COMMERCIAL INTERNATIONAL BANK (CIB) KENYA LIMITED

Climate-Related Risk Disclosures Report 2023

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List of Abbreviations

BOD	Board of Directors
BRMC	Board Risk Management Committee
CBK	Central Bank of Kenya
CR	Climate-related Risk
CRF	Climate-related Risk Function
CRSC	Climate-related Risk Steering Committee
FDOA	Financial Delegation of Authority
GHG	Greenhouse Gas Emissions
KPI	Key Performance Indicator
CIB Kenya	Commercial International Bank Kenya Limited
TCFD	Task Force on Climate Related Financial Disclosure
UoM	Units of Measurement
mtCO2e	Metric Tons Carbon dioxide equivalent
MWh	Milliwatt per hour

Message from Ag. CEO,

Daphne Maina

Climate change becomes one of the key risks that poses a growing threat to sustainable development. It has a profound impact on lives and ecosystems around the world. Therefore, under the December 2015 Paris Agreement, countries agreed to strengthen the global response to climate change, businesses and investors are more important than ever to take the lead in addressing the impact of that type of risk in their financials. In COP 27, Kenya agreed to produce 30GW of green hydrogen and will make use of clean energy to manufacture for the world.

In fiscal year 2022, CIB Kenya published its first climate Climate-related disclosures report which is in line with Task Force on Climate-related Financial Disclosures (TCFD) and the Central Bank of Kenya's (CBK) Guidance on Climate-related Risk Management. The bank continued to work towards its purpose of driving business excellence and profitable growth, ensuring an optimistic work environment, and creating enduring value for its stakeholders. The TCFD is a key Non-Financial Disclosure for CIB Kenya to provide a platform on how we are managing climate-related risk and contribute to the evolving global dialogue on what informative and decision-useful climate-related disclosure looks like to investors.

In 2023, CIB Kenya operationalized its governance structure involving the Board of Directors, the CEO, the Climate-related Risk Steering Committee, and the Climate-related risk Business Unit culminating in the development of a Climate-related Risk Strategy.

We believe the sustainable development of society will help enhance our corporate value as we continue to serve our clients and strive to achieve sustainable growth.

Sincerely,

Daphne Maina
Ag. CEO, Commercial International Bank Kenya

2. Introduction

Commercial International Bank Kenya Limited is a commercial bank in Kenya that is headquartered in the city of Nairobi. It is licensed by the Central Bank of Kenya, the central bank and national banking regulator, and is a medium-sized lender in the Kenyan market. The bank's primary focus is on providing corporate and SME banking services, which includes providing financial solutions for businesses and entrepreneurs. In addition to corporate and SME banking, the bank also offers personal banking services such as deposit accounts, loans, and other financial products.

The bank has several branches located across Kenya, with a focus on the major urban areas such as Nairobi, Mombasa, and Eldoret. The bank's services are available to both individual and corporate customers, and they provide a range of products and services including current and savings accounts, term deposits, foreign exchange services, trade financing, and other related services. They also offer a range of credit facilities such as working capital loans, term loans, and overdrafts.

Commercial International Bank Kenya Limited (CIB Kenya) is known for its strong focus on customer service and providing tailored solutions to meet the specific needs of its customers. They are committed to providing high-quality banking services that are reliable, secure, and convenient to its customers.

CIB Kenya identifies climate-related risk in this report, and discusses its climate-related governance, strategy, risk management, key performance indicators. This report follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and the Central Bank of Kenya's (CBK) Guidance on Climate-related Risk Management. The report covers climate-related risk disclosures of the CIB Kenya's Kenyan boundary of operations from main Headquarters to branches:

- CIB Kenya Westlands branch
- CIB Kenya Mayfair Centre branch
- CIB Kenya Upper hill branch
- CIB Kenya Nyali branch
- CIB Kenya Industrial Area branch
- CIB Kenya Eldoret Branch

2.1 TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) was created with the intention of increasing the transparency of organizations' climate-related risks and opportunities so that investors may make wise decisions about how to allocate their resources.

In June 2017, the TCFD published recommendations for voluntary and consistent climate-related financial disclosures for use by companies, investors, and other financial stakeholders to provide high-quality information in their mainstream filings. The TCFD recommendations have gone through extensive consultation and gained broad support among preparers and users internationally.

The TCFD Recommendations are structured around four content pillars. These are:

i. **Governance** - Disclose the organization's governance around climate-related risks and opportunities.
ii. **Strategy** - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.
iii. **Risk Management** - Disclose how the organization identifies, assesses, and manages climate-related risks

iv. **Metrics & Targets** - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Throughout this report, CIB Kenya has sought to provide information on all four pillars and eleven recommendations.

2.2 CBK'S Guidance on Climate-Related Risk Management

The Central Bank of Kenya (CBK) has recognized the importance of addressing climate-related risks in the financial sector. Climate-related risks refer to the potential impacts of climate change on the financial system, including risks to the stability of financial institutions and the availability of credits. These risks can arise from physical impacts, such as natural disasters and changes in weather patterns, as well as from transition risks, such as shifts in demand for certain products and services as the world moves to a low-carbon economy. To address these risks, CBK has developed a framework for assessing and managing climate-related risks in the banking sector. This includes guidelines for banks to conduct climate-related risk assessments, and to develop and implement strategies to manage and mitigate these risks. CBK also requires banks to disclose information on their exposure to climate-related risks in their annual financial statements.

