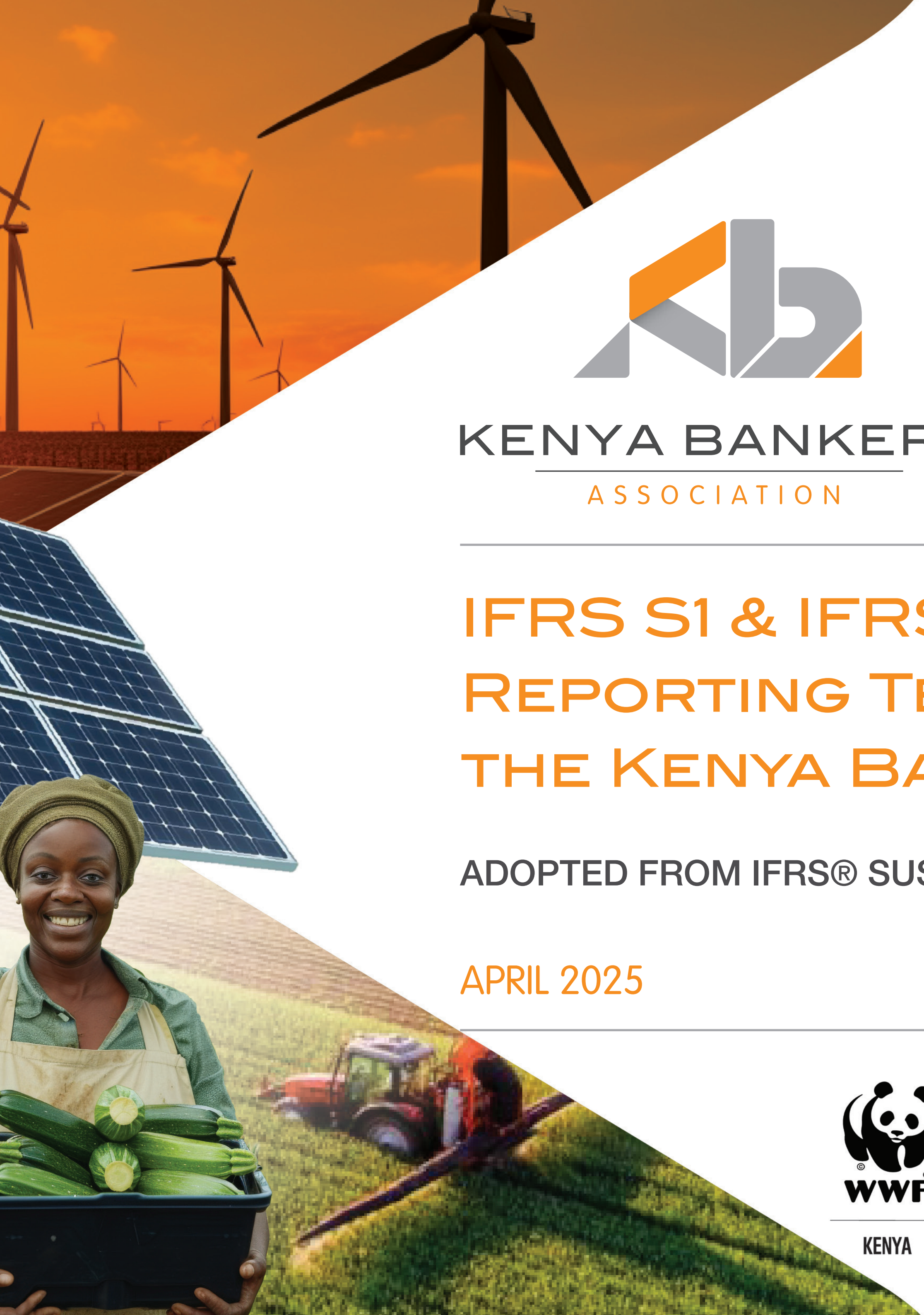

KENYA BANKERS ASSOCIATION

IFRS S1 & IFRS S2 Disclosures Reporting Template for Banks by the Kenya Bankers Association

ADOPTED FROM IFRS® SUSTAINABILITY DISCLOSURE STANDARD

APRIL 2025

WWF KENYA

fsd Kenya

ICPAK

Sfi economic. social. environment. Sustainable Finance Initiative

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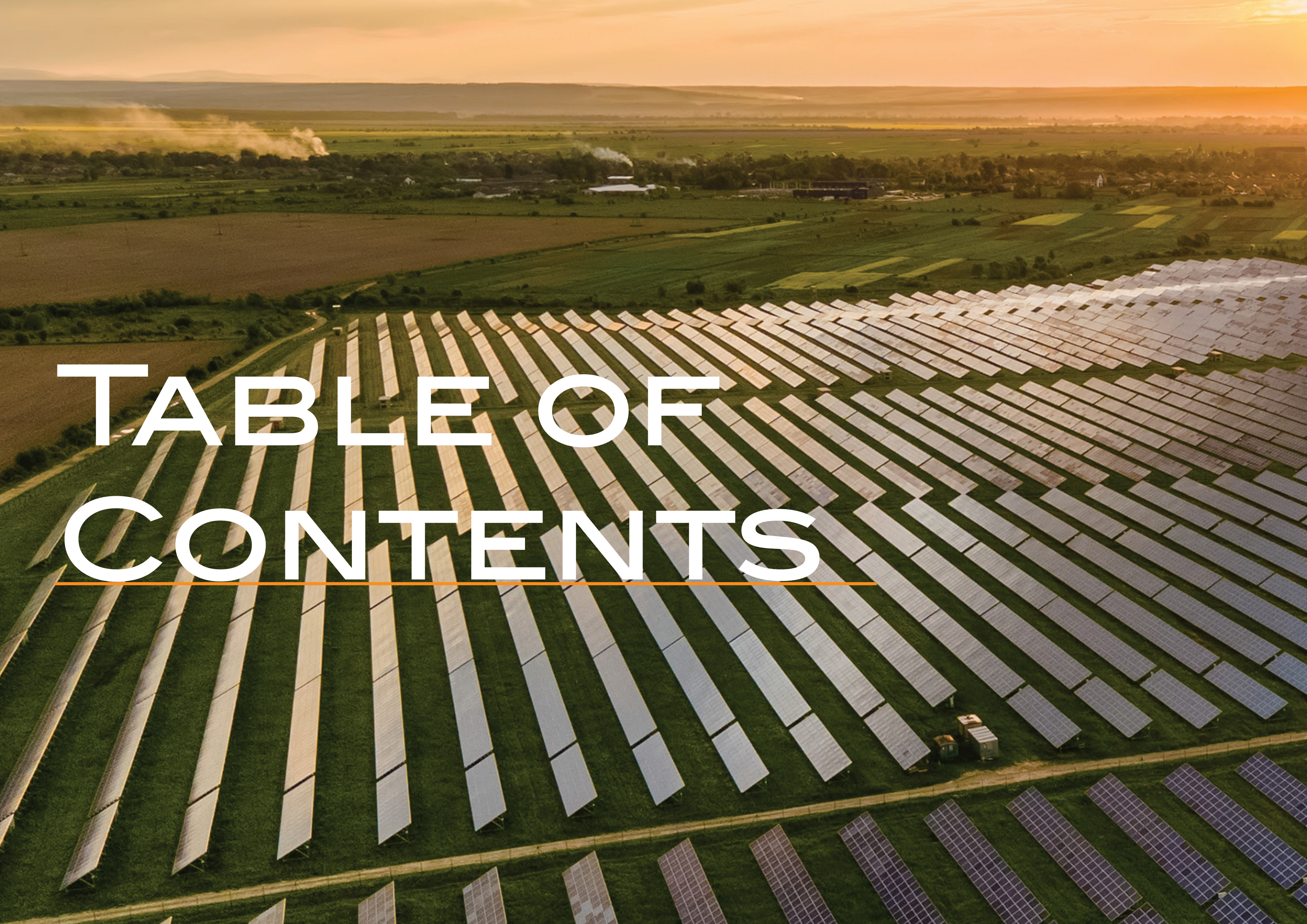

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1.2 Acronyms & Abbreviations

ACRONYM	MEANING
ESMS	Environmental and Social Management System
GHG	Green House Gas
SrRO	Sustainability-Related Risks and Opportunities
CrRO	Climate-Related Risks and Opportunities
MT of CO2e	Metric Tonnes of Carbon (IV) Oxide / Carbon Dioxide Equivalent
SFI	Sustainable Finance Initiative
IFRS	International Financial Reporting Standards
IFRS S1	Sustainability-related Disclosure Standard
IFRS S2	Climate-related Disclosure Standard
ISSB	International Sustainability Standards Board

1.3 Key Terms

Key Term	Meaning
Sustainability related risks and opportunities	Sustainability-related risks and opportunities are those that could reasonably be expected to affect the organisation's prospects, cash flows, access to finance or cost of capital over the short, medium, or long term.
Climate related risks and opportunities	Climate-related risks and opportunities are physical and transitional risks that could reasonably be expected to affect the organisation's prospects, cash flows or cost of capital over the short, medium, or long term.
Value chain	A value chain is the full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates.
Sustainability	Sustainability is the practice of operating a business in a way that meets the economic, social, and environmental needs of the present without compromising the ability of future generations to meet their own needs.
Sustainable finance	Sustainable finance is the process of taking due account of environmental, social and governance (ESG) considerations when making investment decisions in the financial sector, leading to increased longer-term investments into sustainable economic activities and projects.
Financed emissions	Financed emissions are the greenhouse gas emissions linked to the investment and lending activities of financial institutions, specifically the emissions produced by the companies a bank invests in and lends money to.
Environmental and Social Management System	Environmental and Social Management System is a management system that addresses environmental, occupational health and safety, labour, and community risks and impacts.
Climate resilience	Climate resilience is the ability of an entity to adjust to climate-related changes, developments, or uncertainties.

Key Term	Meaning
Trade-offs	Trade-offs are situations where there is a need to balance disadvantages in some aspects against gains in other aspects.
Materiality	Materiality is a concept used by companies to guide their sustainability strategic planning processes. Materiality of information is judged in relation to whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general-purpose financial reports, which provide information about a specific reporting entity.
Primary users	Primary users are the present and potential investors, lenders and other creditors who use general purpose financial reporting to make decisions.
Financial position	Financial position is information about the organisation's economic resources and recognizes assets, liabilities, and owner's equity.
Financial performance	Financial performance recognizes income and expenses.
Cash flows	Cash flows recognize the amount of cash transferred in and out of an organisation.
Prospects	Prospects are something in view as a source of profit, or a potential client.
Climate transition plan	A climate transition plan is an action plan that clearly outlines how a company will transform existing assets, operations, and business models to transition toward achieving net zero by 2050. Climate transition plans put climate change at the centre of a company's strategy and operations.

1.4 Disclaimer

This template was developed by the Kenya Bankers Association (KBA) in collaboration with Deloitte East Africa and ICPAK with funding support from FSD Kenya. This publication has also been produced with financial support from Norway through World Wide Fund for Nature (WWF) - Kenya. The contents of this publication are the sole responsibility of KBA and its partners and can in no way be taken to reflect the views of the Government of Norway.

The SFI working group representatives co-reviewed the template and provided further insight, based on the four IFRS S1 and IFRS S2 pillars, catering to the needs of relevant stakeholders in the banking sector. It does not replace any reporting requirements set forth by ISSB but provides further guidance on how to report on the IFRS S1 and IFRS S2 which is the regulator's recommended reporting standard that banks should benchmark on.

1.5 Acknowledgments

SFI Working Group Members

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FSD	Michael Njeru
SBM Bank	David Wasike
Family Bank	Angeline Mwangi

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Sustainable Finance Initiative

"The Sustainable Finance Initiative is grounded in three main priorities, namely equipping the financial services sector to perform optimally in the area of comprehensive risk management; enhancing best business practice, leadership and governance through engagement and capacity building at the board and senior management levels; and promoting industry growth and development by fostering a culture of innovation and inclusivity enabled by new technology."

1.6 Guidance on the Template

To facilitate transparent reporting of sustainability impacts for banks in Kenya, Deloitte supported the **Kenya Bankers Association (KBA)** in developing an **IFRS S1 and IFRS S2 Reporting Template**. This template aims to provide a global baseline for sustainability reporting, aligning with the International Sustainability Standards Board (ISSB). As well as, to provide a framework for financial institutions to effectively manage and mitigate sustainability-related risks and opportunities (SrROs), specifically climate-related risks and opportunities (CrROs), by integrating them into their business decisions and operations.

Intention of the Template

This template is a guidance document developed to provide guidance for entities to prepare disclosures for IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and for IFRS S2 thematic standard for climate-related disclosures.

This template solely provides interpretative guidance and a prompt for entities in preparing the type of information they would disclose and tracking their disclosure maturity.

How to Use the Template

The template focuses on the four core content elements:

Governance **Strategy** **Risk Management** **Metrics and Targets**.

These core content elements provide a holistic framework for addressing SrROs, specifically climate-related risks and opportunities. Within each section there are tables that include descriptions of the elements of the core content, the information to be disclosed relating to the core content, and paragraph reference to the standard itself for more guidance on the disclosure. A section for an entity's response is provided as a prompt, this does not dictate the format in which entities shall present their disclosed information.

This template was developed to provide guidance for general requirements of sustainability-related financial information (IFRS S1) and thematic standard for climate-related disclosures (IFRS S2). This means that most of the information for IFRS S2 would be covered under the disclosures for IFRS S1, except when disclosures particularly request for separate information relating to climate-related risks and opportunities. Therefore, when entities are preparing disclosures to fulfill the requirements, an entity shall avoid unnecessary duplication in accordance with ***IFRS S1General Requirements for Disclosure of Sustainability-related Financial Information***.

