reporting of the status of cybersecurity controls.
- **The information risk policy** sets out principles and minimum requirements to manage risk to all types of information assets, in all formats, owned by or entrusted to the Group throughout the information lifecycle. It applies to all employees and third parties.
- **The data privacy operating standard** applies to the processing of all personal information relating to the prospective, existing and former data subjects, including clients, employees, third parties, natural persons or juristic persons. It deals with the protection of personal information throughout its life cycle, from origination through to use, retention and disposal.

Data privacy principles

We are committed to protecting the personal information of clients, third parties and employees. We apply robust processes to give effect to the right to privacy. Our data privacy approach incorporates the requirements of all relevant privacy legislation and regulations and industry standards and codes in Kenya and South Sudan. We adhere to the following principles when processing personal information:

- Privacy is top of mind in all our business activities and projects and remains our responsibility.
- We always keep our clients informed and ensure they know what personal information we need, and why we need it.
- We do not process clients' personal information beyond the purpose for which we originally collected it.
- We only collect the personal information that we need, we collect it lawfully and process it based on the lawful grounds provided by legislation.
- We empower and enable our clients to access and update their personal information at any time. Requests from data subjects to amend or delete their personal information may be made via our client service channels or directly to the information officer.
- We treat the personal information we collect through our various channels as private and confidential. Our privacy statement and cookie notice apply when using these channels. We ensure that third parties acknowledge and comply with set minimum requirements.

Third party responsibilities

The Group proactively manages third-party risk. Group procurement ensures that the protection of information is included in all aspects of the procurement value chain. Third-party risk management ensures that the protection of information is included in all aspects and drives the implementation of the third-party risk management framework. Third parties are onboarded through a rigorous process designed to assess the third party across various risk dimensions. The Group's external party information risk management policy outlines the minimum expectations from our third parties in protecting our information. It applies to all third parties, including independent service providers.

All third parties processing or accessing group information are required to read and attest to the policy as part of the procurement onboarding process. Data protection and data privacy clauses are also included in contract agreements with third parties. Where third parties provide digital solutions, the third party must ensure security requirements are met, in line with the cyber resilience standard. Contracts also include a 'right to audit' clause, allowing for periodic assessments of the third parties. Legal action may be taken against any third-party that does not comply with the Group information risk and cyber risk policies.

The Group's external party information risk management policy outlines the minimum expectations from our third parties in protecting our information. It applies to all third parties, including independent service providers.

02

REFLECTIONS FROM OUR LEADERSHIP

CHAIRMAN'S STATEMENT

Joseph Muganda

> "One of the Group's key sustainability goals is ensuring its products meet the financial needs of clients responsibly. In 2023, significant traction was achieved in integrating sustainability into the client relationships."

I am delighted to present the Stanbic Holdings Plc ("the Group") Sustainability Report for the year ended 31st December, 2023.

In the year under review, the Group started considering the adoption of the new IFRS S1 and S2 guidelines that were supposed to take effect from January 1, 2024. These require companies to disclose all information about sustainability risks and opportunities, including climate-related risks.

This report is therefore presented in the context of enhanced disclosures on the impact, positive or negative, of the Group's activities, on the economy, society and the environment and how environmental and social risks are being addressed.

Entrenching positive value with minimal environmental, social risk

In 2023, the Group made significant progress in generating positive value for society while effectively managing environmental, social and governance (ESG) risks within its operational realm.

As highlighted in this report, substantial gains were realized in the four impact areas that we focus on in creating positive impact in society, namely, enterprise growth and job creation, infrastructure development and the just energy transition, climate change mitigation and resilience and financial inclusion. We also recorded significant progress in our Corporate Social Investment (CSI) endeavors with a primary focus on education and health.

On financial inclusion, the Group had by the end of the year digitized over 90% of transactions, and significantly automated its operations, in the process enhancing access to its products and services. According to the World Bank, digital technologies are instrumental in accelerating universal access to financial services.

In addition, supporting Micro, Small and Medium Enterprises (MSMEs) to access finance, training and markets is considered an important pathway to financial inclusion, considering they are traditionally excluded from credit due to perceived higher risk.

The Group continued to create opportunities for businesses, including MSMEs, to expand their markets as part of efforts to facilitate local and international trade.

Mitigating climate risk is integral to the Group's sustainability agenda, in tandem with local and global frameworks. In 2023, the Group was up-to-date with the Central Bank of Kenya Climate Risk guidelines. Contributing to domestic and international climate action goals is centered around reducing the carbon footprint of the Group's operations and we have recorded significant milestones under this objective.

> "Green or sustainability-linked facilities now comprise about 8 per cent of the Group's lending portfolio against a target of 10%, signifying our commitment to deepening financially-driven sustainable development."

Enabling economic growth through sustainable finance

In living up to its purpose, Stanbic is deeply committed to providing innovative and inclusive financial solutions that contribute to the sustainable development of Kenya and South Sudan. Stanbic can only grow if the economies and communities in which it operates prosper.

One area the Group has strongly focused on is sustainable financing, inspired by the need to bridge the financing gap for innovative projects that address the environmental and social needs of communities. In 2023, a total of USD 122m was disbursed as green/sustainability-linked facilities. In addition, the Board approved a solar energy product further cementing our leadership in renewable energy financing.

Green/sustainability-linked facilities now comprise about 8% of the Group's lending portfolio against a target of 10%, signifying our commitment to deepening financially-driven sustainable development.

Walking the sustainability journey with clients

One of the Group's key sustainability goals is ensuring its products meet the financial needs of clients responsibly.

In 2023, significant traction was achieved in integrating sustainability into the client relationships.

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It is however not enough to ask clients to embrace sustainable practices. Sharing knowledge and best practices is integral to providing financial solutions that promote sustainable business practices. The Group has invested significantly in educating clients and creating awareness on sustainable business practices. Through the Sustainability and Financial Fitness Academies, the Group has contributed to financial deepening and understanding of financial wellness.

Around 400 MSMEs and select corporate clients benefitted from training on sustainable business practices in the year under review.

Embedding sustainability into the business

Sustainability is intertwined with Stanbic business strategy through the Group's focus on positive impact as a value driver. Strengthening the internal governance framework is core to building an internal environment within which sustainability is seamlessly integrated into all operations. Sustainability is also reflected in the Group's decision-making, especially guided by the need to act responsibly and minimize the carbon footprint.

Building a diverse workforce is a social agenda imperative for the Group, on course to achieving a 50:50 gender composition, signifying the commitment to be an equal opportunities employer. A third of our human capital comprises youth with a growing number of differently-abled individual joining our team. Currently, 3 out of 8 Board members are female further underlining diversity as a core driver of the Group's social pillar.

Sustainability is also seen in the way the business lives up to the principles on good corporate citizenship through social investments in health and education. As an example, Stanbic Kenya Foundation has partnered with the Brigid Kosgei Foundation to offer scholarships for 50 students. The Stanbic Kenya Foundation has also invested in a School Feeding Program at Gatina Primary School in Nairobi benefitting 1,529 students with over 231k meals served.

The DADA initiative supported by the Bank won the Best Impact Investing Award at the 2023 DIAR Awards, further demonstrating our commitment to women economic empowerment.

50
Students paid for school fees through partnership between Stanbic Foundation and Brigid Kosgei Foundation

+

1,529
Students benefitted from the School Feeding Program with over **231k** meals served.

Solid partnerships that amplify impact, generate shared value

Sustainability dictates that we take a long-term perspective of the impact of everything that Stanbic does. In line with SDG 17, that only by working together will humanity achieve a truly sustainable world, Stanbic believes in harnessing the power of collaboration to achieve its sustainability goals.

Through the Stanbic Kenya Foundation, the Group scaled its impact initiatives via partnerships with stakeholders in government, private sector and civil society, to create shared value in a more sustainable manner.

Enhancing internal governance risk control framework

In the year, the Board made progress in maturing the internal risk governance framework. The Group undertook in-depth evaluation of its risk management position and developed an implementation matrix on the areas requiring improvement.

I am happy to report that the scorecard is good although there is room for improvement.

17 PARTNERSHIPS FOR THE GOALS

By working together will humanity achieve a truly sustainable world,

The Board risk committee continuously monitored progress with the Group's commitments to **integrating Sustainable Development Goals (SDGs)** into its activities.

An external governance audit during the year presented a healthy outlook on the Group's overall risk management environment.

From an ESG perspective, the Board risk committee prioritized the tracking of key metrics especially those related to climate risks. Guided by the ESG dashboard developed in 2022, the Board risk committee continuously monitored progress with the Group's commitments to integrating Sustainable Development Goals (SDGs) into its activities.

In addition, the Group conducted training at the Board and management level on cyber-risks, anti-money laundering, and technology-related risks around data privacy, arising from adoption of artificial intelligence and other advanced digital innovations deployed across the business ecosystem.

Looking ahead

The Board is optimistic that initiatives undertaken during the year towards building a sustainable business provide a firm foundation for achieving further progress.

GROUP CHIEF EXECUTIVE STATEMENT

Patrick Mweheire

> “The Group made significant progress in its sustainability journey, building on the solid foundation laid over the previous years. These accomplishments provide a solid foundation for the Group’s ongoing journey toward a more sustainable future for its business, society, and the environment.”

2023 in Review

We recorded significant progress and transformation in the year as the Group worked to incorporate sustainability into its business operations, strategy, and culture. We made commendable progress in executing our strategy, demonstrating remarkable resilience and growth with a 34% increase in profit after tax (PAT), which was highest among peer Tier I banks. The balance sheet expanded significantly, and the cost-to-income ratio reduced below 44%. These accomplishments were achieved in the midst of a challenging operating environment that included high interest rates, high inflation, volatile foreign exchange, and global geopolitical conflicts, demonstrating the Group’s ability to navigate complex macroeconomic challenges while supporting our clients.

Strategic and Operational Excellence

Our strategic focus on transforming the client experience paid off, resulting in an improved Net Promoter Score (NPS) of 41, up from 38 in 2022. We continued to drive digital innovation, improving onboarding and credit processes while maintaining strong risk management practices. Our share price increased by 7%, demonstrating market confidence in our value proposition even in a challenging environment.

Sustainability at Our Core

The Group’s approach to sustainability is deeply integrated into its business strategy, which is underpinned by its purpose. Throughout the year, the Group made significant progress in its sustainability journey, building on the solid foundation laid over the previous few years. These accomplishments provide a solid foundation for the Group’s ongoing journey toward a more sustainable future for its business, society, and the environment. Our initiatives have primarily focused on generating long-term value for all of our stakeholders while operating responsibly and sustainably.

Key highlights include:

ESG Integration:
The Group made significant strides in embedding ESG considerations into its core business strategy and decision-making processes. This includes strengthening its approach to climate risk management and promoting responsible lending practices.

Positive Impact:
The Group’s initiatives have demonstrably delivered positive Social, Economic, and Environmental (SEE) impacts. Examples include empowering local farmers through partnerships and expanding access to financial services through innovative solutions.

Stakeholder Engagement:
The Group recognises the importance of open communication and collaboration with all its stakeholders. We actively engage with clients, employees, communities, and regulators to understand their needs and concerns and ensure our sustainability efforts are aligned.

Impact In 2023

We believe that true success goes beyond financial metrics. Our sustainability agenda, anchored in our purpose, focuses on promoting economic development across Africa. We are committed to creating shared value that benefits society and contributes to a more sustainable future. The Group attained several milestones in 2023 including:

Concessional Loans to MSMEs
We provided Kshs 46m concessional loans to MSMEs, partnering with organisations to empower small businesses. Cumulatively, we have provided Kshs. 119m concessional loans to MSMEs since inception.

Inclusive Resourcing:
6.5% of our procurement spend in 2023 was to women-owned vendors.

Employee Training:
600 employees received training on ESG principles.

Partnerships:
We actively collaborate with organisations like the Bill & Melinda Gates Foundation and MasterCard Foundation to amplify our impact.

Specifically, on **Environmental Stewardship,** we took substantial steps to reduce our environmental footprint. Notably, we achieved significant energy savings and waste reduction through innovative solutions such as LED lighting with motion sensors and advanced water management systems. These efforts have not only reduced operational costs but also contributed positively to environmental conservation.

On **Social Impact,** our commitment across the Group has been unwavering. Through the Stanbic Kenya Foundation and partnerships such as the United States Africa Development Fund grant, we have empowered local entrepreneurs to engage in sustainable, highly-impactful businesses such as health facilities and healthy food manufacturers. These initiatives have had a profound effect, enabling businesses to scale, create jobs, and support local communities. The success story of a company like Delish & Nutri, which mechanised its operations and expanded its reach to over 1,100 farmers, exemplifies the transformative power of our social investments.

In the area of **Governance and Ethical Conduct,** we have strengthened our governance frameworks to ensure transparency, accountability, and ethical conduct across all levels of the organisation. This includes rigorous adherence to regulatory requirements and proactive management of cyber and data security risks.

> “Through the Stanbic Kenya Foundation and partnerships such as the United States Africa Development Fund grant, we have empowered local entrepreneurs to engage in sustainable, highly-impactful businesses such as health facilities and healthy food manufacturers.”

Forward-Looking Strategy

Looking ahead, our 2024 to 2026 strategy will place sustainability at its core, driving continued integration of ESG principles and best practices across the Group. Sustainability will guide the Group's decisions and actions, ensuring we deliver on our commitments to our clients, employees, shareholders, and the broader society. We are particularly focused on:

1. **Climate Resilience:** Continuously monitoring and responding to climate-related risks that impact our business and communities.

2. **Employee Engagement:** Our employees are sustainability champions. We will invest in their knowledge and skills to empower them to play an even more active role in achieving our goals of fostering a culture of sustainability, recognising that their involvement is crucial to our success.

3. **Stakeholder Collaboration:** Collaboration is key. We will deepen partnerships with key stakeholders to maximize positive impact, accelerate progress towards our goals, and build the Bank of the Future. We will continue to enhance our engagement with stakeholders to build strong, trust-based relationships and maximize positive societal impact.

Commitment to Transparency and Fairness

Transparency and fairness are the bedrock of our approach. We pledge to maintain open communication with all our stakeholders, ensuring they are well-informed about our sustainability efforts and progress. We believe that by being transparent and fair, we can build lasting trust and drive meaningful change.

Building the Future Together

The Group is proud of the progress made in 2023. However, we recognise that sustainability is a continuous journey. By working together with our stakeholders, and by remaining true to our ESG commitments, we are confident in our ability to deliver long-term value for our shareholders, create a positive impact on society, and build a more sustainable future for generations to come.

I extend my heartfelt gratitude to all our stakeholders for their unwavering support and partnership. Together, we have made significant strides in our sustainability journey, and I am confident that by continuing to work collaboratively, we will achieve even greater success. Our vision is clear: to be a responsible, sustainable organisation that not only delivers financial performance but also contributes positively to the environment and society.

Thank you for being a part of our journey.

STANBIC BANK KENYA & SOUTH SUDAN CHIEF EXECUTIVE STATEMENT

Dr. Joshua Oigara

> “We ensured compliance with national regulations on climate-risk disclosures established by the Central Bank of Kenya (CBK) to promote transparency and accountability.”

Empowering Change: Advancements and Aspirations for 2023

In 2023, the Group continued on its profound journey, cementing its dedication to sustainability. We recognised the inseparable link between a successful business, a thriving environment, and empowered communities. Our compass was set on environmental stewardship, social impact, and responsible governance (ESG).

In the last 5 years, we have laid a solid foundation and accelerated our ESG agenda. Building on this, the Group has made significant progress in integrating ESG principles into our core operations. We are dedicated to following international best practices, and in 2023, we actively referenced frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI) Standards. In addition, we ensured compliance with national regulations on climate-risk disclosures established by the Central Bank of Kenya (CBK) to promote transparency and accountability. We are also progressively implementing the new disclosures requirements under IFRS S1 and S2.

As a listed entity, we have also aligned with the Nairobi Securities Exchange (NSE) guidelines on ESG that largely align with GRI standards. This comprehensive approach ensures responsible decision-making and allows us to contribute to a sustainable future for Kenya and South Sudan. In the year under review, we set ambitious goals, including channelling a significant portion of our total book towards sustainable and green financing, enhancing the diversity of our supply chain, and ensuring diversity and inclusion in our employees' complement, including at senior leadership.

Enhancing the Sustainability Agenda

In the financial year under review, we focused on accelerating this sustainability agenda in a number of ways.

1. Green Financing Progress:

We made significant progress on our green financing committment allocating a substantial part of our portfolio to sustainable projects. This includes financing initiatives that support climate change adaptation, green agriculture, and the energy transition. We started this journey in 2019 with the credit process by screening our clients for Environmental and Social risks. Initially, we screened all facilities above US$ 3 million. In 2023, we lowered this to US$ 1 million and in the future, we plan to lower this further.

2. Empowering Women Entrepreneurs:

We are well on our way to achieving our goal of empowering women entrepreneurs. We recognise the power of women-led enterprises and have provided a staggering KShs 19.3 billion in loans specifically to women-owned businesses in the last three years. This creates a ripple effect, not just for these businesses, but for their families and communities. The Group's commitment to empowering women goes beyond just financial services. Through our procurement practices, we strive to recognise the interconnectedness of the economy. By allocating nearly 6% of our supplier spending to women vendors, we empowered these businesses while simultaneously diversifying our supply chain.

3. Investing in Communities:

Recognising the critical need for affordable housing in Kenya, Stanbic Bank Kenya actively participated in supporting this national agenda in 2023. We facilitated access to financing for 137 housing units totalling over KShs 635 million in 2023. We continued to collaborate with partners such as the Kenya Mortgage Refinance Company, developers and our clients to offer innovative mortgage solutions. This commitment aligns with our goal of fostering inclusive and sustainable communities, and we look forward to continuing our contribution to a future where quality housing is attainable for all Kenyans.

4. Building a Diverse Supplier Chain:

We achieved progress towards supplier diversity, increasing our spending on women, youth, and people with disabilities.

Challenges and Opportunities

Our journey is not without its challenges. Ensuring efficient delivery mechanisms and navigating evolving regulations are ongoing challenges that must be addressed in a sustainable manner. These include adhering to the code of conduct, changing regulations, managing environmental and social risks, combating financial crime, and ensuring that our clients follow our client charter.

However, we are confident that by working with stakeholders and addressing these concerns, we will be able to develop a “magic quadrant” of sustainability indicators.