CBK has recognized the importance of addressing climate-related risks in the financial sector and has developed a framework for assessing and managing these risks. The Guidance is intended to enable banks to integrate the opportunities and risks arising from climate change in their governance structure, strategy, and risk management frameworks. Further, it will guide these institutions in disclosing climate-related information to their stakeholders. With the climate disclosure, CIB Kenya seeks to draw the attention of its key stakeholders and investors how the climate related risks will be part of their risk management framework.

3. Governance

In terms of governance, TCFD recommends companies to disclose their governance structure, processes, and responsibilities in relation to climate-related risks and opportunities. This includes relationship between the organization's board of directors, senior management, its shareholders, and other stakeholders' roles, and responsibilities as well as how the company's strategy and risk management processes consider climate-related risks and opportunities.

Adhering to the requirements, CIB Kenya has developed a structured governance involving the Board of Directors, the Board Risk Committee, the Climate-related Risk Steering Committee, and the Climate-related risk Business Unit (As shown in the Figure 1). Each of these governing bodies performs a crucial part in ensuring to meet the needs of our stakeholders and uphold our commitment to sustainable business.

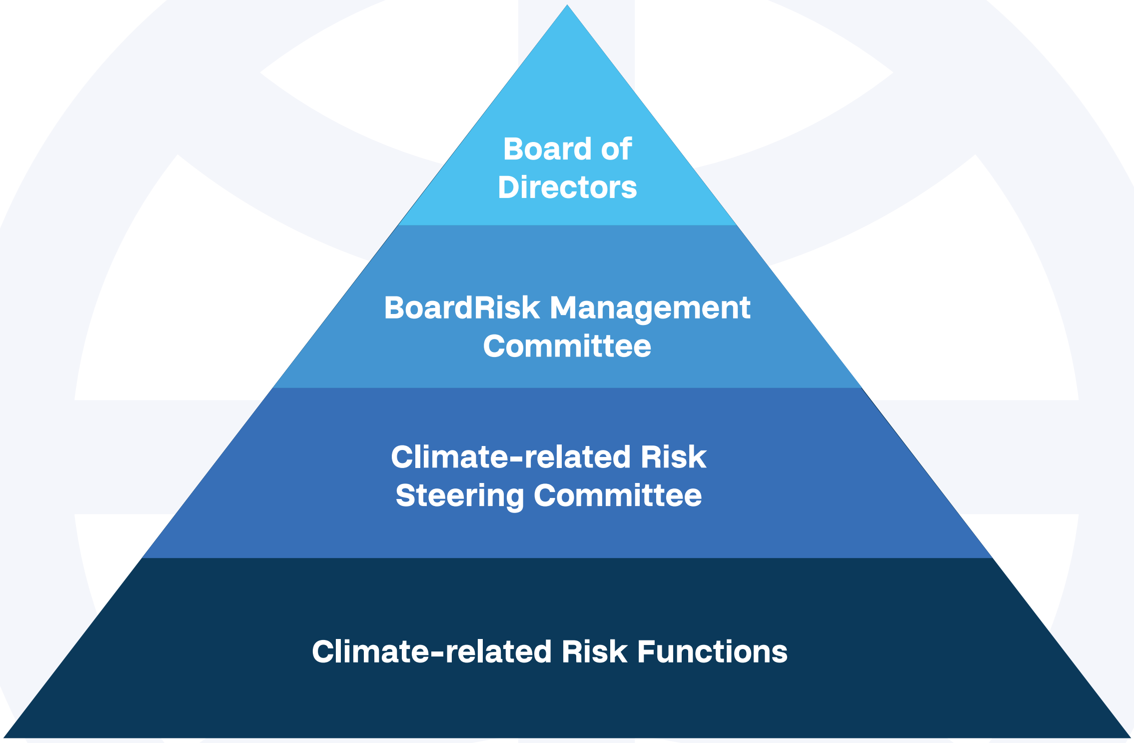


Figure 1 - *Governance Structure*

3.1 Board Oversight

The Board of Directors of CIB Kenya strongly believes that a sound corporate governance framework sets the foundation for sustained growth and maximization of shareholder value. The responsibility of the Board is to ensure the strategic direction, management supervision, and adequate control of the Bank, with the goal of increasing the long-term value of the Bank .

Clear lines of responsibility, accountability, and communication will be defined for climate-related matters within the CIB Kenya. This will include a continuous chain of supervision at all levels, as well as effective communication channels between the Management and the Board of Directors. Strategic objectives setting, corporate values and promoting high standards of conduct will be established and widely communicated throughout the Bank, providing appropriate incentives to ensure and encourage professional behavior.

The Board will bear the overall responsibility for climate-related risk management, approving the risk appetite in relation to the principal risks, overseeing implementation of the identified risk management policy, and reviewing effectiveness of the risk management systems. The Board of Directors will be responsible to approve risk appetite and capacity on an at least annual basis, or more frequently were warranted by unforeseen changes in the risk environment, with the objective of ensuring that they are consistent with our bank-wide strategy, business, and regulatory environment and stakeholders' requirements.

To ensure that the Board will have sufficient oversight of CIB Kenya's business strategy and performance including climate-related risks and opportunities, CIB Kenya's board established a Climate-related Risk Steering Committee in2023. The Committee will be the main force behind the Climate-related risk function and ensure that robust climate-related risk management activities are performed across the organization.

3.2 Climate-related Risk Steering Committee

This committee was established and operationalized in August 2023, comprising of members from different functions (Risk, Finance, Climate- related risk function team, Credit, Legal, Business Development and Operations) at managerial levels.

3.3 Management Oversight

Table 1 provides an overview of the management committees that share responsibility for the management of various climate and other sustainability-related risks and opportunities.

