KENYA BANKERS
ASSOCIATION

Kenya Sustainable Finance Guiding Principles

International
Finance Corporation
WORLD BANK GROUP

IFC

Creating Markets, Creating Opportunities

Sfi
economic.
social.
environment.
Sustainable
Finance Initiative

Table of **Contents**

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FOREWORD

WE ARE PROUD TO UNVEIL the revamped ***Sustainable Finance Principles and Guidelines.*** Anchored on global best practice standards, the Principles will continue to provide the banking industry with a roadmap towards maintaining and creating long-term value for the environment, economy, and society.

In so doing, the industry is reaffirming its priorities, that besides its role in maintaining shareholder value, it is also concerned with other challenges such as climate change, nature risk, environmental degradation and social exclusion that have the potential to undermine sustainable economic growth.

The revamped Principles bring on board new dimensions that will further enhance banks offering towards advancing Sustainable Development of the country. Indeed, we recognize that Kenya's financial services sector is bank-led. The banking industry is stable and growing, as well as sophisticated and diverse in terms of service offerings. This makes the industry a critical player towards supporting the country's quest in transitioning towards a green and inclusive economy. The revamped Sustainable Finance Guiding Principles is reflecting this ambition and is in line with emerging needs that mainstream a recognition of environmental considerations alongside social and governance practices while promoting transparency and disclosure.

We are proud that over the years, KBA has successfully entrenched the Principles in banks' mode of operations and lending practices. We are committed to build the industry's capacity in adopting the revamped Principles and appreciate International Finance Corporation (IFC) for their technical and funding support towards this exercise.

Raimond Molenje,
Ag CEO, Kenya Bankers Association.

CHAPTER 1: INTRODUCTION

IN 2015, THE KENYA BANKERS ASSOCIATION (KBA) established the Sustainable Finance Initiative (SFI), an industry working group tasked with the development of a set of sustainable finance principles and associated guidelines. The goal was to promote the environmental and social responsibilities of banks in the context of their economic priorities and financial objectives.

Since then, the Kenya Sustainable Finance Principles and Guidelines have become a cornerstone of the country's effort to integrate sustainable development in financial decisions. Through training and capacity building activities led by KBA, nearly all members of the association have integrated the principles in their day-to-day activities.

"KBA wants to maintain its leadership in sustainable finance, and to growing expectations that the financial sector should play a key role in the transition to sustainable development."

Our early leadership has also spurred similar efforts in countries around the world and the emergence of new standards on the responsibility and the role of banks in promoting sustainable development. The last few years we have witnessed a proliferation of sustainable finance frameworks, guidelines and standards for sustainable finance at the local, regional and global levels.

This update to the principles is a response to the Kenyan Banking sector's ambition to maintain its leadership in sustainable finance, and to growing expectations that the financial sector should play a key role in the transition to sustainable development. It also coincides with a new urgency around climate change and global inequalities and a widening gap in the finance resources needed for sustainable development, especially in emerging markets.

"Now is the time to take stock of where we are relative to our peers in other countries and also learn from our own experience in implementing the principles since 2015."

Our goal is to build upon the leadership of the Kenyan banking sector and adopt some of the best practices that have been developed since by other countries and private sector initiatives and make sure that the Kenyan banking sector remain at forefront of global efforts to transition to sustainable economies and financial markets.

This update was prepared in consultation with a working group of KBA member and with the technical assistance of the International Finance Corporation (IFC), to integrate the experience of Kenyan Banks that have adopted the principles and worked integrate best practices in their activities, and to reflect developments in international standards and regulation.

In updating the principal, great care was taken to build upon the existing structure of the principles while adding essential new elements, including transparency and disclosure and a strong management and governance of sustainability impacts, especially in the loan portfolio.

Just as we did for the first iteration of the principles, KBA will develop training and capacity building activities to make sure that the entire banking sector progresses with this evolution of the principles.

section header

CHAPTER 2

DEFINING SUSTAINABILITY FROM A FINANCIAL SECTOR PERSPECTIVE

THE PROCESS OF DEVELOPING THESE PRINCIPLES and building industrywide capacity is motivated by the Kenyan banking sector's recognition of its vital role in securing a sustainable future for Kenya and the entire East African Community. Recognizing the urgency of climate change, environmental degradation, nature loss, social exclusion, and resource scarcity, this initiative aims to foster a more resilient and competitive financial system for long-term regional prosperity.

These principles demonstrate a commitment to exploring and adopting sustainable practices that transform the financial sector into a catalyst for positive change. This includes building a future-proof financial system capable of managing risks associated with unsustainable practices, capitalizing on transformative sustainable finance opportunities, and upholding its core responsibilities of deepening financial inclusion and contributing to inclusive economic growth.

The principles translate Kenya's main sustainability goals for the financial sector, including Kenya Vision 2030 and the Sustainable Development Goals, its Nationally Determined Contribution to the Paris Agreement and its commitment to a just transition.

<u>Sustainable Finance:</u> Creating and Maintaining Long-Term Value for the Firm, the Society, the Environment, and Future Generations

Defining Sustainable Finance was driven by the ambition to harmonize the varied interpretations of 'sustainability' from a financier's perspective. Within the framework of the Sustainable Finance Principles, 'sustainability' is primarily understood as social and environmental sustainability, with economic sustainability also included where it overlaps with social and environmental objectives.

The Brundtland Commission defined sustainable development (sustainability) as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'

Environmental sustainability is the practice of managing resources and the environment for present and future generations, encompassing climate change, nature loss, and minimizing environmental impact, following the Paris Agreement and as highlighted by frameworks like the IFC Performance Standards, the Taskforce on Climate-related Financial Disclosure (TCFD), the Taskforce on Nature-related Financial Disclosure (TNFD) and IFRS Sustainability- and Climate-related Disclosure Standards

From the perspective of corporations and financial institutions, the International Sustainability Standards Board (ISSB) defines 'sustainability' as "the ability FOR A COMPANY TO SUSTAINABLY MAINTAIN RESOURCES AND RELATIONSHIPS WITH AND MANAGE ITS DEPENDENCIES and impacts within its whole business ecosystem over the short, medium, and long term."

Sustainability is a condition for a company to access, over time, the resources and relationships needed (such as financial, human, and natural), to ensure their proper preservation, development, and regeneration, to achieve its goals. Financial institutions manage sustainability by evaluating risks and impacts related to sustainability and directing capital towards activities and assets that create environmental, social and economic value.

> *Sustainable development (sustainability) is the 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'*

CHAPTER 3

ALIGNING WITH GLOBAL BEST PRACTICE AND LOCAL STANDARDS

THE SFI WORKING GROUP, in its mandate to develop sustainable finance principles and guidelines tailored to both Kenyan and regional needs, has utilized insights from earlier efforts in other jurisdictions and international best practices. The goal was to establish principles that encompass all dimensions of sustainability while also aligning with the risk management policies and practices of individual financial institutions.