For example, although an entity shall provide the information required for governance oversight, if oversight of SrRO is managed on an integrated basis, the entity would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each sustainability-related risk and opportunity and climate-related risk and opportunity.

2. Introduction

Introduction

With major shifts across economic, social, political, legal and environmental landscapes, there is a growing demand of organisations to design their business model and deliver value to their stakeholders, and thus, sustainability is becoming increasingly integral to core business.

A strong Environmental, Social, and Governance (ESG) and sustainability agenda helps organisations meet their stakeholders' needs and expectations, including fostering social value and regenerating our environment.

The Institute of Certified Public Accountants of Kenya (ICPAK), as the national standard setter and regulator of the accountancy profession, has played a pivotal role in advancing sustainability reporting within Kenya's financial sector. Following the development of the Roadmap for adoption of the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards—specifically IFRS S1 and IFRS S2—ICPAK collaborated closely with the Kenya Bankers Association (KBA) in the creation of this sector-specific reporting template tailored for the banking industry.

This collaboration aimed to ensure a seamless and harmonized approach to sustainability reporting among banks, aligning with both global standards and local regulatory expectations. ICPAK's involvement was instrumental in integrating professional accounting perspectives into the template, thereby enhancing its relevance and applicability for financial institutions. The joint effort also focused on developing illustrative guidance that addresses the unique sustainability risks and opportunities pertinent to the banking sector.

Through this partnership, ICPAK and KBA have provided banks with a practical tool to effectively implement IFRS S1 and S2 disclosures. This initiative not only facilitates compliance with international reporting standards but also promotes transparency, accountability, and sustainable practices within Kenya's banking industry.

Sustainability includes economic, environment and social considerations as inseparable forces.

It drives many corporate agendas as businesses strive to meet the evolving expectations of customers regulators and investors.

Economic

Deals with the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital tied up.

Environment

Issues relating to the quality of functioning of the natural environment and natural systems

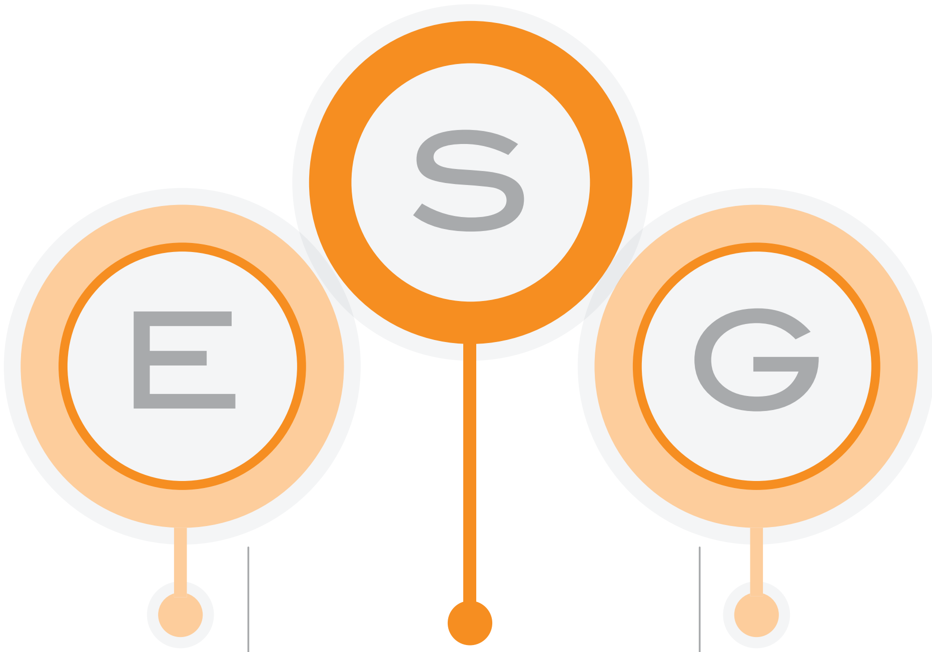
Social

Issues relating to the rights, well-being and interests of people and communities

FIGURE 1: SUSTAINABILITY & ESG OVERVIEW

ESG is a mechanism to transparently communicate how organizations are operationalizing their sustainability agenda.

It reflects the broad set of environmental and societal risks, opportunities, and disruptors by which an organization, manages measures and communicates its performance



ENVIRONMENT
Tackling environmental costs, long-term climate risk and challenges related to natural capital through sustainable business practices and supply chains.

SOCIAL
Committing to items including workforce development, inclusion, pay equity, health safety, and well-being , and the people and communities that businesses serve.

GOVERNANCE
Establishing and executing board and leadership policies and practices on decision - making authority, accountability, and reporting transparency.

ESG encompasses topics related to performance management and the impacts and dependencies of the business on society and the environment, as depicted, ESG represents multiple dimensions under the broader sustainability umbrella.

FIGURE 2:

ENVIRONMENTAL

Issues relating to the quality of functioning of the natural environment and natural systems.

- Climate change
- Greenhouse gas (GHG) emissions
- Recourse depletion, including water
- Waste and pollution
- Deforestation

SOCIAL

Issues relating to the rights, well-being and interests of people and communities.

- Working conditions
- Local communities
- Conflict regions
- Health and safety
- Employee relations and diversity

GOVERNANCE

Issues relating to the management and oversight of financial institutions and other investee entities.

- Executive pay
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Tax strategy

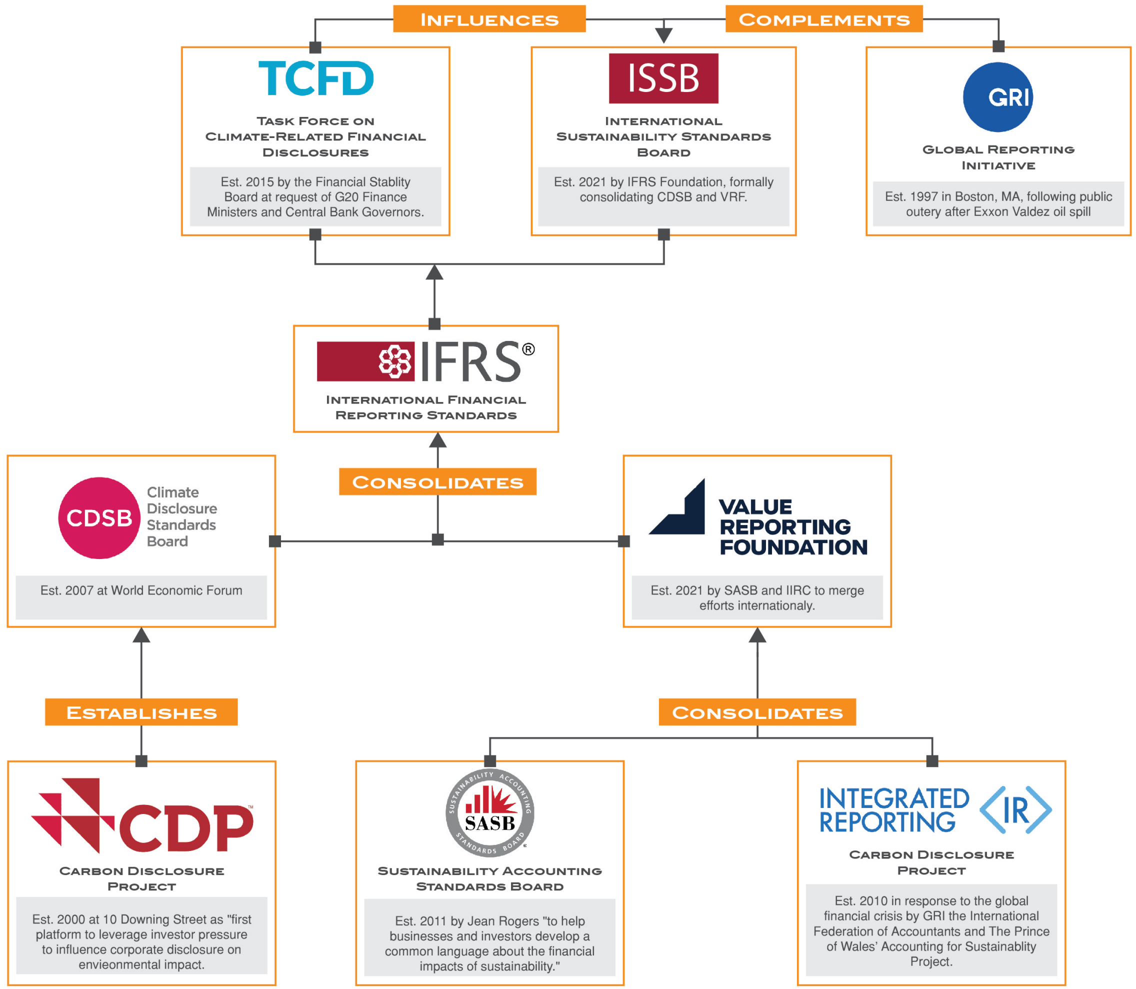
With investors becoming increasingly aware of the significant financial impacts of sustainability-related risks and stressing concerns about the lack of transparency of these financial impacts, there has been a rapid acceleration towards comprehensive corporate reporting.

This has resulted in regulators increasing their focus on ESG and climate disclosures in response and therefore, organizations are becoming more intentional about their sustainability and climate disclosures.

Standard-setters have begun to act on the increased and widespread demand for comprehensive corporate reporting on sustainability by working together to create a cohesive set of standards related to Sustainability-related Financial Information.

The journey of creating a cohesive set of standards to guide the disclosure of sustainability-related information began with the Task Force on Climate Related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI) being the champions of sustainability reporting standards. As depicted below, The International Sustainability Standards Board (ISSB), established by the Trustees of the IFRS Foundation in 2021, was tasked with the mission of creating a standardized framework for sustainability reporting catering to the needs of primary users and financial markets. From the influence and complementary elements of the TCFD standard and the GRI standard respectively, the ISSB worked towards providing a global baseline for sustainability reporting. In June 2023, the ISSB introduced IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

FIGURE 3: EVOLUTION OF SUSTAINABILITY REPORTING STANDARDS



IFRS S1 requires an entity to disclose all information about its **Sustainability-related Risks and Opportunities (SrROs)** that could reasonably be expected to affect the organisation's cash flows, access to finance or cost of capital over the short, medium, or long term.

IFRS S2 requires disclosure of information about **Climate related Risks and Opportunities (CrROs)** that could reasonably be expected to affect the organisation's cash flows, access to finance or cost of capital over the short, medium, or long term.

FIGURE 4: IFRS SUSTAINABILITY REPORTING STANDARDS

	IFRS S1 General Sustainability Disclosure	IFRS S2 Climate-Related Disclosure
OBJECTIVE	Information about **significant sustainability-related risks and opportunities.** Disclosures should be useful to the primary users of general-purpose financial reporting in making decisions related to providing resources to the entity.	Information about **climate-related risks and opportunities.** Disclosures should assist users in understanding the use of resources and evaluating the use of resources and evaluating strategies, business model and operational adaptation abilitites.
CORE CONTENT	**Governance** Information that enables investors to understand the governance processes, controls and procedures a company uses to monitor, manage and oversee sustainability-related risks and opportunities.	**Risk Management** Information that enables investors to understand the governance processes, controls and procedures a company uses to monitor, manage and oversee sustainability-related risks and opportunities.
	Strategy Information that enables investors to understand a company's strategy for managing sustainability-related risks and opportunities.	**Metrics & Targets** Information that enables investors to understand a company's perfomance in relation to its sustainability-related risks and opportunities, including progress towards any targets set, or any targets it is required to meet by law or regulation.
	General Requirements Concepts and principles are set out in IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	**Thematic Standards** IFRS S2 Climate-related Disclosures

The disclosure template is designed to align with the 11 recommended disclosures specified by ISSB within the four core content elements.

By adhering to these disclosures, the banks can enhance transparency and communicate their approach to sustainability-related and climate-related risks and opportunities.

OBJECTIVE:

IFRS S1 requires an entity to disclose information about all SrROs that could reasonably be expected to affect the entity's prospects (i.e. cash flows, its access to finance or cost of capital) over the short, medium or long term.

Table 1 below presents the 11 recommended disclosures within the four core content elements that serve as the foundation for the disclosure template.

TABLE 1: CORE CONTENT ELEMENTS GENERAL DISCLOSURES

CORE CONTENT ELEMENTS	RECOMMENDED DISCLOSURES
GOVERNANCE	
Disclose the entity's governance around SrROs.	1. Describe the governance body(s) or individual(s) responsible for oversight of SrROs.
	2. Describe management's role in the governance processes, controls and procedures used to monitor, manage and oversee SrROs.
STRATEGY	
Disclose the actual and potential impacts of SrROs on the entity's businesses, strategy, and financial planning where such information is material.	1. Describe SrROs that could reasonably be expected to affect the entity's prospects.
	2. Describe the current and anticipated effects of those SrROs on the entity's business model and value chain .
	3. Disclose the effects of those SrROs on the organisation's strategy and decision-making.
	4. Disclose the effects of those SrROs on the organisation's financial position, financial performance, cash flows and financial planning, in the current reporting period and over the short-, medium- and long-term.
	5. Disclose the resilience of the organisation's strategy and its business model to those SrROs.
RISK MANAGEMENT	
Disclose the entity processes used to identify, assess, prioritize, and monitor SrRO.	1. Disclose the processes to identify, assess, prioritise, and monitor SrRO, including whether and how those processes are integrated into and inform the entity's overall risk management process.
	2. Describe the entity's overall risk profile and its overall risk management process.
METRICS AND TARGETS	
Disclose the metrics and targets used to assess and manage relevant SrROs where such information is material	1. For each SrRO, disclose metrics required by an applicable ISSB standard.
	2. For each SrRO, disclose the metrics used to measure and monitor that SrRO and its performance in relation to that SrRO, including progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.