Table 1 - *Roles and Responsibilities of Management*

Management Level	Roles and Responsibility
Board Management Risk Committee	· Establish CRSC and appoint steering committee chairman, vice chairman, members, and secretary to the committee. · Review and approve components of the risk strategy such as policy, procedure, impact matrix, and risk treatment strategies. · Receive and analyze feedback given by the Board of Directors (BOD) to take necessary actions and update CRSC about the stakeholder's confidence in the bank and its risk management practices and ensure compliance with the Internal Audit guidelines established by the CBK. · Approve business cases and the risk response strategies proposed within; also approve funding as per the limits defined in the financial delegation of authority (FDOA). · Approve delegation and escalation of risks. · Establish the organization structure and recruit or promote resources for implementing the risk management activities. · Promote risk management activities within the bank.
Climate-related Risk Steering Committee (CRSC)	· Drive the Climate-related risk function and ensure that robust climate-related risk management activities are performed across the bank. · Review and endorse components of the climate-related risk strategy such as policy, procedure, climate-related risk appetite, impact and probability matrix, and risk treatment strategies. · Identify, agree, and endorse climate-related risk response strategy for executive risks, including for those risks which are directly associated with the strategic objectives ("top-down" perspective) and those escalated from the Divisions ("bottom-up" perspectives). · Identify those risk which needs to be escalated to the BOD or considered for development of a business case to allocate funding. · Review business case to endorse risk treatment strategies proposed within. · Review and monitor progress of risk response strategies and instruct divisions to expedite their efforts, as required. · Endorse delegation and escalation of risks. · Review and endorse risk reports which are to be submitted to the BOD, Board Risk Management Committee (BRMC) or external stakeholders. · Update the Board and the Board Risk Management Committee (BRMC) on the progress of the risk management activities, including maturity and sophistication of the Climate-related risk processes.

Climate-related Risk Function	· Assist management to establish and implement risk management strategy. · Develop policy, procedure, processes, and protocols for effective implementation of the Climate-related risk Management framework. · Integrate the Climate-related risk Management framework with the other risk management frameworks established within the organization. · Develop Climate-related risk toolkit, including risk rating criteria, reporting templates, forms, and checklist, etc. to assist management to document information related to risks. · Perform periodic monitoring and reporting to ensure that management is updated over the latest information related to risks. · Develop business cases for those risks which needs allocation of funding. · Develop detailed reports for CRSC, the Board, Board Risk Management Committee (BRMC) to update stakeholders over the risk profile, including maturity and sophistication of the Climate-related risk Management framework; and · Conduct special investigations and risk reviews as instructed by the CRSC

4. Strategy

Strategy is defined in the TCFD recommendations as: "an organization's desired future state". The Strategy section in TCFD serves as a crucial tool in communicating the plans and vision of an organization to its investors and stakeholders. It provides valuable insight into the potential future performance of the organization and helps in making informed decisions.

CIB Kenya understands the regulatory requirements of Commercial International Bank Egypt and their stakeholders in identifying its key climate-related risks and opportunities. CIB Kenya has developed a Climate-related risk Strategy which was approved in September 2023 whereby the bank is seeking to be part of the global change through the following objectives:

1. Supporting Client's Climate Transition
2. Reducing the Bank's Operational Footprint
3. Managing the risks that climate change poses to the bank's business.

CIB Kenya will be implementing its Climate-Related Risk Strategy through the Climate-Related Risk/ Environmental, Social, Governance Function which will be tasked to develop products, policies, procedures, processes, and protocols.

4.1 Risks and opportunities associated with Climate Change

CIB Kenya recognizes the risks associated with environmental changes brought on by climate change and identifies how these might affect our organization. There are two types of risks associated with climate change, namely:

- **Physical risk -** where organizations are affected by extreme climate events such as drought, flood, intense heat, and sea level rise.
- **Transition risk -** where the organization is unable to respond to changes in regulatory requirements and uncertainty in market signals, etc.

The climate-related risk/Environmental, Social, Governance Function conducted a thorough risk assessment in February 2023 to identify the potential climate-related risk affecting its business continuity and operations. Factors such as physical impacts, regulatory changes, credit, market, liquidity, and operational risk were taken into consideration and the risks identified as 'improve' - high risk exposures with lower levels of preparedness helped form the basis in part of the bank's Climate-Related Risk Strategy.

CIB Kenya's operational boundary of GHG emissions consists of its main headquarters, branch offices, business travel, and fleet vehicle activities. This limited nature provides fewer opportunities for climate-related impact than can be attained through the management of Scope 3 emissions.

4.2 Risk Identification

CIB Kenya has identifed its risks through the scope of CRM framework. CRM framework is split into three segments namely Risk architecture, Risk strategy, and Risk protocols. The process involves identifying and assessing the potential financial impacts of climate change on a bank's assets, liabilities, and operations. This may include evaluation of the potential impacts of extreme weather events, changes in temperature and precipitation patterns, sea level rise, and other climate-related hazards on the bank's loan portfolio, real estate holdings, and other assets. The process will involve identification of physical risk & transitional risk assessments, where possible and relevant, updating the risk register in CRM framework.

Physical risk assessments: This involves identifying and assessing the physical risks to a bank's assets and operations from climate change, such as the potential for flooding or coastal erosion.

Transition risk assessments: This involves identifying and assessing the potential risks and opportunities associated with the transition to a low-carbon economy, such as changes in demand for certain products or services.

The exact split of the framework is as depicted below.