Looking Forward: A Sustainable Future for All

The Group remains steadfast in its commitment to a sustainable future. In the coming years, we will focus on:

- **Deepening our impact:** Through financial inclusion initiatives, we plan to expand our green financing portfolio and empower marginalised communities even more. We will reach and empower more youths, women, people with disabilities, and marginalised groups. In terms of our structure and facilities financing model, we shall allocate a higher percentage of our portfolio to sustainable financing, climate change refinancing for adaptation or mitigation actions, and green financing, which includes agriculture, trade, energy, and energy transition.
- **Building resilience:** We will continue to adapt to and mitigate climate change risks, ensuring the long-term sustainability of our operations.
- **Fostering transparency:** We will enhance communication and reporting on our sustainability efforts, holding ourselves accountable to the highest standards.

As a Group, we believe that a sustainable future is not just aspirational, but achievable. By working together, we can create a lasting positive impact for the generations to come.

> “We believe that a substantial part of our future financial support will be directed towards programs that are more inclusive. We will reach and empower youth, women, people with disabilities, marginalised groups, and access centers.”

03

OUR APPROACH TO SUSTAINABILITY

STATEMENT FROM THE HEAD OF SUSTAINABILITY

Priscilla Were

"We have made substantial strides in integrating Environmental, Social, and Governance (ESG) considerations into our overall business strategy. This integration is evident in our decision-making processes, risk management frameworks, and performance metrics."

The 2023 Sustainability Report marks a significant milestone in our journey towards embedding sustainability into the core of our business operations.

The report is testament to our ongoing commitment to integrating environmental, social, and governance (ESG) principles into the very core of our business strategy. Following the insightful framework established in our earlier reports, this edition delves deeper, showcasing the progress we have made and outlining our vision for a more sustainable future.

Entrenching Sustainability in Our DNA

Since the onset of our sustainability journey, we have witnessed a significant shift in how sustainability is perceived across the organization. Here are some key milestones demonstrating this positive evolution:

Executive Leadership: We established a dedicated Sustainability Committee ensuring strategic oversight and high-level decision-making power regarding ESG initiatives.

Employee Engagement: We have rolled out comprehensive ESG training programs for all employees, fostering a culture of environmental and social responsibility at every level. This is reflected in the over 400 employees trained in 2023 on ESG principles.

Integration into Business Processes: ESG considerations are now a crucial component of our risk management framework. This ensures that potential environmental and social risks are identified and mitigated proactively.

Milestones in 2023:

1. Enhanced ESG Integration:
We have made substantial strides in integrating Environmental, Social, and Governance (ESG) considerations into our overall business strategy. This integration is evident in our decision-making processes, risk management frameworks, and performance metrics. We recognize that sustainable growth can only be achieved by balancing economic performance with environmental stewardship and social responsibility.

2 Sustainability at the Heart of Our Strategy:
In 2023, sustainability remained a key pillar of our strategy. This strategic alignment ensures that sustainability objectives are not only a part of our corporate vision but are also actively pursued across all business units and operations.

This holistic approach underscores our commitment to creating long-term value for our stakeholders while minimizing our environmental footprint.

3. Support for Sustainable Development Goals (SDGs):
Our initiatives are closely aligned with the United Nations Sustainable Development Goals (SDGs). Notably, we have advanced our efforts in promoting financial inclusion, supporting education, and fostering economic empowerment through various programs and partnerships. These efforts are designed to drive positive societal impact and contribute to broader global sustainability targets.

4. Climate Action and Environmental Stewardship:
Recognizing the urgent need to address climate change, we have prioritized climate action as a critical component of our sustainability agenda. This year, we enhanced our efforts to monitor and mitigate climate-related risks, reduce our carbon footprint, and support clients in their transition to more sustainable practices. Our initiatives include promoting renewable energy projects and improving energy efficiency within our operations.

5. Community Engagement and Empowerment:
In 2023, we continued to deepen our engagement with local communities through various social investment programs. One of the highlights was the expansion of the Stanbic Kenya Foundation's grant program, critical support to providing entrepreneurs and small businesses, fostering job creation and enhancing economic resilience. Our partnership with the United States Africa Development Fund has been instrumental in this regard, amplifying the positive impact on the communities we serve.

6. Employee Engagement and Development:
We firmly believe that our employees are our greatest asset. This year, we launched several initiatives aimed at enhancing employee well-being, fostering a culture of continuous learning, while promoting diversity and inclusion within our workforce. By investing in our people, we are building a strong, motivated team that is dedicated to driving our sustainability agenda forward.

As we move forward, our focus remains on accelerating our sustainability efforts and achieving even greater impact. We are committed to maintaining transparency, fostering stakeholder collaboration, and continuously improving our sustainability performance.

The journey towards sustainability is ongoing, and we are excited about the opportunities ahead to make a meaningful difference for our society and our planet.

Looking ahead, we remain committed to continuous improvement. Key focus areas for 2024 include:

- **Expanding our Green Finance Portfolio:** We aim to increase the volume of green loans and investments, accelerating the transition to a low-carbon economy.
- **Deepening Climate Action:** We are developing a comprehensive climate action strategy to assess and mitigate climate-related risks across our operations.
- **Scaling Employee Engagement:** We will further embed ESG principles into our performance management system and continue fostering a culture of sustainability within the workforce.

Building a sustainable future requires collective action. We encourage our stakeholders, from employees and clients to investors and partners, to join us on this journey. By working together, we can create a thriving and sustainable future for Kenya and South Sudan.

In closing, I would like to extend my heartfelt gratitude to all our stakeholders—employees, clients, partners, and shareholders—for their unwavering support and commitment to our sustainability vision. Together, we are making strides towards a more sustainable and prosperous future.

I invite you to explore this report and get a deeper understanding of our sustainability journey.

Thank you.

OUR APPROACH TO SUSTAINABILITY

Driving sustainable growth and value is a strategic priority for the group and is central to our purpose and strategy. Our approach is based on maximising positive impact and effectively managing risk.

Our approach is based on **two pillars**:

1. Maximising positive impact + Realising the significant opportunity to grow earnings and market share by providing products and services that meet the development needs of Kenya and South Sudan +

- We understand the needs and challenges of Kenya and South Sudan's people and deliver solutions to address these.
- We balance social, economic and environmental considerations to drive sustainable growth.
- We categorise our major impacts in terms of four areas:
  - Enterprise growth and job creation
  - Infrastructure development and the just energy transition
  - Climate change mitigation and resilience
  - Financial inclusion

2. Effectively managing risk + Minimising and mitigating the risks (including climate-related financial risks), arising from our own operations, who we do business with and what we finance. +

- Our efforts to achieve positive impact are underpinned by careful **identification, management and mitigation** of environmental, social and governance (ESG) risks. This includes risks within our own operations and risks arising from our business activities, including our **client relationships and the projects and businesses** we finance or invest in.
- **ESG risk management** is embedded in our policies, processes, and governance structures.
- We engage our diverse **stakeholders** to identify and manage our material ESG issues.

Our activities are guided by our obligations under various global frameworks

- SUSTAINABLE DEVELOPMENT GOALS: We have identified **8 SDGs** to which we can make a significant contribution
- EQUATOR PRINCIPLES: We adhere to the Equator Principles
- IFC International Finance Corporation, World Bank Group: We adhere to the IFC Performance Standards on Environmental and Social Sustainability
- King IV™: The King IV Code on Corporate Governance™[1] forms the cornerstone of our corporate governance principles and practices
- Agenda 2063 The Africa We Want: Our impact areas are informed by the priorities of Agenda 2063
- **Paris Agreement**: We commit to net zero emissions by 2040
- UN Global Compact: We are signatories to the UN Global Compact
- TCFD: We publish a TCFD-aligned climate-related financial disclosures in our Sustainability report. We measure our greenhouse gas (GHG) emissions according to the GHG Protocol.

Maximising positive impact

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In 2018, the Group adopted social, economic and environmental impact as one of the six value drivers against which it assesses its progress and impacts. At the time, it had identified seven core areas of impact. In 2023, the description of this value driver was simplified to Positive Impact, with the impact areas consolidated from seven to four.

Our Impact Areas

1 Enterprise growth and job creation → 2 Infrastructure development and the just energy transition → 3 Climate change mitigation and resilience → 4 Financial inclusion

Each area is aligned with the Group's core business activities, and links to specific SDG targets. The Group's objectives remain the same:

- Ensure that our **business activities** solve for Kenya and South Sudan's challenges and deliver improved prosperity for the people.
- Ensure that **we understand** the broad impacts of our business decisions, across our value chain and in society more broadly, and effectively manage the associated ESG risks.

We also continue to invest heavily in Corporate Social Investment (CSI) programmes, working with partners in government and society to support priorities such as access to education and health among others. These programmes make an enormous difference in the lives of beneficiaries and help to connect our people to our communities and build pride in our brand.

Effectively managing risk

We are committed to ensuring that our strategy is consistent with our mission of driving sustainable growth in Kenya and South Sudan and contributes to society's needs and priorities as expressed by the UN sustainable development goals (SDG), the Paris Agreement, the AU's Agenda 2063 and sustainable banking frameworks in Kenya and South Sudan.

Our efforts to achieve a positive impact are underpinned by careful identification, management and mitigation of environmental, social and governance (ESG) risks. This includes risks within our own operations and risks arising from our business activities, including our client relationships and the projects and businesses we finance or invest in. ESG risk management is embedded in our policies, processes, and governance structures. We engage our diverse stakeholders to identify and manage our material ESG issues.

ALIGNING OUR SUSTAINABILITY ACTIVITIES TO THE GLOBAL SDGS

Each of our impact areas is linked to specific Sustainable Development Goals (SDGs). Aligning our business activities to the global development agenda ensures that we remain relevant to the needs of the countries and communities we serve. It also enables us to focus on areas where we have the greatest potential to make lasting impact and create shared value.

OUR 4 IMPACT AREAS	STANBIC CONTRIBUTION TO GLOBAL SDGS	
Enterprise growth and job creation	Industry innovation and infrastructure	
Infrastructure development and the just energy transition	We support our clients to transition to clean energy sources.	Supporting infrastructure development in Kenya and South Sudan
Climate change mitigation and resilience	Actively mitigating climate change	We support interventions to protect, conserve and rehabilitate our environment
Financial inclusion	Decent work and economic growth through supporting businesses	Making our workplaces inclusive, safe, resilient and sustainable

OUR SUSTAINABILITY ENABLERS

Our sustainability strategy simply entails embedding long-term value creation and growth across our operations and core business practices.

Our sustainability goals and objectives are premised on four main considerations:

Capital deployment	Facilitate Kenya's and South Sudan's developmental needs sustainably, by facilitating local and international trade, supporting job creation, preventing and mitigating social and environmental harm and contributing to climate change mitigation.
Products and services	Enable our clients to meet their needs and wants responsibly by offering innovative solutions in a cost-effective way (digitization and automation), work closely with our clients to embrace sustainable business practices, while promoting financial inclusion and deepening.
Internal operations	To embed sustainability in our operations and business decisions, integrate responsible use of natural resources while minimizing carbon footprint, promoting fairness, inclusion and diversity, and strengthening our governance and risk framework.
Partnerships and disclosures	Build on partnerships, regulatory guidelines and industry associations to enhance our impact, ensure legal compliance, grow strategic alliances, tell our story effectively and become a thought leader contributing to industry knowledge.

THEORY OF CHANGE

The pathway to maximizing positive impact & achieving our purpose

INPUTS

- **Financial capital** represents our capital base and diverse sources of funds used to serve our clients by granting credit, enabling payments and transactions, and rewarding shareholders for their capital investments.
- **Intellectual capital** enables us to develop innovative products and solutions, research and transaction advisory and knowledge-based services and nurture strategic partnerships that contribute to sustainable development goals .
- **Human capital** in the form of employees, culture and institutional knowledge allows us to provide a transformational client experience.
- **Manufactured capital** including buildings, physical equipment and informational technology infrastructure allows us to serve our clients and provide innovative financial solutions.
- **Social and relationship capital** built with our clients, partners and stakeholders supports our business and social investment activities.
- **Natural capital** represents the direct usage and impact on natural resources, including energy, water, and climate, as well as our influence through business activities and environmental protection actions.

ACTIVITIES

- Lending money to clients.
- Mobilizing funding from client deposits and other sources including investors.
- Offering a transformational client experience.
- Providing banking services, long and short-term insurance solutions.
- Engaging in transaction advisory and other knowledge-based services.
- Promoting trade and facilitating market access.
- Training employees and organising financial literacy programmes for businesses and individuals.
- Developing innovative financial services products including digital innovation.
- Investing in reducing our carbon footprint including energy efficiency, waste recycling and responsible water use.
- Nurturing strategic partnerships to support social investment initiatives in education and health.

OUTPUTS

BANKING SERVICES

- Innovative banking solutions that enable individuals, small businesses, large enterprises, government and non-government organisations to engage in various economic and social activities that drive transformation of society.

INSURANCE & RISK MANAGEMENT SERVICES

- Bancassurance services that enable access to long and short-term insurance and risk management solutions offering financial protection to families and businesses.

INVESTMENT & ADVISORY SERVICES

- Tailored investment solutions including research, investment banking and transaction advisory services to retail, institutional and high net worth clients, to support the growth of the capital markets.

OUTCOMES

Enterprise growth & job creation

The small and large business clients that depend on Stanbic for financial services and capital are thriving and able to access opportunities in trade and investment thus creating jobs and enabling consumption of goods and services.

Infrastructure development & the just energy transition

Kenya and South Sudan are able to undertake critical infrastructure and renewable energy projects that support businesses and economic activities .

Climate change mitigation & resilience

Our clients have access to sustainable/green finance, are climate resilient and have access to financial capital to invest in the Blue and Green economies. As a business we have reduced our carbon footprint.

Financial inclusion

Our clients have access to relevant, accessible and cost-effective financial solutions, especially small businesses, women and youth and individuals who would otherwise be unbanked .

Corporate social investment

Through strategic partnerships nurtured by Stanbic, communities enjoy access to better health and education/ learning facilities/ opportunities .

OUR DESIRED CHANGE/IMPACT

We desire to bring sustainable socio-economic transformation of Kenya and South Sudan where individuals, businesses and communities prosper and the global sustainable goals are achieved thus bringing about real change in lives, livelihoods, economic sectors and society.

ENGAGING WITH OUR STAKEHOLDERS

The Group's long-term viability is dependent on stakeholder engagement. Among other things, strategic stakeholder engagement strategies help to foster trust, drive innovation, manage risks, and create long-term value for both the business and its stakeholders. Businesses that actively engage stakeholders can better navigate challenges and achieve long-term growth. Our firm belief is that effective stakeholder engagement is an essential component of a sustainable business strategy, ensuring that the Group remains adaptable, responsible, and in sync with the larger societal and environmental context in which we operate.

VALUE CREATED FOR STAKEHOLDERS IN 2023

CLIENTS

- We advanced **KShs 261bn** in loans and advances
- Supported a savings culture through **KShs 321bn** in deposits

EMPLOYEES

- **KShs 8.6bn** paid to our employees in wages and other benefits
- **KShs 58m** invested in employee learning and development

SHAREHOLDERS AND INVESTORS

- Recorded **KShs 12.2bn** in profit after tax
- Paid **KShs 5.4bn** in dividends for 2023

REGULATORS & GOVERNMENT

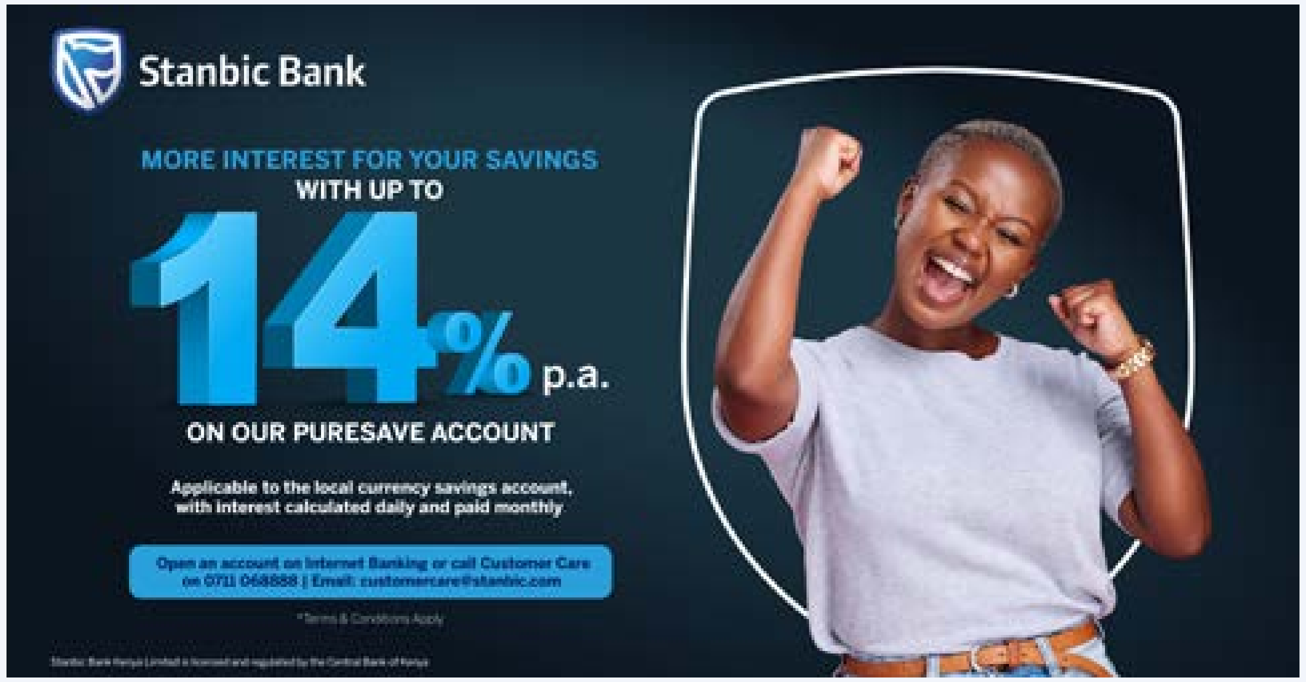
- **KShs 4.9bn** paid as Government taxes
- **KShs 16bn** invested in infrastructure

COMMUNITIES

- **KShs 122 million** invested in Corporate Social Investments
- **4,705** screened for cancer free of charge

STANBIC HOLDINGS PLC

- We reinvested KShs **6.7bn** for future growth



STAKEHOLDER ENGAGEMENT

STANBIC HOLDINGS PLC
SUSTAINABILITY REPORT 2023

CLIENTS

How we engage

- Client surveys, online communication channels, call centre.
- Direct client engagements.
- Product presentation.
- Client events and visits.
- Brand and sponsorship events.