3.

IFRS® Sustainability Disclosure Standard

3.0 Governance Core Content Element

TABLE 2: GOVERNANCE DISCLOSURES

Describe the governance body(s) or individual(s) responsible for oversight of SrRO.

DISCLOSURE: Governance body(s)

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
About governance body(s) or individual(s) responsible for oversight of SrROs.	The governance body(s) are the board members, committee members or equivalent body charged with governance in the entity. Responsibilities, skills and competencies are typically described in terms of reference, mandates and role descriptions.	1. Which governance body(s), oversee the effective management of SrROs across the entity?[2]	Paragraph 27(a)	Paragraph 27(a)	
		2. How are responsibilities for SrROs reflected in the terms of reference, mandates, role descriptors and other related policies applicable to the governance body?	Paragraph 27(a)(i)	Paragraph 27(a)(i)	
		3. How are appropriate skills and competencies of the governance bodies determined or developed to oversee strategy designed to respond to SrROs?	Paragraph 27(a)(ii)	Paragraph 27(a)(ii)	

3.0 Governance Core Content Element (Continued)

TABLE 2: GOVERNANCE DISCLOSURES (Continued)

DISCLOSURE: Governance body(s) (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
About governance body(s) or individual(s) responsible for oversight of SrROs. (Continued)	The governance body(s) are the board members, committee members or equivalent body charged with governance in the entity. Responsibilities, skills and competencies are typically described in terms of reference, mandates and role descriptions.	4. How and how often are those charged with governance of SrROs informed about the entity's related risks and opportunities?	Paragraph 27(a)(iii)	Paragraph 27(a)(iii)	
		5. Explain how those charged with governance of SrROs consider SrROs when overseeing the entity's strategy, decisions on major transactions, and its risk management process and related policies. ~ Have those charged with governance of SrROs considered trade-offs associated with those risks and opportunities?	Paragraph 27(a)(iv)	Paragraph 27(a)(iv)	
		6. How do those charged with governance of SrROs oversee the setting of targets related to SrRO, and monitor progress towards those targets? ~ Have related performance metrics been included in remuneration policies? If so, how?	Paragraph 27(a)(v)	Paragraph 27(a)(v)	

[2] **Guidance Note:** if oversight of sustainability-related risks and opportunities is managed on an integrated basis, the entity would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each sustainability-related risk and opportunity.

3.0 Governance Core Content Element (Continued)

TABLE 3: MANAGEMENT DISCLOSURES

Describe management's role in the governance processes, controls and procedures used to monitor, manage, and oversee SrROs.

DISCLOSURE: Management

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
About Management	Management involves organizing, directing, and overseeing workflow, operations, and employees to meet company goals, with the aim of creating an efficient and productive work environment. Responsibilities, skills and competencies are typically described in terms of reference, mandates and role descriptions.	1. Is management directly involved in the SrRO activities of their entity? Demonstrate how they are involved?	Paragraph 27(b)(i)	Paragraph 6(b)(i)	
		2. Does the management possess sufficient knowledge of all major business lines to ensure that appropriate policies, processes, controls and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated?	Paragraph 27(b)(ii)		

3.0 Governance Core Content Element (Continued)

TABLE 3: MANAGEMENT DISCLOSURES (Continued)

DISCLOSURE: Management (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
About Management	Management involves organizing, directing, and overseeing workflow, operations, and employees to meet company goals, with the aim of creating an efficient and productive work environment. Responsibilities, skills and competencies are typically described in terms of reference, mandates and role descriptions.	3. How has the management deployed the appropriate skills to ensure that appropriate processes, controls and procedures are carried out to monitor, manage and oversee SrRO's?	Paragraph 27(b)ii)	Paragraph 6(b)(i)	
		4. Is the management role delegated to a specific management-level position or management-level committee? How is oversight exercised over that position or committee?	Paragraph 27(b)(i)	Paragraph 6(b)(i)	
		5. What controls and procedures are used to support the oversight of SrRO? How are these controls and procedures integrated with other internal functions?	Paragraph 27(b)(ii)	Paragraph 6(b)(ii)	

3.1 Strategy Core Content Element

TABLE 4: SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES

Describe the SrRO that could reasonably be expected to affect the entity's prospect.

DISCLOSURE: Sustainability-related risks and opportunities

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Sustainability-related risks and opportunities	SrRO are those that could reasonably be expected to affect the organisation's prospects (cash flows, access to finance or cost of capital) over the short-, medium-, or long-term. Relevant stakeholders may include regulators, the government, primary users, depositors, suppliers, employees, and the general public. Provide details on the duration of these SrRO; where the risks and their effects are concentrated (geographical area and types of assets) How an entity defines short-, medium-, and long- term depends on its particular circumstances. Entities might define time horizons by reference to investment and business cycles, or strategic planning horizons used for decision making, the life of assets or other factors.	1. Identify and describe SrRO that could reasonably be expected to affect the entity's prospects.	Paragraph 29(a)	Paragraph 29(a)	

3.1 Strategy Core Content Element (Continued)

TABLE 4: SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (Continued)

DISCLOSURE: Sustainability-related risks and opportunities (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
Sustainability-related risks and opportunities	SrRO are those that could reasonably be expected to affect the organisation's prospects (cash flows, access to finance or cost of capital) over the short-, medium-, or long-term. Relevant stakeholders may include regulators, the government, primary users, depositors, suppliers, employees, and the general public. Provide details on the duration of these SrRO; where the risks and their effects are concentrated (geographical area and types of assets) How an entity defines short-, medium-, and long- term depends on its particular circumstances. Entities might define time horizons by reference to investment and business cycles, or strategic planning horizons used for decision making, the life of assets or other factors.	2. How are key stakeholders engaged on sustainability and climate-related issues to better enable the institution to develop strategies to address relevant concerns?	Paragraph 29(a) Paragraph 30(a)		
		3. Categorize each identified climate-related risk as either a physical risk or transition risk[4].		Paragraph 10(b)	
		4. Specify the time horizons—short-, medium- or long- term—over which the effects of each of those SrRO could reasonably be expected to occur. ~ Explain the link between time horizons and the planning horizons utilized in the entity's strategic decision-making process.	Paragraph 30(b) Paragraph 30(c)	Paragraph 10(d)	

[3] **Guidance Note**: Climate-related physical risks include (1) event-driven acute physical risks resulting from weather events such as floods, storms, droughts or heatwaves; and (2) long-term chronic shifts in climate patterns such as precipitation and temperature that could result in sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

[4] **Guidance Note**: Climate-related transition risks arise from efforts to transition to a lower-carbon economy and include policy, legal, technological, market and reputational risks.

3.1 Strategy Core Content Element (Continued)

TABLE 5: EFFECTS ON BUSINESS MODEL AND VALUE CHAIN DISCLOSURES

Describe the current and anticipated effects of those SrROs on the entity's business model and value chain.

DISCLOSURE: Current and anticipated effects on business model and value chain

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Value Chain and business model	A value chain encompasses the interactions, resources, and relationships an organisation uses and on which it depends to create products and services across their whole life cycle from conception to delivery, consumption, and end of life. A business model encompasses how an organisation generates, delivers, and captures value.	1. Describe the current and anticipated effects of SrRO on the entity's business model and value chain.	Paragraph 32(a)	Paragraph 13(a)	
		2. Where in the entity's business model and value chain are SrRO concentrated? (for example, geographical areas, facilities and types of assets)	Paragraph 32(b)	Paragraph 13(b)	

3.1 Strategy Core Content Element (Continued)

TABLE 6: EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES

Disclose the effects of those SrROs on the organization's strategy and decision-making.

DISCLOSURE: Effect on strategy and decision making

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Strategy and decision-making	Strategy is a plan of action to achieve short-, medium-, and long-term goals. In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	1. Describe how the entity responded to, and plans to respond to SrRO in its strategy and decision-making.	Paragraph 33(a)	Paragraph 14(a)	
		2. Describe any current and anticipated changes to the business model attributable to climate-related risks and opportunities including changes in resource allocation e.g., plans to manage or decommission carbon, energy or water-intensive operations, changes in demand or supply chain, or investments and expenditure, including on research and development, acquisitions and divestments?		Paragraph 14(a)(i)	

3.1 Strategy Core Content Element (Continued)

TABLE 6: EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (Continued)

DISCLOSURE: Effect on strategy and decision making (Continued)

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Strategy and decision-making	Strategy is a plan of action to achieve short-, medium-, and long-term goals. In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	3. Describe any current and anticipated direct mitigation and adaptation efforts, for example, energy use, fleet management, employee commute, water consumption, resource consumption and usage of paper.		Paragraph 14(a)(ii)	
		4. Describe any current and anticipated indirect mitigation and adaptation efforts, (for example, through working with customers and supply chains)		Paragraph 14(a)(iii)	
		5. Details on any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies.		Paragraph 14(a)(iv)	

3.1 Strategy Core Content Element (Continued)

TABLE 6: EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (Continued)

DISCLOSURE: Effect on strategy and decision making (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
Strategy and decision-making	Strategy is a plan of action to achieve short-, medium-, and long-term goals. In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	6. Details of how the entity plans to achieve any climate-related targets including greenhouse gas emissions targets it has set and any targets it is required to meet by law or regulation		Paragraph 14(a)(v)	
		7. How is the entity resourcing or plans to resource, the activities attributable to climate-related risks and opportunities?		Paragraph 14(b)	
		8. What's the progress against plans the entity has disclosed in previous reporting periods? Include both quantitative and qualitative information	Paragraph 33(b)	Paragraph 14(c)	
		9. Describe how the entity considered trade-offs between SrRO e.g. cost of training employees vis-à-vis skill development.	Paragraph 33(c)		

3.1 Strategy Core Content Element (Continued)

TABLE 7: EFFECT ON FINANCIAL POSITION AND PERFORMANCE DISCLOSURES

Disclose the effects of those SrROs on the organisation's financial position, financial performance, cash flows and financial planning, in the current reporting period and over the short-, medium- and long-term.

DISCLOSURE: Effects on financial position, financial performance, and cash flows

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Financial position, financial performance, cash flows and financial planning	Financial position is information about the organisation's economic resources and recognizes assets, liabilities, and owner's equity. Financial performance recognizes income and expenses. Cash flows recognize the amount of cash transferred in and out of an organisation. Financial planning is the process of determining an organisation's financial needs for the future. How an entity defines short-, medium-, and long-term depends on its particular circumstances. Entities might define time horizons by reference to investment and business cycles, or strategic planning horizons used for decision making, the life of assets or other factors.	1. The entity's financial position, financial performance, and cash flows. Include, for the identified sustainability risks and opportunities, how those effects might give rise to the risk of a material adjustment to the carrying amounts of assets and liabilities reported in the next annual reporting period.			

3.1 Strategy Core Content Element (Continued)

TABLE 7: EFFECT ON FINANCIAL POSITION AND PERFORMANCE DISCLOSURES (Continued)

DISCLOSURE: Effects on financial position, financial performance, and cash flows (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
		2. Over the short-, medium- and long-term, disclose quantitative and qualitative information about the financial effects of SrRO. Include how the entity expects its financial position to change, given its strategy to manage SrRO, taking into consideration: • investment and disposal plans, and, • its planned sources of funding to implement its strategy.	Paragraphs 35-40	Paragraphs 15(b)	
		3. Disclose quantitative[5] and qualitative information about how the entity expects its financial performance and cash flows to change over the short-, medium- and long- term, given its strategy to manage SrRO.	Paragraph 34(b)	Paragraph 34(b)	

[5] **Guidance Note:** Quantitative information may be disclosed as a single amount or as a range. However, it is not required if: i) the current and anticipated financial effects of sustainability-related risks and opportunities are not separately identifiable; ii) the level of measurement uncertainty in estimating the effects of sustainability risks and rewards is so high that the information would not be useful; ii) the organisation does not have the skills, capabilities or resources to provide quantitative information on anticipated financial effects.
If the conditions for not providing quantitative information are satisfied, the organisation shall: a) explain why it has not provided quantitative. b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that sustainability-related risk or opportunity.

3.1 Strategy Core Content Element (Continued)

TABLE 8: STRATEGY RESILIENCE DISCLOSURES

Disclose the resilience of the organisation's strategy and its business model to those SrROs.