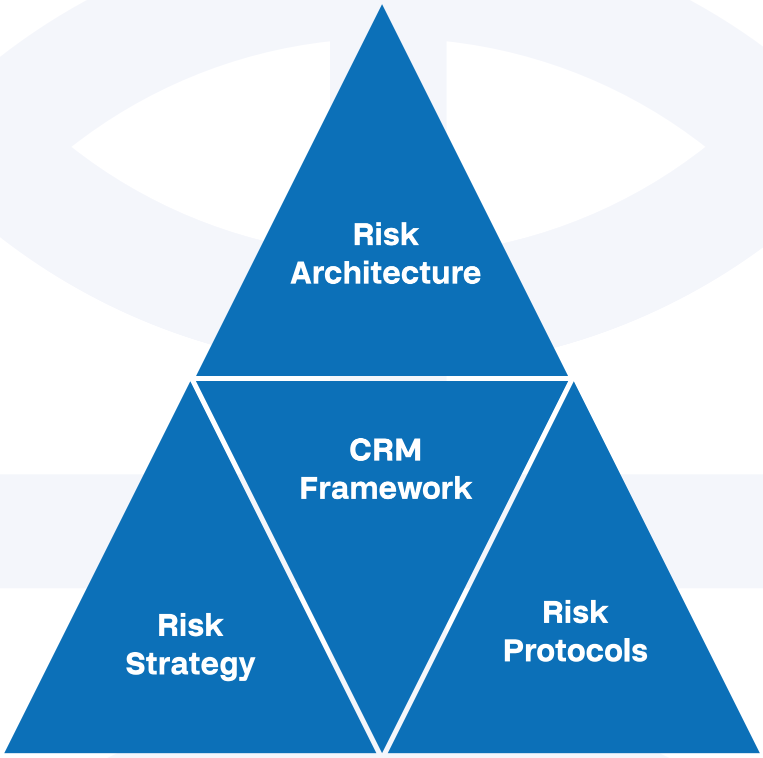


Figure 2 - *Climate-related risk Management Framework Structure*

4.2.1 Risk architecture

The risk architecture is a management structure established within the Organization to implement the CRM processes. The risk architecture shall clearly define internal and external lines of reporting for communicating risk-related information.

As a part of risk architecture, management has established a committee (Climate-related risk Management Steering Committee) of senior members who are in the best position to manage and control risks. The committee is chaired by the Chief Risk Officer with periodic review by an independent entity such as Internal Audit Division to review the CRM architecture to assess the segregation of duties.

4.2.2 Risk strategy

Management has defined the risk strategy based on the risk appetite of the organization. The strategy sets out the direction for determining key aspects such as attitude to risk, risk tolerance level, and risk exposure of the Organization. Additionally, it also describes how the results of risk management can be captured into the organization's overall strategy.

4.2.3 Risk protocols

Risk protocols consist of a series of guidelines and work instructions required for performing risk management activities. Management will ensure that all risk management activities are adequately documented and subjected to periodic review.

4.3 Attachment of Risks

The key objective of the CRM framework is to assist management in managing climate-related risks while achieving the strategic objectives of the Organization. To achieve this objective, a proper relationship shall be developed between vision, mission, values, corporate objectives, and associated core processes. The CRM Function has ensured that identified risks are attached/tied with at least one of the strategic objectives of the organization, captured in the risk register and subsequently communicated to management via the risk dashboard.

4.4 Scenario analysis

Climate change issue spans over decades and CIB Kenya recognizes the importance of showing how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy consistent with scenarios recommended by TCFD. CIB Kenya will formalize process to conduct scenario analysis in future, however, the management is fully committed in developing a robust methodology for conducting scenario analysis creating hypothetical scenarios of potential future climate conditions and assessing the potential impacts on the CIB Kenya's assets and operations. A timeline for the implementation of this methodology, as well as the publication of the related findings, will be outlined in the forthcoming report for the financial year 2024.

5. Risk Management

In TCFD recommendations, risk management is defined as the set of procedures carried out by an organization's Board and management to support the fulfilment of the organization's objectives by addressing its risks and controlling the combined potential impact of those risks.

CIB Kenya plans to disclose its processes for identifying, measuring, and managing climate-related risks, as well as describing how these processes are integrated into the organization's overall risk management. CIB Kenya's assets comprise of its Enterprise Risk Management services which is critical in formulating the strong foundation to governance, strategy, and day to day banking operations. Risk Management is one of the integral parts of three-lines of defense mechanism to manage the risks originating from intrinsic and extrinsic factors pertaining to clients' portfolios, value-chains, suppliers, counterparty, and internal operations.

In compliance to the CBK's directive and guidance on Climate related risk management issued in October 2021 and Financial Stability Board's led Taskforce on Climate Related Financial Disclosures Recommendations released in December 2015, CIB Kenya is developing climate-related risk management framework to identify, measure, assess, monitor, report to climate-related risks exposures, adaptation, and opportunities in future. CIB Kenya will ensure for its effective implementation across all activities of units, functions, and branches, this will facilitate smooth process to analyze the institution's targets and alignment with long-term climate related risk mitigation and adaptation measures formulated to support in decision making of investors and stakeholders.

First Line of Defense

The portfolio managers and process owners will be defined with specific roles and responsibilities to handle the climate related matters. CIB Kenya's investment, portfolio and senior management team are the primary risk owners which will form the first line of defense. Portfolio managers and analysts will be responsible for evaluating the climate-related risks and opportunities material to the portfolio (company or industry) and potentially have economic impact on investment returns.

Climate-related risk Management framework is designed to understand, monitor, and manage the potential climate-related risks, Example - carbon exposure in the assets and projects contributing (Scope 1, Scope 2, and Scope 3 GHG emissions) from the loans and investment made.