How we measure the quality of the relationship

Net promoter score (NPS) and Client Satisfaction Index (CSI).

Priorities in 2023

- Solutions tailored to individual needs.
- Omnichannel options including always-on digital and human contact when needed.
- Convenience, speed, straight-through processing.
- Reliability, data security, protection from fraud and cybercrime.
- Sustainability/ESG solutions.
- Affordable and relevant products and services for start-ups and small enterprises
- Cross-border payment, trade and investment solutions.

Our Response

- Enhanced client interaction channels; data analytics to deliver personalized solutions.
- Enhanced digital capabilities drove growth in client adoption and engagement on our digital channels.
- Enhanced mobile app functionality.
- Digital onboarding and lending.
- Strong improvement in system stability; ongoing investment in cybersecurity and anti-financial crime capabilities.
- Expanded sustainable finance offering and upskilled MSMEs and CIB clients on ESG, sustainability and climate risk.
- Digital solutions for SMEs and capacity building support.

EMPLOYEES

How we engage

- Employee surveys.
- Engagement sessions with the CEO.
- Employee Townhalls.
- Stanbic News (Weekly newsletter).

How we measure the quality of the relationship

- Employee Net Promoter Score (eNPS).
- Diversity and Inclusion (D&I).
- Percentage of learning time invested in future skills learning.
- Learning hours and investment in learning

Priorities in 2023

- Compensation and Benefits.
- Communication.
- Cross-team collaboration.
- Diversity & Inclusion.
- Skills development & career progression.

Our Response

- Fixing compa-ratios, education on group-wide reward policies.
- Enhanced communications and leadership updates, Town halls, monthly departmental meetings.
- Mandatory team-building activities.
- Steady progress toward meeting D&I targets at senior manager, executive and board level.
- Internal promotions and job rotations.

STAKEHOLDER ENGAGEMENT

SHAREHOLDERS AND INVESTORS

How we engage

- Investor briefings.
- Presentations and roadshows.
- Annual Integrated Report.
- Sustainability Report.
- Annual General Meetings.
- Newspaper notices.

How we measure the quality of the relationship

- Shareholder value created – ROE, earnings growth, net asset value growth and dividends.
- Investor and other market participant feedback .
- AGM voting outcomes.

Priorities in 2023

- Growth in returns.
- Delivery against targets.
- Business development updates.
- Competitiveness of offering.
- Executive leadership engagement.
- Governance, ethics, market conduct, internal controls.
- Climate risk management.

Our Response

- We achieved strong revenue growth, driven in part by client activity.
- We grew profit after tax from KShs 9.1bn in 2022 to KShs 12.2bn in 2023, Return on equity improved to 18.6%, from 15.3%.
- We maintained our robust capital position, and declared a dividend per share of KShs 15.35 in 2023, up from KShs 12.60 in 2022.
- We continue to strengthen our assessment, measurement and management of climate risk, informed by relevant voluntary standards, regulations and our climate policy.

GOVERNMENT AND REGULATORS

How we engage

- Two-way communication through a range of regulatory engagements and discussions.
- Thought leadership events/workshops.
- Sponsorship engagements.

How we measure the quality of the relationship

- Compliance with CMA Corporate Governance code.
- Compliance with laws and regulations.
- Constructive engagements.

Priorities in 2023

- Cybersecurity and data protection.
- Financial inclusion.
- Role of the financial sector in supporting infrastructure development.
- Managing climate risk, including social risk, financial risk, regulation of sustainable finance.
- Responsibility towards clients and responsible product development.
- Consumer education.

Our Response

- Legal and regulatory compliance.
- Pursuant to the assessment by CMA of our application of the Corporate Governance Code, Stanbic was ranked at Leadership, with a score of 84%, underpinning our commitment to good governance and compliance.
- Support national development agenda.
- Knowledge sharing and contribution to industry and regulatory working groups.
- Transparent and proactive interactions with tax authorities.
- Engagement with governments to support the strengthening of Anti-Money Laundering controls.
- Leading financer of renewable energy and other energy developments.

STAKEHOLDER ENGAGEMENT

COMMUNITIES

How we engage

- Stanbic Foundation.
- Rotary Club of Nairobi Samawati.
- Sponsorship engagements.
- Employee voluntarism.

How we measure the quality of the relationship

- Constructive engagements, media monitoring.

Priorities in 2023

- Value for society, both internally with our people and externally with other stakeholders.
- Drive economic growth by creating social and environmental value.
- Value for the environment through conscious and responsible lending.

Our Response

- We are steadfast in our commitment to support sustainable economic growth and human development in Kenya and South Sudan.
- We continue to integrate ESG considerations into business decisions and operations.
- We are committed to respecting the human rights of people involved in and impacted by our business.
- We are focused on targeted engagement with our communities.

UNDERSTANDING OUR MATERIALITY: A COLLABORATIVE APPROACH

In today's complex landscape, characterized by pressing challenges such as climate change, biodiversity loss, and social inequality, the imperative for collective action towards sustainability has never been more urgent. Companies operating in Kenya and South Sudan, including ours, are pivotal in this endeavor, tasked with aligning their strategies with the welfare of both people and the planet. At Stanbic, we recognize our responsibility to contribute meaningfully to sustainable development. To do so, we must comprehend and address our organizational impacts, both positive and negative, in a transparent, accountable and objective manner.

Each of our four impact areas and our Corporate Social Investment (CSI) priorities are linked to a specific Sustainable Development Goals (SDGs). Aligning our business activities to the global development agenda ensures that we remain relevant to the needs of the countries and communities we serve. It also enables us to focus on areas where we have greatest potential to make lasting impact and create shared value.

Through a thorough assessment of our operations, we have identified several key sustainability themes or issues that demand our attention.

These themes are intrinsically linked to critical processes within our business, the integrity of which could be compromised if corresponding environmental, social, and governance (ESG) risks are not effectively managed.

As part of our ongoing commitment to robust risk management and sustainable practices, we have categorized these ESG risks into five overarching sustainability areas.

SUSTAINABILITY RELATED RISKS

Reputational Risk: Managing our brand reputation through responsible business practices.

Financial Risk: Understanding and mitigating environmental, social, and governance factors that could impact our financial performance.

Legal Risk: Staying compliant with evolving environmental and social regulations.

Operational Risk: Ensuring the smooth operation of our business processes while addressing sustainability considerations.

Climate Risk: Proactively managing the risks and opportunities presented by climate change

In the subsequent sections, we delve into each of these material topics, exploring their significance to our business operations, the associated risks and opportunities, and our strategic approaches for mitigating adverse impacts and capitalizing on positive outcomes. Through this comprehensive examination, we aim to foster greater transparency, resilience and stakeholder trust while advancing our collective journey towards a more sustainable future.

OUR MATERIALITY APPROACH

In our approach to materiality, we embrace the concept of "double-materiality" advocated by the European Commission, acknowledging the significance of both financial and non-financial impacts.

This means that we do not prioritize environmental and social impacts solely based on their financial materiality, nor do we allow financial considerations to overshadow the broader societal implications of our actions.

> "By adopting this approach, we cultivate a comprehensive understanding of what truly matters within the complex landscape of corporate sustainability."

To achieve this understanding, we actively engage with a diverse array of stakeholders, recognizing their varied perspectives on sustainable issues. This engagement fosters mutual accountability between our organization, stakeholders, and society, enabling robust discussions and evaluations regarding sustainable development. Moreover, it ensures that our materiality analysis reflects the breadth of societal concerns and aspirations.

Our approach starts with a comprehensive materiality assessment process.

A Structured Approach to Materiality Assessment:

1. Identifying Sustainability Themes:

Through ongoing stakeholder engagement, industry trends analysis, and internal assessments, we identify key sustainability themes relevant to our operations in Kenya and South Sudan.

2. Risk Identification and Process Mapping:

We assess the potential positive and negative impacts associated with each theme across our core business processes. This helps us identify ESG risks that could significantly affect our business if not managed properly.

3. Materiality Matrix:

We then evaluate the identified ESG risks based on two key dimensions:

- **Financial Significance:** The potential impact on our financial performance, stability, and future viability.
- **Stakeholder Importance:** The relevance to our stakeholders, including clients, employees, communities, and the environment.

By mapping these ESG risks on a Materiality Matrix, we prioritize the five most significant sustainability topics that are both financially material to Stanbic and of high importance to our stakeholders. These five material topics we have identified are highlighted below :

Overview of the five key material sustainability topics

The table below presents the material sustainability topics to be considered. We have been able to actively explore the benefits to both the organisation and society when effectively managing these risks. This table provides insights into the strategic importance of managing these risks and emphasises the positive outcomes achieved through responsible risk management practices.

2023 Material Sustainability Topic Identified	The Issue Defined	Benefit to The Organisation by Managing the Risk	Benefit to the Society by Managing the Risk
Reputational Risk	Ensuring the trust of our client base remains intact is paramount for sustaining our business. Upholding societal trust is crucial for bolstering brand recognition, retaining existing clients, and attracting new ones. Safeguarding our brand and reputation is imperative for maintaining market share and fostering sectoral advancement through thought leadership initiatives.	Growth in market share by value of book, indicating a strengthened position within the industry. Expansion of the client base, signifying increased market penetration and revenue potential.Enhancement of shareholder value, demonstrating sustained financial performance and investor confidence.	Facilitating an enhanced level of access to financial services, promoting financial inclusion and empowerment. Advancing financial literacy levels within communities, enabling individuals to make informed financial decisions.Establishing ourselves as a trusted developmental partner through philanthropic activities and the alignment of banking services with societal needs.Offering a diverse range of products and services tailored to underserved segments, addressing societal gaps and fostering economic inclusivity.
Financial Risk	Effective screening of our clients for Environmental and Social (E&S) risks is imperative to prevent the onboarding of high-risk clients. Clients with high E&S risks may face operational disruptions that could jeopardize future loan repayments or lead to asset devaluation, impacting the value of collateral used for loan repayment in the event of default.	Growth in market share by value of book, indicating a strengthened position within the industry. Expansion of the client base, signifying increased market penetration and revenue potential. Enhancement of shareholder value, demonstrating sustained financial performance and investor confidence. Maintaining our identity as a trusted and dependable partner, fostering enduring relationships with stakeholders.	Facilitating an enhanced level of access to financial services, promoting financial inclusion and empowerment. Advancing financial literacy levels within communities, enabling individuals to make informed financial decisions. Establishing ourselves as a trusted developmental partner through philanthropic activities and the alignment of banking services with societal needs. Offering a diverse range of products and services tailored to underserved segments, addressing societal gaps and fostering economic inclusivity.
Legal Risk	**Client ESG Liabilities:** Assessing a client's potential environmental and social liabilities is crucial. Fines and penalties levied by authorities due to a client's non-compliance can negatively impact their financial performance, potentially affecting loan repayments to the Bank. Equity Stake Exposure: In cases where Stanbic holds an equity stake in a business, we could be held liable for environmental or social harm caused by the operations of that business.	Avoidance of liability for environmental and social harm, safeguarding the Bank's reputation and financial interests. Compliance with environmental, social, and legal regulations not only protects communities and the environment but also fosters good labor relations and promotes workplace health and safety within the client's operations.	**Empowering Workers**: Our focus on ESG compliance encourages clients to uphold labor rights, enhance employee well-being, and improve working conditions within their organizations. Stronger Communities: By mitigating potential environmental and social risks associated with client activities, we contribute to building stronger and more resilient communities. This minimizes adverse impacts related to a client's business operations, equipment, and infrastructure.
Operational Risk	**Incident Management Gaps:** Poor tracking and recording of E&S-related incidents hinder our ability to learn and improve. This can lead to repeated incidents with negative consequences. Business Disruption: Unforeseen environmental events or social unrest can disrupt operations. Additionally, inadequate E&S risk management can expose the Bank to potential regulatory sanctions or reputational damage, further disrupting business continuity. Unmitigated Risks: Without appropriate controls and action plans to address E&S risks, these risks persist, potentially leading to financial losses and operational disruptions. Insufficient Capital Allocation: Underestimating E&S operational risks can lead to insufficient capital allocation for mitigation strategies.	**Reduced E&S Incidents:** Enhanced systems and staff training focused on identifying and responding to E&S risks will minimize their recurrence, improving operational efficiency. Optimized Capital Allocation: Utilizing the Advanced Measurement Approach (AMA) allows us to accurately assess E&S operational risks and allocate adequate regulatory capital for mitigation strategies.	**Responsible Lending Practices:** By integrating E&S considerations into lending processes, we can avoid situations where clients become over-indebted due to unsustainable financial practices. Financial Empowerment: Through financial education initiatives, we can empower clients to build resilience and future-proof their businesses and personal finances, enabling them to access credit opportunities for growth.

2023 Material Sustainability Topic Identified	The Issue Defined	Benefit to The Organisation by Managing the Risk	Benefit to the Society by Managing the Risk
Climate Risk	**Physical Risks:** We assess the potential impact of extreme weather events, rising sea levels, and other physical climate changes on our loan portfolio and operations. This includes evaluating borrower preparedness and mitigation strategies, and identifying opportunities to influence borrowers towards greater resilience. Transitional Risks: We analyze the potential financial risks associated with the shift towards a low-carbon economy. This includes identifying borrowers who are heavily reliant on carbon intensive activities and who may face future financial challenges due to changing regulations or market dynamics. Human Development Impacts: We recognize the human cost of climate change and its potential impact on loan repayment abilities. We consider how climate change may affect borrowers' livelihoods and communities, and factor this into our risk assessments.	**Protecting Our Assets:** By proactively managing climate risk, we safeguard our financial stability by minimizing losses from loan defaults or stranded assets due to climate impacts. Reduced Financial Losses: Early identification and mitigation of climate risk helps us avoid potential financial losses associated with climate-related events. Enhanced Decision-Making: Integrating climate risk into our lending practices leads to better-informed financial decisions. Reputational Safeguarding: Being a leader in climate risk management strengthens our reputation as a responsible financial institution.	**Sustainable Investment:** We prioritize financing projects that contribute to a low-carbon future and avoid supporting initiatives that exacerbate climate change. Community Resilience: By promoting climate risk awareness among our clients and the broader community, we empower them to adapt and mitigate the adverse effects of climate change thus fostering a more resilient society. Environmental Protection: Our climate risk management strategies contribute to environmental protection by minimizing financing of activities that harm the environment.

04 MAXIMIZING POSITIVE IMPACT

HOW WE DRIVE POSITIVE IMPACT

Our purpose is the driving force behind our commitment to making a positive impact and driving growth in Kenya and South Sudan. Our purpose directs our efforts toward the UN Sustainable Development Goals (SDGs), which provide a comprehensive framework for addressing global challenges and promoting sustainable development.

We hope to contribute to the achievement of these UN SDGs through our financial services, investments, partnerships, and initiatives, paving the way for a brighter future for our communities and the region as a whole. Focusing on the FOUR impact areas plus corporate social investment (CSI) and aligning our purpose with the SDGs enables us to work toward meaningful and long-term change that addresses pressing societal challenges and promotes inclusive and sustainable development.

OUR IMPACT AREAS

1. Enterprise Growth and Job creation

SDG Target 9.3: Increase small enterprises' access to financial services, including affordable credit, and their integration into value chains and markets.

Stanbic focus

- Facilitate trade and investment.
- Provide training, networking and access to markets for Micro, Small and Medium Enterprises (MSMEs) to promote sustainability and growth.
- Consumer education to support individuals and business owners to effectively manage, save and plan ahead.
- Strengthen the agriculture value chain.

2. Infrastructure Development and theJust Energy Transition

SDG Target 7.1 and 7.2: Achieve universal access to affordable, reliable and modern energy services, and increase substantially the share of renewable energy in the global energy mix.

SDG Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Stanbic focus

- Enable the just energy transition and support improved access to affordable energy.
- Provide finance for critical infrastructure in sectors such as transport, manufacturing, telecommunications.

> "We hope to contribute to the achievement of these UN SDGs through our financial services, investments, partnerships, and initiatives, paving the way for a brighter future for our communities and the region as a whole.."

3. Climate Change Mitigation and Resilience

SDG Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

SDG Target 15A: Mobilise and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.

Stanbic focus

- Partner with our clients to support their transition journey and strengthen their resilience.
- Provide sustainable finance solutions to incentivise sustainable business practices.
- Provide climate-smart agriculture financing solutions.
- Provide green-aligned solutions for homeowners and business owners.

4. Financial Inclusion

SDG Target 8.3: Support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of SMEs, including through access to financial services.

SDG Target 11.1: Facilitate access to adequate, safe and affordable housing.

Stanbic focus

- Provide relevant, accessible, cost-effective financial products and services, including digital products and services accessible without a bank account.
- Provide access to financ for SMEs and MSMEs.
- Provide solutions tailored to the needs of women and youth including microloans.
- Affordable mortgage finance and partnerships with the government to expand affordable housing uptake.

Corporate Social Investment

UN SDG 3 & 4

Our Corporate Social Investment (CSI) focus is on supporting improved access to quality education and health through the development of multi-year strategic partnerships with community organisations.

ENTERPRISE GROWTH AND JOB CREATION: SUPPORTING DEVELOPMENT IN KENYA AND SOUTH SUDAN

KEY HIGHLIGHTS IN 2023

> 1,517

Empowered MSMEs through capacity building and coaching

KShs. > 95.7Bn

Amount disbursed in trade facilities

USD > 697m

Borderless banking: Value of transactions

> 67

Financial fitness academies held with a total of **4,838** participants

> 6%

Percentage of our loan book is to the agriculture sector

STANBIC'S POSITIVE IMPACT

Businesses contribute significantly to sustainable development by creating jobs, promoting inclusive economic growth, and encouraging innovation.

Strengthening cross-border trade is critical to Kenya and South Sudan's economic growth and development. As a result, the Group is committed to supporting the growth of businesses in critical sectors that drive Kenya and South Sudan's growth and job creation.

According to the United Nations, micro, small, and medium-sized enterprises (MSMEs) are the foundation of economies, accounting for two-thirds of global employment. The Group recognizes MSMEs' unique role as engines of economic growth and job creation, and thus offers tailored financial and non-financial solutions to help them grow and expand in a globalized economy.

At the same time, agriculture plays an important role in the economy. For instance in Kenya, Agriculture is the biggest contributor to the country's GDP. Supporting agriculture value chains is critical to the sector's growth and, in particular, enabling agribusinesses to thrive, thereby creating sustainable livelihoods. The Group collaborates with businesses throughout the agricultural value chain to develop long-term solutions that increase productivity and resilience.