DISCLOSURE: Resilience

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
The organisation's capacity to adjust to uncertainties arising from sustainability-related risks	Resilience is the ability to recover quickly from difficulties, adapt to adversity, and maintain functionality and well-being despite challenging circumstances. In this context, the company should highlight how they have assessed the potential impacts of SrROs to its business strategy & model and how they expect to combat the resulting effects. It includes a qualitative or quantitative assessment of the resilience of its strategy and business model and explains how and when the company carried out that assessment.	1. Disclose information that explains the entity's capacity to adjust to the uncertainties arising from SrRO. Include, where applicable, quantitative and qualitative assessment of the resilience of its strategy and business model and explain how and when the organisation carried out that assessment.	Paragraph 41	Paragraph 21	

3.1 Strategy Core Content Element (Continued)

TABLE 8: STRATEGY RESILIENCE DISCLOSURES(Continued)

DISCLOSURE: Resilience (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
		2. For climate-related risks and opportunities, an entity shall use climate-related scenario analysis to assess its climate resilience and disclose: • the implications of the entity's resilience assessment, including potential responses to the possible outcomes identified in the scenario analysis; • areas of uncertainty that affect the organisation's resilience assessment; • the organisation's capacity to adjust its strategy and business model over the short-, medium- and long-term.		Paragraph 22(a)	
		3. For climate-related risks and opportunities, disclose how and when the organisation did its climate-related scenario analysis, including how many and what type of scenarios the organisation used and why. Include the time horizons and scope of operations to which the analysis is applied.		Paragraph 22(b)(i)	

3.1 Strategy Core Content Element (Continued)

TABLE 8: STRATEGY RESILIENCE DISCLOSURES(Continued)

DISCLOSURE: Resilience (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
		4. For climate-related risks and opportunities, what were the key assumptions made in the scenario analysis?	Paragraph 22(b)(ii)		
		5. For climate-related risks and opportunities, what was the reporting period in which the climate-related scenario analysis was carried out?	Paragraph 22(b)(iii)		

3.2 Risk Management Core Content Element

TABLE 9: IDENTIFYING, ASSESSING, PRIORITIZING, MANAGING AND MONITORING SUSTAINABILITY RISKS DISCLOSURES

Disclose the processes and related policies to identify, assess, prioritize and monitor sustainability-related risks, including whether and how those processes are integrated into and inform the entity's overall risk management process.

DISCLOSURE: Sustainability Risks

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Risk identification and monitoring process[7]	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources. The scenarios that have been used to inform the analysis (International, regional, publicly available, or bespoke) How many and what type of scenarios the entity used and why (a diverse range of scenarios covering both physical and transition risks) Scenarios aligned with the latest international agreement on climate change. One or more climate-related scenarios may be used but must have a reasonable and supportable basis for its choices. For example, an organisation with operations in jurisdictions where GHG emissions	1. How does the entity identify, assess and prioritize sustainability-related risks?	Paragraph 44(a)	Paragraph 25(a)	

[7] **Guidance note:** refer to appendix 2 for further details on carrying out a climate scenario analysis.

3.2 Risk Management Core Content Element (Continued)

TABLE 9: IDENTIFYING, ASSESSING, PRIORITIZING , MANAGING AND MONITORING SUSTAINABILITY RISKS DISCLOSURES (Continued)

DISCLOSURE: Sustainability Risks (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
Risk identification and monitoring process[7]	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources. The scenarios that have been used to inform the analysis (International, regional, publicly available, or bespoke) How many and what type of scenarios the entity used and why (a diverse range of scenarios covering both physical and transition risks) Scenarios aligned with the latest international agreement on climate change. One or more climate-related scenarios may be used but must have a reasonable and supportable basis for its choices. For example, an organisation with operations in jurisdictions where GHG emissions	2. How does this process monitor sustainability-related risks?	Paragraph 44(a)(i)	Paragraph 25(a)(i)	
		3. What inputs and parameters (for example, information about data sources and the scope of operations covered in the processes) does the entity apply to assess, prioritise and monitor sustainability-related risks?	Paragraph 44(a)(i)	Paragraph 25(a)(i)	
		4. How does the entity apply scenario analysis to inform its identification of sustainability-related risks? If so, how?	Paragraph 44(a)(ii)	Paragraph 25(a)(ii)	
		5. How does the entity assess the nature, likelihood and magnitude of the effects of those risks?	Paragraph 44(a)(iii)	Paragraph 25(a)(iii)	
		6. How does this process consider qualitative factors, quantitative thresholds, or other criteria?	Paragraph 44(a)(iii)	Paragraph 25(a)(iii)	
		7. How does this process prioritize sustainability-related risks relative to other types of risk?	Paragraph 44(a)(iv)	Paragraph 25(a)(iv)	

3.2 Risk Management Core Content Element (Continued)

TABLE 9: IDENTIFYING, ASSESSING, PRIORITIZING , MANAGING AND MONITORING SUSTAINABILITY RISKS DISCLOSURES (Continued)

DISCLOSURE: Sustainability Risks (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
Risk identification and monitoring process[7]	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources. The scenarios that have been used to inform the analysis (International, regional, publicly available, or bespoke) How many and what type of scenarios the entity used and why (a diverse range of scenarios covering both physical and transition risks) Scenarios aligned with the latest international agreement on climate change. One or more climate-related scenarios may be used but must have a reasonable and supportable basis for its choices. For example, an organisation with operations in jurisdictions where GHG emissions	8. Has the entity changed the processes it uses compared with the previous reporting period? If so, how?	Paragraph 44(a)(vi)		
		9. Is scenario analysis integrated into and does it inform the entity's overall risk management framework?	Paragraph 44(a)(ii))	Paragraph 25(a)(ii)	
		10. How has the entity considered that circumstances might change over time? Will these circumstances affect the organisation's approach to scenario and climate-related scenario analysis?			

3.2 Risk Management Core Content Element (Continued)

TABLE 10: IDENTIFYING, ASSESSING, PRIORITIZING, MANAGING AND MONITORING SUSTAINABILITY OPPORTUNITIES DISCLOSURES

Describe the processes and related policies the entity uses to identify, assess, prioritise, and monitor sustainability-related risks and opportunities.

DISCLOSURE: Sustainability Opportunities

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Opportunities identification and monitoring process	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources.	1. How does the entity identify, assess, prioritize and monitor sustainability-related opportunities relative to other types of opportunities?	Paragraph 44(b)	Paragraph 25(b))	
		2. What inputs and parameters (for example, information about data sources and the scope of operations covered in the processes) does the entity apply to assess, prioritise and monitor sustainability-related opportunities?	Paragraph 44(b)	Paragraph 25(b)	

3.2 Risk Management Core Content Element (Continued)

TABLE 11: MANAGING RISKS AND OPPORTUNITIES DISCLOSURES

Describe the entity's overall risk profile and its overall risk management process.

DISCLOSURE: Managing risks and opportunities

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
Risk Management processes[8]	Policies and practices that have been put in place to support thorough management of SrRO.	1. What processes does the entity have in place to manage SrROs?	Paragraph 43(b)	Paragraph 25(c)	
		2. Which SrROs fall under this process?	Paragraph 43(b)	Paragraph 25(c)	
		3. What are the investment and disposal plan for this process??	Paragraph 43(b)	Paragraph 25(c)	
		4. What are the planned sources of funding to implement this process?	Paragraph 43(b)	Paragraph 25(c)	

[8] **Guidance Note:** Types of risk management processes to consider: Enterprise risk management (ERM), Gap Analysis, Suitability, Prioritisation criteria, Controls, Contributors, Interconnections, Uncertainty. Refer to Appendix for further description of the risk management processes.

3.3 Metrics & Targets Core Content Element

TABLE 12: METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES

Disclose the metrics used to measure and monitor that SrRO and its performance in relation to that SrRO, including progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.

DISCLOSURE: Metrics

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	These metrics should: • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.	1. For each SrRO, what metrics are required by an applicable IFRS Sustainability Disclosure Standard.	Paragraph 46 (a)	Paragraph 27	
		2. For each SrRO, what metrics does the entity use to measure and monitor that SrRO and its performance including progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.	Paragraph 46(b)(ii)	Paragraph 28©	

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 12: METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (Continued)

DISCLOSURE: Metrics (Continued)

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	These metrics should: • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.	3. Do you apply a metric that is taken from another source other than IFRS Sustainability Disclosure Standard? If so, explain: • How the metric is defined; • Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure; • Whether the metric is validated by a third party and, if so, which party • The method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.	Paragraph 46(b)(ii)	Paragraph 28©	
		4. Which approach, inputs and assumptions does the entity use to measure its GHG emissions?		Paragraph 29 (a)(iii)	
		5. Why has the entity chosen to use the approach, inputs and assumptions it uses to measure the GHG emissions?		Paragraph 29 (a)(iii)	

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 12: METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (Continued)

DISCLOSURE: Metrics (Continued)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURE	IFRS S1	IFRS S2	RESPONSE
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	These metrics should: • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.	6. Have there been any changes in the measurement approach, inputs and assumptions the entity has used during the reporting period? If so, why were there changes?		Paragraph 29 (a)(iii)	
		7. How are the Scope 1 and Scope 2 GHG emissions disaggregated between the consolidated accounting entity and other investees such as associates, joint ventures and unconsolidated subsidiaries?		Paragraph 29 (a)(iv)	
		8. What are your location-based Scope 2 GHG emissions and their associated contractual instruments?		Paragraph 29 (a)(v)	
		9. What categories are included in the entity's measurement of Scope 3 GHG emissions, according to the categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3)?		Paragraph 29 (a)(vi)	

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 12: METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (Continued)

DISCLOSURE: Metrics (Continued)

IFRS Guideline	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
		10. Which category 15 GHG emissions are associated with the entity's investments (financed emissions)?		Paragraph 29 (a)(vi)(2)	
		11. Does the entity apply a carbon price in decision-making? If so, how?		Paragraph 29 (f)(i)	
		12. Does the entity factor climate-related considerations into executive remuneration? If so, how?		Paragraph 29 (g)(i)	

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 13: METRICS USED TO ASSESS SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURE

Referring to consideration 2 in Table 12 above, below is a guidance of metrics that the entity can use to measure and monitor SrRO and its performance in relation to that of SrRO, with their relevant units of measure and examples of how the metric can be utilized.

Disclose the metrics used by the entity to assess sustainability-related and climate-related risks and opportunities in line with its strategy and risk management process.

DISCLOSURE: Metrics (Continued)

Metric Category	Descriptor	Example of Unit Measure	Example of Metric Used	IFRS S1	IFRS S2
GHG	Absolute Gross Scope 1, Scope 2, and Scope 3; emissions intensity generated during the reporting period	MT of CO2e	Weighted average carbon intensity. GHG emissions per MWh of electricity produced	Paragraph 29 (f)(i)	Paragraph 29(a)
Climate transition risks	Amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Amount or percentage	Concentration of credit exposure to carbon-related assets. Percent of revenue from the oil and gas sector.		Paragraph 29(b)
Climate physical risks	Amount and percentage of assets or business activities vulnerable to climate-related physical risks	Amount or percentage	Revenue associated with water withdrawn and consumed in regions of high or extremely high baseline water stress.		Paragraph 29(c)
Sustainability and Climate-related opportunities	Proportion of revenue, assets, or other business activities aligned with sustainability and climate-related opportunities	Amount or percentage	Revenues from products or services that support the transition to a low-carbon economy.		Paragraph 29(d)

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 13: METRICS USED TO ASSESS SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURE (Continued)

DISCLOSURE: Metrics (Continued)

Metric Category	Descriptor	Example of Unit Measure	Example of Metric Used	IFRS S1	IFRS S2
Capital Deployment	Amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	Reporting currency	Percentage of annual revenue invested in R&D of low-carbon products/ services. Investment in climate adaptation measures (e.g., soil health, irrigation, technology).		Paragraph 429(e)
Internal carbon prices	Price on each ton of GHG emissions used internally by an entity	Price in reporting currency, per MT of CO2e	Internal carbon price. Shadow carbon price by geography.		Paragraph29(f)
Remuneration	Proportion of remuneration linked to climate considerations across the entire entity	The proportion of remuneration linked to climate considerations across the entire entity Example of Unit Measure Reporting currency Price in reporting currency, per MT of CO2e Percentage, weighting, description, or amount in reporting currency	The portion of employee's annual discretionary bonus linked to investments in climate-related products. Weighting of climate goals on long-term incentive scorecards for Executive Directors. Weighting of performance against operational emissions' targets for remuneration scorecard.		Paragraph 29(g)

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 14: TARGETS PROGRESS DISCLOSURES

Disclose progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.

DISCLOSURE: Targets

Targets Category	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
All targets	Quantitative and qualitative climate-related targets. The entity has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any GHG emissions targets. Quantitative targets are numerical single or range numbers. Qualitative targets are narrative.	Which approach has the entity used while setting each target? Has the approach been validated by a third party?	Paragraph 51		
		How does the entity review each target and monitor its progress against it?	Paragraph 51(e) (f)		
		Have there been revisions to the targets? If so, why?	Paragraph 51(g)		
		How has the entity been performing against each of the set targets? Have there been trends and changes in the entity's performance?	Paragraph 51(f)		

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 14: TARGETS PROGRESS DISCLOSURES (CONTINUED)

Disclose progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.

DISCLOSURE: Targets (Continued)

Targets Category	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
All targets	Quantitative and qualitative climate-related targets. The entity has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any GHG emissions targets. Quantitative targets are numerical single or range numbers. Qualitative targets are narrative.	For each metric, indicate: 1. The metric used to set the target, 2. The objective of the target, 3. The part of the entity to which the target applies e.g., entire or part of the entity, specific business unit etc. 4. The base period from which progress is measured, 5. Existing milestones and interim targets 6. Whether the quantitative target is an absolute or intensity target 7. How has the target been informed by the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement?	Paragraph 51	Paragraph 33	
GHG Emissions targets		Which GHG emissions are covered by the target? In which category (Scope 1, 2 and 3) do these emissions fall?		Paragraph 36(a)(b)	
		Is the target a gross GHG emission target or a net GHG emission target? If net targets are used, has the entity separately disclosed the associated gross greenhouse gas emission target?		Paragraph 36(c)	

3.3 Metrics & Targets Core Content Element (Continued)

TABLE 14: TARGETS PROGRESS DISCLOSURES (CONTINUED)

Disclose progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.