Second Line of Defense

Climate-related risk Function's (CRF) will act as a second level of defense, in collaboration with portfolio teams and management, CRF will help ensure alignment with investment set criteria and strategy and meet the stakeholders and investors' expectations. CRF will evaluate the material climate and climate-related risks during their review of portfolio's performance to provide an oversight of risks and opportunities in the investment processes. CRF members will review and monitor climate related risks identified, their exposure at the investments level

Third Line of Defense

CIB Kenya's Internal Audit team will function as third line of defense. The purpose of third line of defense to assess and validate the effectiveness of CIB Kenya's internal controls environment to improve the governance, strategy, risk management processes.

5.1 Risk Management Process

CIB Kenya's CRM team will continuously gather and assess the climate-related data in accordance with risk management framework and strategy. Overall risk management process is divided into eight phases.

The Risk Management process is illustrated in the Figure 3 below.

Figure 3 - *Risk Management Process*

Top-down assessment is followed at institution level to have better understanding of key material risks in banking operations.

5.2 Climate-related risk Identification and Categorization

Risk assessment will continue to be carried out with internal and external stakeholders to identify and analyze the emerging risks and opportunities related with climate change and future scenarios. Assessment of emerging risks and magnitude of impacts are complex due to limited access, availability of data and uncertainty of climate related transitions, related events, and activities.

TCFD categorized climate-related risks into two categories.

- **Physical Risks**
  - Acute - Likely to arise from extreme weather conditions (e.g., Floods, cyclone, Tsunami, Hurricane and Earthquake).
  - Chronic- Long- term shifts in climate patterns (High temperatures, heat waves and Sea-level Rise).
- **Transition Risks**
  - Likely to occur due to possibility of transition to low-carbon economy, technological changes, and their influence on the other risk traditional categories of banking operations such as Credit, Market, Liquidity, Legal Compliance, Reputation and Operations.

CIB Kenya is developing a roadmap to conduct materiality assessment and determinations with respect to Climate related risks which are potentially to impact investment, portfolios, counterparties, suppliers' business operations, categorized under Physical and Transition risk categories and evaluate the influence of risks identified in varied time horizons and scenarios.

5.3 Monitoring and Review

This will include continuous monitoring of key material climate-related risks identified, assessed in different horizons and scenarios (Short, Medium, and Long-term considerations), deliverables in all phases. CRF team will ensure effective implementation of overall climate-related risk framework and alignment with local, national, and regulatory programs, standards, and protocols. Climate-related risk reporting structure is illustrated below as Figure 4.

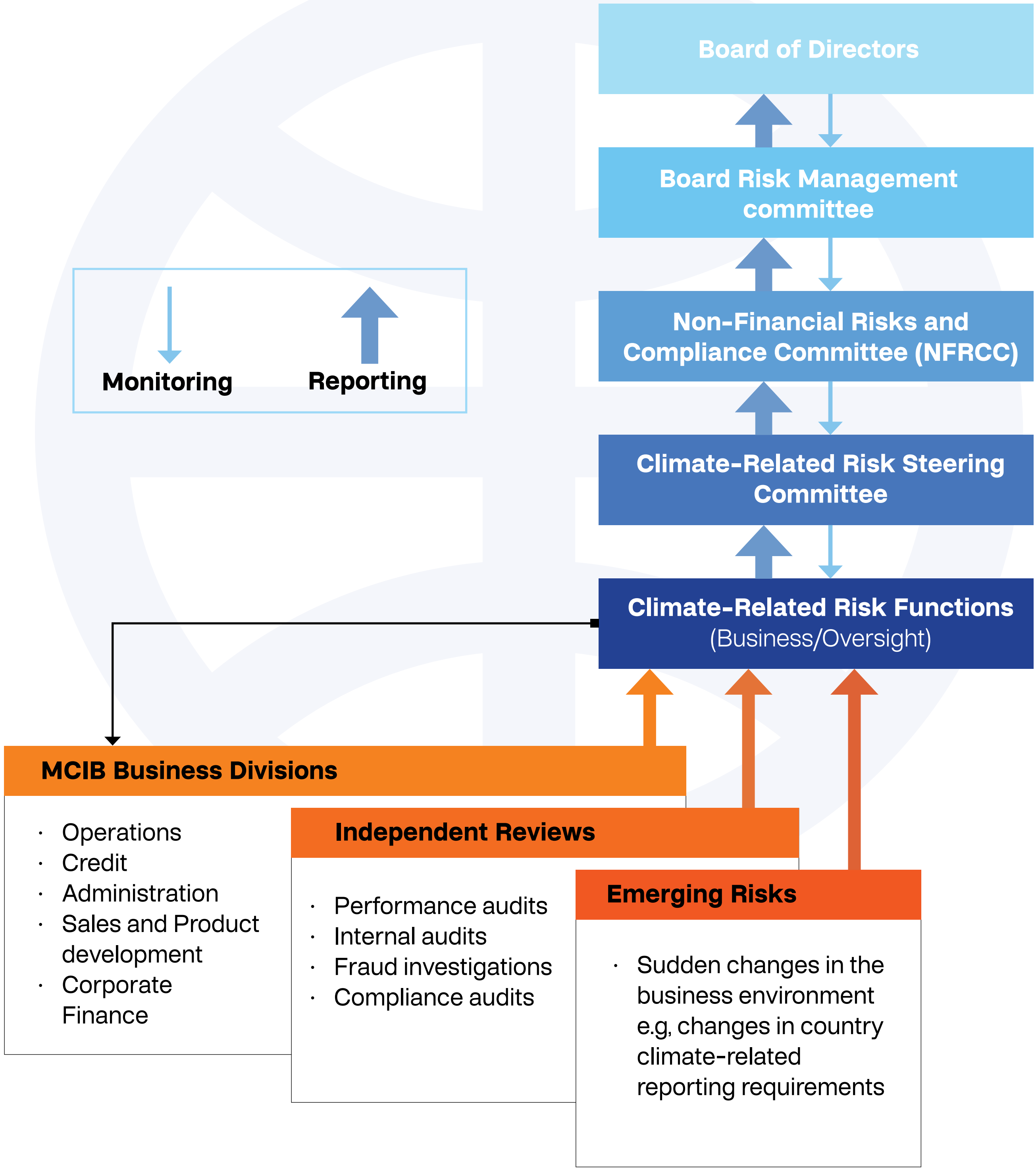


Figure 4 - *Climate-related risk reporting structure*

5.3.1 Frequency of Review

Frequency of review process of risk assessment and management reporting by Climate-related Risk Steering Committee is tabulated below **Table 2.**