The Group takes a multi-pronged approach to support enterprise development and job creation. In the year, the Group's positive impact in the area of enterprise growth and job creation was characterized by a holistic approach encompassing financial support and borderless banking solutions to facilitate trade and investment, providing access to affordable credit to small enterprises, entrepreneurship support, skills development, and technological innovation.

These efforts collectively contributed to building a resilient and dynamic economic landscape, creating hundreds of jobs.

> "Micro, small, and medium-sized enterprises (MSMEs) are the foundation of economies, accounting for two-thirds of global employment."

SUSTANABILITY TOPICS:

Facilitating trade: Through borderless banking solutions, Stanbic supports small and large enterprises in trade by facilitating seamless transactions, including mobile payment capabilities.

Availing affordable credit to small businesses: Stanbic, through catalytic funding, actively nurtures micro and small enterprises at the base of the pyramid that are excluded from banking, enabling them to grow to the next level.

Providing training, networking and access to markets especially targeting small businesses: Stanbic recognizes the critical role of Micro, Small and Medium Enterprises (MSMEs) in job creation and economic growth, hence investing in building the financial, technical and human capacity to support their growth.

Skills development and training: Stanbic supports training programs that impart skills to individuals and businesses thus enhancing access to job and business opportunities and contributing to unemployment alleviation and poverty reduction.

Strengthening the agriculture value chain: Stanbic plays a role in the full agricultural value chain providing the right finance, insurance, working capital, and even non-financial solutions. This contributes to sustainable livelihoods and agribusinesses in this vital sector.

How we support Kenya and South Sudan's entrepreneurial culture

1. Facilitating trade and investment:
By facilitating trade and investment within and across borders, the Group supports the growth of enterprises and the creation of jobs and sustainable livelihoods.

KShs. 40bn in loans to small businesses in Kenya and South Sudan

Financial support to businesses
In 2023, the Group disbursed KShs 40 billion in loans to small businesses in Kenya and South Sudan, bolstering their capacity to grow and create jobs.

Enabling cross-border trade through borderless banking
Strengthened borderless banking and mobile payment capabilities, eliminating the need for cash-based transactions thus enhancing the safety and convenience of customers.

Supporting businesses in the Africa-China corridor
Facilitated trade and investment, particularly in the Africa-China corridor, working with our strategic partner, ICBC.

2. Access to affordable credit and business finance:
Recognizing the vital role of MSMEs in driving economic growth and employment, the Group offers financial solutions specifically tailored to their needs. This includes loans, lines of credit, and trade finance solutions designed to empower entrepreneurs at various growth stages.
The Group has also deliberately made it easier and convenient for SMEs to access the funding required to grow their businesses and through our ongoing digital transformation efforts,

Concessionary funding to support the growth of small businesses
In 2023, we provided a total of Kshs.46million concessionary loans to MSMEs. Cumulatively, we have disbursed Kshs. 119m. This is in partnership with the US-Africa Development Fund.

> **KShs. 46m** concessionary loans to MSMEs

3. Providing training, networking and access to markets especially targeting small businesses:
Stanbic's financial support is complemented by targeted advisory services and training programs, to equip entrepreneurs with the skills and knowledge needed to succeed.

KShs. 28.2m to support MSMEs through capacity-building initiatives, grants, and revolving funds.

Capacity building support
In 2023, we disbursed KShs. 28.2 m across four counties and enhanced the capabilities of over 1,500 MSMEs.

Sponsored business networking events
The Group organised and sponsored business networking events to connect entrepreneurs with potential investors, mentors, and collaborators.

Entrepreneurial Networks
Building a supportive network to foster collaboration and knowledge sharing among entrepreneurs. This contributed to the deepening of the entrepreneurial culture in Kenya and South Sudan.

4. Skills development and training:
Beyond financial solutions, the Group understands the importance of equipping entrepreneurs with the necessary skills to manage their businesses effectively. We partner with educational institutions and Non-Governmental Organizations to deliver workshops and training programs on financial literacy, marketing, business planning, among others.

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Vocational skills training
In 2023, we trained 59 instructors from Vocational Training Colleges and Technical & Vocational Education & Training institutions on digital skills for employability..

Nurturing sustainable business practices
In the year, we trained several business clients on Environmental, Social, and Governance (ESG) principles, fostering sustainable business practices.

> **59** Instructors trained from Vocational Training Colleges and Technical & Vocational Education & Training institutions on digital skills for employability.

5. Stanbic Financial Fitness Academy™
Since its inception in 2017, the Academy has trained approximately 20k individuals, with the majority focusing on Stanbic's clients. In 2023, we hosted 67 sessions with a total of 4,838 participants. Following the Covid pandemic, the program went hybrid, with more sessions delivered virtually, increasing the program's reach beyond our physical presence. The program provides fundamental knowledge of financial literacy principles through the proprietary lens of our Wealth framework.
The Wealth framework places program participants at the center of a discussion that covers five themes: 'Create and Build', 'Live and Enjoy', 'Save and Invest', 'Share and Legacy', and 'Plan and Protect'. The program has also been tailored to the needs of businesses. The program has proven to be an effective tool for strengthening our relationships with key customers and mainstreaming the conversation about financial literacy and its role in financial empowerment.

> **20,000** Approximate individuals trained since inception in 2017

6. Strengthening the agriculture value chain:
Stanbic plays a role in the full agricultural value chain providing the right finance, insurance, working capital, and even non-financial solutions. This contributes to sustainable livelihoods and agribusinesses in this vital sector.

We provide the right finance, insurance, working capital, and even non-financial solutions in the full agricultural value chain.

Lending to customers in agriculture sector
In 2023, 6% of our loan book was to the agriculture sector.

Contributing to growth of tea value chain
- Supported tea farmers in Kericho through Chai Loan product and financing up to 80% on tea leaves delivered to factories.
- Stanbic supported the digitization of Mombasa Tea Auction as a provider of the online payment reconciliation platform (Electronic Bill Board) that enables access to real-time information on tea trading, to producers, brokers, buyers and warehouses who are members of the East African Tea Trade Association.

Providing asset finance to large-scale farmers
- Financing of tractors, harvesters and solar panels.

CASE STUDY:
DELISH & NUTRI: CULTIVATING A HEALTHIER FUTURE THROUGH SOCIAL & ENVIRONMENTAL EMPOWERMENT

Delish & Nutri a Kenyan private limited company founded in 2017, aims to provide households with nutritious, easy and affordable dietary supplements using locally sourced products. Their product range includes Uno peanut powder, high iron beans, peanut butter, premium roasted peanuts, and peanuts-based ready-to-eat supplementary food.

CHALLENGE:

Delish & Nutri aimed to provide nutritious and affordable dietary supplements made from locally sourced products. However, a manual deshelling process limited their capacity and sourcing from local farmers proved challenging.

SOLUTION:

In early 2023, Delish & Nutri received a USD 50,000 grant through the Stanbic Kenya Foundation (SKF) and the United States African Development Foundation (USADF) partnership. This crucial funding enabled them to mechanize peanut deshelling through the purchase of machinery, significantly increasing daily processing capacity from 15 kilos to 4 tons.

Previously, the manual deshelling process was labor-intensive, limiting farmers to deshell only 15 kilos of peanuts per day. Today, with the mechanized process, Delish & Nutri can assist over 1000 farmers in deshelling and delivering up to 4 tons of peanuts daily. The company's impact extends beyond mechanisation; it has increased its farmer network from 200 to over 1100, promoting economic empowerment in the region.

Some of the benefits to Society include:

Increased Income:
The company now partners with a larger number of farmers, with the expanded network allowing them to deshell and deliver larger quantities of peanuts, leading to increased income.

Import Substitution:
Previously, Delish & Nutri relied on peanut imports from Malawi. Mechanisation enabled the firm to source entirely from Kenyan farmers, promoting local agriculture and import substitution. Furthermore, the grant enabled the company to distribute its healthy products in major supermarkets across Kenya, expanding its market reach and promoting healthier dietary choices among consumers.

Social Impact:
The project created indirect employment opportunities for farmers' laborers and sustains 13 permanent jobs within Delish & Nutri itself. Additionally, by supplying high-iron beans to schools, Delish & Nutri contributes to improved student nutrition.

Environmental Impact:
Sourcing locally reduces the company's carbon footprint associated with transportation and promotes sustainable agricultural practices within the Kerio Valley community.

Economic Impact:
The grant propelled Delish & Nutri's growth, enabling it to expand its market reach, bolstering the local economy through increased production, job creation, and import substitution.

INFRASTRUCTURE DEVELOPMENT AND THE JUST ENERGY TRANSITION: FOSTERING ECONOMIC GROWTH AND IMPROVING QUALITY OF LIFE

SUSTAINABILITY TOPICS:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Provide finance for critical infrastructure in sectors such as transport, manufacturing, and telecommunications:
The Group is a key partner in supporting the improvement and modernisation of national infrastructure through financing key projects.

13 CLIMATE ACTION

Enable just energy transition and support improved access to affordable energy:
At the macro-level, the Group actively contributes to the development of energy infrastructure with a focus on renewable energy sources in line with global and national sustainable energy transition goals. At the micro-level, Stanbic provides digital platforms that enable home and business owners to access clean energy solutions.

Infrastructure is a critical enabler of trade and sustainable economic growth and development while energy consumption supports economic activity, productivity and output.

To grow sustainably, the economies of Kenya and South Sudan require resilient and reliable infrastructure, and sustainable energy supply to power industrial production, and domestic consumption and support other key sectors of the economy like transport, telecommunications, health and education.

STANBIC'S POSITIVE IMPACT

As a Group, we are committed to funding infrastructure development and promoting the just energy transition as critical strategies for achieving sustainability goals in terms of both environmental protection and social justice.

To achieve our goals in this area, we collaborate with the government and development organisations to structure and provide innovative financial products for the development of critical infrastructure. We also collaborate with and finance the private sector, which is a key player in the sustainable infrastructure space.

Fossil fuels contribute significantly to greenhouse gas emissions and environmental degradation. Investing in sustainable infrastructure and switching to clean energy sources can help mitigate these negative effects, as well as protect ecosystems and combat climate change. Therefore, energy transition is a win-win for organisations and the planet.

"We collaborate with the government and development organisations to structure and provide innovative financial products for the development of critical infrastructure."

HOW WE CONTRIBUTED TO INFRASTRUCTURE DEVELOPMENT

The Group partnered with the Government of Kenya by providing financing in implementing the Nairobi Expressway through a public-private partnership project. The project has not only transformed the face of Kenya's capital Nairobi, but also facilitated efficient movement of people and goods. Through the Expressway, Stanbic facilitated positive impact to the society in the following ways:

1. Created jobs for over **6,000** local staff during the construction phase.
2. Cement and Steel worth **40%** of the contract value was sourced locally.
3. Reduced travel time from **180 mins to 40 mins** per round trip every day, thereby reducing carbon emissions.
4. Time saved: **21.3 million** hours per year; **852** hours per car; **35** days per passenger per year

Key achievements in infrastructure development in 2023

The Group made significant contributions to infrastructure development in 2023, demonstrating a commitment to fostering economic growth and improving the overall quality of life.

Nairobi Expressway

- Stanbic is the main banker for the Expressway staff.
- Stanbic is one of the three banks that serve as collection partners for the Expressway.

Kenya Road Annuity Programme

- Stanbic Bank Kenya was appointed sole lender of a USD 87 million project finance facility to support Kenya's Road Annuity Program, which aims to improve the country's infrastructure and national road network.
- Through this initiative, Stanbic is contributing to the upgrading of over 10,000 kilometres of Kenya's road network. The project covers a total of 16 roads to be upgraded from gravel to asphalt standards, benefitting residents of 10 Counties.

Key achievements in just energy transition in 2023

Besides investing in renewable energy projects, the Group has also supported clients to access clean energy solutions, with the ultimate goal of enabling them to transition to a low-carbon economy and contribute to mitigating climate change impacts.

Partnership with British International Investment to finance off-grid solar power project by Sun King

- Stanbic finalized commitments to off-grid solar energy company Sun King to accelerate its ability to provide more Kenyan households and businesses with reliable, green energy, including the purchase of solar home systems, solar lanterns and other innovative solar products.
- This is a partnership with British International Investment, a United Kingdom development finance company, to provide Sun King with a USD 130 million funding round and a joint USD 20 million working capital facility.

"Stanbic is one of the three banks that serve as collection partners for the Expressway."

Financing access to solar-energy solutions through M-KOPA

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- In 2023, M-KOPA appointed Standard Bank Group through its subsidiaries Stanbic Bank Kenya and Stanbic Bank Uganda, as lead arrangers for two sustainability-linked multi-currency facilities. The syndication, worth a total of USD 202 million, with USD 165 million in Kenya and USD 37 million in Uganda, included seven lenders and was Africa's largest syndicated facility in the Fintech sector as well as East Africa's largest syndicated sustainable financing facility.
- M-KOPA's solutions offer underbanked customers instant access to everyday products and services through its flexible credit model. These include solar-powered systems and other productive assets like high-quality smartphones and electric motorcycles. M-KOPA also provides digital financial services such as cash loans and health insurance, all via digital micropayments thus promoting financial access and inclusion.
- The funding was provided to support M-KOPA's growth aspirations and mission of making a significant impact on communities including access to affordable renewable energy.

> **USD 202 million**
Mobilised for green or sustainability linked facilities.

NAIROBI EXPRESSWAY

CLIMATE CHANGE MITIGATION AND RESILIENCE: BUILDING A SUSTAINABLE FUTURE

SUSTAINABILITY TOPICS:

13 CLIMATE ACTION

Green Finance: Stanbic recognizes the need to support initiatives that mitigate climate change and promote sustainable development.

13 CLIMATE ACTION

Climate Risk Management: Integrating climate risk assessment into our lending practices helps ensure responsible financial decision-making.

13 CLIMATE ACTION

Sustainable Agriculture: We aim to support agricultural practices that are more resilient to climate change impacts.

+400
Select CIB clients trained on ESG

164
clients screened for Environmental and Social risks

USD 122m
green or sustainability linked facilities issued

KShs.15b
Arranger, Lender and Facility agent for the largest ESG linked loan in East Africa

STANBIC'S POSITIVE IMPACT

In 2023, the Group's positive impact in the areas of Climate Change Mitigation and Resilience showcased a commitment to environmentally responsible banking practices.

Through green financing, sustainable finance products, and active collaboration, the Group demonstrated its dedication to fostering economic growth while prioritizing environmental sustainability, contributing to a more resilient and sustainable future. The key facets of the Group's impact in these areas include:

Green Financing Initiatives:

Stanbic actively engaged in green financing initiatives, channelling funds towards environmentally sustainable projects. These initiatives included renewable energy projects, energy-efficient infrastructure, and other ventures aligned with mitigating climate change.

Sustainable Finance Products:

The Group introduced and promoted sustainable finance products that encouraged environmentally responsible business practices. These products aimed to align financial goals with sustainable development, demonstrating a commitment to balancing economic growth with environmental stewardship.

Carbon Footprint Reduction Strategies:

Stanbic implemented strategies to reduce its carbon footprint. This involved adopting eco-friendly practices within its operations, such as energy efficiency measures, waste reduction, and sustainable supply chain practices.

Partnerships for Climate Action:

Stanbic actively collaborated with environmental organizations, governmental bodies, and other stakeholders to collectively address climate change. These partnerships sought to leverage combined efforts for impactful climate action, reflecting Stanbic's recognition of the need for a collaborative approach to tackle global challenges.

Client Education on Sustainable Practices:

Stanbic played a role in educating its clients about sustainable business practices. This involved providing resources and guidance on integrating environmental considerations into their operations and aligning financial success with responsible environmental behavior.

HOW WE ARE INTEGRATING CLIMATE ADAPTATION STRATEGIES

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The Group is deeply committed to addressing the challenges posed by climate change and enhancing the resilience of the communities we serve. In 2023, we undertook significant initiatives to integrate climate adaptation strategies into our operations and support our clients in transitioning to more sustainable practices. Our efforts are driven by a comprehensive climate policy that aligns with global best practices and the Standard Bank Group's commitment to environmental sustainability.

Reducing our environmental footprint: One of the key areas of focus has been reducing our environmental footprint. In 2023, we achieved a significant milestone by recycling 95% of our waste, demonstrating our commitment to responsible waste management. Additionally, we transitioned to energy-efficient LED lighting across our real estate and installed motion sensors for responsible energy use. These initiatives have reduced our carbon footprint and contributed to cost savings, reinforcing the strong link between sustainability and operational efficiency.

Supporting clients to adopt sustainable practices: Our commitment extends beyond our internal operations. We actively support clients in adopting sustainable practices by offering green financing solutions and conducting environmental and social risk assessments. In 2023, we screened 164 clients for environmental and social risks, helping them to mitigate potential negative impacts and align their operations with sustainable standards. Furthermore, we trained over 400 MSMEs and select Corporate and Investment Banking clients on ESG principles, equipping them with the knowledge and tools to implement sustainable practices.

Efficient resource use: We are also investing in renewable energy solutions. We are progressively adopting solar power across our branches, reducing our reliance on non-renewable energy sources and contributing to a cleaner environment. Our water efficiency initiatives, such as the implementation of in-office Ultra-Violet water treatment systems, have eliminated the need for bottled water, further reducing plastic waste.

Partnerships and industry advocacy: In partnership with industry stakeholders, we continued to engage in climate risk assessments and capacity-building initiatives. Our ongoing engagements with the Kenya Bankers Association, Nairobi Securities Exchange, and other regulatory bodies ensure that we are at the forefront of developing and implementing effective climate adaptation strategies.

Through these comprehensive efforts, we are not only addressing the immediate challenges posed by climate change but also building a resilient foundation for future generations. By integrating climate change mitigation and resilience into our core operations and supporting our clients in their sustainability journeys, we are making a positive and lasting impact on the environment and the communities we serve.

SUPPORTING ENVIRONMENTAL CONSERVATION

Environment: We support programmes to plant trees, restore natural habitats and protect biodiversity. We achieve this through:

- **Digital forest initiative**
- **Environmental rehabilitation**

2023 Milestones

Total number of trees planted
23,960

95%
Percentage of waste recycled

FINANCIAL INCLUSION: UNLOCKING ACCESS TO FINANCE TO REDUCE INEQUALITY

Financial inclusion is key to unlocking economic and social development. Of essence, is making financial products and services accessible and affordable to all, especially the unbanked and under-served population.