Additionally, there was a strong focus on harmonizing the resulting guidelines with global standards as much as possible. This approach aims to enhance the competitiveness of KBA members, enabling them to operate on equal footing with international peers who have already embraced sustainable finance practices.

Sustainable Development Priorities

- Agenda 2063: The Africa We Want. African Union.
- Kenya Vision 2030.
- Kenya's Updated Nationally Determined Contribution (NDC), 16th February 2021
- The 2030 Agenda for Sustainable Development.
- Second Voluntary National Review on the Implementation of the Sustainable Development Goals, July 2020, Republic of Kenya`
- Paris Agreement to the United Nations Framework Convention on Climate Change, Dec. 12, 2015

Sustainable Banking Principles

- Equator Principles
- Nigeria Sustainable Banking Principles
- Principles for Responsible Banking - UNEP Finance Initiative

Sustainable Finance Frameworks

International

- IFC Environmental and Social Performance Standards
- IFC Corporate Governance Methodology
- SBFN Measurement Framework
- The Principles for Responsible Investment (PRI)
- The Principles for Responsible Banking (PRB)
- EU Taxonomy for Sustainable Activities
- Climate Bond Taxonomy, CBI
- Green, Social, Sustainability and Sustainability-linked Bond Principles, International Capital Markets Authority (ICMA)
- Green, Social, Sustainability and Sustainability-linked Loan Principles, Loan Syndications and Trading Association (LSTA)

There was a strong focus on harmonizing the resulting guidelines with global standards as much as possible so as to enhance the competitiveness of KBA members.

Best Practice and Local Standards: Kenya

- Sector Plan for the Blue Economy, Republic of Kenya, 2018.
- Green Bond Guidelines Background Document, 2019, Kenya Bankers' Association
- Green Bond Market Issuers Guide, 2019, Nairobi Securities Exchange
- Policy Guidance Note on Green Bonds, 2019, Capital Market Authority of Kenya
- Green Bonds Training Material, 2018, Kenya National Treasury
- Green Economy Strategy and Implementation Plan 2016 – 2030, Kenya, August 2016
- Draft National Green Fiscal Incentives Policy Framework, National Treasury, 2022
- Draft Green Taxonomy for the Financial Sector, supporting investment aligned with the Paris Climate Agreement, Central Bank of Kenya and the European Investment Bank

Best Practice and Local Standards

Risk Management Frameworks

Governance Frameworks

Reporting Frameworks

Risk Management Frameworks

- International Labour Standards, International Labour Organization (ILO)
- Guidance on Climate-Related Risk Management, Central Bank of Kenya
- Principles for the effective management and supervision of climate-related financial risks, Basel Committee for Banking Supervision

Governance Frameworks

- UN Global Compact Principles
- Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015, Kenyan Capital Markets Authority

Reporting Frameworks

- Global Reporting Initiative (GRI)
- Taskforce for Climate-related Financial Disclosure (TCFD)
- Taskforce for Nature-related Financial Disclosure (TNFD)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, International Sustainability Standards Board (ISSB)
- IFRS S2 Climate-related Disclosures, International Sustainability Standards Board (ISSB)
- EU Corporate Sustainability Reporting Directive (CSRD)
- SASB Sustainability Accounting Standards for Standards for Banks
- Final Draft ESG Disclosure Requirements, European Banking Association (EBA)
- Nairobi Securities Exchange ESG Disclosures Guidance Manual

The Sustainable Finance Initiative (SFI) will focus on three main priorities.

Equip the financial services sector with the **tools necessary for optimal performance** in comprehensive risk management.

Enhance **best business practices, leadership, and governance** by engaging in capacity building at the board and senior management levels.

Promote industry growth and development by fostering a culture of innovation and inclusivity, supported by new technology.

CHAPTER 4

SUSTAINABLE FINANCE INITIATIVE – PRIORITIES

THE SUSTAINABLE FINANCE INITIATIVE (SFI) will focus on three main priorities. First, it aims to equip the financial services sector with the tools necessary for optimal performance in comprehensive risk management. Second, it seeks to enhance best business practices, leadership, and governance by engaging in capacity building at the board and senior management levels. Lastly, it will promote industry growth and development by fostering a culture of innovation and inclusivity, supported by new technology, and a proactive allocation of capital towards sustainable development.

These priorities were defined by the SFI Working Group banks and adopted as the core thematic areas of focus for the SFI.

section header

1. Comprehensive Risk Management

While responsibly using capital to create economic value and deliver returns to shareholders, sector players should also effectively manage and mitigate economic and sustainability related risks in both the short and long term.

Economic Risk: As custodians of capital, anticipating and responding to the impact of macroeconomic conditions, including fiscal and monetary policy, government regulation and political stability, is core to the viability of the institution as well as the stability of the financial system. Institutions should therefore seek to ensure that they are best equipped to respond to economic risks while considering the interdependence of economic stability with social and environmental well-being.

Sustainability-related Risk: Recognizing that the financial services sector impacts and is also impacted by social and environmental factors, and that the impact is both direct in their operations and indirect through their loan portfolio, financial institutions should use policies and risk assessment procedures to mitigate and adapt to social and environmental risks – including climate transition and physical risks -- associated with their financing activities, as well as their operations and supply chains.

2. Business Practice, Leadership & Governance

Board Roles & Responsibilities: Ethical practices and conduct, underpinned by corporate values, form the foundation of any financial services firm. Thus, it is the duty of the leadership—primarily the Board and Chief Executive Officer—to set the tone and actively ensure that business practices are ethical and comply with established regulatory and corporate governance requirements. Furthermore, leadership should strive to make the business resilient to economic and sustainability related risks and integrate sustainability into the strategic planning and decision-making process.

Best Practice: Organizations that openly communicate their core values and priorities and incorporate them through formal commitment and generally operate more effectively. Therefore, it is recommended that institutions adopt this best practice within their policies and procedures.

Comprehensive reporting is another crucial best practice. As firms improve their reporting policies and procedures, they should also disclose both the positive and negative sustainability impacts of their operations and financing activities.

3. Growth through Financial Inclusion, Innovation & Technology

Competition within the financial sector and from other industries is pushing financial service providers to continually innovate and utilize both existing and emerging technologies. This innovation aims to meet and anticipate the dynamic needs of the market. Efforts include expanding access to financial services for green and sustainable business activities, small and medium-sized businesses, and underserved segments of the population. They also include the use of data technology to enhance disclosure and transparency by banks and their clients.

Given that product and process innovation are key to industry growth and development, firms and the industry should foster a culture of innovation and inclusivity. This can be achieved through the adoption of new technologies and financial inclusion strategies, including product accessibility, design and affordability as well as financial literacy training and by ensuring financial service providers' policies, processes, and products do not exclude underserved segments of the population, including small and medium-sized businesses.