DISCLOSURE: Targets (Continued)

Targets Category	Descriptor	Disclosure	IFRS S1	IFRS S2	Response
GHG Emissions targets	Quantitative and qualitative climate-related targets. The entity has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any GHG emissions targets. Quantitative targets are numerical single or range numbers. Qualitative targets are narrative.	Was the target derived using a sectoral decarbonization approach?		Paragraph 36(d)	
		To what extent does the entity rely on the use of carbon credit to achieve its net GHG emissions target?		Paragraph 36(e)(i)	
		Which third-party scheme verified or certified the carbon credits used by the entity?		Paragraph 36(e)(ii)	
		Which type of carbon credit did the entity use? Was the underlying offset nature-based or based on technological carbon removals?		Paragraph 36(e)(iii)	
		Was the underlying offset achieved through carbon reduction or carbon removal?		Paragraph 36(e)(iv)	
		Which other factors may be considered to verify the credibility and integrity of the carbon credits the entity has used/ plans to use?		Paragraph 37	

4. Appendix

4.0 Appendix

APPENDIX 1: RISK IDENTIFICATION, MONITORING AND MANAGEMENT.

1A: Risk identification and monitoring process

a) **Climate Scenario Analysis:**

This is a method by which the entity can assess potential risks and opportunities arising from society's response to climate change and challenge business-as-usual assumptions.

It involves the modelling of multiple drivers across the energy, food, and land use sectors, such as carbon pricing, consumer shifts, and technology innovations to create a wide range of climate scenarios that can be used for climate scenario analysis.

- Requires forecasting and research of future outcomes
- Allows simulation of events or disruptions

b) **SWOT Analysis:**

A SWOT analysis uses a two-by-two matrix to define the strengths, weaknesses, opportunities and threats an entity is facing. SWOT considers both internal and external factors.

Strengths
What are unexpected ways the company can apply its strengths to ESG challenges?

Weaknesses
Do any peers experience similar weaknesses or face similar risks from ESG challenges?

Opportunities
Where is there a growing gap in which the company and others can create new solutions to ESG challenges?

Threats
Where are ESG challenges creating broad threats to future business value?

c) **Impacts and Dependency Mapping:**

This is a multi-capital approach relevant to the entity. Impacts and dependencies are described in terms of the stock and flow of capital in the entity's value chain.

Impacts
The negative or positive effect of business activity on financial, social and relationships, human and natural capital. Some examples include an entity's contribution to air pollution, job creation or safe working conditions.

Dependencies
Resources (e.g., human, social, natural) that businesses need to create and sustain value. For example, a company relies on available freshwater supplies, dams for flood control or employees and suppliers that follow the entity's code of conduct.

APPENDIX 1: RISK IDENTIFICATION, MONITORING AND MANAGEMENT (CONTINUED)

1B: Risk Management Processes

a) **ENTERPRISE RISK MANAGEMENT (ERM):**

This is an organizational approach to identifying, assessing, and managing risks for improved decision making. In the context of sustainability reporting, it involves the analysis of environmental, social and governance risks that the organisation faces in the short-, medium-, and long-term.

b) **GAP ANALYSIS:**

An analysis to check for gaps in existing systems and processes.

This may be done by comparing the IFRS S1 and S2 disclosure requirements against the organisation's current disclosures.

c) **SUITABILITY:**

An evaluation of whether existing processes are suitable for identifying SrRO.

d) **PRIORITIZATION CRITERIA:**

An evaluation of whether prioritization criteria are suitable for prioritizing SrRO. In addition to likelihood and impact, other criteria might apply, such as vulnerability, immanence, and speed of onset.

e) **CONTROLS:**

An evaluation of the suitability of existing internal risk controls for the mitigation and management of sustainability-related risks within acceptable levels.

f) **CONTRIBUTORS:**

An evaluation of which departments have relevant processes and expertise to contribute to sustainability-related financial disclosure.

g) **INTERCONNECTIONS:**

An evaluation of whether existing processes take account of sustainability and climate-related risks and opportunities that might arise from interconnections between different internal and external factors.

h) **UNCERTAINTY:**

An integration of sustainability-related risks into existing risk management, governance, or finance processes. The company adjusts these processes to take account of uncertainties—including where sustainability-related risks might occur and their effects and timescales—and the unique characteristics of SrRO.

APPENDIX 2: 15 GHG Categories

- Purchased goods and services;
- Capital goods;
- Fuel and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions;
- Upstream transportation and distribution;
- Waste generated in operations;
- Business travel;
- Employee commuting;
- Upstream leased assets;
- Downstream transportation and distribution;
- Processing of sold products;
- Use of sold products;
- End-of-life treatment of sold products;
- Downstream leased assets;
- Franchises; and
- Investments

APPENDIX 3: SRROS EFFECT ON FINANCIAL POSITION AND PERFORMANCE

Describing how SrROs could reasonably be expected to affect the organisation's prospects, and mapping them to the appropriate time.

		Current reporting period				Short term				
SrROs	**Description**	**Effects on cash flows**	**Effects on financial performance**	**Effects on financial position**	**Significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period?**	**Anticipated effects on access to finance**	**Anticipated effects to cost of capital**	**Anticipated effects on financial position**	**Anticipated effects on cash flows**	**Anticipated effects on financial performance**

5.

IFRS® Sustainability Disclosure Standard

An illustrative example for banks

5.0 Context Setting

The example below is an illustrative example to provide guidance of how entities can approach the responses for each of the disclosures and should not be used as the only approach for the responses. The example below is not based on an actual licensed company operating in Kenya and therefore, the responses are not necessarily cohesive.

The template is the ultimate guideline for disclosing sustainability-related and climate-related information using the IFRS S1 and IFRS S2 standards, and the example below is only for illustrative purposes.

Muthangari Bankers Limited is a bank operating in Kenya with more than 100 branches throughout East Africa. With a total asset base of more than KES 1 trillion, they offer services such as wholesale and retail banking, insurance, asset management and wealth management and other solutions to more than 11 million active clients.

Muthangari Bankers Limited aims to have meaningful impact through its core business and has a purpose-led ambition of providing sustainable development finance support to clients. Moreover, they made significant strides in its sustainability journey, achieving a 15% reduction in Scope 1 and Scope 2 GHG emissions, investing KES10 million in renewable energy projects, and setting ambitious new targets for 2025.

5.1 Governance Core Content Element

IFRS Guideline	Descriptor	Disclosures	Response
About governance body(s) or individual(s) responsible for oversight of SrROs.	The governance body(s) are the board members, committee members or equivalent body charged with governance in the entity. Responsibilities, skills and competencies are typically described and detailed in terms of reference, mandates and , role descriptions.	1. Which governance body(s), oversee the effective management of SrROs across the entity?	The Board of Directors and its committees are responsible for overseeing the management of the firm's most significant risks and opportunity. The Board of Directors has established a dedicated Sustainability Committee, a subcommittee of the Board of Directors, responsible for overseeing the Muthangari Bankers's sustainability strategy, SrROs performance and climate-related risks and opportunities. The committee comprises five board members with diverse expertise in environmental science, finance, and corporate governance. The committee's responsibilities include setting sustainability targets, reviewing progress against these targets, and ensuring compliance with regulatory requirements.
		2. How are responsibilities for SrROs reflected in the terms of reference, mandates, role descriptors and other related policies applicable to the governance body?	The roles and responsibilities of the Sustainability Committee have been outlined in our business sustainability and strategy policies.
		3. How are appropriate skills and competencies of the governance bodies determined or developed to oversee strategy designed to respond to SrROs?	All board members undergo annual training on emerging sustainability and climate-related issues, facilitated by external experts. Topics covered this year included the implications of new sustainability standards IFRS S1 & IFRS S2, advances in sustainable financing, and strategies for carbon reduction.

5.1 Governance Core Content Element (Continued)

IFRS Guideline	Descriptor	Disclosures	Response
About governance body(s) or individual(s) responsible for oversight of SrROs.	The governance body(s) are the board members, committee members or equivalent body charged with governance in the entity. Responsibilities, skills and competencies are typically described and detailed in terms of reference, mandates and , role descriptions.	4. How and how often are those charged with governance of SrROs informed about the entity's related risks and opportunities?	Quarterly, the committee receives SrROs updates from the Chief Sustainability Officer (CSO) and the Chief Risk Officer (CRO).
		5. Explain how those charged with governance of SrROs consider SrROs when overseeing the entity's strategy, decisions on major transactions, and its risk management process and related policies. Have those charged with governance of SrROs considered trade-offs associated with those risks and opportunities?	The board receives periodic updates on the firm's sustainability strategy, any progress made and reviews of the sustainability- and climate- related targets. In response to climate-related credit risks, Muthangari Bankers Limited. has revised its loan pricing models to incorporate climate risk exposure for borrowers in vulnerable sectors, such as agriculture and real estate. While higher-risk-based pricing protects the bank from potential loan defaults due to climate shocks, it may limit access to financing for SMEs and underserved communities that lack the resources to implement climate resilience measures. To address this, we have introduced blended finance mechanisms, partnering with development finance institutions (DFIs) and impact investors to offer risk-sharing arrangements and lower-cost green credit options.
		6. How do those charged with governance of SrROs oversee the setting of targets related to SrRO, and monitor progress towards those targets? Have related performance metrics been included in remuneration policies? If so, how?	The committee sets targets in alignment with the Nationally Determined Contributions (NDCs) and commitments such as Principles for Responsible Banking and the United Nations Global Compact. Progress is monitored internally through the quarterly reports and is made public in the annual report. A portion of executive compensation is tied to achieving sustainability targets, including GHG emissions reduction, energy efficiency improvements, and progress on renewable energy projects. In this reporting period, executives received bonuses for meeting a 10% reduction in Scope 1 and Scope 2 emissions and for increasing the use of renewable energy by 20%.

5.1 Governance Core Content Element (Continued)

IFRS Guideline	Descriptor	Disclosures	Response
About management	Management involves organizing, directing, and overseeing workflow, operations, and employees to meet company goals, with the aim of creating an efficient and productive work environment. Responsibilities, skills and competencies are typically described in terms of reference, mandates and role descriptions.	1. Is management directly involved in the SrRO activities of their entity? Demonstrate how they are involved.?	The management, led by the CEO, is charged with driving Muthangari Bankers's activities in line with our business growth strategy. Muthangari Bankers Limited has committed to reducing its financed emissions by 50% by 2030, aligning with IFRS S1 & S2 requirements. Senior management is actively involved as follows: • CEO & Board of Directors – Approve the sustainability (including climate) strategy and ensure alignment with business goals. • CRO (Chief Risk Officer) – Integrates sustainability (including climate) risks into credit risk models, identifying high-risk sectors. • CFO (Chief Financial Officer) – Oversees sustainability-related disclosures, ensuring accurate reporting under IFRS S1 & S2. • CSO (Chief Sustainability Officer) – Leads the implementation of sustainability financing initiatives. • COO (Chief Operations Officer) – Drives operational efficiency, such as reducing the bank's carbon footprint through energy-efficient branches. Through these efforts, the Bank manages sustainability risks while capitalizing on sustainability finance opportunities, ensuring long-term profitability and regulatory compliance.
		2. Does the management possess sufficient knowledge of all major business lines to ensure that appropriate policies, processes, controls and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated?	The CSO also chairs the Sustainability Steering Committee, comprised of all core business units and departments (such as operations, finance, risk, human capital, and marketing) to ensure accurate and up-to-date information and sufficient knowledge on the relevant departments are considered.

5.1 Governance Core Content Element (Continued)

IFRS Guideline	Descriptor	Disclosures	Response
		3. What is the management's role in the governance processes, controls and procedures used to monitor, manage and oversee SrRO?	The Executive Directors and Board of Muthangari Bankers established a Sustainability Steering Committee compromise of executives and senior management. The sustainability steering committee drives the implementation of the approved long-term sustainability goals that have been set in alignment with global commitments and the company's strategic vision. The Steering Committee also regularly reviews and updates Muthangari Bankers's risk register to include sustainability-related risks. To ensure they have the appropriate skills for this role, the committee undergo frequent training and courses to enhance their skills and knowledge on the management of sustainability risks and opportunities.
		4. Is the management role delegated to a specific management-level position or management-level committee? How is oversight exercised over that position or committee?	The Chief Sustainability Officer (CSO), reporting directly to the CEO, is responsible for developing and implementing Muthangari Banker's sustainability strategy. In addition, Sustainability Steering Committee comprised of senior executives from key departments, including Operations, Finance, Marketing, Supply Chain, Human Resources, and Corporate Affairs, spearheads designs and implementation of the sustainability strategy. Chaired by the CSO, the committee also includes external advisors with expertise in environmental science, sustainability, and risk management. The committee meets monthly to review sustainability performance, assess risks and opportunities, and approve new initiatives. Oversight over the committee is ensured by board-level supervision as well as quarterly sustainability performance reviews with defined KPIs. Independent assurance is also being carried out in addition to regulatory reporting to the Central Bank of Kenya to validate sustainability disclosures.
		4. Does management use controls and procedures to support the oversight of SrRO? If so, how are these controls and procedures integrated with other internal functions?	Quarterly meetings include a review with the Board of Directors to ensure alignment with corporate strategy and to provide updates on key sustainability metrics.