According to the World Bank, close to one-third of adults globally remain unbanked with half of them women, underlining the urgency of promoting inclusive finance targeting traditionally excluded groups like women, youth and Micro, Small and Medium Enterprises (MSMEs).

Beyond access to affordable products and services, empowering people and businesses with the knowledge and ability to effectively manage personal and business finances, and to harness investment and insurance tools to grow wealth and manage risks, is a critical goal of financial inclusion.

Financial inclusion is an anchor to growth in and beyond the region. Promoting inclusive finance supports economic and human development, and reduce inequality, in the countries we serve.

SUSTAINABILITY TOPICS:

8 DECENT WORK AND ECONOMIC GROWTH

Access to affordable, relevant financial products and services: Stanbic is committed to making financial products and services accessible and affordable to all, as a pathway to unlocking economic and social development in Kenya.

4 QUALITY EDUCATION

Promoting financial literacy and consumer education: Through our Financial Fitness Academy, we equip people with the skills to better manage their finances and navigate their financial journey.

8 DECENT WORK AND ECONOMIC GROWTH

Supporting MSME access to credit, markets and financial knowledge: Stanbic recognizes that MSMEs are the engine of economic growth in the markets we serve, thus providing innovative financial solutions that suit MSME needs.

11 SUSTAINABLE CITIES AND COMMUNITIES

Access to affordable housing: Enabling families who may not qualify for traditional mortgage finance from banks to own homes, is imperative to achieving the 2030 Sustainable Development Goal 11.1 on "access for all to adequate, safe and affordable housing."

10 REDUCED INEQUALITIES

Meeting the financial needs of traditionally excluded groups e.g. women, youth: Stanbic is cognizant that empowering women in the economy and closing gender gaps is a powerful catalyst for socio-economic development of the countries we serve.

Kshs 39.9Bn
Issued in digital lending

90%
of accounts opened digitally

Kshs 19.3Bn
Loans issued in 3 years in support of Women-Owned Businesses

Kshs 46M
concessional loans to MSMEs (KShs. 119million cumulative since inception)

Kshs 635M
issued under affordable housing (KShs. 830million since inception)

Inclusive Sourcing
6.54%
Percentage of procurement allocated to women owned vendors.

STANBIC POSITIVE IMPACT

STANBIC HOLDINGS PLC
SUSTAINABILITY REPORT 2023

We made it easier for under-served individuals, businesses to access financial services digitally
By providing relevant, accessible, cost-effective financial products and services, including digital banking, Stanbic caters to the needs of the unbanked population. To this end, the Group invested significantly in platforms that make it simpler for clients to engage with its products and services. In 2023, 90% of Stanbic bank accounts were opened digitally, making it easier for more people to access banking services without having to visit a branch.

We provided much-needed financial support to small enterprises that cannot access loans
Through Stanbic Kenya Foundation (SKF), the Group provided concessionary loans to MSMEs to the tune of KShs. 46 million.These are typically small enterprises that do not qualify for commercial lending but require financial support to build scale in order to meet the threshold.

A good example is Craft with Meaning Limited, a Kenyan enterprise established with the purpose of creating economic opportunities for underserved artisans, mainly rural women, by enabling them access opportunities to build sustainable livelihoods with their creativity and hand skills. The firm received a USD 50,000 grant from Stanbic Kenya Foundation (in partnership with the United States African Development Foundation) to expand its market presence and double the number of artisans it supports.

More women, youth benefitted from Stanbic financial support
Through DADA by Stanbic Kenya, many women in business continued to benefit from customised financial solutions and support that enabled them to learn, connect and grow in all aspects of life. This includes transactional banking; loans for individuals, chamas and businesses; insurance, savings, investment and retirement solutions. A total of Kshs 19.3 billion has been disbursed to women-owned enterprises in the last three years.

Stanbic Chama App (Digital solution for Informal Savings)
Stanbic Chama App has enabled digitization of Chama collections and transparency in governance structures for informal groups operating outside the banking system. We have onboarded over 45k individual users and over 4k groups. The success of the solution has been attributed to ease of onboarding and digital distribution of the solution. At a personal level, our Chama App allows individuals to save for short-to-medium term goals such as: school fees, parent's visits, vacations, medical expenses, appliances and emergency funds.

As for groups, we have seen savings into medium-to-long term goals such as: investing in land/ agriculture, life events (weddings, birth of a child, loss of a loved one), providing emergency loans to members, residential association contributions, sibling contributions to support parents back at home and capital for business start-up. The solution continues to drive accessibility of financial products and thereby deepening financial inclusion, eliminate geographical barriers, promote trust and transparency, deliver efficiency and improve customer experience.

Partnered with the Government of Kenya to provide affordable housing
Unlocking access to affordable housing by families is key to providing decent and adequate shelter to all. Stanbic supported the Government of Kenya's Affordable Housing Programme by providing Kshs. 635 million in form of lower-interest mortgage loans to enable families buy houses thus supporting their journey to home ownership.

Stanbic Bank Home Loan solution in partnership with Kenya Mortgage Refinancing Company (KMRC) offers competitive interest rates of up to 9.5% with a tenor of up to 25 years. The Group's commitment to Kenya's growth includes provision of accelerated access to quality homes through affordable financing.

CASE STUDY

Empowering marginalised communities in Turkana to grow fish value chains

Adili Solar Hubs Limited is a youth-led social enterprise specialising in energy, water and food projects in rural communities. Adili is mainly focused on building resilient fish value chains in marginalised communities by establishing renewable energy-powered cold storage and fish processing facilities.

The firm manages solar-powered cold chain management hubs thus reducing post-harvest fishing losses. According to Evans Kimani, the managing director, Adili seeks to integrate sustainable fish farming and processing with renewable energy solutions. "Our initiatives are focused on supporting marginalised communities to enhance resilience against climate change by providing advanced cold storage and fish processing facilities," he says.

By improving access to markets, Adili empowers fishing communities to tap into the blue economy space. "Our innovative renewable energy solutions enable sustainable fish supply chains. The solutions we provide help address challenges like lack of suitable storage facilities leading to spoilage as fish is a highly perishable commodity," explains Kimani.

In 2023, Adili received a USD 50,000 grant from the Stanbic Kenya Foundation in partnership with the United States African Development Foundation (USADF) to expand its cold chain hub facility in Turkana County. The financial support has played a critical role in enabling the social enterprise to scale up its operations in the fish value chain.

The funds will be utilised in revamping the fish processing infrastructure, including supplying ice to the fishers. Once complete, the project is expected to directly benefit 300 fishers and indirectly provide livelihoods for over 1,500 people in the community. On the market side, the project will supply 60 retailers who will now receive better quality produce thereby improving their earnings.

Stanbic Kenya Foundation has partnered with various organisations like USADF to provide affordable credit to Small and Medium Enterprises (SMEs) in the form of financial grants of up to KShs. 5 million to build their capacity and access to markets. It also supports in transitioning them into commercially viable enterprises thus achieving sustainability.

"We are grateful to the (Stanbic Kenya) Foundation and United States Africa Development Foundation for walking this journey with us. The grant will enable Adili to empower fishers to earn higher income by reducing losses occasioned by poor storage of fish. As a social enterprise, we can achieve optimal scale towards sustainability," he adds.

CASE STUDY:

Craft with Meaning Limited: Scaling to new heights thanks to Stanbic's support

USD 50,000

The firm was the recipient from Stanbic Foundation Kenya in partnership with the United States African Development Foundation.

> "With the grant, we have been able to triple our sales, increase the number of artisans we work with by **40%** and move into bigger premises to serve our growing clientele"

Craft with Meaning Limited is a Kenyan enterprise established to create economic opportunities for underserved artisans, mainly rural women, by enabling them access to opportunities to build sustainable livelihoods with their creativity and hand skills.

The firm, founded by Caroline Ng'ang'a, an award-winning social entrepreneur, was the recipient of a USD 50,000 grant from Stanbic Foundation Kenya in partnership with the United States African Development Foundation. Craft with Meaning utilised the grant to expand its market presence and double the number of artisans it supports.

"The grant from Stanbic Foundation was beneficial. At the time, we were not yet in a position to access commercial funding to grow the enterprise to the scale we desired. But with the grant, we have been able to triple our sales, increase the number of artisans we work with by 40%, and move into bigger premises to serve our growing clientele," says Ng'ang'a.

She adds, "We partner with artisans and create continuous work for them, especially those who are unable to access conventional employment opportunities due to their social-economic status. The artisans have also benefitted from the (Stanbic) grant through more work and income."

The artisans she works with create home décor, lifestyle accessories, apparel and gift products inspired by the African spirit. Craft with Meaning then adds value to the products and sells them either online or through local retail stores. Ng'ang'a says her firm plans to tap into export markets like the United States through the African Growth Opportunity Act (AGOA) framework.

Craft with Meaning has fully embraced sustainability in its production processes, recycling used billboard vinyl materials, waste fabrics and yarn to create unique products for its clients.

The social enterprise is one of the many women-owned businesses that have benefitted from the Stanbic DADA initiative to drive the financial inclusion of women.

CORPORATE SOCIAL INVESTMENT

SUSTAINABILITY TOPICS:

Education Equity and Access: Stanbic Kenya Foundation's focus on scholarships, school feeding programs, and health facilities in underserved communities (e.g., Samburu Girls Rescue Centre, Gatina Primary School) promotes access to quality education and empowers marginalized groups.

Investing in Health Infrastructure: Stanbic's support for the construction and renovation of health facilities demonstrates the Group's commitment to improving access to quality healthcare infrastructure in the communities we operate in.

Community-Centric Healthcare: Stanbic partners with healthcare organizations to deliver medical services (mobile clinics, screenings) and address critical health issues in underserved communities. This fosters community health and well-being.

Holistic Well-being in Education:
Stanbic goes beyond traditional academics by supporting initiatives like library setup, feeding programs, and employee wellness programs. This highlights the Group's commitment to a well-rounded learning environment and health.

STANBIC POSITIVE IMPACT

We believe that investing in education and healthcare is not just a social responsibility, but a strategic investment in Kenya and South Sudan's future. Stanbic's commitment to education and healthcare extends beyond financial contributions. We also drive other CSI initiatives including through the Rotary Club of Nairobi Samawati. Our employees actively participate in community outreach programs, demonstrating our dedication to social responsibility.

By investing in the health and education of our future generations, Stanbic Holdings is laying the foundation for a more prosperous and sustainable Kenya and South Sudan. This investment is not just about giving back, it's about building a brighter future for all. Here's how we are making a positive impact:

Driving Positive Impact in Education

Education Empowerment
Stanbic Kenya Foundation took centre stage, working in tandem with the Rotary Club, to support the Samburu Girls Rescue Centre. This collaboration provided educational support, emphasizing the transformative power of education in uplifting communities.

School Feeding and Infrastructure Development
Stanbic actively participated in the Gatina Primary School feeding program, demonstrating a commitment to addressing not only educational needs but also the broader well-being of students. At this school, 1,529 students were fed daily, with over 231,000 meals served in the year.

Furthermore, plans for comprehensive infrastructure development, including a library setup and educational resources, showcased a commitment to enhancing the overall learning environment.

Taita Taveta County Engagement - Werugha Primary School
The Group has outlined plans to rejuvenate Werugha Primary School and set up a library. This initiative, situated in Taita Taveta County, aims at providing students with a conducive learning environment, reflecting Stanbic's commitment to education in various regions.

Collaboration with Rotary's Diverse Focus Areas
Aligning with Rotary Club's seven key areas, Stanbic's initiatives covered basic education and literacy, maternal and child health, water and sanitation, community economic development, disease prevention and treatment, peace-building, and conflict prevention.

Holistic Approach - Beyond Academics
The Group's impact on education in 2023 was characterized by a multi-pronged approach, encompassing support for marginalized communities, infrastructure development, and a commitment to the holistic well-being of students. These initiatives align with Stanbic's vision of fostering sustainable development through education, and empowering individuals and communities for a brighter future.

> 1529

Students fed daily in Gatina Primary School with over **231, 000 meals** served in the year 2023

Stanbic's initiatives, in collaboration with Rotary Club covers basic education and literacy, maternal and child health, water and sanitation, community economic development, disease prevention and treatment, peace-building, and conflict prevention.

CASE STUDY

Student mentorship with Palmhouse Foundation

Access to high-quality education is essential for long-term success. Mentorship, which provides an opportunity for intentional and individualized learning, can help bridge knowledge gaps and promote inclusion.

To this end, the Palmhouse Foundation and the Stanbic Foundation continue to collaborate to provide mentorship sessions for bright and underprivileged students during the school holidays. Palm House mentorship sessions were held for two days in Kiambu in August 2023, with select Palmhouse Education Trust beneficiaries, Stanbic staff, and Palmhouse Foundation executives in attendance and participating.

The session covered a variety of topics, including values, finances, and relationships. Students heard firsthand accounts from speakers and mentors, who not only encouraged them to work towards their ultimate goals but also provided advice on individually raised questions. Post-session, the students expressed positive feelings about the day's activities and expressed eagerness to apply what they had learned, both at school and in their communities, which will result in positive change within the students' ecosystems.

DRIVING POSITIVE IMPACT IN HEALTH

KEY HIGHLIGHTS

1. **36,241**
Individuals benefited from Cancer screening and other health services in the last three years.

2. **15**
Counties reached between 2021 and 2023 including Elgeyo Marakwet, Homabay, Kajiado, Nairobi and Kiambu.

3. Types of cancers screened are:
Breast, Cervical and Prostate

4. Other services offered included:
NHIF Registration, Counselling & Mental wellness check, Blood donation, Triage services, and **blood sugar checks**.

5. Partners:
County Governments, Ministry of Health, NHIF, Beyond Zero, Hospitals, among others.

HOW WE DRIVE IMPACT

The Group's impact on health in 2023 was substantial, marked by strategic partnerships, community-focused initiatives, and a commitment to addressing healthcare challenges. The key elements of Stanbic's impact on health include:

Medical Camps in Underserved Areas
Stanbic, through collaborative efforts with healthcare professionals and local organizations, conducted medical camps in underserved areas.

These camps aimed to provide essential healthcare services, including medical check-ups, vaccinations, and health education, reaching a significant number of beneficiaries.

Support for Health Infrastructure
Stanbic expressed its commitment to supporting health infrastructure development. This included plans for the construction and renovation of health facilities, showcasing a dedication to improving access to quality healthcare infrastructure in communities where it operates.

Collaboration with Healthcare Partners
Stanbic engaged in collaborative efforts with healthcare partners, emphasizing the importance of public-private partnerships in addressing healthcare challenges. This approach demonstrated a holistic understanding of the healthcare ecosystem and a commitment to sustainable solutions.

Quantifiable Health Impact
Stanbic's impact on health can be measured through metrics such as the number of individuals benefiting from medical camps, the progress in health infrastructure projects, and the overall improvement in healthcare accessibility for communities served.

Focus on Preventive Healthcare
Stanbic's initiatives went beyond curative measures, with a focus on preventive healthcare. Health education programs and awareness campaigns were emphasized, contributing to community empowerment and long-term health improvements.

Stanbic's impact on health in 2023 reflected a comprehensive approach, addressing immediate healthcare needs through medical camps, investing in sustainable health infrastructure, and fostering partnerships for long-term health solutions. These initiatives align with Stanbic's commitment to being a responsible corporate citizen, contributing meaningfully to the well-being of the communities it serves.

CASE STUDY

Powering health through cancer awareness and screening

Structural barriers to healthcare can deter early cancer detection and treatment for many people. To this end, Stanbic Foundation partners with the Africa Cancer Foundation and Kisumu Medical and Education Trust to reach out to communities and create awareness on cancer screening and treatment.

In 2023, the use of community health promoters and factsheets helped reduce apprehension about cancer testing within various counties in Kenya. Further, the provision of free blood sugar screening, BMI testing, as well as wellness and nutrition talks during the medical camps has also enhanced the community's access to quality healthcare information.

With screening done within 10-20 minutes and cytology results coming out in 2 hours, many people have been able to fit in the screenings within their busy schedules, helping with early detection and treatment. Through the program, over 30,000 beneficiaries have been screened with an increased level of awareness documented. In 2023, over 10k beneficiaries were screened for cancer free of charge.

> 30,000
Beneficiaries have so far been screened with an increased level of awareness documented.

CASE STUDY

Transforming the story of Meditrust Healthcare Services

In Mombasa County, Pamela Makokha and her husband, Dr. Luke Odiero, dreamt of providing comprehensive healthcare services to their community. Starting with a two-roomed clinic in 2001, Meditrust Healthcare offered basic care but lacked the resources to deliver a full range of maternity services. This was a critical gap, as many women in the area lacked access to safe childbirth options.

The Stanbic Foundation Impact: USD 50,000 Grant

The pivotal moment came when Pamela seized the opportunity presented by the Stanbic Kenya Foundation and United States Africa Development Foundation grant which Meditrust won after a rigorous competition process involving over
587 entrepreneurs.

The grant allowed Meditrust to:
i. Build a modern maternity facility.
ii. Invest in life-saving equipment.
iii. Expand Services.

OTHER CSI INITIATIVES

Promoting basketball talent through Stanbic Jr. NBA league in South Sudan

The Stanbic Bank Jr. NBA League in South Sudan, a collaboration between NBA Africa, Stanbic Bank and Luol Deng Foundation (LDL), aims to develop young basketball talent through a league for boys and girls under 16. It promotes basketball at the grassroots level, combining sports and life skills development. Schools named after the 30 NBA teams compete, fostering youth growth and leadership qualities through the sport.

Following the contract signing announcement with the NBA Africa in September 2022, we unveiled the Stanbic Court in December 2023. We constructed a FIBA standard outdoor basketball court at the St. Marks Orthodox School in Munuki, Juba. In addition, the Stanbic Jr. NBA league tipped off with a draft where 30 participating schools selected an NBA team to represent during the season. The 30 teams received corresponding NBA team-branded jerseys for their games.

The initiative has attracted 40 kids under 16 years old, 240 boys and 210 girls. It is served by 30 coaches, 8 assistant coaches (4 females) and 36 officials (referees and table officials – 18 male and 18 female who have been trained by the NBA to administer the league. In addition, there are 30 sports masters, six media volunteers and six LDF administrators.

DRIVING POSITIVE IMPACT THROUGH ROTARY CLUB OF NAIROBI SAMAWATI

The Rotary Club of Nairobi Samawati, a corporate Rotary club in District 9212, is primarily made up of Stanbic Bank employees from various units who volunteer their time, talents, and resources to promote socioeconomic change through thematic projects.