CHAPTER 5

SUSTAINABLE FINANCE PRINCIPLES AND BEST PRACTICES

THE SFI GUIDING PRINCIPLES HELP financial institutions balance their business goals with the economy's future priorities and socio-environmental concerns. These principles are consistent with international best practices and the financial sector's goals for managing environmental and social risks. Developed in collaboration with the banking sector, the principles guide financial institutions in adopting and integrating sustainable practices into their daily operations, providing a strong case for sustainable banking in Kenya and the region.

While the SFI Guiding Principles establish the philosophy and expectations for sustainability and sustainable finance in the financial services sector, the SFI Best Practice Standards are designed to help Boards and Management implement the principles effectively.

These procedures outline specific actions required from various bank personnel to ensure alignment with the SFI Guiding Principles. They provide a detailed list of steps and procedure, assigning responsibilities and clarifying objectives for each required action.

section header

Principle 1. Financial Returns versus Sustainable Economic Viability

Financial institutions should recognize that true financial viability depends upon sustainable economic development that safeguards the environment and promotes social well-being. Therefore, they should seek to balance financial returns and sustainable economic development. This means factoring in long-term economic development and resilience, responsible environmental stewardship, and social equity in their financing activities. Policies, strategy, risk management, and governance should reflect this integrated approach, with transparent reporting on impacts.

Banks, as financial intermediaries, are essential in promoting economic prosperity and stability, financing sustainable development, and integrating sustainability considerations in financial, and risk management frameworks.

Recommended Practices

Firm-wide integration. Financial institutions should seek to integrate sustainable economic viability at all decision-making levels. This includes embedding sustainability metrics alongside financial targets in long-term strategic priorities and business development plans, establishing board oversight to assess long-term economic resilience, environmental impacts, and social equity implications of strategic decisions. Financial institutions should also seek to adopt a formal process to evaluate how financing activities contribute to (or potentially detract from) the institution's sustainable economic viability goals, including through credit analysis, decision making process and monitoring in all financing activities.

Commitment at the top. The board of directors and management should seek to demonstrate their commitment to long-term economic and social development. This includes aligning financing and investing in activities and operations with national, regional and global sustainable development priorities, considering each bank's operating context and mandate. This includes financial inclusion, human rights, climate change mitigation and adaptation, and the protection of nature and biodiversity.

Strategic planning. The board of directors and management should seek to integrate economic, social, and environmental dimensions in the organization's vision, mission, strategic objectives and long-term direction. This includes embedding sustainability in strategy development and strategic planning processes, explicitly addressing the potential environmental and social impacts of lending, investment, operational, and supply chain activities.

Business environment. To ensure sustainable economic viability, banks should seek to establish a formal process to analyse the investment climate. This includes regular monitoring of macroeconomic projections, relevant policies (fiscal, monetary, climate, environmental, social), and climate change risks (physical and transition). Additionally, the analysis should specifically consider the risks, opportunities, and scenarios associated with long-term economic changes due to climate change and other sustainability priorities.

Business model. Financial institutions should seek to proactively assess and integrate the impacts of climate change, biodiversity loss, and other sustainability risks and opportunities into their business strategies and risk management frameworks, as is material to their business. This includes considering the potential for structural changes in the economy, financial system, and competitive landscape.

Scenario analysis. Financial institutions should utilize the results of scenario analysis to inform strategic decision-making and enhance the resilience of their business models to climate, nature, and sustainability risks. This includes identifying potential vulnerabilities, developing mitigation strategies, and adapting business models to thrive in a changing environment.

Financial impact. Financial institutions should seek to assess the impact of sustainability-related risks and opportunities on their financial planning, investments, access to finance, cost of capital, financial position, financial performance, and cash flows. This assessment should be integrated into the institution's overall risk management framework and strategic decision-making processes.

Metrics and targets. Financial institutions should seek to develop and implement a comprehensive set of measurable metrics and targets that are aligned with their overall sustainability strategy and enable effective management and monitoring of sustainability-related risks and opportunities.

Market level playing field. Banks should seek to actively collaborate with peers, companies, stakeholders, and regulators to promote market-level best practices and create a level playing field for sustainable finance and business. This includes developing standardized tools, metrics, and frameworks to assess sustainability practices, including financed emissions. Additionally, banks should seek to incentivize sustainability reporting and transparency by companies and SMEs, facilitating a better understanding of overall sustainability of their portfolio.

Resources-Kenya

Kenya's Updated Nationally Determined Contribution, 16th February 2021 (NDC)
Kenya's Second Voluntary National Review on the Implementation of the Sustainable Development Goals, June 2020.
Kenya Vision 2030

Resources-International

Principles for Responsible Banking - UNEP Finance Initiative
Partnerships for Carbon Accounting Financials (PCAF)
Green House Gas Protocol

section header

Financial inclusion will look at, among others, expanding access to financial services and enhancing financial literacy, particularly in underserved population segments, to foster community development and empowerment.

Principle 2: Growth through Financial Inclusion & Innovation

Financial sector players should aim to expand and improve their services within existing markets and venture into new, economically viable markets to promote financial deepening, leveraging both existing and emerging technologies. This includes expanding access to financial services and enhancing financial literacy, particularly in underserved population segments, to foster community development and empowerment. It also includes developing financial products and solutions that support economic activities aligned with sustainable development priorities, including activities required to transition to more sustainable practices (transition finance).

By strategically leveraging innovation and technology, and allocating capital towards sustainable development, financial institutions catalyse sustainable growth and inclusion, providing access to financial services for underserved and excluded segments of the population and supporting activities that align with sustainable development priorities.

Recommended Practices

FINANCIAL ACCESS AND INCLUSIVENESS

Inclusion strategy. Financial institutions should seek to establish financial inclusion strategies, including access and inclusiveness, product suitability and affordability, and financial literacy and education programs targeting existing and potential customers – especially underserved and excluded segments of the population. Financial institutions should also ensure that policies, strategies, governance, and processes are not exclusionary or lead to exclusion of vulnerable/ marginalized segment or population, including micro, small and medium-sized enterprises (MSMEs).

Innovative products. As part of the strategic planning process, management should seek to identify and prioritize the development of innovative and competitive products and services that target segments with economic potential, including micro, small and medium-sized enterprises, agriculture, women-owned micro businesses, the elderly, people with disability (PWDs), the youth and any other marginalized segments of the population.

Collective action. Management and the board of directors should seek to actively collaborate with other financial institutions, technology companies, and relevant stakeholders to leverage innovation and technology for the development of inclusive financial products and services that meet the needs of segments of the population and contribute to broader sustainable development goals.

Financial institutions should also ensure that policies, strategies, governance, and processes are not exclusionary

FINANCIAL SUSTAINABILITY

Business development. Business development strategies should seek to prioritize job creation in underserved communities and high-potential sectors (including agriculture, forestry, energy, transportation, and tourism), leverage new technologies to boost efficiency and drive financial inclusion, and introduce new business lines and products aligned with broader environmental and social sustainability goals (for examples green leasing, green lending and green bonds).