5.2 Strategy Core Content Element

TABLE : SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Sustainability-related risks and opportunities	SrRO are those that could reasonably be expected to affect the organisation's prospects (cash flows, access to finance or cost of capital) over the short-, medium-, or long-term. Relevant stakeholders include regulators, the government, primary users, depositors, suppliers, employees, and the general public. Provide details on duration of these SrRO, where the risks and their effects are concentrated (geographical area and types of assets) How an entity defines short-, medium-, and long-term depends on its particular circumstances. Entities might define time horizons by reference to investment and business cycles, or strategic planning horizons used for decision making, the life of assets or other factors.	1. Describe SrROs that could reasonably be expected to affect the entity's prospects.	The bank has performed an internal assessment to identify the inherent SrRO. The identified risks were: • Floods • Portfolio operational risk • Changing regulatory environment • Clean and low-carbon tech The opportunities identified were: 1. Green loans, Refer to section 2 of the appendix for further guidance on an appropriate response.
		2. How are key stakeholders engaged on sustainability and climate-related issues to better enable the institution to develop strategies to address relevant concerns?	As part of the internal assessment to identify the inherent SrROs, we conducted internal and external stakeholder engagements to help narrow down on the SrROs that are inherent for Muthangari Bankers. The Sustainability Committee has mandated the Sustainability Steering Committee to conduct bi-annual communal surveys to draw out relevant SrROs concerns.

5.2 Strategy Core Content Element (Continued)

TABLE : SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (CONTINUED)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURES	RESPONSE
Sustainability-related risks and opportunities	SrRO are those that could reasonably be expected to affect the organisation's prospects (cash flows, access to finance or cost of capital) over the short-, medium-, or long-term. Relevant stakeholders include regulators, the government, primary users, depositors, suppliers, employees, and the general public. Provide details on duration of these SrRO, where the risks and their effects are concentrated (geographical area and types of assets)	3. Categorize each identified climate-related risk as either a physical risk or transition risk .	**Flood risks.** Acute physical risk due to increased frequency and severity of extreme weather events. **Portfolio operational risk.** Chronic risk due to long-term changes in temperature and precipitation patterns impacting operations and supply chains. **Changing regulatory environment.** Policy and legal transition risk: Stricter environmental regulations and green incentives mechanisms. **Clean and low-carbon tech.** Technology Risks: Rapid advancements in low-carbon technologies could render existing technologies obsolete.
	How an entity defines short-, medium-, and long-term depends on its particular circumstances. Entities might define time horizons by reference to investment and business cycles, or strategic planning horizons used for decision making, the life of assets or other factors.	4. Specify the time horizons—short, medium or long term—over which the effects of each of those SrRO could reasonably be expected to occur. Explain the link between time horizons and the planning horizons utilized in the entity's strategic decision-making process.	Short-Term **(1-3 years)** Medium-Term **(3-5 years)** Long-Term **(5+ years)** The specified horizons align with our business growth strategy timelines.

[9] **Guidance Note**: Climate-related physical risks include (1) event-driven acute physical risks resulting from weather events such as floods, storms, droughts or heatwaves; and (2) long-term chronic shifts in climate patterns such as precipitation and temperature that could result in sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

[10] **Guidance Note**: Climate-related transition risks arise from efforts to transition to a lower-carbon economy and include policy, legal, technological, market and reputational risks.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECTS ON BUSINESS MODEL AND VALUE CHAIN DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Value Chain and business model	A value chain encompasses the interactions, resources, and relationships an organisation uses and on which it depends to create products and services across their whole life cycle from conception to delivery, consumption, and end of life. A business model encompasses how an organisation generates, delivers, and captures value.	1. Describe the current and anticipated effects of SrRO on the entity's business model and value chain.	A significant portion of our portfolio as Muthangari Bankers sits in high-risk sectors such as agriculture and real estate. Thus, climate and other community-related issues such as human rights are likely to have an impact on our business model and value chain. With a significant number of our customer base being farmers or businesspeople in the agriculture sector, the changes in weather and climate have an effect on our clients' businesses which in turn influences their cash flow and financial capabilities. This directly affects our lending business. To address this, we are working towards producing agricultural products and services that incorporate and consider the effects of weather conditions on our customers.
		2. Where in the entity's business model and value chain are SrRO concentrated? (for example, geographical areas, facilities and types of assets)	The business model and value chain's sustainability-related risks are not geographically concentrated since the business has physical offices in several regions across the African continent. The risks may however be concentrated on the asset management services due to the risk posed by the physical effects of climate change.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	1. Describe how the entity responded to, and plans to respond to SrRO in its strategy and decision-making.	In response to the sustainability risk and opportunities, the bank has developed both short-term, medium- and long-term strategies to mitigate the risks and take advantage of the opportunities raised. **Green Finance:** • Committed to providing $10 billion in green loans and bonds over the next five years. • Launch a green mortgage product offering reduced interest rates for energy-efficient homes. **Sustainable Investment:** • Establish a dedicated ESG investment fund aimed at supporting sustainable businesses. • Integrate ESG criteria into all investment decisions, ensuring alignment with global sustainability standards. **Client Engagement:** • Partner with corporate clients to develop tailored financing solutions for sustainability projects. • Conduct workshops and seminars to educate clients on climate risks and opportunities. Some of these initiatives include policyholder education on how to protect their assets against climate-related risks, continuing to scale our sustainable and transition finance as core component and setting interim targets for high emitting sectors and developing climate risk governance processes.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	2. Describe any current and anticipated changes to the business model attributable to climate-related risks and opportunities including changes in resource allocation e.g. plans to manage or decommission carbon, energy or water-intensive operations, changes in demand or supply chain, or investments and expenditure, including on research and development, acquisitions and divestments	Part of the bank's long-term strategy is to change the lending strategy to reduce the loans administered to clients operating in high-emission industries. We endeavour to increase financing of low-carbon technologies and infrastructure, including project financing in the developing world where power grid modernisation is critical.
		3. Describe any current and anticipated direct mitigation and adaptation efforts, for example, energy use, fleet management, employee commute, water consumption, resource consumption and usage of paper.	Part of the bank's short-term strategy is to incorporate a hybrid working environment in a bid to reduce the scope 1 emissions attributed to the business i.e. water usage, electricity usage etc.
		4. Describe any current and anticipated indirect mitigation and adaptation efforts, (for example, through working with customers and supply chains.)	Part of the bank's medium-term strategy is to adopt a pre-screening process of all stakeholders in the bank's supply chain. The pre-screening would include an environmental and social assessment of the stakeholders' processes and activities.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURES	RESPONSE
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	5. Details on any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies.	Muthangari Bankers Limited has developed a comprehensive Climate-Related Transition Plan to align with its Net Zero Strategy and comply with IFRS S1 & S2 disclosure requirements. The transition plan is designed to mitigate climate-related risks, seize sustainability-related opportunities, and ensure long-term resilience in the financial sector. Key assumptions include phased reduction of high-carbon financing, increased investment in green and sustainable finance, integration of carbon pricing in risk assessment as well as adoption of advanced climate risk modeling. The assumptions are related to dependencies such as Government Incentives and Regulatory Policies, Collaboration with International Financial Institutions, market readiness for sustainable investments and technological advancements in climate risk data.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	6. Details of how the entity plans to achieve any climate-related targets including greenhouse gas emissions targets it has set and any targets it is required to meet by law or regulation.	The bank has goals for GHG emissions management including computing and managing our financed emissions. To achieve these goals, the Bank has implemented several internal targets and tracking mechanisms. **Loan Portfolio Management:** • Implement a risk assessment framework to evaluate the climate impact of all new loans. • Set targets to reduce exposure to high-carbon industries and increase green financing. **Operational Efficiency:** • Invest in energy-efficient buildings and renewable energy for all bank-owned properties. • Adopt digital solutions to reduce paper usage and enhance remote working capabilities. **Product Innovation:** • Develop new financial products such as sustainability-linked loans, where interest rates are tied to borrowers' ESG performance. • Introduce green bonds to finance environmentally beneficial projects, attracting sustainability-focused primary users. This is supported through: **Interim Reporting:** Quarterly updates on sustainability performance and progress against targets. **Systems:** Implemented systems for collecting and analyzing sustainability data across operations and the loan portfolio. **Real-Time Monitoring:** Developed dashboards to monitor key sustainability performance indicators in real-time. **Reporting:** Published detailed disclosures on sustainability performance, risks, and opportunities in public reports. **Audit and Assurance:** Obtained third-party verification of sustainability data and disclosures to enhance credibility and reliability.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	7. How is the entity resourcing or plans to resource, the activities attributable to climate-related risks and opportunities?	Currently, the bank's internal teams including the risk department, procurement department, supply-chain department and the governance department are overseeing all the climate-related risks and opportunities activities. Thus, we strive to enhance their capability by enrolling key resources to in global and industry courses and trainings that equip them with the necessary knowledge to fulfil the role. So far, our entire risk department has undergone several trainings on climate risk assessment and we have onboarded a consultant to assist with the baseline portfolio assessment.
		8. What's the progress against plans the entity has disclosed in previous reporting periods? Include both quantitative and qualitative information.	**Progress on Strategic Targets** **1. Net-Zero Emissions Target** Target: Achieve net-zero operational emissions by 20XX. Progress: • Reduced Scope 1 and 2 emissions by 15% from 202X to 202X through energy efficiency upgrades in branches and data centers. • Transitioned 60% of the bank's energy consumption to renewable sources, including solar and wind, surpassing the target of 50% for 202X. • Launched a carbon offset program to mitigate remaining emissions, purchasing credits equivalent to 20,000 metric tons of CO_2. **2. Green Finance Commitment** Target: Allocate 50% of the loan portfolio to sustainable projects by 202X. Progress: • Increased the proportion of the loan portfolio dedicated to green finance from 30% in 202X to 40% in 202X, on track to meet the 2025 target. • Launched new products, including green mortgages and sustainability-linked loans, resulting in KES3 billion in new green financing in 202X. • Partnered with local governments to finance infrastructure projects focused on renewable energy and energy efficiency.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	8. What's the progress against plans the entity has disclosed in previous reporting periods? Include both quantitative and qualitative information.	**3. Energy Efficiency Initiatives** Target: Reduce energy consumption in bank-owned properties by 25% by 202X. Progress: • Achieved a 12% reduction in energy consumption in 202X through retrofitting lighting systems and optimizing HVAC systems across 200 branches. • Implemented a digital monitoring system to track energy use in real-time, enabling quick identification of inefficiencies and further reductions. • Completed energy audits in all facilities, identifying additional areas for improvement that are expected to yield further savings. **4. Sustainable Procurement** Target: Ensure that 80% of suppliers meet sustainability criteria by 202X. Progress: • Conducted sustainability assessments for 75% of key suppliers in 202X, with 85% meeting the established criteria for environmental and social responsibility. • Established a sustainable procurement policy that includes requiring suppliers to report on their emissions and sustainability practices. • Implemented a supplier engagement program, providing training and resources to help suppliers improve their sustainability performance. **5. Employee Engagement and Training** Target: Train 100% of employees on sustainability practices by 202X. Progress: • Achieved a 90% completion rate for sustainability training programs in 202X, with over 20,000 employees participating. • Launched an internal sustainability certification program, encouraging employees to develop and implement sustainability initiatives within their teams. • Established employee-led sustainability committees in each department, fostering grassroots engagement in sustainability efforts.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Strategy and decision-making	Strategy is a plan of action to achieve short, medium, and long-term goals, In this context, decision-making refers to what to disclose and how. Those decisions depend on the availability and management of information, decision-making procedures and systems and processes for capturing and managing information to be disclosed.	8. What's the progress against plans the entity has disclosed in previous reporting periods? Include both quantitative and qualitative information.	**6. Community Investment** Target: Invest KES100 million in community sustainability initiatives by 202X. Progress: • Contributed KES40 million in 202X to local sustainability projects, including renewable energy installations, community gardens, and green infrastructure. • Launched a volunteer program encouraging employees to participate in community sustainability initiatives, with over 5,000 hours volunteered in 202X. • Partnered with local nonprofits to support environmental education programs, reaching over 10,000 students in underserved communities. **7. Climate Risk Assessment** Target: Conduct comprehensive climate risk assessments for the entire loan portfolio by 202X. Progress: • Completed climate risk assessments for 70% of the loan portfolio in 202X, identifying key vulnerabilities in sectors such as agriculture and real estate. • Developed a risk management framework to guide lending decisions based on climate resilience and adaptation potential. • Introduced a climate risk dashboard for credit risk teams to facilitate real-time monitoring of sector-specific climate risks. **8. Sustainable Investment Growth** Target: Increase sustainable investment offerings to 30% of total assets under management by 202X. Progress: • Grew sustainable investment offerings to 25% of total assets under management in 202X, up from 15% in 202X. • Launched two new ESG-focused mutual funds, attracting KES1 billion in new investments in the first year. • Integrated ESG criteria into investment decision-making processes, with regular training provided to investment teams.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON STRATEGY AND DECISION-MAKING DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
		9. Describe how the entity considered trade-offs between SrRO e.g. cost of training employees vis-à-vis skill development..	The bank carried out a cost and benefits analysis of the sustainability-related risks that would impact the bank and opportunities the bank could venture into. The feedback from this analysis influenced the prioritisation of the risks and opportunities that should focus on in the short, medium, and long term.

TABLE : EFFECT ON FINANCIAL POSITION AND PERFORMANCE DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Financial position, financial performance, cash flows and financial planning	Financial position is information about the organisation's economic resources and recognizes assets, liabilities, and owner's equity. Financial performance recognizes income and expenses. Cash flows recognize the amount of cash transferred in and out of an organisation. Financial planning is the process of determining an organisation's financial needs for the future. How an entity defines short-, medium-, and long- term depends on its particular circumstances. Entities might define time horizons by reference to investment and business cycles, or strategic planning horizons used for decision making, the life of assets or other factors.	1. For the current reporting period, disclose quantitative and qualitative information about the current and anticipated effects of SrRO on the entity's financial position, financial performance, and cash flows. Include, for the identified sustainability risks and opportunities, how those effects might give rise to the risk of a material adjustment to the carrying amounts of assets and liabilities reported in the next annual reporting period.	**Capital Expenditure:** Allocated KES100 million over the next five years for sustainability projects, including renewable energy installations, energy efficiency upgrades, and waste reduction programs. **Increased Sales:** Sustainable product lines contributed to a 15% increase in overall sales, driven by growing consumer demand for eco-friendly products. **Operational Efficiency:** Achieved KES10 million in annual cost savings through energy efficiency improvements and waste reduction initiatives. **Reduced Risk Exposure:** Implemented measures to mitigate climate-related risks, reducing potential financial losses from extreme weather events and regulatory changes. Refer to section 2 of the appendix for further guidance on an appropriate response.