The Rotary Club, provides the bank with a structured avenue for implementing its sustainability strategy through partnerships, including with the Stanbic Foundation.

The club's activities are based on seven key areas: basic education and literacy, maternal and child health, water sanitation and hygiene, the environment, community economic development, disease prevention and treatment, peacebuilding, and conflict resolution.

Through one or more of these focus areas, we play an important role in the bank's sustainable capital deployment in the green and blue economies through community economic development and environmental activities. Furthermore, through our environmental projects, we serve as an on-the-ground partner in supporting both the government and Stanbic's initiatives for climate change mitigation and adoption.

In our more than three years of existence, the Rotary Club of Nairobi Samawati has been able to complete several projects, including assisting **mothers** and **newborns** at Kiambu Level 5 hospital, re-afforestation **of Kereita Forest by planting 2,240 tree seedlings, 10,000 book distribution in five counties (Kiambu, Taita-Taveta, Kitui, Kajiado, and Nairobi),** and, in 2023, supporting the Samburu Girls Rescue Centre and Gatina Primary School in basic education and digital literacy.

05

MANAGING RISKS

EFFECTIVELY MANAGING RISKS

At Stanbic, sustainability is more than just driving positive impact; it involves a comprehensive approach to managing **Environmental, Social, and Governance (ESG)** as well as **Climate-Related risks.** Our commitment to sustainability encompasses rigorous risk management practices that ensure we operate responsibly and sustainably in all areas of our business. This dual focus allows us to not only contribute positively to the communities we serve but also to safeguard against potential risks that could undermine our efforts and the broader sustainability agenda.

Our ESG and Climate-Related risk management framework is designed to identify, assess, and mitigate risks across our operations and client engagements. By integrating ESG considerations into our decision-making processes, we ensure that our actions align with our sustainability goals and regulatory requirements. This approach helps us to maintain high standards of governance, minimize environmental impacts, and promote social well-being, ultimately contributing to the long-term resilience and success of our organization and the communities we support.

MANAGING ESG RISKS

Our approach to managing environmental and social risks

At Stanbic, we recognize that operating responsibly goes beyond simply generating financial returns. We are committed to integrating Environmental and Social (E&S) considerations into all aspects of our business. This section delves into our comprehensive approach to E&S risk management, ensuring we contribute positively to the communities we serve while fostering long-term sustainability.

1. Aligning with the Highest Standards:
Our E&S risk management framework is built upon a robust foundation. It adheres to Kenyan and South Sudanese regulatory requirements, leveraging the expertise of the Standard Bank Group Risk framework. We have further adapted and localized this framework to fit the unique context of the East African region.

2. Governance and Accountability:
The Board of Directors ultimately holds responsibility for risk management, and we have established clear governance structures to ensure accountability and oversight at all levels. Risk management is not a siloed function; it's an enterprise-wide endeavor integrated into every facet of our organization.

3. Comprehensive Risk Identification:
To understand the full spectrum of risks we face, we categorize them into strategic, financial, and non-financial categories. Each year, we identify key enterprise risks that have the potential to significantly impact our stakeholders. These high-impact risks receive focused management attention to mitigate potential disruptions.

4. Three Lines of Defense:
We subscribe to the three lines of defense model, a widely recognized approach that promotes transparency, accountability, and consistency in risk management. This model clearly segregates roles and responsibilities, emphasizing individual ownership and collective oversight. It also ensures robust escalation and reporting mechanisms for any identified risks.

5. Beyond Compliance: Responsible Business Practices:
Beyond compliance to regulations, we strive to conduct business responsibly in all aspects of our operations, considering who we partner with and the projects we finance. Regulatory requirements guide our strategy, further bolstered by our alignment with voluntary frameworks like the Equator Principles and the Principles for Responsible Banking (PRB). These frameworks provide valuable guidance and best practices for managing E&S risks while identifying potential opportunities.

6. Embedding Sustainability: Governance for Integration
Our E&S governance structure operates across all management levels – strategic, tactical, and operational. This multi-layered approach is supported by existing governance documents, such as standards, policies, frameworks, guidelines, and commitment statements. These resources provide a comprehensive framework for integrating E&S considerations into decision-making processes throughout the organization. This holistic approach fosters alignment between our strategic objectives and E&S goals, ensures effective implementation of sustainable practices, and guarantees compliance with relevant governance requirements.

By proactively managing E&S risks and opportunities, Stanbic is building a more sustainable future for our clients, communities, and the environment. We remain committed to integrating responsible practices into the core of our business, contributing to a positive and lasting impact.

STRATEGIC LEVEL: THE BOARD'S ROLE

Building upon a strong foundation of good governance, the Stanbic's Board of Directors plays a central role in steering our Environmental, Social, and Governance (ESG) performance. Composed of highly qualified and diverse individuals, the Board brings a wealth of experience and perspectives to ensure effective leadership on sustainability matters. For more information on our Board of Directors please refer to page 124 of the Stanbic Holdings Plc 2023 Annual Integrated using the following link.

Strategic Direction: The Board approves the overall ESG vision and strategy for Stanbic, aligning it with the Group's long-term goals and values.

Oversight and Accountability: The Board actively oversees progress towards ESG goals, holding management accountable for achieving set targets and ensuring effective implementation of ESG initiatives.

Risk Management: The Board provides strong oversight of the bank's risk management framework, including ESG risks. This proactive approach ensures the identification and mitigation of potential ESG-related challenges.

Ethical Leadership: The Board sets the tone at the top by promoting a culture of ethical conduct, compliance with all applicable laws and regulations, and adherence to relevant ESG standards.

Committee Oversight: Board committees play a crucial role in ESG governance. Dedicated committees, such as the Risk Management Committee, delve deeper into specific ESG areas and provide recommendations to the main Board.

Continuous Improvement: The Group recognizes the importance of a Board with strong ESG knowledge and expertise. This ongoing commitment is reflected in efforts to develop the Board's understanding of emerging ESG issues and potentially appointing directors with relevant ESG experience.

BOARD COMMITTEES

1. BOARD RISK COMMITTEE (BRC)

- Approves updates to E&S risk standard and policy.
- Monitors material stakeholder issues, and ensures they receive appropriate attention from board and management.
- Guides alignment between group strategy and climate commitments and monitors progress against locally set climate commitments and targets.
- Oversees adherence to E&S risk management system and policies.
- Monitors climate risk exposure.
- Assesses executive performance against SEE (Social, Economic and Environmental impact) and E&S metrics.

2. BOARD CREDIT COMMITTEE (BCC)

ESG Integration in Credit Risk Assessment: The Credit Committee actively incorporates Environmental, Social, and Governance (ESG) factors into its credit risk assessment processes. Considers enterprise-wide risks, emerging risks and events, including Environmental and Social risks (E&S) risks, that may directly/indirectly transmit into the Credit book and portfolio and overall impact on the Group's risk profile. This ensures a comprehensive evaluation of potential risks that may directly or indirectly impact the creditworthiness of borrowers and the overall bank portfolio.

3. STANBIC KENYA FOUNDATION

Aligning Stanbic's Strategy with Positive Impact: The Stanbic Foundation Board oversees the alignment between the Bank's overall strategy and its focus on creating positive Social, Environmental, and Economic (SEE) value. This ensures that the Foundation's initiatives contribute directly to the Bank's broader sustainability goals.

4. BOARD AUDIT COMMITTEE (BAC)

- Monitors the ethical conduct of the Bank and the Group.
- Review reports from management on the Code of Ethics and conflicts of interest.

Building on Strengths:

The Board's strong governance practices further enhance its effectiveness in leading Stanbic's ESG journey. The Board remains:

Highly Competent and Diverse
Composed of a majority of non-executive directors, fostering a balance of perspectives and ensuring objective decision-making.

Committed to Effective Governance:
Directors are held to the highest standards of ethical leadership, expected to exercise due care and skill in their decision-making processes. They are responsible for overseeing all aspects of corporate governance, including risk management, strategic direction, and upholding ethical values.

Dedicated to Continuous Learning:
Directors are expected to continuously enhance their knowledge and skills, ensuring the Board remains well-equipped to lead on sustainability matters and able to adapt to the changing business landscape.

Regular scheduled meetings of the Board are complemented by the ability to convene special meetings as needed to address urgent matters.

Furthermore, directors are obligated to disclose any potential conflicts of interest and are entrusted to act solely in the best interests of the Company and its stakeholders. To support the Board in its functions, a Company Secretary, who is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and maintains good standing, provides valuable administrative and governance assistance.

Through this robust governance structure, the Board continues to foster transparency, accountability, and sustainable growth within the organization, ultimately driving long-term value creation for all stakeholders.

Director appointment

Directors are nominated by the Group Board Nominations Committee. The committee considers candidates' experience, availability, fit, and capacity to fulfil their roles. They also assess other directorships and commitments to ensure sufficient time for their responsibilities. Candidates must meet the criteria clearly outlined by the regulatory bodies.

The committee also emphasises demographic and gender diversity as highlighted on page 127 in the Stanbic Holdings Plc 2023 Annual Integrated report.

Appointments comply with the Companies Act, 2015, the Capital Markets Act of Kenya, and related regulations. Directors hold office until the next Annual General Meeting and may be elected by shareholders based on the Board's recommendation. The process ensures careful selection and adherence to regulatory requirements.

> "The directors are obligated to disclose any potential conflicts of interest and are entrusted to act solely in the best interests of the Company and its stakeholders."

Board Review and Training: Ensuring Effective ESG Leadership

A well-equipped and engaged Board plays a strategic role in driving our Environmental, Social, and Governance (ESG) performance. We have established a robust system of Board review and training to ensure continued effectiveness in leading our ESG journey.

Board Effectiveness Review:

Annual Evaluation: The Chairman, with support from the Company Secretary, conducts an annual review of the Board's effectiveness. This comprehensive assessment evaluates both the overall performance of the Board as a whole and the individual contributions of each director through peer evaluations.

Feedback and Action: The Board actively discusses the evaluation results. The Chairman provides individual feedback to each Director based on the peer evaluations. These findings and recommendations are tracked and discussed in subsequent meetings, with progress reports ensuring continuous improvement.

Training Needs Identification: The evaluation outcomes play a crucial role in shaping the annual Board training plan. Identified areas for improvement guide the selection of training topics, ensuring the Board remains equipped to handle evolving ESG challenges.

Empowering Our Leaders:

Induction and Ongoing Training: The Company Secretary oversees the induction and ongoing training of directors. Newly appointed directors undergo a comprehensive induction program, familiarizing them with the Group's Code of Ethics and key governance practices.

Diversity and Expertise: Training themes are scheduled in advance and cover a wide range of topics relevant to ESG leadership. These sessions are facilitated by both internal and external experts, ensuring access to diverse perspectives and the latest industry knowledge. Additionally, the Board receives periodic updates and insights gleaned from the annual evaluation process.

Staying Informed: Directors are regularly updated on new and emerging issues, including changes in laws, regulations, and risk landscapes. This ensures the Board possesses the necessary knowledge to make informed decisions on ESG matters.

2023 Training Focus:

In 2023, the Board successfully completed the minimum training requirement. The program covered critical topics such as reward management, ESG principles, data protection, fintech regulations, blockchain technology, equity and debt capital markets, artificial intelligence, and anti-money laundering compliance.

For further details on specific training sessions and materials, please refer to page 134 of the Stanbic Holdings Plc 2023 Annual Integrated report using the following link.

TACTICAL: MANAGEMENT'S ROLE

Executive oversight

Our ESG risk governance framework provides executive management with an integrated view of our ESG risks. It defines structures and accountability for the oversight, governance and execution of ESG risk management, including:

Governance issues, including ethics and conduct, prevention of financial crime, information security and cybersecurity, and engagement with diverse stakeholders

Social issues, including respect for human rights, labour practices, health and safety, financial inclusion, and our impacts on communities

Environmental issues, including impacts on natural resources, biodiversity, and climate-related risks and opportunities

Our **three lines** of management model sets out the responsibilities of individuals and teams to ensure that risks are adequately considered and managed.

First line: Business is responsible for analysing, acknowledging and managing the risk it incurs in conducting its activities.

Second line: Risk management functions identify, measure, monitor and report risk on an enterprise-wide basis, independently from the first line.

Third line: Internal audit conducts risk-based and general audits to provide assurance to the board that the overall governance framework, including the risk governance framework, is effective and that policies and processes are in place and consistently applied.

The Leadership Council is responsible for overseeing implementation and adherence of policies put in place to manage these risks. This includes performance against set targets, ensuring reports are submitted to the board regularly on progress made.

The Leadership Council ensures that governance structures, policies and processes are appropriate and adequately identify and resolve E&S related risks. It fosters accountability for E&S risk management across the Banks footprint, enforces through incorporation of E&S criteria in performance reviews with staff. Additional subcommittees have been set up to facilitate tracking and management of these activities.

Group Leadership Council

Risk & Conduct Committee (RCC)

Oversees SEE impacts, including climate related impacts.
- Monitors stakeholder issues and concerns.
- Ensures alignment with code of ethics and conduct, human rights statement, E&S risk management framework, climate policy and targets
- Ensures climate-related risk identification, classification, analysis, monitoring.
- Oversees non-financial risks and governance.
- Promotes a compliance culture and ensures the effective management of compliance risk across the Bank.

Credit Risk Management Committee (CRMC)

Ensures effective E&S risk management in line with group risk appetite.
- Ensures reporting is embedded in enterprise-wide risk management system, including client and transaction screening and due diligence.

Operational level

Relevant executives, teams and committees are responsible for ensuring that E&S considerations are incorporated across the Group's business activities. At an operational level, the team is responsible for the day-to-day execution and tracking of E&S at business unit level. This includes ongoing structured reporting and capacity building.

SEE Committee	• The SEE (Social, Environmental, and Economic) Committee is responsible for overseeing and promoting E&S considerations within the organization. • Ensures that social, environmental, and economic factors are incorporated into business decisions and activities, aligning them with the company's sustainable development goals. • Focuses the business on client wealth generation, and tailored solutions and products to grow the SME sector. • Provides products and tools aimed at promoting trade, and sustainable financing with a specific focus on combating the effects of climate change. • Track and monitor the set target as well as reviews strategy.
Credit Committee	• Considers E&S factors when assessing credit risks and making lending decisions. • Evaluate potential social and environmental impacts of financing activities and ensure alignment with the company's E&S objectives.
Stanbic Foundation	• Dedicated team responsible for managing the Group's philanthropic and community investment initiatives. • Promote positive social and environmental impacts through strategic partnerships, community engagement and sustainable development projects. • Promotes activities across the Group's footprint that promote financial inclusion, job creation and enterprise development, with a specific focus on the SME sector. • Establishment of strategic partnerships to promote the positive impact objectives.

Supporting policies

Climate Policy	Whistleblowing Policy	Dispute Resolution Policy
• Our climate policy is in line with Standard Bank's commitment to achieving net zero for financed emissions by 2050 and reduction of scope 1 and 2 emissions for our own operations by 2030 for newly built facilities and 2040 for existing facilities. • Our climate policy further considers our commitments made to national determined contribution and sustainable development plans in Kenyan and South Sudan.	• Our whistleblowing policy enables employees and external stakeholders to report any behaviours or actions that are believed to be inconsistent with the company's values, code of ethics, and conduct. • Stanbic's whistleblowing policy aims to create a safe and confidential environment for stakeholders to report concerns and contribute to maintaining ethical standards and integrity within the organisation. • The whistleblowing policy provides for the protected disclosure of any unlawful, irregular, or unethical behaviour encountered by employees, in accordance with applicable laws such as Kenya's Bribery Act of 2016. • Stanbic will take appropriate disciplinary action against individuals who make false disclosures in bad faith or maliciously, or unfairly discredit another person. • Stanbic provides various reporting channels under the policy for employees and external stakeholders to raise concerns.	• Our dispute resolution policy aims to facilitate the prompt and fair resolution of any disagreements or conflicts that may arise within the board, which have the potential to disrupt the proper functioning of the board and impact stakeholder relationships. • The policy provides guidance on the process of resolving disputes among board members, ensuring that the adopted approach serves the best interests of the company. • The policy emphasizes the importance of timely resolution to prevent prolonged disruptions. • The policy ensures that the dispute resolution process is fair and impartial, allowing all parties involved to present their perspectives points of view. • The policy provides mechanisms to maintain positive stakeholder relationships during the resolution process.

Basis for governance policies and tools

Our E&S risk management processes are based on international best practice and aligned to the requirements of the Equator Principles, the IFC Performance Standards, the Principles for Responsible Banking, and the Guidance on Climate Related Management issued by the Central Bank of Kenya.

As a member of the Equator Principles Association, Stanbic under the Standard Bank Group commits to evaluate and actively avoid and mitigate any negative social or environmental impacts through our activities and operations. Our E&S risk management framework is supported by our code of ethics and conduct as well as other related policies and standards.

> "We provided a work environment for our people that respects their human rights. This commitment is reflected in our people policies and practices, including our code of ethics and conduct, our human rights statement, and policies governing diversity and inclusion, harassment in the workplace, discrimination in the workplace, sexual harassment in the workplace, occupational health and safety and whistleblowing."

Key policies and standards that inform our E&S governance approach are as follows		Outputs in 2023
Code of ethics and conduct	• Guides our decision-making, behaviours and interactions with our diverse stakeholders. • Informs Group policies, standards and risk management controls. • We updated the code in 2023 to ensure that our focus on achieving positive SEE impacts is effectively reflected.	• We updated the code in 2023 to ensure that our focus on achieving positive SEE impacts is effectively reflected. • We adopted a new approach to conduct risk reporting to enable strong oversight by the board and executive management. • We undertook an initial assessment to identify our material risks and impacts in respect of our employees, our clients, our supply chain and the communities impacted by our services. • Conduct risk remained within risk appetite, as assessed by the various lines of business. Conduct-related breaches were addressed within specific business areas. • We continued to enhance our complaints management framework and standards to align to client expectations and the Conduct Standard for Banks.