Capital allocation. Financial institutions should seek to actively allocate capital towards key sectors and activities that drive both sustainable economic growth and financial inclusion, following the national policy priorities including the Green Economy Strategy and Implementation Plan 2016 – 2030 the Draft National Green Fiscal Incentives Policy Framework, The Draft National Green Fiscal Incentives Policy Framework sets out green fiscal policy actions in the following 11 sectors: Disaster risk management; water and the blue economy; health and sanitation; agriculture; food and nutritional security; forestry; wildlife and tourism; human settlement and infrastructure; electricity; clean cooking; manufacturing; transport; waste management. Source: Draft National Green Fiscal Incentives Policy Framework, National Treasury, December 2022.], the Draft Green Taxonomy for the Financial Sector and sectors identified in the country's National Determined Contribution.

Taxonomy alignment. In their efforts to attract capital from international investors, financial institutions should seek to classify their loan portfolios and investments using the Kenya Green Finance Taxonomy and publicly disclose the total amount and proportion of green and sustainable finance backed by a verifiable data and system of reporting.

FINANCING INNOVATION

Sustainable finance standards. Financial institutions should seek to adhere to national and international sustainable finance standards and guidelines, including frameworks set by the Kenya National Treasury, the Capital Markets Authority, the Nairobi Stock Exchange, the International Capital Market Authority (ICMA), the Climate Bond Initiative (CBI), and the Loan Syndications and Trading Association (LTSA). Key practices involve identifying use-of-proceeds, setting ambitious sustainability targets, and establishing robust processes for project selection, proceeds management, target calibration, and transparent verification and reporting.

Sustainable finance products. Financial institutions should seek to introduce sustainable finance instruments designed to encourage customers to adopt sustainable and environmentally friendly technologies and practices, including commercial financing dedicated to supporting green, social, or sustainable activities, such as use-of-proceed loans, or offer loans with interest rates that adjust based on verified sustainability performance metrics (sustainability-linked loans).

Raising capital for sustainable finance. Financial institutions should seek to raise capital that is specifically dedicated to improving financial inclusion and finance sustainable activities, either through use-of-proceed or sustainability-linked loans and bonds.

Resources: Financial Inclusion

1. Sharm El Sheikh Accord on Inclusive Green Finance, Alliance for Financial Inclusion (AFI), 2022
2. Denarau Action Plan on Gender Inclusive Finance, Alliance for Financial Inclusion (AFI), 2022
3. Sustainability Accounting Standards Board (SASB) Standards
4. Social, Environmental and Financial in Synch, An Integrated Framework for Better Outcomes, UN Capital Development Fund
5. Kenya Banking Sector Charter, Central Bank of Kenya, March 2019

Resources: Sustainable Finance (Kenya)

1. Green Bond Guidelines Background Document, 2019, Kenya Bankers' Association
2. Green Bond Market Issuers Guide, 2019, Nairobi Securities Exchange
3. Policy Guidance Note on Green Bonds, 2019, Capital Market Authority of Kenya
4. Green Bonds Training Material, 2018, Kenya National Treasury
5. Green Economy Strategy and Implementation Plan 2016 – 2030, Kenya, August 2016
6. Draft National Green Fiscal Incentives Policy Framework, National Treasury, 2022
7. Draft Green Taxonomy for the Financial Sector, supporting investment aligned with the Paris Climate Agreement, Central Bank of Kenya and the European Investment Bank

Resources: Sustainable Finance (International)

1. Guidelines for a just transition towards environmentally sustainable economies and societies for all, International Labour Organization, 2015
2. Green, Social, Sustainability and Sustainability-linked Bond Principles, International Capital Markets Authority (ICMA)
3. Green, Social, Sustainability and Sustainability-linked Loan Principles, Loan Syndications and Trading Association (LSTA)
4. EU and other regional taxonomies
5. EU taxonomy for sustainable activities, European Commission
6. South African Green Finance Taxonomy
7. Climate Bond Taxonomy, Climate Bond Initiative
8. Final Draft ESG Disclosure Requirements, European Banking Association (EBA)

Principle 3: Managing Sustainability Risks and Impact in Lending and Investment

Financial institutions have a fiduciary duty to manage all material risks, including those stemming from climate, environmental and social factors. They should establish environmental and social management systems (ESMS) to proactively identify, assess, and manage these risks across their entire lending and investment portfolio—not just those classified as 'green' or 'sustainable'. This includes identifying exposure to high-risk sectors, companies with poor sustainability records, and potential for long-term economic disruptions associated with sustainability challenges. It also includes client engagement, effective policies, internal technical expertise, robust due diligence, thorough risk assessments, audit and reporting on how these risks impact their overall risk profile.

Economic development is inextricably linked with social, humanitarian, and environmental concerns. These concerns pose material risks to financial institutions, their long-term financial stability and resilience, even when perceived as indirect or secondary.

Recommended Practices

RISK GOVERNANCE

Three lines of defence. Financial institutions should seek to apply the Three Lines of Defence model to enhance risk governance, accountability, and overall effectiveness in managing sustainability related risks. This includes managing financial sustainability-related risks in the business units during client on-boarding (first line of defence), as part of risk management, monitoring, and assessment of business units (second line) and through independent internal audit of the effectiveness of first and second line of defence (third line).

Roles and responsibilities. Financial institutions should seek to establish clear environmental and social risk management roles and responsibilities, including a designated environmental and social specialist for larger institutions (Tier I and II) or shared environmental and social responsibilities for smaller ones (Tier III). These roles should be integrated into key decision points (e.g., client onboarding, transactions), lead internal capacity-building of personnel on sustainability risks, and be measured on their contribution to mitigating financial risks stemming from environmental and social factors.

> *Financial institutions should seek to establish clear environmental and social risk management roles and responsibilities*

RISK MANAGEMENT FRAMEWORK

Financial institutions should seek to integrate the process of assessing, mitigating, monitoring and reporting sustainability-related risks into their enterprise risk management framework.

- **Risk management.** Management of sustainability risks involves a comprehensive approach that includes setting internal limits within the risk appetite and tolerance framework of the Bank, along with materiality thresholds based on the potential impact of these risks on the Bank's operations, reputation, and financial performance.
- **Monitoring.** Risk monitoring should include the use of appropriately defined Key Risk Indicators (KRIs) for continuous risk assessment, complemented by periodic stress testing and scenario analysis to evaluate the potential impact of hypothetical adverse scenarios on the organization, for example how drought could adversely impact loans to companies in the agricultural sector.
- **Capital adequacy.** Sustainability-related risks should be integrated in capital and liquidity adequacy assessment processes, consistent with the internal capital adequacy assessment process (ICAAP) and the Prudential Guidelines of the Central Bank of Kenya.
- **Ensure financial inclusion.** Financial institutions should seek to ensure that risk management practices are proportionate and do not undermine financial inclusion strategies for underserved or excluded segments of the population, and efforts to enable clients to transition to a low carbon economy.