5.2 Strategy Core Content Element (Continued)

TABLE : EFFECT ON FINANCIAL POSITION AND PERFORMANCE DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
		2. Over the short-, medium- and long-term, disclose quantitative and qualitative information about the financial effects of SrRO. Include how the entity expects its financial position to change, given its strategy to manage SrRO, taking into consideration: • investment and disposal plans, and, • its planned sources of funding to implement its strategy.	Refer to section 2 of the appendix for further guidance on an appropriate response.
		3. Disclose quantitative[13] and qualitative information about how the entity expects its financial performance and cash flows to change over the short-, medium- and long- term, given its strategy to manage SrRO.	Refer to section 2 of the appendix for further guidance on an appropriate response.

[13] **Guidance Note:** Quantitative information may be disclosed as a single amount or as a range. However, it is not required if: i) the current and anticipated financial effects of sustainability-related risks and opportunities are not separately identifiable; ii) the level of measurement uncertainty in estimating the effects of sustainability risks and rewards is so high that the information would not be useful; ii) the organisation does not have the skills, capabilities or resources to provide quantitative information on anticipated financial effects.
If the conditions for not providing quantitative information are satisfied, the organisation shall: a) explain why it has not provided quantitative. b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that sustainability-related risk or opportunity.

5.2 Strategy Core Content Element (Continued)

TABLE : STRATEGY RESILIENCE DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
The organisation's capacity to adjust to uncertainties arising from sustainability-related risks	Resilience is the ability to recover quickly from difficulties, adapt to adversity, and maintain functionality and well-being despite challenging circumstances. In this context, the company should highlight how they have assessed the potential impacts of SrROs to its business strategy & model and how they expect to combat the resulting effects. It includes a qualitative or quantitative assessment of the resilience of its strategy and business model and explains how and when the company carried out that assessment.	1. Disclose information that explains the entity's capacity to adjust to the uncertainties arising from SrRO. Include, where applicable, quantitative, and qualitative assessment of the resilience of its strategy and business model and explain how and when the organisation carried out that assessment.	To increase the bank's resilience, we have implemented a plan to get ahead of uncertainties by investing in infrastructure, building capacity, stress testing and addressing grievances. The bank continuously engages with clients to understand their climate adaptation, mitigation, and transition plans.
		2. For climate-related risks and opportunities, an entity shall use climate-related scenario analysis to assess its climate resilience and disclose: • the implications of the entity's resilience assessment, including potential responses to the possible outcomes identified in the scenario analysis; • areas of uncertainty that affect the organisation's resilience assessment; • the organisation's capacity to adjust its strategy and business model over the short, medium and long term	The bank has invested in toolkits and partnerships to quantitatively measure climate-related physical and transition risks and we have conducted scenario analysis across a range of plausible scenarios. **Scenario 1: 1.5°C Warming Scenario:** **Assumptions:** Rapid decarbonization, significant advancements in green technologies, and stringent climate policies. **Impacts:** Increased costs due to carbon pricing, but significant opportunities in renewable energy and sustainable products. **Response Strategy:** Accelerated investments in renewable energy projects and low-carbon technologies. Enhanced product portfolio to include more sustainable options.

5.2 Strategy Core Content Element (Continued)

TABLE : STRATEGY RESILIENCE DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
The organisation's capacity to adjust to uncertainties arising from sustainability-related risks	Resilience is the ability to recover quickly from difficulties, adapt to adversity, and maintain functionality and well-being despite challenging circumstances. In this context, the company should highlight how they have assessed the potential impacts of SrROs to its business strategy & model and how they expect to combat the resulting effects. It includes a qualitative or quantitative assessment of the resilience of its strategy and business model and explains how and when the company carried out that assessment.		**Scenario 2: 2°C Warming Scenario:** **Assumptions:** Moderate policy action and technological progress, gradual shift to a low-carbon economy. **Impacts:** Moderate transition risks, increased physical risks such as heatwaves and water scarcity. **Response Strategy:** Implemented comprehensive risk management practices to mitigate physical risks. Continued investment in energy efficiency and sustainable supply chain initiatives. **Scenario 3: 3°C Warming Scenario:** **Assumptions:** Limited policy action, continued reliance on fossil fuels, significant physical impacts. **Impacts:** Severe physical risks, increased operational disruptions, and supply chain vulnerabilities. **Response Strategy:** Focused on building resilience through adaptive infrastructure, diversifying supply chains, and implementing robust emergency response plans.
		3. For climate-related risks and opportunities, disclose how and when the organisation did its climate-related scenario analysis, including how many and what type of scenarios the organisation used and why Include the time horizons and scope of operations to which the analysis is applied.	The organisation used ClimWise as the sole tool for climate-related scenario analysis due to its robustness and for consistency with previous reporting periods. The analysis was applied to the financial year ending June 202X.

5.2 Strategy Core Content Element (Continued)

TABLE : STRATEGY RESILIENCE DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
The organisation's capacity to adjust to uncertainties arising from sustainability-related risks	Resilience is the ability to recover quickly from difficulties, adapt to adversity, and maintain functionality and well-being despite challenging circumstances. In this context, the company should highlight how they have assessed the potential impacts of SrROs to its business strategy & model and how they expect to combat the resulting effects. It includes a qualitative or quantitative assessment of the resilience of its strategy and business model and explains how and when the company carried out that assessment.	4. For climate-related risks and opportunities, what were the key assumptions made in the scenario analysis?	Refer to (2) above for guidance on an appropriate response
		5. For climate-related risks and opportunities, what was the reporting period in which the climate-related scenario analysis was carried out?	The climate-related scenario analysis was carried out for the period beginning July 202X and extended for five financial years.

5.3 Risk Management Core Content Element

TABLE : IDENTIFYING, ASSESSING, PRIORTIZING, MANAGING AND MONITORING SUSTAINABILITY RISKS DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Risk identification and monitoring process[15]	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources. The scenarios that have been used to inform the analysis (International, regional, publicly available, or bespoke) How many and what type of scenarios the entity used and why (a diverse range of scenarios covering both physical and transition risks) Scenarios aligned with the latest international agreement on climate change. One or more climate-related scenarios may be used but must have a reasonable and supportable basis for its choices. For example, an organisation with operations in jurisdictions where GHG emissions are regulated.	1. How does the entity identify, assess and prioritize sustainability-related risks?	We use our internal Environmental and Social Management system to identify, assess and prioritize SrROs.
		2. How does the entity monitor sustainability-related risks?	Refer to Appendix 1 for further guidance on an appropriate response.
		3. What inputs and parameters (for example, information about data sources and the scope of operations covered in the processes) does the entity apply to assess, prioritise and monitor sustainability-related risks?	Refer to Appendix 1 for further guidance on an appropriate response.

5.3 Risk Management Core Content Element (Continued)

TABLE : IDENTIFYING, ASSESSING, PRIORITIZING, MANAGING AND MONITORING SUSTAINABILITY RISKS DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Risk identification and monitoring process[15]	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources. The scenarios that have been used to inform the analysis (International, regional, publicly available, or bespoke) How many and what type of scenarios the entity used and why (a diverse range of scenarios covering both physical and transition risks) Scenarios aligned with the latest international agreement on climate change. One or more climate-related scenarios may be used but must have a reasonable and supportable basis for its choices. For example, an organisation with operations in jurisdictions where GHG emissions are regulated.	4. How does the entity apply scenario analysis to inform its identification of sustainability-related risks?	The bank uses scenario analysis to explore how different future scenarios – based on environmental, social and governance factors – might impact our business model, portfolios and operations. This helps us anticipate potential risks and build resilience. The scenario analysis process we undertake includes the following steps: 1. Determine the physical or transition risks to be analysed. 2. Identify which parts of the bank's operations, asset class or geographies are most relevant. 3. Select appropriate scenarios that include various plausible futures. 4. Customize scenarios based on our region, client base and industry exposure. 5. Identify and assess risk drivers (physical, transition and social). 6. Gather internal and external data to input. 7. Model potential impacts and assess both quantitative and qualitative impacts. 8. Develop tools and metrics to project how different scenarios might affect our credit risk, market risk and operational risk. 9. Finally, we integrate our findings into our overall risk management process.
		5. How does the entity assess the nature, likelihood and magnitude of the effects of those risks?	We use our internal Environmental and Social Management system to identify, assess and prioritize SrROs. Refer to Appendix 1 for further guidance on an appropriate response.
		6. How does this process consider qualitative factors, quantitative thresholds, or other criteria?	Refer to Appendix 1 for further guidance on an appropriate response.
		7. How does this process prioritize sustainability-related risks relative to other types of risk?	Refer to Appendix 1 for further guidance on an appropriate response.

5.3 Risk Management Core Content Element (Continued)

TABLE : IDENTIFYING, ASSESSING, PRIORITIZING, MANAGING AND MONITORING SUSTAINABILITY RISKS DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
Risk identification and monitoring process[15]	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources. The scenarios that have been used to inform the analysis (International, regional, publicly available, or bespoke) How many and what type of scenarios the entity used and why (a diverse range of scenarios covering both physical and transition risks) Scenarios aligned with the latest international agreement on climate change. One or more climate-related scenarios may be used but must have a reasonable and supportable basis for its choices. For example, an organisation with operations in jurisdictions where GHG emissions are regulated.	8. Has the entity changed the processes it uses compared with the previous reporting period? If so, how?	No, we have not changed the process we use compared with previous reporting period.
		9. Is scenario analysis integrated into and does it inform the entity's overall risk management framework?	The scenario analysis process is fully integrated into the bank's risk management strategy as one of the key tools utilized by the risk department.
		10. How has the entity considered that circumstances might change over time? Will these circumstances affect the organisation's approach to scenario and climate-related scenario analysis?	The bank has taken into consideration the element of continuous change, especially when it comes to climate-related risks and opportunities. Thus, the bank has factored in the element of adaptability and flexibility in how we carry out climate-related scenario analysis.

[15] **Guidance note:** refer to appendix 2 for further details on carrying out a climate scenario analysis.

5.3 Risk Management Core Content Element (Continued)

TABLE : IDENTIFYING, ASSESSING, PRIORITIZING, MANAGING AND MONITORING SUSTAINABILITY OPPORTUNITIES DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Opportunities identification and monitoring process	Used to identify, assess, and prioritize SrROs from environmental, social, and economic sources.	1. How does the entity identify, assess, prioritize and monitor sustainability-related opportunities relative to other types of opportunities?	The bank uses the suitability and prioritization criteria. Refer to Appendix 1 for further guidance on an appropriate response.
		2. What inputs and parameters (e.g., information about data sources and the scope of operations covered in the processes) does the entity apply to assess, prioritise and monitor sustainability-related opportunities?	During the identification stage, the bank strives to identify and understand potential risks that may impact our operations. These risks are then prioritised based on their likelihood of occurrence and the potential impact they may have on our operations.

TABLE : MANAGING RISKS AND OPPORTUNITIES DISCLOSURES

IFRS Guideline	Descriptor	Disclosures	Response
Risk Management processes	Policies and practices that have been put in place to support thorough management of SrRO.	1. What processes does the entity have in place to manage SrROs?	The bank's current risk management process is based on Enterprise Risk Management (ERM).
		2. Which SrROs fall under this process?	The SrROs that fall under the bank's ERM strategy: • Flood risk • Green loans • Domestics changes in regulations or policies, related to sustainability and climate.
		3. What are the investment and disposal plans for this process?	The bank assesses capital adequacy and carries out capital planning and resource allocation based on the bank's short-term, medium-term, and long-term strategies. The credit risk management division defines the level of investment and disposal on an annual basis, which is reviewed and approved by the Governing Board.
		4. What are the planned sources of funding to implement this process?	The bank's core activities, which include the implementation of various strategies, are financed both from equity and from borrowings. The bank also raises funds from domestic capital markets by issuing bonds and other financial securities.

5.4 Metrics & Targets Core Content Element

TABLE : METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES

IFRS GUIDELINE	DESCRIPTOR	DISCLOSURES	RESPONSE
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	**These metrics should:** • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.	1. For each SrRO, what metrics are required by an applicable IFRS Sustainability Disclosure Standard.	**Carbon Emissions;** Scope 1 -2 emissions
		2. For each SrRO, what metrics does the entity use to measure and monitor that SrRO and its performance including progress towards any targets the organisation has set, and any targets it is required to meet by law or regulation.	**1. Carbon Emissions** • Scope 1 Emissions: Total Scope 1 emissions (in metric tons of CO2e) and percentage reduction year-over-year. • Scope 2 Emissions: Total Scope 2 emissions (in metric tons of CO2e) and percentage reduction year-over-year. **2. Green Finance** • Total Green Loans: Issued KES5 billion in green loans in 202X, representing 45% of the total loan portfolio. • Green Bond Issuance: Issued KES2 billion in green bonds in 202X, up 20% from 202X. **3. Energy Efficiency** • Energy Consumption: Reduced energy consumption by 10% to 50,000 MWh in 202X through energy-saving initiatives. • Energy Intensity: Achieved 150 kWh/sq m in energy intensity, a 12% improvement from the previous year. **4. Waste Management** • Waste Generation: Reduced total waste generated by 15% to 2,000 tons in 202X through recycling and waste reduction programs. • Recycling Rate: Achieved a recycling rate of 60%, up from 50% in 2022.