Table 2 *Frequency of Review of Climate-related risk Reporting*

Board Risk Management Committee	Oversee alignment and updates over the climate - related risk management activities on a quarterly basis.
Climate-related Risk Steering Committee	Climate - related risk management activities will be updated on a quarterly basis.
Climate-related risk Function	Collaboration with business units, process owners and management to monitor the progress of climate-related risk management on a regular quarterly basis.
Climate-related risk Dashboard	Emerging climate-related risks/ unexpected changes in regulatory or business environment will be escalated to CRSC upon the basis criticality of the risks, monitored on monthly basis.

5.4 Communication and Consultation

Climate-related risk team shall ensure communication with relevant process owners, that internal and external stakeholders are regularly updated about the changes and upgrades done in risk management activities and through stakeholder's engagement meetings.

All the emerging risks shall be updated into the data repository or master risk register in a regular frequency. Mapping and comparison of climate-related risks with other identified and documented risks will be done periodically.

6. Metrics and Targets

Metrics and Target are used to evaluate and manage significant climate-related risks and opportunities. The TCFD advises organizations to disclose how they measure and track climate-related risks and opportunities, as well as their Scope 1, 2, and, if necessary, Scope 3 emissions.

CIB Kenya uses metrics related to greenhouse gas emissions to measure and manage the risks and opportunities associated with climate change.

6.1 Organization boundary

To identify CIB Kenya key metrics, organization has considered organizational boundary containing their Kenyan headquarter, and its respective operational branches situated across Kenya. Operational boundary is shown as follows:

- CIB Kenya Westlands
- CIB Kenya Mayfair Centre branch
- CIB Kenya Upper hill branchCIB Kenya Nyali branch
- CIB Kenya Industrial Area branch
- CIB Kenya Eldoret Branch

6.2 List of metrices

The metrices mentioned in the report are for the calendar year 2023 (January 2023 - December 2023). List of metrices disclosed in the report are Energy Consumption, Electricity Consumption, GHG Emissions (Scope 1, Scope 2, and Scope 3 - Wherever possible).

6.2.1 Energy Consumption

Tracking the CIB Kenya's energy consumption data over the past year, following are the consumption across the boundary. CIB Kenya's board will construct a road map in strategizing the baselines, setting targets, and implementing performance-based incentives for achieving targets across the strategic pillar and the board governs tracking the targets periodically and to make the informed decisions about the energy targets across various branches of CIB Kenya.

Table 3:. *Energy Consumption*

Electricity	Value	UoM
Total Electricity Consumption	363	MWh

6.2.2 GHG Emissions

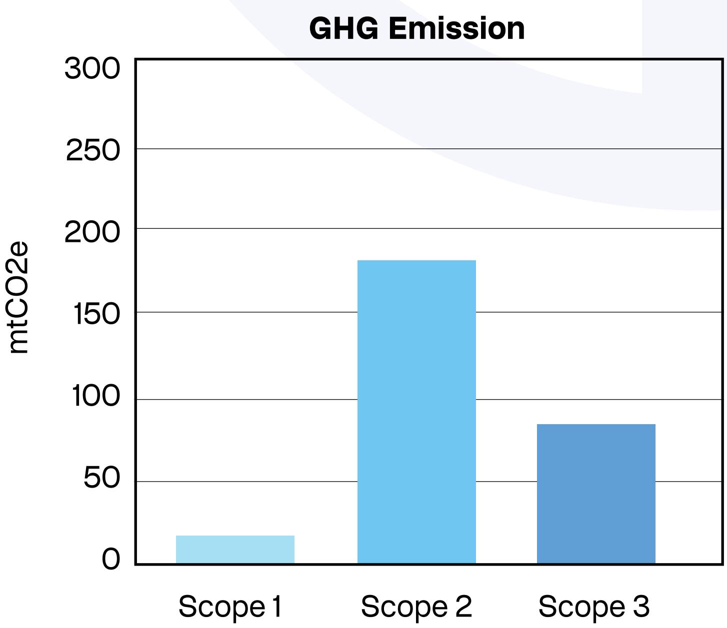
List of GHG emissions relevant to CIB Kenya's operations are categorized based on Scope 1, Scope 2, and Scope 3 emissions. For this disclosure report, CIB Kenya has managed to tracked Employee Commutation and business travel during the year 2023. CIB Kenya has started developing a robust methodology to track the other scope 3 emissions related to business operations of the bank. This methodology will be designed to accurately measure and quantify the bank's emissions and will be aligned with internationally recognized standards and guidelines. The below table depicts the total GHG emissions during the year 2023.