ESMS. Larger financial institutions (Tier I and II) should have an **Environmental and Social Risk Management System (ESMS),** while smaller institutions (Tier III) should seek to establish an ESMS. The ESMS framework should be developed, reviewed, and formally approved by the board of directors. The board's risk and audit committees will play a crucial role in overseeing the implementation of this framework, ensuring adherence to its requirements, and reporting material E&S risks to the board.

The ESMS framework should be integrated within the credit analysis and underwriting processes and include: (a) risk identification and categorization, (b) assessment, measurement and rating of risks, (c) benchmarking against standards, (d) defining mitigation measures, and (e) monitoring and assurance.

Client compliance. Financial institutions should seek to develop systems to monitor commercial clients' sustainability risks continuously and ensure they comply with local laws and international standards concerning environmental and social risks. This system should include comprehensive environmental and social due diligence to ensure compliance with environmental, social and governance (ESG) requirements specified in financing agreements and expand to consider impacts on indigenous peoples, cultural heritage, and protected environments. It also includes sustainability reporting and transparency by companies and SMEs, to facilitate a better understanding of overall sustainability of financial institutions' portfolio.

Corporate and project finance loans should include covenants to comply with environmental, social and governance regulations and standards.

Capacity building. During relationship management, financial institutions should seek to actively work with all commercial clients to evaluate and enhance their capacity for managing ESG risks, ensuring they receive the necessary information and support. Financial institutions should seek to engage with micro, small and medium enterprises (MSMEs) with measures appropriate with their scale and industries.

Grievance mechanisms. Financial institutions should seek to implement a grievance and dispute resolution mechanism managed by senior leadership to address and resolve concerns about the environmental and social impacts of financed activities. Significant disputes should be reported to the board of directors for oversight and further action.

Risk Assessment

- **Risk identification.** Risk identification should include an assessment of how sustainability risks transmit to the Bank's credit risk, market risk, liquidity, operational and reputational risks. Risk identification measures should encompass assessments of the portfolio's greenhouse gas (GHG) emissions profile, as well as an evaluation of the potential financial implications arising from climate change impacts on specific sectors or individual assets.
- **Risk assessment.** Risk assessment should include identifying sustainability risks during client onboarding, evaluating impacts of transactions, and monitoring performance through ongoing client engagement.

Risk assessment should identify specific risks within each industry and geography, assess exposure levels to these risks, and then analyse the concentrations of risks across these areas. This process includes evaluating how different sectors such as agriculture, electricity generation, extractive industries, forestry, industrial processes, tourism, transportation, and waste management and others are exposed to climate- and sustainability-related risks that may significantly impact their operations.

Risk assessment should consider how these risks can materialize over different time horizons, thereby informing targeted risk mitigation strategies and enhancing the Bank's resilience against potential impacts.

Resources

Kenya

- Guidance on Climate-Related Risk Management, Central Bank of Kenya
- Environmental Risk Exposure in the Kenyan Banking Sector, Kenya Bankers' Association, 2022
- Guidance Note on Internal Capital Adequacy Assessment Process, Central Bank of Kenya, November 2016
- Prudential Guidelines for Institutions Licensed Under The Banking Act, Central Bank of Kenya, January 2013
- The Environmental (Impact Assessment and Audit) Regulations, 2003.

International

- IFC Performance Standards and Guidance Note for Financial Institutions
- Principles for Responsible Banking, UNEP Finance Initiative
- Final Draft ESG Disclosure Requirements, European Banking Association (EBA)
- Principles for the effective management and supervision of climate-related financial risks, Basel Committee
- Taskforce for Climate-related Financial Disclosure (TCFD)
- Taskforce for Nature-related Financial Disclosure (TNFD)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, International Sustainability Standards Board (ISSB)
- Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework. United Nations, 2011
- Final Draft ESG Disclosure Requirements, European Banking Association (EBA)

section header

Best practice: Final Draft ESG Disclosure Requirements, European Banking Association

Examples of KPIs:

- Gross carrying amount of loans and advances, debt securities, and equity instruments provided to non-financial companies in defined sectors that highly contribute to climate change and to companies in carbon-related sectors (other than such investments in the institution's held-for-trading or held-for-sale portfolios).
- Loans collateralized by commercial and residential real estate and the energy efficiency of such collateral.
- Financed GHG emissions, i.e., scope 1, 2, and 3 emissions of the institution's counterparties, and the distance of those emissions to a Paris-aligned net-zero scenario; and
- Exposure in banking book to the top 20 carbon-intensive firms globally.

Best practice: HIPSO. Harmonized Indicators for Private Sector Organizations

For further insight into the measurement of sustainability impact in the portfolio, banks can take inspiration from metrics that are used by development finance institutions (DFIs) and impact investors to assess private-sector investments. These include the Harmonized Indicators for Private Sector Organizations developed by a consortium of DFIs and the Joint Impact Indicators for Gender, Jobs, and Climate developed by the IFC and the GIIN.

section header

Principle 4: Resource Scarcity, Operational Sustainability and Integrity

Financial institutions should seek to ensure productivity and efficient management of all resources—financial, natural, social, and human—in their own operational footprints and in the supply chain. This involves focusing on material sustainability issues relevant to the industry, such as environmental management, human resources, customer protection and responsible lending This includes actively promoting diversity, inclusivity, and stakeholder participation. They should also adhere to the highest ethical standards and responsible business practices to ensure transparency, fairness, and accountability in financial transactions.

Robust ethical practices and environmental and social responsibility are fundamental not only for compliance but also for cultivating long-standing trust and credibility with all stakeholders, including employees, customers, and the broader community.

Recommended Practices

Resource Efficiency

- **Banks should seek to establish a comprehensive process for monitoring and evaluating the efficiency of their operations**—including head offices, branches, and fleets—as well as their supply chain. This process should include third-party validation to ensure transparency and accuracy, focusing on improving resource efficiency and reducing energy usage, carbon emissions, and waste.
- **Management should seek to annually measure and report greenhouse gas (GHG) emissions** across the organization, including at the institutional level, within each business segment, and for branch and fleet operations, to identify areas for improved energy and resource efficiency

Employees

- **Treatment.** Management should seek to ensure compliance with laws, regulations and industry best practices around occupational health and safety, labour rights, as well as accessibility for persons with disabilities.
- **Diversity.** Management should seek to promote diversity and inclusion, including creating an enabling environment that is free from discrimination, accommodates persons with disabilities, and promotes talent development and retention (see SFI Proposed Policies).
- **Development.** Management should provide opportunities for continuous learning and skill development, ensuring employees have access to training programs and resources to enhance their capabilities and advance their careers.
- **Compensation.** Management should ensure fair and equitable compensation practices, including competitive wages and comprehensive benefits packages that support employees' financial well-being and health..
- **Participation.** Management should stablish mechanisms for employee feedback and participation in decision-making processes, fostering a culture of open communication and valuing diverse perspectives.emissions across the organization, including at the institutional level, within each business segment, and for branch and fleet operations, to identify areas for improved energy and resource efficiency

Supply chain

Banks should also seek to promote environmental and social responsibility in the supply chain through sustainable procurement, sourcing from local providers, ensuring that suppliers comply with environmental and social standards, and where feasible, track and report scope 3 emissions This should include mechanisms for opportunity cost assessment from a resource scarcity perspective.