Third-party code of conduct	• Require all third parties contracted to provide services to the group to adhere to the third-party code of conduct based on promoting principles of value optimisation, fair and effective competition, accountability, sustainability and risk management.
	• The code requires all our third parties to respect basic human rights and establish a clean and safe working environment. This includes:
	  • Not allowing forced labour, child labour or discrimination.
	  • Paying appropriate wages.
	  • Regulating working hours.
	  • Respecting everyone's freedom of association.
	  • Complying with applicable environmental and social legislation
	• Follow accepted environmental and social practices as applied to their sector and goods and services applied.
	• Prudent management of risks including climate change.
	• Failure to comply with the third-party code of conduct is regarded as a violation of the terms of contract and may result in termination of the contract.
	• The nature of information required from third parties is dependent on the nature of the risk, the type of product or service being contracted, and the type of relationship being entered into.
		• The procurement processes were revised to enhance our procurement processes in line with sound corporate governance principles.
		• The outsourcing policy was revised and expanded to incorporate third party to ensuring alignment with group standards of quality, sustainability and commerciality.
		• Goods procured minimised the negative impact on the environment and communities and promoted development of businesses in Kenya.
		• All material and critical third parties completed a detailed risk assessment and due diligence process to assess potential social and environmental risks and impacts prior to onboarding.
		• We continue to engage third parties on an ongoing basis to actively manage potential risks.
		• All third parties are required to comply with our Anti-Money Laundering (AML) and Combating Terrorism Financing (CTF), anti-bribery and corruption, fraud and tax evasion policies.
		• Protection of data and information is included in all aspects of our third-party risk management framework. Our external party information risk management policy outlines minimum expectations from our third parties in protecting our information. Third parties are required to attest to the policy as part of the onboarding process.

Human rights	• This commitment includes our employees, our suppliers and service providers, and the people impacted by the projects and businesses we finance. • We define human rights as the basic and universal rights that underpin each person's inherent freedom, dignity, and equality, as outlined in the UN Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. We align with the UN Principles for Business and Human Rights in terms of understanding our role in ensuring that human rights are respected. • We seek to avoid causing human rights infringements and being complicit in the human rights infringements of other parties. We do not tolerate slavery, forced labour or human trafficking in any form and will never knowingly be party to any activity that would violate the modern slavery laws, rules and requirements that apply to us.	• We provided a work environment for our people that respects their human rights. This commitment is reflected in our people policies and practices, including our code of ethics and conduct, our human rights statement, and policies governing diversity and inclusion, harassment in the workplace, discrimination in the workplace, sexual harassment in the workplace, occupational health and safety and whistleblowing. • We exercised due diligence in deciding who we do business with and understanding the potential human rights impacts of our business relationships, purchasing, lending and investing. • We continue to combat financial crime and corruption in all its forms, including extortion, bribery, and money laundering. • We adhered to the Equator Principles in project financing transactions. • We adhered to ESG risk in our supply chain and procurement processes • We encourage our clients, suppliers and business partners to avoid human rights infringements in their businesses. • We require all employees to report any alleged or suspected human rights violations to the appropriate leadership structures or via the group's whistleblowing hotline. We take appropriate steps where we discover, or are made aware, that we have caused or contributed to actual or perceived human rights abuses. This included disciplinary action, exiting a business relationships, or constructive engagements to promote better practice.

Grievance Mechanisms

We have a robust grievance mechanism in place to ensure fair and efficient resolution of client complaints. Significant improvements have been achieved, built on fairness, accessibility, responsiveness, and efficiency principles, complying with regulatory obligations. Each business area has a framework and procedure for effective complaint resolution, supported by a complaint resolution system (CRS). Management Information on complaints is analysed for root cause analysis and appropriate actions. The Group has established a complaints management council, revised standards, and empowered employees for improved reporting and monitoring. A dedicated team, streamlined systems, and regular training support the revised framework. For more visit our complaints hotline via our website.

The complaints process unpacked

1. **Complaint is logged** at nearest branch, suite, voice branch or with the Complaints Resolution Centre
2. **Reference number** is issued within 24 hours
3. **Regular progress** reports (verbal or written) are provided to complainant
4. **Complainant is contacted** by one of our employees regarding turn around time and any additional information required
5. **Resolve complaint** within expected turn around time
6. **Stakeholder is notified** of investigation outcome
7. **Escalation process** is escalated if unsatisfied with investigation outcome
8. **If still not satisfied,** the matter is escalated to relevant Ombudsman

Credit risk processes

Our credit risk primarily stems from corporate, business, retail loans and advances, as well as counterparty credit risk associated with derivatives and securities financing contracts with our clients along with market counterparties. We approach credit risk management with utmost diligence and adherence to industry best practices. This requires the implementation of four steps.

1. Credit risk classification

- Focus on counterpartyand concentration risk. Assessing these risksidentifies potential creditlosses which can be associated with a party'sfailure to meet their financial obligations, orover exposure of the Bank to one specificclient, group, sector, market, or product. Afocus on concentration risk ensures the Bankdoes not become overly dependent on one groupfor their income, which if negatively affected could impact on the Bank's own financial performance.

2. Credit risk management

- Responsible lending culture ensures credit decisions are made prudently, taking into account the borrowers, creditworthiness, repayment capacity and adherence to risk appetite.
- Risk identification and assessment allows for a clear and accurate understanding of the Bank's credit exposure in line with industry standards.
- Our credit risk appetite provides guidance to the levels of risk we are willing to assume, ensuring ongoing alignment to business strategy.
- Risk appetite evaluation allows us to adjust and respond to changes in the market.
- Rigorous model validation provides the assurance that the credit risk management framework remains accurate and reliable, allowing the Bank to always trust the models in use.
- Independent review and reporting tests the effectiveness of mitigation measures being deployed within the product lines (BCC, CIB CHNW). This capacity embedded within these units, allows for regular reviews and testing of processes in place, including the efficacy of credit risk metrics in use

3. Screening of clients and suppliers

A pre credit screening process forms the first stage of screening and includes the following steps:

- Transaction initiation
- KYC onboarding
- E&S screening
- Pre credit risk considerations

A due diligence is then undertaken during the formal credit assessment process, which include the following steps:

- Credit deal specific considerations
- Legal documents including E&S covenanting
- Ongoing E&S monitoring

4. Pre-credit screening

Key environmental, social and governance considerations are assessed during pre-credit screening. These include:

- **Environmental risks:** Environmental impact, water and air quality protection, pollution management, sustainable resource use, impact on biodiversity and ecosystems, presence of embedded E&S risk assessments, and balancing risk and costs
- **Social risks:** Workers rights and fair treatment, child and forced labour, risks to communities, security assessments and safeguarding, land acquisition, resettlement and indigenous rights, protection of cultural heritage and archaeological resources, engagement with indigenous communities.
- **Governance risks:** Existing approach to E&S risk management, and presence of negative E&S media coverage.

High-risk sector guidelines

The Group has identified high-risk industries, sectors and areas of high environmental sensitivity that require additional due diligence before a transaction or investment may be approved. Activities in these sectors must also align with the commitments and targets set out in the Standard Bank Group's climate policy.

Mining & Metals

Prohibitions as per exceptions list, restrictions as per group policies, enhanced due diligence for uranium mining and where site decommissioning and remediation are not adequately addressed.

Oil and Gas

Prohibitions as per exceptions list and climate policy, enhanced due diligence for shale gas and shale oil, including hydraulic fracturing and transnational pipelines. Enhanced due diligence for transactions where site decommissioning and remediation and/or response for oil spills/ gas leaks are not adequately addressed.

Thermal coal power

Enhanced due diligence for companies operating coal-fired power plants; transactions directly related to large dams; construction of new or upgrading of existing nuclear power plants; transactions where site decommissioning and remediation and/or response for oil spills/gas leaks are not adequately addressed; no financing for construction of new coal-fired power plants nor the expansion in generating capacity of existing coal-fired power plants.

Infrastructure

Prohibitions as per exceptions list enhanced due diligence for iron and steel foundries and smelters; petrochemical refineries and downstream industries; manufacture of hazardous materials; and manufacture of toxic materials

Industrial

Prohibitions as per exceptions list. Enhanced due diligence for iron and steel foundries and smelters; petrochemical refineries and downstream industries; manufacture of hazardous materials; manufacture of toxic materials

Agriculture, animal husbandry and fishing

Prohibitions as per exceptions list and group climate policy; enhanced due diligence for activities in high conservation value forests or primary tropical forests; commercial logging; activities relating to palm oil or soy production; excessive fertilisation/runoff.

Exception List

Our exceptions list specifies activities for which no entity within Standard Bank Group will provide banking or lending facilities.

Our exceptions list

- Production or activities involving harmful or exploitative forms of forced labour or harmful child labour.
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, including ozone depleting substances, polychlorinated biphenyls, and specific hazardous pharmaceuticals, pesticides and herbicides or chemicals; wildlife or products regulated under CITES; unsustainable fishing methods and commercial whaling; use of unbonded asbestos fibres; narcotic drugs.
- Production or trade in radioactive materials, excluding uranium mining, medical equipment, quality control equipment or equipment where the radioactive source is understood to be trivial and/or adequately shielded.
- Production and distribution of racist and/or neo-Nazi media.
- Illegal logging or purchase of illegally harvested timber.
- Mountaintop removal.
- Mining or trading of diamonds not certified under the Kimberley Process Certification Scheme.
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
- Production or trade in weapons or munitions, excluding hunting and sports equipment.
- Arctic oil and gas exploration and development.

Our Approach to Tax Management

Stanbic Bank Kenya plays an integral role and makes valuable contributions towards the development and growth of the Kenyan and South Sudan economies.

We contribute significantly to **government revenues** through

- Corporate income taxes
- Withholding taxes
- Employees' taxes and indirect taxes such as Excise Duties and Value-Added Tax ("VAT").

We strive to optimise business success through transparent compliance and adhering to global reporting and other legislative requirements.

This enables the Bank to minimise tax risks and to be ready for heightened scrutiny and tax audits. Our Tax Strategy outlines the framework by which our tax obligations are met from an operational and risk management perspective. In line with the realities of risk, regulation, technology and competition that characterise our operating environment, we continue to invest significantly in our diversified operations, our people and culture, our systems and infrastructure, and our brand. In doing so, we understand that our commercial success and social relevance over the long term depends on placing our clients at the centre of everything we do and ensuring that the outcomes of our activities are a catalyst for growth on this continent we call home.

Our business is conducted with integrity and transparency, in compliance with applicable laws and in accordance with the values and code of Ethics adopted by the Group. The reputation and resources of the Bank are protected by implementing reasonable procedures to prevent the facilitation of tax evasion. We support Base Erosion and Profit Shifting ("BEPS") initiatives and action plans to address the undesired consequences of different tax regimes which may lead to double non-taxation as well as the lack of transparency. The Bank is committed to providing Revenue Authorities with information (that the Bank is legally obliged to) and reporting in terms of the United States Foreign Account Tax Compliance Act ("US FATCA") legislation and the Organisation of Economic Co-Operation and Development's ("OECD") Common Reporting Standards. This legislation requires legal entities to share customer information with taxauthorities to prevent tax evasion.

Our Tax Strategy broadly sets out the requirements for robust corporate governances with detailed policies and procedures required to be adhered to in order to meet the Board's expectation in terms of tax compliance and risk management.

Outlook

The Group is optimistic that initiatives undertaken in 2023 and gains made over the last three years in integrating Environmental, Social and Governance (ESG) strategies across the business, provide a firm foundation for future success.

Effectively managing ESG risks will remain a key priority as the Group accelerates its commitments to fulfilling its purpose and delivering positive impact to society and the planet. This also entails continuously monitoring and responding to climate-related risks that impact the business and the broader society.

Sustainability will also be at the heart of the Group's strategy ensuring that we remain on track with integrating ESG, and embedding good governance in every facet of our business. Employee engagement is imperative to maintaining an active and robust approach towards sustainable development and environmental stewardship.

The Group recognises that effective stakeholder engagement is essential to achieving its purpose and strengthening Stanbic legitimacy and social licence to operate. In our journey towards sustainability, we pledge transparency and fairness as we strive for closer engagements with our valued stakeholders.

In addition, we will deepen our partnerships to maximize positive impact and achieve our sustainability goals, while building the Bank of the future.

MANAGING CLIMATE RELATED RISKS

This section discusses how the Group is managing the risks and responding to the opportunities presented by climate change, aligned to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Central Bank of Kenya Guidelines on Climate-Related Risk Management.

As part of our efforts to maximise the positive social, economic and environmental impacts arising from our business activities, and minimise negative impacts, we are working towards aligning our lending and investment portfolio with Africa's climate transition, based on Africa's fair contribution to the lower than 1.5°C by 2050 climate ambition. We are also striving to align with Kenya's second nationally determined contributions (NDCs) for climate change mitigation and adaptation.

Stanbic's Climate Journey:

Building Resilience for a Sustainable Future

Before 2023, the Group had already embarked on a significant climate journey. Recognising the growing importance of climate-related risks and opportunities, the Group established key foundational elements.

The Group's climate journey has beem characterised by key inputs aimed at enhancing its capacity to manage climate risks effectively. The Group has **invested in tools, capacity-building initiatives, and partnerships to strengthen** its understanding of climate risks and opportunities. Additionally, the Group has collaborated with governments and stakeholders to embed climate risk considerations into its strategic planning processes and regulatory compliance frameworks.

In terms of outputs, Stanbic has developed a climate risk strategy that outlines a clear pathway for addressing climate-related risks and opportunities. Through rigorous risk assessments and vulnerability analyses, the Group has gained valuable insights into the potential impacts of climate change on its business operations and clients.

Looking ahead, Stanbic outlined a range of anticipated impactful outcomes from its climate risk management efforts. These expected impacts included the establishment of new business and revenue streams, enhanced societal impact, and improved brand warmth. By integrating climate risk considerations into its decision-making processes and operations, the Group aimed to foster resilience, sustainability, and long-term value creation for its stakeholders and communities.

These early actions demonstrate Stanbic's proactive approach to climate change. However, with the ever-evolving regulatory landscape and increasing stakeholder focus on sustainability, Stanbic recognized the need to further strengthen its climate risk management practices. This recognition paved the way for the significant achievements witnessed in Stanbic's Climate Risk Management throughout 2023.

OUR FOCUS IN 2023

1. Governance

The Standard Bank Group board has oversight of, and is ultimately accountable for the implementation of Stanbic's climate policy and the management of climate risks and opportunities across the Group. It exercises this oversight through board committees.

Management's role in assessing and managing climate-related risks and opportunities is through the Leadership Council. The Group's Chief Risk Officer has primary responsibility for management of climate risks and opportunities.

In 2023, Stanbic made significant strides in establishing a robust governance framework for managing climate-related risks. The Group adopted a multi-pronged approach, focusing on strengthening internal structures, policy development, and alignment with industry standards.

The Group revised committee mandates to ensure clear oversight of climate risks. Additionally, Stanbic invested in board training, equipping them with the knowledge to make informed decisions. Regular reporting on climate risk established transparency and accountability, while dedicated resources and clear expectations ensured focused action.

Policy development played a crucial role. Stanbic adopted a comprehensive ESG standard and policy, encompassing climate considerations. Moreover, we established a dedicated Climate Policy, demonstrating a clear commitment to this critical area.

Stanbic further solidified its approach by aligning with industry best practices. The adoption of the Banking Sector Charter showcased the Group's commitment to industry standards. Integration of climate risks into stress testing and risk taxonomy provided a holistic view of potential financial impacts.

By prioritizing strong governance, policy development, and industry alignment, Stanbic positioned itself as a leader in climate-conscious financial practices throughout 2023. This comprehensive approach lays a solid foundation for continued progress in managing climate-related risks in the years to come.

In 2023, the Group adopted a multi-pronged approach, focusing on strengthening internal structures, policy development, and alignment with industry standards.

2. Strategy

2023 marked a year of significant strategic advancements. The Group focused on developing, implementing, and monitoring a comprehensive strategy to address climate-related risks and opportunities.

Our strategic priorities are transforming client experience, executing with excellence, and driving sustainable growth and value.

In developing **sector commitments**, we consider various sources of information including:

1. Network for Greening the Financial System (NGFS) climate scenarios and transition pathways.
2. National energy plans, and energy supply and demand, in the countries we operate in (Kenya and South Sudan).
3. Policy frameworks and regulatory requirements at country level and applicable voluntary standards such as the Equator Principles.
4. The needs of our clients, their exposure to physical and transition risk, and their plans for risk mitigation and transition.
5. Credit risk appetite at group and business units' level.
6. The social, economic and environmental risks associated with different courses of action.

CLIMATE RISK MANAGEMENT PRIORITIES FOR 2023

Strategy Development:
The Group prioritised the development of a robust climate risk management strategy to guide its approach to addressing climate-related challenges and opportunities. Through collaborative efforts and stakeholder engagement, the Group formulated a strategic roadmap that outlines clear objectives, targets, and action plans to mitigate climate risks and leverage opportunities for sustainable growth.

Vulnerability Assessment and Sector Mapping: The Group conducted a comprehensive vulnerability assessment and sector mapping exercise to identify areas of potential risk exposure and opportunity across its operations. By analysing various sectors and their susceptibility to climate-related impacts, the Group gained valuable insights into priority areas for intervention and adaptation.

Simulation Capability: Recognising the importance of scenario analysis and stress testing in understanding the potential impacts of climate change, the Group enhanced its simulation capability. By simulating various climate risk scenarios, the Group was able to assess its resilience and preparedness to withstand and mitigate adverse climate-related events.

Embedment of Monitoring Forums: The Group established monitoring forums to track and evaluate the implementation of its climate risk management strategy. These forums provided a platform for regular review, feedback, and adjustment of strategies and initiatives, ensuring alignment with evolving risks and opportunities.

Climate Qualitative Risk Appetite Statement: The Group developed a qualitative risk appetite statement specifically focused on climate-related risks. This statement provides a clear articulation of the Group's tolerance for climate risk exposure and guides decision-making processes to ensure alignment with its risk appetite and strategic objectives.

Partnerships: The Group forged strategic partnerships with Stanbic Foundation, Development Finance Institutions, and County Governments to amplify its impact in addressing climate-related challenges. These partnerships facilitated collaboration, knowledge sharing, and resource mobilisation to drive collective action on climate resilience and sustainability.

SEE & ESG Framework: The Group implemented a Social Economic & Environmental (SEE) and ESG framework to assess its internal operations, capital deployment, and service delivery. By integrating SEE and ESG considerations into its decision-making processes, the Group enhanced its ability to identify, manage, and report on climate-related risks and opportunities.

“This highlights Stanbic's commitment to integrating ESG principles throughout its operations, fostering a sustainable future for Kenya and the region.”

KEY HIGHLIGHTS IN 2023

Financing Sustainable Sectors:

Invested
USD 122M
in Green/Sustainability linked loans

Lead arranger in
KShs. 15 billion
East Africa's largest ESG-linked facility

Approved
KShs. 96 billion
in trade facilities, prioritizing sectors with strong ESG practices.