Table 4: *GHG Emissions Inventory*[1]

Emission Category	Emission	UoM
Scope 1 (Direct Emission)		
Stationary Combustion	2.64	mtCO2e
Mobile Emission	8.25	mtCO2e
Total Scope 1	**10.88**	**mtCO2e**
Scope 2 (Purchased Electricity)		
Purchased Electricity	181.31	mtCO2e
Total Scope 2	**181.31**	**mtCO2e**
Scope 3		
Business Travel	13.33	mtCO2e
Employee Commuting	68.31	mtCO2e
Total Scope 3	**81.64**	**mtCO2e**
Scope 1 and 2 emission intensity	**0.6380**	**mtCO2e/sq.ft**

6.3 Targets and KPIs

CIB Kenya has shown a commitment to disclosure of GHG inventory by publishing it in the TCFD-CBK report. CIB Kenya acknowledges that addressing and planning for the effects of climate change is an ongoing process. We plan to continue broadening the scope of their analysis in the future, by identifying other key metrics and relevant climate and environment related parameters which will be having impact on the CIB Kenya's business operations. CIB Kenya is dedicated to taking strong actions towards combating climate change by making a commitment to evaluate, decrease, balance out and disclose the impact of our carbon emissions. Below depicts the GHG emissions for the year 2023; scope-2 purchased electricity was observed to make a major contribution towards organization's GHG emissions inventory.



- *[1]For stationary combustion and mobile combustion in scope 1, IPCC framework and the emission factors have been considered.*
- *Grid Emission Factor has been taken from Emission Factor considered from Standardized baseline Grid Emission Factor for the Republic of Kenya, Link - ASB0050-2020_PSB0055.pdf (unfccc.int)*
- *We have considered Emission factors from IPCC framework for Air travel, road travel, employee commuting*
- *DEFRA emission factors are utilized for calculating emissions from business travel - Hotel stay*

Figure 5: *GHG Emission*

CIB Kenya is looking for opportunities to reduce its scope 2 emission by investing in energy-efficient technologies, such as LED lighting and energy-efficient equipment, to reduce their electricity consumption and emissions and trying to implement an energy management system, such as building management systems, to monitor and control energy usage and identify opportunities for energy savings. Additionally, the organization is actively exploring various options to significantly reduce its emissions through the utilization of renewable electricity sources.

7. Looking Forward

CIB Kenya understand that the resiliency building and developing strategies for climate related risk and opportunities are integral part of any organization. CIB Kenya intended to cover further aspects of TCFD and Central Bank of Kenya's (CBK) Guidance on Climate-related Risk Management.

Table 5: *TCFD & CBK Recommendations*

Core elements	TCFD Recommendations[2]	CBK guidelines[3]	Requirement/ Recommendations	CIB Kenya's Status
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Refer to Section 3.1.1	Organization should disclose whether the board have the primary responsibility to oversee the effective management of climate-related risks of an institution	CIB Kenya has a board that will oversee climate related risks, management of specific climate-related risks & opportunities that fall within the that committee's area of responsibility
		Refer to Section 3.2.1 and 3.2.3	Organization should disclose whether their climate-related risks are embedded into the institution's risk management framework.	CIB Kenya is developing a comprehensive Climate-related risk Management Framework which will be fully implemented in 2024.
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Refer to Section 3.1.2, 3.1.3 and 3.1.4	Organization should assign Climate-related responsibilities to management-level positions or committees. Company Should create roles dedicated to enhancing sustainability reporting and stakeholder engagement on climate-related risk and opportunity that align with core business strategy.	CIB Kenya has formed a Climate-related Risk Steering Committee at the management level to assess and manage the climate-related risks and opportunities.

[2] *Taskforce on climate-related Financial Disclosures - Implementing the Recommendations of TCFD, 2021*

[3] *Guidance on Climate related Risk Management- Central Bank of Kenya*

Core Elements	TCFD Recommendations[2]	CBK Guidelines[3]	Requirement/ Recommendations	CIB Kenya's Status
		Refer to Section 3.2.5	Organization should disclose whether the board is responsible for setting the institution's overall risk appetite and approving the risk appetite statement (RAS) recommended by senior management.	In CIB Kenya, the Board will take the overall responsibility for risk management, determining the risk appetite in relation to the principal risks, implementation of the identified risk management policy, and reviewing effectiveness of the risk management systems.
		Refer to Section 3.2.8	Organization should disclose whether the RAS is reviewed at least annually, considering the evolving physical and transition impacts arising from climate-related issues	The Board of Directors will review and approve risk appetite and capacity annually or more frequently warranted by unforeseen changes in the risk environment, with the objective of ensuring that they are consistent with our bank-wide strategy, business, and regulatory environment and stakeholders' requirements.
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Refer to Section 3.3.1.1,3.3.1.2 ,3.3.2.4 and 3.3.2.7	Organization should identify the risks which are related to its business. Once the issues/risks are identified, company should develop a process for classification of those identified risks into short, medium, and long-term based on their assets, infrastructure, and climate related.	CRF team will conduct additional risk assessments to identify the potential climate-related risk effecting the business continuity and operations. Once identified, the risks will be classified into appropriate time horizons, including short-term, medium-term, and long-term, to ensure effective risk management strategies are developed and implemented.
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.		Organization should report a detailed discussion on how they identified climate-related issues that have affected their businesses, strategy, and financial planning and where the risk/opportunity occur along with the description on financial impact, magnitude of impact etc.,	CIB Kenya is developing a comprehensive Climate-related risk Management Framework and which will be fully implemented in 2024.