Consumer protection and responsible lending

- **Fair treatment.** Financial institutions should establish policies and procedures to ensure fair and respectful treatment of all clients, regardless of their background or financial status. This includes providing accessible complaint resolution mechanisms and addressing client grievances in a timely and transparent manner.
- **Data Security and Privacy.** Financial institutions should implement robust data protection measures to safeguard clients' personal and financial information as a core component of promoting consumer protection. This includes adhering to relevant data privacy regulations, obtaining informed consent for data collection and use, and balancing these protections with the responsible use of data to enhance financial services.
- **Financial literacy.** Financial institutions should develop and implement comprehensive financial literacy programs to educate current and potential customers about their products and services. These programs should be tailored to different customer segments and focus on building financial capability and empowering customers to make informed decisions. consistent with the Central Bank of Kenya's Kenya Banking Sector Charter.
- **Responsible lending.** Financial institutions should implement responsible lending practices, including thorough assessments of borrowers' repayment capacity, clear communication of risks, and measures to prevent over-indebtedness. This includes clear, concise, and timely disclosures of all financial risks, fees, and terms associated with products and services offered to individual customers and small businesses.

Financial institutions should design products and services that meet the specific needs and circumstances of their target customers, ensuring that they are affordable, accessible, and promote responsible financial behaviour.

Integrity and regulatory compliance

- Procedures should be established to ensure compliance with all laws regulating the industry, specifically those against insider trading, anti-trust, price fixing, corruption & bribery, money laundering, tax evasion, embezzlement, front running, conflict of interest, predatory lending, false accounting, and false advertising. These procedures should incorporate 'Know Your Customer' verification to guard against money laundering, terrorism financing, and other illegal activities such as human rights violations.
- Whistle-blower policies and procedures should also be established to enable the reporting of illegal or unethical behaviour.

Resources

Kenya

- Kenya Banking Sector Charter, Central Bank of Kenya, March 2019
- The Companies Act, The Republic of Kenya
- The Environmental Management and Coordination Act (EMCA), The Republic of Kenya, 1999
- rudential Guidelines for Institutions Licensed Under The Banking Act, Central Bank of Kenya, January 2013

International

- Sustainability Accounting Standards Board (SASB) Standards for Banks
- GRI Supplement for Financial institutions (under revision), Global Reporting Initiative
- Principles for Responsible Banking – UNEP Finance Initiative
- International Labour Standards, International Labour Organization (ILO)
- Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act, 2023

> *Management and the board of directors should integrate sustainability into the organization's core values, strategy, performance, and governance structures and processes.*

Principle 5. Sustainability Management and Governance

Financial institutions' leadership and governance structures should seek to ensure the organization delivers long-term returns responsibly, optimizing resource utilization to achieve positive externalities. Management and the board of directors should integrate sustainability into the organization's core values, strategy, performance, and governance structures and processes, including board oversight, internal controls, risk management, and stakeholder engagement.

Enhanced oversight of business practices at the management and board levels contribute to organizational effectiveness, long-term financial resilience, ethical conduct, and positive impacts on society and the environment.

- **Sustainability values.** The board of directors and management should seek to clearly define and formally adopt institutional values that prioritize sustainability, ethical conduct, and responsible business practices. These values should be integrated into the organization's overall strategy, governance framework, and decision-making processes. The institution should seek to regularly communicate these values to both internal and external stakeholders to ensure transparency and accountability, including through policies, training, stakeholder engagement and annual reporting.
- **Role of board.** The board of directors and its relevant committees (e.g., risk, audit, asset-liability) should have a clearly defined role in overseeing the management of climate- and sustainability-related risks and opportunities, including oversight of the environmental and social risk management system, and monitoring environmental and social risks in the portfolio and associated with individual clients. This also includes reviewing and approving sustainability strategies, policies, risk management frameworks, and performance targets. The board should also regularly assess the institution's performance against its sustainability targets and hold management accountable for achieving them.
- **Stakeholder engagement.** The board of directors should seek to actively oversee the process to engage with stakeholder – both internal (e.g., employees, shareholders) and external (e.g., customers, communities, regulators). The institution should seek to regularly solicit feedback, address concerns, and integrate perspectives of stakeholders in the development and implementation of sustainability strategies.
- **Role of management:** Management should seek to lead the integration of sustainability into the financial institution's core values, strategy, and operations, ensuring robust risk management, fostering innovation in sustainable products and services, actively engaging stakeholders, and promoting transparency through regular reporting.

- **Diversity and competencies.** Financial institutions should seek to foster a diverse and inclusive environment at all levels of management and the board. This includes considering diversity in terms of gender, ethnicity, age, background, skills, and experiences. It is crucial to ensure that the board and management possess the necessary competencies and expertise to effectively identify, assess, and manage sustainability-related risks and opportunities.
- **Capacity building.** Financial institutions should seek to invest in ongoing capacity building and training on sustainability-related topics for both the board and senior management (see SFI Proposed Policies).
- Internal controls. Financial institutions should embed sustainability considerations into their risk management frameworks, internal control processes, and compliance procedures. This includes developing robust processes to ensure the accuracy, completeness, and reliability of reported sustainability information.
- Organizational responsibilities. Financial institutions should clearly define and assign responsibilities for sustainability-related risk management throughout the organizational structure, ensuring that relevant expertise is embedded within finance, credit risk, business, operations, and compliance departments.
- Compensation. The board and senior management should consider incorporating measurable ESG targets into their compensation policies to align incentives with the institution's sustainability commitments.
- Reporting. The board of directors should have oversight of the sustainability reporting process, ensuring its accuracy, completeness, and alignment with recognized standards and frameworks.

Resources

Kenya

- Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015, Kenyan Capital Markets Authority
- Climate-Related Financial Disclosures Template, Kenya Bankers' Association

International

- Taskforce for Climate-related Financial Disclosure (TCFD)
- Taskforce for Nature-related Financial Disclosure (TNFD)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, International Sustainability Standards Board (ISSB)
- IFRS S2 Climate-related Disclosures, International Sustainability Standards Board (ISSB)
- Guidance on Climate-Related Risk Management, Central Bank of Kenya
- Principles for the effective management and supervision of climate-related financial risks, Basel Committee on Banking Supervision
- Principles for Responsible Banking, UNEP Finance Initiative
- Corporate Governance Methodology and Matrix, International Finance Corporation
- SBFN Measurement Framework.

Principle 6. Transparency, Disclosure, and Verification

Financial institutions should seek to promote transparency and accountability with investors and stakeholders about the organization's impacts on sustainable development and how sustainability factors impact its operations and financial condition. They should seek to actively disclose material and reliable sustainability information as part of their regular reporting cycle, either within its annual financial report or through a standalone sustainability report, and should be aligned with recognized frameworks and standards, including the ISSB's IFRS S1 and S2 standards.