Promoting Renewable Energy
Launched a new
Loan product
specifically for financing solar energy projects.

Digital Transformation:
Achieved
90%
digital transactions, reducing paper usage andenvironmental impact.

KEY HIGHLIGHTS IN 2023

Internal Operations

Sustainable energy use:
Implemented an LED lighting technology, installed motion sensors in meeting rooms to optimize and conserve energy use

Responsible water use:
Our water efficiency initiatives, such as the implementation of in-office Ultra-Violet water treatment systems, have eliminated the need for bottled water, further reducing plastic waste.

Environmental Stewardship:
Recycled
95%
(110.5k kgs) of waste year-to-date.

Tree Planting:
23,960
trees planted

Carbon Footprint:

Tonnes CO2 Equivalent			
Description	**2022**	**2023**	**% change year on year**
Scope 1	3,253	2,819	-13%
Scope 2	748	722	-3%

Technological Innovation:
Achieved
100%
branch coverage for sustainability training programs

Board received dedicated
ESG training

3. Risk Management

The Group's focus on climate risk management in 2023 extended beyond strategy development, with significant strides made in strengthening oversight, monitoring, and control mechanisms for climate-related risks.

1. Oversight and Monitoring:

SEE Committee Established: The Group has a dedicated Social Economic & Environmental (SEE) Committee to oversee and monitor progress on key metrics related to climate risk management. This committee serves as a central governance body responsible for tracking and evaluating the Group's performance in addressing climate-related risks and opportunities.

Tracking and Monitoring: The SEE committee actively tracks and monitors progress on key climate-related metrics. This allows for regular evaluation of the effectiveness of risk management strategies.

2. Environmental & Social Risk Dashboard:

A dedicated Environmental & Social Risk dashboard was developed and incorporated into the existing Non-Financial Risk dashboard. This provides a centralised platform for visualising and analysing climate risks alongside other non-financial risks, enabling better decision making.

3. Enhanced Third-Party Risk Assessment:

Third-Party Risk Assessment with Aravo Integration: The Group initiated a third-party risk assessment process, potentially linked to the Aravo platform. This assessment enables the Group to evaluate the environmental and social risks associated with its third-party relationships and suppliers, ensuring compliance with sustainability standards and regulatory requirements. climate risks alongside other non-financial risks, enabling better decision-making.

By closing key commitments, implementing advanced monitoring capabilities, and enhancing third-party risk assessment processes, the Group strengthened its resilience to climate-related risks and reinforced its position as a responsible and sustainable financial institution.

4. Capacity Building

In 2023, the Group made significant strides in enhancing its capacity to manage climate-related risks through a comprehensive approach to capacity building. With several commitments closed, the Group demonstrated its commitment to raising awareness, implementing tools, and providing training initiatives to support effective climate risk management.

Elevating Awareness:

SEE & ESG Education: The Group conducted comprehensive awareness sessions on Social, Economic & Environmental (SEE) principles and ESG targeting all staff, board members, and senior management. These sessions aimed to foster a deeper understanding of climate-related risks and opportunities and their implications for the Group.

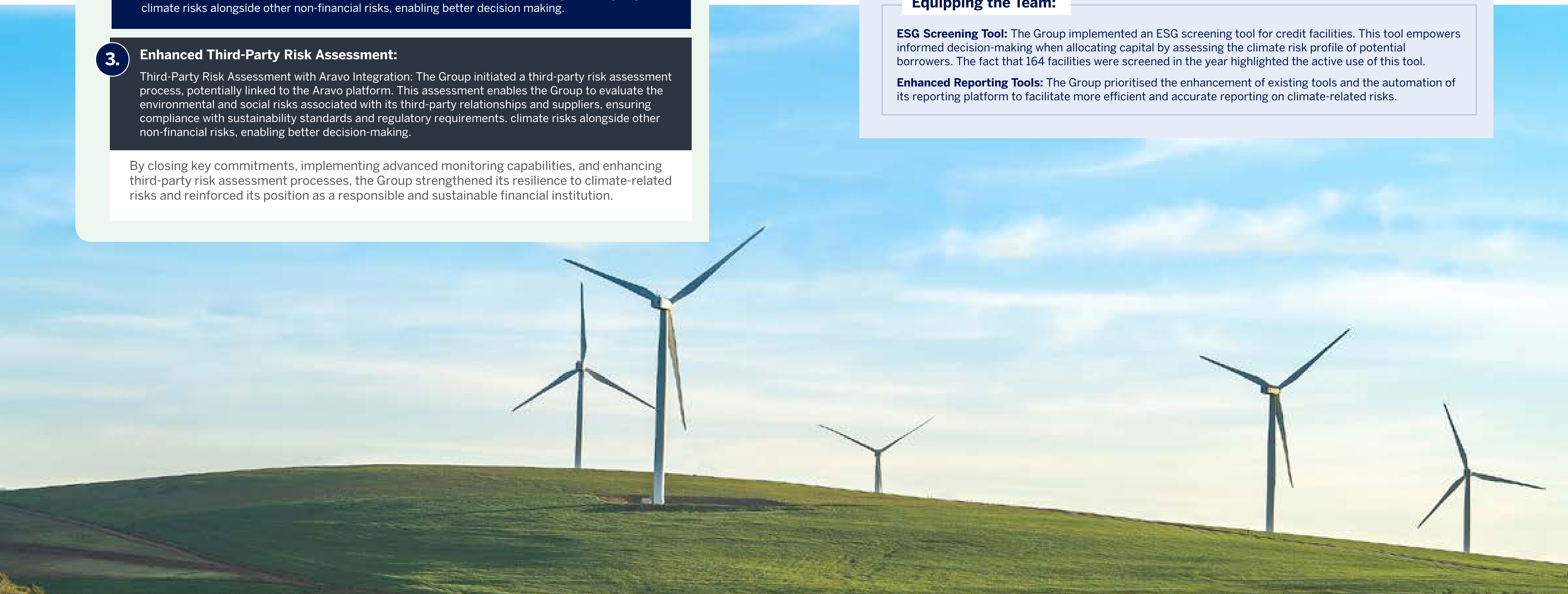
Cascading Knowledge:

Sustainable Finance Training & Campaign: The Group participated in the Kenya Bankers Association's Sustainable Finance Initiative training. Through this initiative, the Group strengthened its expertise in sustainable finance and climate risk management, aligning its practices with industry best practices and regulatory requirements.

Equipping the Team:

ESG Screening Tool: The Group implemented an ESG screening tool for credit facilities. This tool empowers informed decision-making when allocating capital by assessing the climate risk profile of potential borrowers. The fact that 164 facilities were screened in the year highlighted the active use of this tool.

Enhanced Reporting Tools: The Group prioritised the enhancement of existing tools and the automation of its reporting platform to facilitate more efficient and accurate reporting on climate-related risks.



5. Reporting & Disclosures

The Group made significant strides in enhancing its reporting and disclosure practices, particularly in the area of climate-related risk management throughout 2023.

1. Sustainability Reporting with Climate Focus:

Integrated Annual Report (IAR) Issued: The Group published its 2023 Integrated Annual Report, providing stakeholders with comprehensive insights into the Group's financial performance, sustainability initiatives, and climate-related risk management efforts. The report serves as a key platform for transparent communication and disclosure of the Group's climate-related risks and opportunities.

Sustainability Report with Climate Disclosures Issued: The Group has accelerated its sustainability disclosures in recent years starting with a Report to Society and transitioning to its first-ever Sustainability Report in September 2023, which included dedicated disclosures on climate-related risks and initiatives. By integrating climate disclosures into its sustainability reporting framework, the Group enhances transparency and accountability, demonstrating its commitment to addressing environmental challenges and promoting sustainable practices.

2. Regulatory Compliance and Industry Engagement:

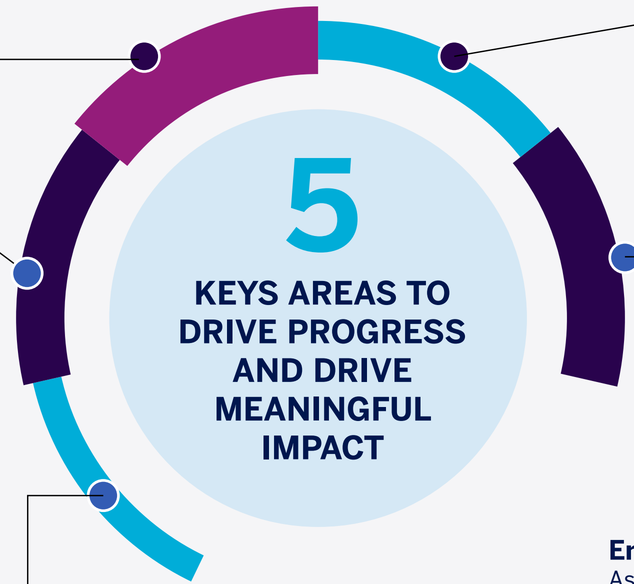
CBK Disclosures Completed: The Group successfully fulfilled the Central Bank of Kenya's (CBK) disclosure requirements by the deadline of June 30, 2023. These disclosures align with CBK guidelines and provide regulators, investors, and other stakeholders with essential information on the Group's climate-related risk exposure and management strategies. These disclosures also align largely with the guidelines of the taskforce on climate-related financial disclosures.

Ongoing Engagement with Industry Players: The Group maintained active engagement with industry players like the Capital Markets Authority, Nairobi Securities Exchange, Insurance Regulatory Authority, and Kenya Bankers Association. This collaboration is crucial for promoting consistent and effective climate-related disclosures across the financial sector.

By issuing comprehensive reports, adhering to regulatory requirements, and actively engaging with industry stakeholders, Stanbic continued on its ambition to align with both international and national regulatory requirements for climate-risk disclosures as well as positioning itself as a leader in climate transparency in the industry.

OUTLOOK FOR 2024

Looking ahead, the Group remains steadfast in its commitment to enhancing its climate risk management framework and further embedding sustainability principles into its operations. Building on the foundation laid in 2023, the Group will focus on several key areas to drive progress and drive meaningful impact:



Closing Capacity Building Commitments: The Group will prioritise efforts to address the remaining gaps in capacity building, including completing ongoing training initiatives, enhancing awareness campaigns, and further refining its tools and processes to effectively manage climate-related risks.

Strengthening Disclosures: In response to the ever-evolving landscape of climate-risk-related disclosures, the Group will continue to enhance the transparency and comprehensiveness of its reporting practices. This includes aligning with emerging standards and frameworks, expanding the scope of its disclosures, and integrating climate-related metrics into its reporting mechanisms.

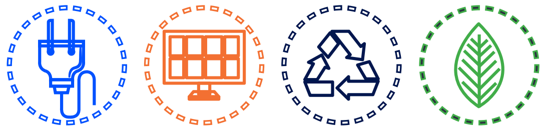
Enhancing Collaboration and Partnerships: The Group recognizes the importance of collaboration and partnerships in driving collective action on climate resilience. In 2024, the Group will seek to deepen its engagement with industry stakeholders, regulators, and community partners to foster knowledge sharing, innovation, and coordinated efforts to address climate-related challenges.

Embracing Innovation: As the climate risk landscape continues to evolve, the Group will embrace innovation and technology to enhance its capabilities in climate risk management. This includes leveraging data analytics, Artificial Intelligence and other advanced technologies to improve risk assessment, scenario analysis, and decision-making processes.

Embedding Climate Resilience in Strategy: Climate resilience will remain a key priority in the Group's strategic decision-making processes. The Group will work to integrate climate considerations into its business strategy, investment decisions, and risk management frameworks to ensure that it is well-positioned to navigate the transition to a low-carbon and climate-resilient economy.

06

FUTURE OUTLOOK



2024 AND BEYOND

As we reflect on our journey towards sustainability and look ahead to the future, **Stanbic Group is filled with optimism and determination.** The initiatives undertaken in 2023, coupled with the progress made over the last three years in integrating Environmental, Social, and Governance (ESG) strategies across our business, have laid a solid foundation for our continued success.

As we move forward, our commitment to effectively managing ESG risks remains unwavering. We understand that these risks are not only critical to our business but also essential for delivering positive impact to society and the planet. Therefore, prioritizing ESG considerations will continue to be a key focus area as we accelerate our efforts to fulfill our purpose and drive sustainable growth.

In the years ahead, sustainability will be at the core of our One Stanbic strategy (2024-2026). We are dedicated to integrating ESG principles into every aspect of our operations, embedding good governance practices, and ensuring that sustainability remains a guiding principle in all our endeavors.

Central to our approach is the recognition that employee engagement is fundamental to our success in sustainable development and environmental stewardship. We understand the importance of fostering a culture of active participation and accountability among our staff members as we work towards our sustainability goals.

Moreover, effective stakeholder engagement is paramount to achieving our purpose and strengthening Stanbic's legitimacy and social license to operate.

We are committed to fostering transparency, fairness, and open communication with all our stakeholders, as we believe that their input and support are invaluable in our journey towards sustainability.

As we strive to maximize our positive impact, we will deepen our partnerships and collaborations with like-minded organizations and stakeholders. By working together, we can leverage our collective strengths and resources to achieve our sustainability objectives and build the Bank of the future.

In conclusion, our commitment to sustainability is steadfast, and our vision for the future is clear. We are confident that **by staying true to our values and purpose, and by working collaboratively with our stakeholders**, we can create a better, more sustainable world for generations to come.

Our Sustainability Commitments

2024-2026 STRATEGY

Sustainability will be a core pillar of our One Stanbic strategy for the coming years

ESG Integration and Risk Management: Effectively managing ESG risks remains a top priority. We will continuously enhance our ESG integration efforts, ensuring these principles are embedded in every aspect of our decision-making and business practices. This includes proactively monitoring and addressing climate-related risks that impact our operations and the communities we serve.

One Stanbic Strategy (2024-2026): Sustainability will be a core pillar of our One Stanbic strategy for the coming years. This strategy will guide our continued integration of ESG considerations and best practices for responsible business conduct.

Employee Engagement: We recognize the critical role our employees play in achieving sustainability goals. We are committed to fostering a culture of environmental stewardship and active participation in our sustainability initiatives.

Stakeholder Engagement: We acknowledge the importance of open and transparent communication with all our stakeholders. We will strengthen our stakeholder engagement efforts, fostering closer collaboration and building trust to ensure our long-term legitimacy and social license to operate.

Strategic Partnerships: Deepening partnerships with key stakeholders will be crucial in maximizing our positive impact. We will actively seek collaborations that accelerate progress towards achieving our sustainability goals and building the Bank of the future.

Board Oversight of ESG
The Board shall continue to focus on the embedment of ESG strategies and policies while enhancing oversight and stakeholder engagement.

GRI CHECKLIST

GRI STANDARD	DISCLOSURE CLOSURE	LOCATION
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p.2,3 and 37 of the 2023 Stanbic Holding Plc Annual Integrated Report
	201-2 Financial implications and other risks and opportunities due to climate change	Still to be determined
	201-3 Defined benefit plan obligations and other retirement plans	Not reported
	201-4 Financial assistance received from government	N/A
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	N/A
	202-2 Proportion of senior management hired from the local community	100% Local, p.20- 21 of the 2023 Stanbic Holding Plc Annual Integrated Report
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	p.63 - 65
	203-2 Significant indirect economic impacts	p.58 - 65, 68-71
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not reported
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Not reported
	205-2 Communication and training about anti-corruption policies and procedures	Not reported
	205-3 Confirmed incidents of corruption and actions taken	Not reported
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not reported
GRI 207: Tax 2019	207-1 Approach to tax	p.94
	207-2 Tax governance, control, and risk management	Not reported
	207-3 Stakeholder engagement and management of concerns related to tax	Not reported
	207-4 Country-by-country reporting	Not reported
GRI 301: Materials 2016	301-1 Materials used by weight or volume	N/A
	301-2 Recycled input materials used	p.67
	301-3 Reclaimed products and their packaging materials	N/A
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p.67
	302-2 Energy consumption outside of the organization	Not reported
	302-3 Energy intensity	N/A
	302-4 Reduction of energy consumption	p.67
	302-5 Reductions in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p.67
	303-2 Management of water discharge-related impacts	N/A
	303-3 Water withdrawal	N/A
	303-4 Water discharge	N/A
	303-5 Water consumption	p.90 of the 2023 Stanbic Holding Plc Annual Integrated Report

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GRI STANDARD	DISCLOSURE CLOSURE	LOCATION
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impacts of activities, products and services on biodiversity	Not reported
	304-3 Habitats protected or restored	p.102 of the 2023 Stanbic Holding Plc Annual Integrated Report
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions 2016	306-1 Waste generation and significant waste-related impacts	N/A
	306-2 Management of significant waste-related impacts	N/A
	306-3 Waste generated	N/A
	306-4 Waste diverted from disposal	N/A
	306-5 Waste directed to disposal	Not available
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not reported
	308-2 Negative environmental impacts in the supply chain and actions taken	Not reported
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p.14
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.81 - 86 of the 2023 Stanbic Holding Plc Annual Integrated Report
	401-3 Parental leave	N/A
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not reported
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	N/A
	403-2 Hazard identification, risk assessment, and incident investigation	N/A
	403-3 Occupational health services	p.85 of the 2023 Stanbic Holding Plc Annual Integrated Report
	403-4 Worker participation, consultation, and communication on occupational health and safety	N/A
	403-5 Worker training on occupational health and safety	Not reported
	403-6 Promotion of worker health	p.85 of the 2023 Stanbic Holding Plc Annual Integrated Report
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not reported
	403-8 Workers covered by an occupational health and safety management system	Not reported
	403-9 Work-related injuries	Not reported
	403-10 Work-related ill health	Not reported
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pg.84 of the 2023 Stanbic Holding Plc Annual Integrated Report
	404-2 Programs for upgrading employee skills and transition assistance programs	pg.83 of the 2023 Stanbic Holding Plc Annual Integrated Report
	404-3 Percentage of employees receiving regular performance and career development reviews	Not Reported

GRI STANDARD	DISCLOSURE CLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p.14
	405-2 Ratio of basic salary and remuneration of women to men	Not reported
GRI 406 Nondiscrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Not reported
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not reported
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	p.56- 76
	413-2 Operations with significant actual and potential negative impacts on local communities	p.56- 76
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not reported
	414-2 Negative social impacts in the supply chain and actions taken	Not reported
GRI 415: Public Policy 2016	415-1 Political contributions	Not reported
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p.18- 21
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not reported
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	p.18
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not reported
	417-3 Incidents of non-compliance concerning marketing communications	Not reported
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not reported