Core elements	TCFD Recommendations[2]	CBK guidelines[3]	Requirement/ Recommendations	CIB Kenya's Status
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2˚C or lower scenario.		Organization should formulate its strategy on its climate issues based on 2˚C scenario or lower scenario analysis and, where relevant to the organization, scenarios consistent with increased physical climate-related risks.	At present, CIB Kenya has not conducted climate scenario analysis and CIB Kenya team is determined to conduct the same in near future.
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	Refer to Section 3.4.6.2	Organization should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions).	Climate-related risk Function team will ensure to assess, monitor the emerging regulations applicable to CIB Kenya's local, national, and global mandatory or voluntary rules and laws. All the emerging regulations related to climate change will be incorporated and implemented in overall ERM framework.
		Refers to Section 3.4.1.1	Organization should describe their risk management processes for identifying and assessing climate-related risks	CIB Kenya is developing a comprehensive Climate-related risk Management Framework which will be fully implemented in 2024.
		Refers to Section 3.4.1.1	Organization should also consider disclosing processes for assessing the potential size and scope of identified climate-related risks	CIB Kenya has formed a Climate-related Risk Steering Committee at the management level to assess and manage the climate-related risks and opportunities
		Refers to Section 3.4.2.3	Organization should conduct materiality assessment, and, in that climate, related risks should be added	Climate-related risk function will be conducting materiality assessment after successful implementation of Risk Management Framework across all units and branch locations.
		Refers to Section 3.4.2.3	Organization should disclose how climate related risks are included in materiality determinations	CRM team will report and disclose the parameters for determining materiality of climate-related risks after successful implementation of Risk Management framework across all units and branch locations.

Core elements	TCFD Recommendations[2]	CBK guidelines[3]	Requirement/ Recommendations	CIB Kenya's Status
		Refers to Section 3.4.2.1	Organization should identify and report their Physical and Transition risks	CRM team will report their physical and transition risks after successful deployment and implementation of Risk Management framework across all units and branch locations.
		Refers to Section 3.4.2.3	Organization has mapped Physical and Transition risks with the potential financial implications	CRM team will report their physical and transition risks, as applicable after successful deployment and implementation of Risk Management framework across all units and branch locations.
	b) Describe the organization's processes for managing climate-related risks.	Refers to Section 3.4.4.1, 3.4.4.2	Organization should describe their processes for managing climate-related risks	Climate-related risk Management Framework has been developed based on the TCFD guidelines and aligned with the relevant international standards (COSO's ERM framework) to ensure the alignment with strategy, incorporation in risk appetite, processes of management, establishing Internal controls to mitigate and control adverse impact on business continuity and operations.
		Refers to Section 3.4.4.1, 3.4.4.2	Organization should describe their processes to mitigate or transfer or accept or control climate-related risks	Criteria and process for Climate-related risk identification, evaluation, escalation, mitigation, and monitoring are being developed and deployed by mid of year 2024.
		Refers to Section 3.4.4.1, 3.4.4.2	Organization should review its climate-related risks, relevant risk management framework, policies, and procedures, as well as the effectiveness of related internal controls	Frequency of review of framework, policies, and reporting of climate-related risk will be done on quarterly basis
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Refers to Section 3.4.1.3	Organization should report how their processes for identifying, assessing, and managing climate-related risks are integrated into their overall risk management	CRM team will report climate-related risks integration in overall risk management activities after successful deployment and implementation of Risk Management framework across all units and branch locations.

Core elements	TCFD Recommendations[2]	CBK guidelines[3]	Requirement/ Recommendations	CIB Kenya's Status
		Refers to Section 3.4.2.2	Organization should identify its risk for its institution through the traditional risk categories such as Credit risk, Market risk, Liquidity risk, Operational and legal risk, Reputational risk, and Strategic risk	CRF team shall ensure to compare and evaluate the traditional risk categories with different climate scenarios (short, medium, and long-term) and analyse the impact of climate-related risks and opportunities consideration.
		Refers to Section 3.4.2.3	Organization should begin with identifying material climate-related risks at portfolio, counterparty (including clients), and where appropriate, transactional level, by	Climate-related risk function will conduct materiality determinations and assessment of portfolios and counterparty after successful implementation of Risk Management framework across all units and branch locations.
		Refers to Section 3.4.2.3	Organization should assess the relevant financial implications over both short and longer-term horizons. Such assessments could be carried out during client on-boarding, credit initiation and underwriting, credit evaluation, credit review and investment decision process	CRF team will conduct additional risk assessments to identify the potential climate-related risk effecting the business continuity and operations. Once identified, the risks will be classified into appropriate time horizons, including short-term, medium-term, and long-term, to ensure effective risk management strategies are developed and implemented.
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Refer to Section 3.4.3.3, 3.4.6.4	Organization has included metrics on climate-related risks associated with water, energy, land use, and waste management	CIB Kenya is planning to establish process to measure and monitor the quantitative and qualitative data and disclosures of prevalent climate-related risks as applicable to organizational boundary. For the FY 2023, CIB Kenya has disclosed metrics such as Greenhouse Gas emissions (Scope 1, Scope 2, and Scope 3), and Electricity consumption (January'23 to December'23).
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks		Organizations should provide their Scope 1 and Scope 2 GHG emissions independent of a materiality assessment	

Core elements	TCFD Recommendations[2]	CBK guidelines[3]	Requirement/ Recommendations	CIB Kenya's Status
			Organization should consider disclosing Scope 3 GHG emissions	CIB Kenya's GHG emissions are measured and quantified based on the scoping and boundary limited to organization's operations. (January'23 to December'23).
			Organization should report their GHG emissions in line with GHG Protocol	Methodology adopted to calculate the emissions from direct day-to-day banking operations is 'spend based approach' in accordance with GHG protocol guidance.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.		Organization should try to disclose key performance indicators used to assess progress against targets.	CIB Kenya has prioritized to measure scalable and significant KPIs relevant with climate-related risks and opportunities such as GHG scope emissions and Energy/Electricity consumption.

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