Transparent and consistent disclosure of material sustainability information, integrated into regular reporting cycles and aligned with recognized standards, is essential for building trust, informing stakeholders, and driving accountability in the financial sector's transition towards sustainability.

Recommended Practices

Financial institutions should seek to publish a comprehensive sustainability report, either separately or as part of their integrated annual reports. Larger institutions (Tier I and II) should seek to publish annually, while smaller institutions (Tier III) may publish biennially. The report should include the following information

- **Support towards Sustainable development.** The report should describe the institution's contribution to sustainable economic development (beyond financial performance) and progress -- including key performance indicators - towards realisation of the "Sustainable Finance Principles".
- **Sustainable finance.** Financial institutions should seek to classify their loan portfolios according to international, regional, or national taxonomies, and publicly report on the total amount and proportion of green and sustainable finance in their portfolio.
- **Management and governance of sustainability.** The report should describe the institution's management and governance approach to sustainability along four dimensions

>> **Governance of sustainability-**related risks and opportunities.

>> **Strategy.** Effect of sustainability-related risks and opportunities on the business model, strategy, and financial planning.

Financial institutions should seek to report the effect of sustainability-related risks and opportunities on the entity's financial position, financial performance, and cash flow.

>> **Risk Management.** Processes used to identify, assess, prioritize, and monitor sustainability-related risks.

>> **Metrics and targets.** Metrics and targets used to assess and manage material sustainability-related risks and opportunities.

Reporting should include quantitative results against disclosed targets and an analysis of trends or significant changes in its performance.

- **Material information.** Reporting should seek to include sustainability information that is material from both a financial and impact perspective, according to the concept of double materiality. Financial institutions should also seek to adopt a dynamic and on-going approach to materiality assessment, to account for shifting priorities and risk profiles over time and to maintain the relevance of risk management measures (see Box 1 below).
- **Material Assessment.** Financial institutions should seek to report the process for identify material sustainability information. Material issues for financial institutions typically include

the integration of sustainability issues in lending and investment activities, sustainable finance and financial inclusion, as well as sustainability issues in operations and the supply chain, including, employees, customer protection and ethics. However, it is the responsibility of each financial institution to determine what issues are material given its size, structure, and footprint.

- **Audit and assurance.** Financial institutions should seek to commission an independent third-party audit and assurance of disclosed financial and non-financial sustainability information.

Resources

Kenya

- ESG Disclosure Guidance Manual, Nairobi Securities Exchange
- Guidance on Climate-Related Risk Management 2021, Central Bank of Kenya
- Code of Corporate Governance, Capital Markets Authority of Kenya, 2015
- Climate-Related Financial Disclosures Template, Kenya Bankers' Association

International

- Principles for Responsible Banking - UNEP Finance Initiative
- Taskforce for Climate-related Financial Disclosure (TCFD)
- Taskforce for Nature-related Financial Disclosure (TNFD)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, International Sustainability Standards Board (ISSB)
- EU Corporate Sustainability Reporting Directive (CSRD)
- Draft European Sustainability Reporting Standards, ESRS 1, General Requirements, November 2022 – Section 3 on Double Materiality

Best practice. Determination of Material Sustainability Issues

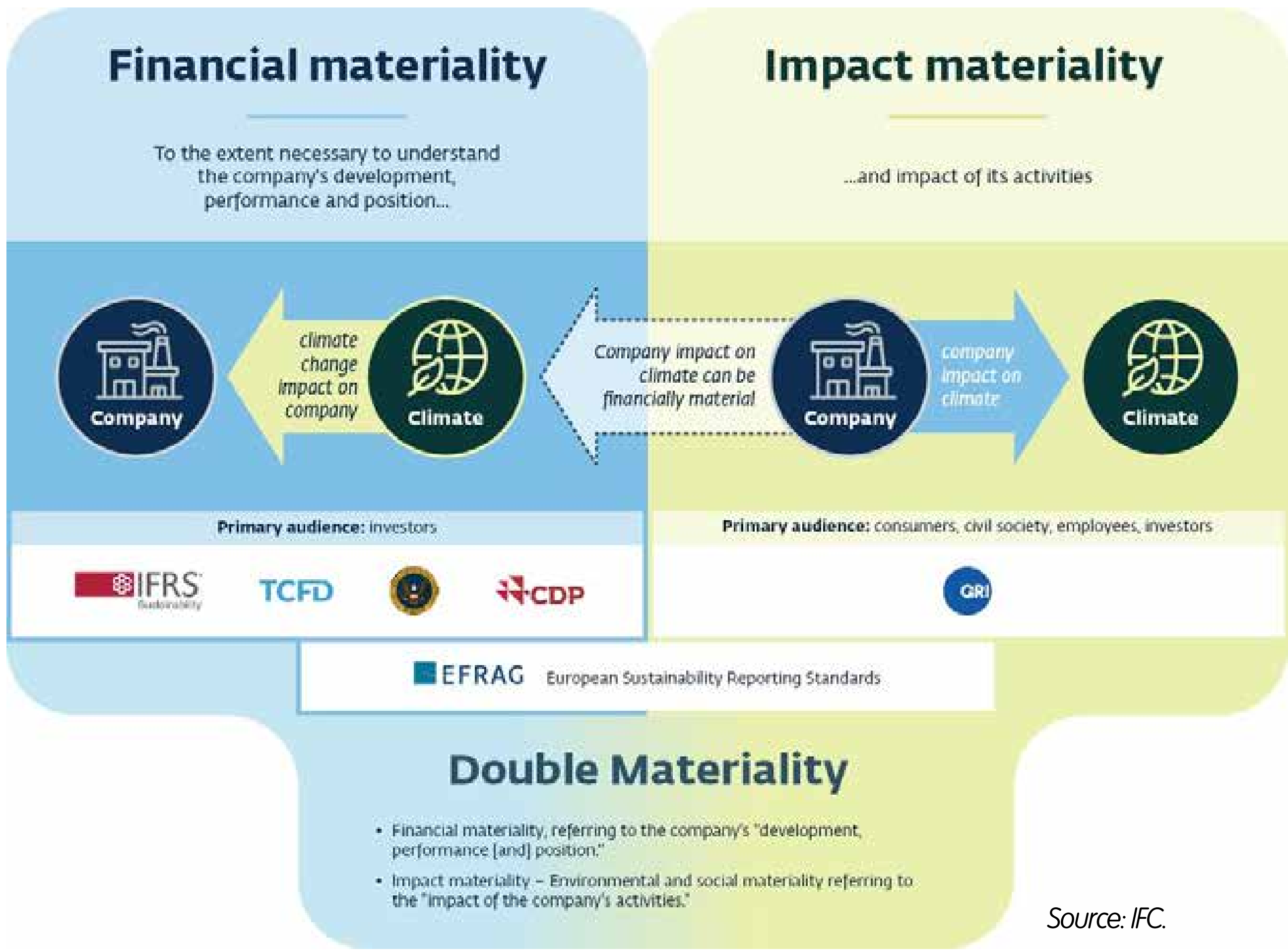
Financial institutions should manage sustainability issues that are material for their industry and geographic location. Materiality determination is entity-specific, based on the unique circumstances of the organization, and, ultimately, it is the responsibility of the financial institutions to determine what is material for their organization.

For sustainability issues, financial institutions should consider applying the concept of double materiality and disclose matters that are material from either a financial or an impact perspective. The concept of double materiality is defined by the European Commission Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

According to ESRS1 – General Requirement:

- A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking.
- A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term.

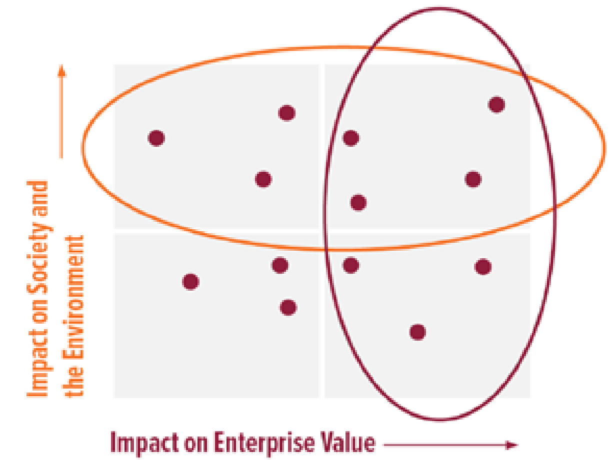
The Concept of Double Materiality



Source: IFC.

Methods for Assessing Materiality: A common method for disclosing prioritization of material issues following the double materiality concept is to create a materiality matrix that ranks the importance of sustainability issues to the company against the perception of its key stakeholders.

Figure 6: Sample Materiality Matrix



Source: Business for Social Responsibility.

Impacy on Society & The Environment

- Considers the company's impacts outwards;
- Uses the GRI definition: "topics that reflect its most significant impacts on the economy, environment and people, including impacts on human rights." (draft)
- Presented in the sustainability report
- For multiple stakeholders

Impact on Enterprise Value

- Considers the company's impacts inwards;
- Uses the SASB definition: "expected to influence investment or lending decisions that users make on the basis of their assessments of short-medium-,and long-term financial performance and enterprise value." (draft)
- Presented in the annual report
- For investors, lenders and other creditors

Another method is to assess the materiality of sustainability issue through a multi-factor test, looking at:

- Direct financial impacts and risk
- Legal, regulatory and policy drivers
- Industry norms, best practices, and competitive drivers
- Stakeholder concerns & social trends
- Opportunities for innovation

Best practice. Defining Sustainability Metrics and Targets

A metric is a system or standard for measurement of performance. It is synonymous with performance indicators or key performance indicators (KPIs).

For example, the turnover ratio is a metric or performance indicator for an organization's ability to retain key employees. It divides the number of employees who leave during a specific period by the average number of employees in that same period. A target builds on metrics to define in quantitative terms the objectives of an organization in terms of performance. In the previous example, a target could be to have less than 10% employee turnover.

> *Financial institutions should consider applying the concept of double materiality and disclose matters that are material from either a financial or an impact perspective.*

section header

CHAPTER 6

SUSTAINABLE FINANCE POLICIES

To effectively implement the principles outlined in the "SFI Best Practice Standards" and ensure compliance and adherence across all activities, specific policies are essential. These policies will serve as foundational documents that guide actions, enforce standards, and provide clarity and direction to all levels of an organization. Here are key policies that will support the implementation of these principles.

These SFI Policies would mostly be incorporated into current institutional policies or created where such requirements are not articulated.

Risk Policies

Risk Policies to be Undertaken by Business and Credit Risk Heads in Consultation with Board Risk committees

- A credit policy that incorporates the review and categorisation of economic, social, and environmental risks should be reviewed and ratified at the board level. The board risk, and audit committees would enable the firm in realising the policy objectives and requirements. These committees would report material aspects to the main board and shareholders.
- The board risk committee should in its terms of reference seek to include oversight of the firm's non-financial risks, including social and environmental risks.
- Formulate polices that define the Bank's approach to financial and non-financial reporting

HR Policies

Human Resource Policies to be Undertaken by HR Heads in Consultation with Management committees

- Detailing of commitments to employee rights, diversity and inclusion, equal opportunity, and occupational health and safety and outlining procedures for talent development, retention, and the fostering of a supportive and inclusive workplace.
- Incorporation of SFI Principles in recruitment, and induction program for all full-time employees.
- Review of job profiles, roles and responsibilities should incorporate SFI Guiding Principles and Procedures across targeted departments, including finance, credit risk, business department, operations, and compliance.
- Sustainable finance training and capacity building for targeted departments, including finance, credit risk and business department should be factored into the annual budget and incorporated into individual performance development plans.
- Compliance with laws, regulations, and industry best practices in occupational health and safety, human rights and labour rights, as well as accessibility for persons with disabilities should be included in the role responsibilities of management.
- Development and monitoring of an institutional policy regarding Diversity and Inclusion, including creating an enabling environment that is free from discrimination, accommodates persons with disabilities, and promotes talent development and retention.

> *One of the key HR Policies is compliance with laws, regulations, and industry best practices in occupational health and safety, human rights and labour rights*

Governance Policies

Governance Policies ratified at the board level

- Board and management evaluation and reporting of performance against Sustainable Finance priorities as defined by the board and management through consultation. May include an independent, third-party assessment.
- Board and management capacity building on best practice in Sustainable Finance.
- The board of directors should seek to define a policy on climate and natural capital, to ensure that the firm through its organizational planning process, as well as its financing activity, does not invest in or finance operations that adversely impact climate or the country's natural resources. This policy should help guide the management in its decision-making framework and opportunity cost assessment.
- Provide guidelines on ethical conduct and compliance with laws and regulations. These policies will cover aspects such as anti-corruption, insider trading, fair dealing, and adherence to international standards and local regulations.
- Define methods and practices for engaging with stakeholders to ensure transparent communication and collaborative relationships.

Compliance Policies

Compliance Policies in line with Local Law and Regulations

- Formulate, implement, and report on national, regional, and local programmes aimed at mitigating climate change and impacts on the natural environment and the community and measures to facilitate adequate adaptation to climate change. Priority sectors include agriculture, forestry, energy, extractive industries, transportation, and tourism.
- Formulate policies to ensure the protection of customer and employee data, compliance with privacy laws, and outlines the steps the institution takes to safeguard personal information.

Consumer Protection Policies

Compliance Policies in line with Local Law and Regulations

- Formulate policies on how the institution will handle customer relations, ensure fair treatment, manage complaints, and protect consumer rights.

Creating Markets, Creating Opportunities

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