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	**These metrics should:** • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.		**5. Sustainable Procurement** • Sustainable Suppliers: 85% of key suppliers met sustainability criteria in 202X, up from 75% in 202X. • Sustainable Products: Spent KES300 million on sustainable products and services in 202X, representing 20% of total procurement spend. **6. Employee Engagement** • Training Completion Rate: 95% of employees completed the sustainability training program in 202X. • Employee Participation in Sustainability Initiatives: Engaged 1,000 employees in sustainability projects and committees in 202X. **7. Community Impact** • Community Investments: Invested KES10 million in community sustainability projects in 202X. • Volunteer Hours: Employees contributed 5,000 volunteer hours to community sustainability projects in 202X. Refer to table 13 for further guidance on additional metrics.
		3. Do you apply a metric that is taken from another source other than IFRS Sustainability Disclosure Standard? If so, explain: • How the metric is defined; • Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure; • Whether the metric is validated by a third party and, if so, which party • The method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.	For the metrics other than **Carbon Emissions**, we refer to the GRI standards.

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	**These metrics should:** • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.	4. Which approach, inputs and assumptions does the entity use to measure its GHG emissions?	**Data inputs:** • Energy consumption data • Fuel • Heating • Waste **Assumptions:** We used a 5% adjustment factor for estimated financed emissions due to incomplete data.
		5. Have there been any changes in the measurement approach, inputs and assumptions the entity has used during the reporting period? Why were there changes?	We have used the GHG Protocol Corporate Standard for Scope 1 and 2 emissions calculations.
		6. Have there been any changes in the measurement approach, inputs and assumptions the entity has used during the reporting period? Why were there changes?	No
		7. How are the Scope 1 and Scope 2 GHG emissions disaggregated between the consolidated accounting entity and other investees such as associates, joint ventures and unconsolidated subsidiaries?	N/A
		8. How are the Scope 2 GHG emissions disaggregated per location, and which are their associated contractual instruments?	N/A

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : METRICS USED TO MEASURE AND MONITOR SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURES (CONTINUED)

IFRS Guideline	Descriptor	Disclosures	Response
For each sustainability-related risk and opportunity that could reasonably be expected to affect the company's prospects, the company is required to disclose metrics.	**These metrics should:** • Enable primary users to understand the entity's performance in relation to SrRO, including progress towards legal and company-specified targets. • Include metrics the entity uses to measure and monitor SrRO and associated performance in relation to targets.	9. What categories are included in the entity's measurement of Scope 3 GHG emissions, according to the categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3)?	We are yet to compute our Scope 3 emissions.
		10. Which category 15 GHG emissions are associated with the entity's investments (financed emissions)?	We are yet to compute our Scope 3 emissions.
		11 Does the entity apply a carbon price in decision-making? If so, how?	N/A
		12. Does the entity factor climate-related considerations into executive remuneration? If so, how?	A portion of executive compensation is tied to achieving sustainability targets, including GHG emissions reduction, energy efficiency improvements, and progress on renewable energy projects. In this reporting period, executives received bonuses for meeting a 10% reduction in Scope 1 and Scope 2 emissions and for increasing the use of renewable energy by 20%.

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : METRICS USED TO ASSESS SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURE

Referring to consideration 2 in Table 12 above, below is a guidance of metrics that the entity can use to measure and monitor SrRO and its performance in relation to that of SrRO, with their relevant units of measure and examples of how the metric can be utilized.

Metric Category	Descriptor	Example of Unit measure	Example of Metric used
GHG	**Absolute Gross** Scope 1, Scope 2, and Scope 3; emissions intensity generated during the reporting period	MT of CO_2e	Weighted average carbon intensity. GHG emissions per MWh of electricity produced.
Climate transition risks	Amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Amount or percentage	Concentration of credit exposure to carbon-related assets. Percent of revenue from the oil and gas sector.
Climate physical risks	Amount and percentage of assets or business activities vulnerable to climate-related physical risks	Amount or percentage	Revenue associated with water withdrawn and consumed in regions of high or extremely high baseline water stress.
Sustainability and Climate-related opportunities	Proportion of revenue, assets, or other business activities aligned with sustainability and climate-related opportunities	Amount or percentage	Revenues from products or services that support the transition to a low-carbon economy.
Capital Deployment	Amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	Reporting currency	Percentage of annual revenue invested in R&D of low-carbon products/services. Investment in climate adaptation measures (e.g., soil health, irrigation, technology).

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : METRICS USED TO ASSESS SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES DISCLOSURE (CONTINUED)

Metric Category	Descriptor	Example of Unit Measure	Example of Metric used
Internal carbon prices	Price on each ton of GHG emissions used internally by an entity	Price in reporting currency, per MT of CO2e	Internal carbon price. Shadow carbon price, by geography.
Remuneration	Proportion of remuneration linked to climate considerations across the entire entity	The proportion of remuneration linked to climate considerations across the entire entity Example of Unit Measure Reporting currency Price in reporting currency, per MT of CO2e Percentage, weighting, description, or amount in reporting currency	The portion of employee's annual discretionary bonus linked to investments in climate-related products. Weighting of climate goals on long-term incentive scorecards for Executive Directors. Weighting of performance against operational emissions' targets for remuneration scorecard.

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : TARGETS PROGRESS DISCLOSURES

Targets Category	Descriptor	Disclosures	Response
All targets	Quantitative and qualitative climate-related targets The entity has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any GHG emissions targets. Quantitative targets are numerical single or range numbers. Qualitative targets are narrative.	Which approach has the entity used while setting each target? Has the approach been validated by a third party?	Our climate-related targets are set in alignment with and validated by Science Based Target Initiatives (SBTi).
		How does the entity review each target and monitor its progress against it?	The targets are monitored and reported annually. The Internal Audit Committee reviews and advises on climate-related policies and practices to ensure that these are discussed, understood, owned, and promoted at the Board level.
		Have there been revisions to the targets? If so, why?	No, there have been no revisions to the targets as they were only recently set.
		How has the entity been performing against each of the set targets? Have there been trends and changes in the entity's performance?	Thus far, the bank has met the following targets: • Reduced our total Scope 1 emissions (in metric tons of CO2e) by 2% in the past year. • Reduced our total Scope 2 emissions (in metric tons of CO2e) by 0.5% in the past year. • Increased the percentage of green financing contributing to our total revenue, with an increase of green loans representing 45% from 35% of our total loan portfolio. We have also issued KES2 billion in green bonds in 202X, up 20% from 202X. • Reduced our energy consumption by 10% to 50,000 MWh in the past year through energy-saving initiatives. • Improved our waste management capabilities through recycling and waste reduction programs, achieving a recycling rate of 60%, up from 50% in 2022. No there have been no changes in the entity's performance.

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : TARGETS PROGRESS DISCLOSURES (CONTINUED)

Targets Category	Descriptor	Disclosures	Response
All targets	Quantitative and qualitative climate-related targets The entity has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any GHG emissions targets. Quantitative targets are numerical single or range numbers. Qualitative targets are narrative.	For each metric, indicate: 1. The metric used to set the target, 2. The objective of the target, 3. The part of the entity to which the target applies e.g., entire or part of the, specific business unit etc. 4. The base period from which progress is measured, 5. Existing milestones and interim targets 6. Whether the quantitative target is an absolute or intensity target 7. How has the target been informed by the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement?	**Metric: Asset management** We focused on our absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. The total amount of assets under management (AUM) that is included in the financed emissions disclosure, is expressed in KSH which is the currency of our financial statements. **Metric: Commercial Banking** We used the use the Global Industry Classification Standard (GICS) 6-digit industry-level code for classifying counterparties to reflect the latest version of the classification system available at the reporting date. The asset classes we focused on were: loans, project finance, bonds, equity investments and undrawn loan commitments.
GHG Emissions targets		Which GHG emissions are covered by the target? In which category (Scope 1, 2 and 3) do these emissions fall?	The GHG emissions covered by the target is our carbon footprint which is our scope 1 and scope 2 emissions.
		Is the target a gross GHG emission target or a net GHG emission target? If net, has the entity separately disclosed the associated gross greenhouse gas emission target?	The target is a net (zero?) GHG emissions and yes, the entire entity has disclosed the associated GHG emissions.
		Was the target derived using a sectoral decarbonization approach?	No, it was not.

5.4 Metrics & Targets Core Content Element (Continued)

TABLE : TARGETS PROGRESS DISCLOSURES (CONTINUED)

Targets Category	Descriptor	Disclosures	Response
GHG Emissions targets		To what extent does the entity rely on the use of carbon credit to achieve its net GHG emissions target?	The bank recently embarked on our carbon credit journey to achieve our net GHG emissions target at a faster rate.
		Which third-party scheme verified or certified the carbon credits used by the entity?	The bank's carbon credits are verified by VVB a third-party auditor approved by VCS Verra.
		Which type of carbon credit did the entity use? Was the underlying offset nature-based or based on technological carbon removals?	The bank's carbon credits are carbon sequestration credits from our carbon offset projects with our business partners, which were all nature-based solution projects.
		Was the underlying offset achieved through carbon reduction or carbon removal?	The underlying offset was achieved through carbon reduction through our nature-based efforts in tree planting and afforestation projects in local forests and communities. Together with our partners, we have planted 500,000 trees across the 3 forests in the country to absorb carbon dioxide and recently began a new project on soil carbon sequestration with local farmers.
		Which other factors may be considered to verify the credibility and integrity of the carbon credits the entity has used/ plans to use?	The bank is working with external consultants who are helping us throughout the life cycle of our carbon projects and ensuring we have the necessary documents in place for the verification of our carbon credits.

5.5 Appendix

APPENDIX 1: RISK IDENTIFICATION, MONITORING AND MANAGEMENT.

1A: Risk identification and monitoring process

a) **Climate Scenario Analysis:**

This is a method by which the entity can assess potential risks and opportunities arising from society's response to climate change and challenge business-as-usual assumptions.

It involves the modelling of multiple drivers across the energy, food, and land use sectors, such as carbon pricing, consumer shifts, and technology innovations to create a wide range of climate scenarios that can be used for climate scenario analysis.

- Requires forecasting and research of future outcomes
- Allows simulation of events or disruptions

b) **SWOT Analysis:**

A SWOT analysis uses a two-by-two matrix to define the strengths, weaknesses, opportunities and threats an entity is facing. SWOT considers both internal and external factors.

Strengths
What are unexpected ways the company can apply its strengths to ESG challenges?

Weaknesses
Do any peers experience similar weaknesses or face similar risks from ESG challenges?

Opportunities
Where is there a growing gap in which the company and others can create new solutions to ESG challenges?

Threats
Where are ESG challenges creating broad threats to future business value?

c) **Impacts and Dependency Mapping:**

This is a multi-capital approach relevant to the entity. Impacts and dependencies are described in terms of the stock and flow of capital in the entity's value chain.

Impacts
The negative or positive effect of business activity on financial, social and relationships, human and natural capital. Some examples include an entity's contribution to air pollution, job creation or safe working conditions.

Dependencies
Resources (e.g., human, social, natural) that businesses need to create and sustain value. For example, a company relies on available freshwater supplies, dams for flood control or employees and suppliers that follow the entity's code of conduct.

APPENDIX 1: RISK IDENTIFICATION, MONITORING AND MANAGEMENT (CONTINUED)

1B: Risk Management Processes

a) **ENTERPRISE RISK MANAGEMENT (ERM):**

This is an organizational approach to identifying, assessing, and managing risks for improved decision making. In the context of sustainability reporting, it involves the analysis of environmental, social and governance risks that the organisation faces in the short-, medium-, and long-term.

b) **GAP ANALYSIS:**

An analysis to check for gaps in existing systems and processes.

This may be done by comparing the IFRS S1 and S2 disclosure requirements against the organisation's current disclosures.

c) **SUITABILITY:**

An evaluation of whether existing processes are suitable for identifying SrRO.

d) **PRIORITIZATION CRITERIA:**

An evaluation of whether prioritization criteria are suitable for prioritizing SrRO. In addition to likelihood and impact, other criteria might apply, such as vulnerability, immanence, and speed of onset.

e) **CONTROLS:**

An evaluation of the suitability of existing internal risk controls for the mitigation and management of sustainability-related risks within acceptable levels.

f) **CONTRIBUTORS:**

An evaluation of which departments have relevant processes and expertise to contribute to sustainability-related financial disclosure.

g) **INTERCONNECTIONS:**

An evaluation of whether existing processes take account of sustainability and climate-related risks and opportunities that might arise from interconnections between different internal and external factors.

h) **UNCERTAINTY:**

An integration of sustainability-related risks into existing risk management, governance, or finance processes. The company adjusts these processes to take account of uncertainties—including where sustainability-related risks might occur and their effects and timescales—and the unique characteristics of SrRO.

APPENDIX 2: 15 GHG Categories

- Purchased goods and services;
- Capital goods;
- Fuel and energy-related activities not included in **Scope 1 greenhouse gas emissions** or **Scope 2 greenhouse gas emissions**;
- Upstream transportation and distribution;
- Waste generated in operations;
- Business travel;
- Employee commuting;
- Upstream leased assets;
- Downstream transportation and distribution;
- Processing of sold products;
- Use of sold products;
- End-of-life treatment of sold products;
- Downstream leased assets;
- Franchises; and
- Investments

APPENDIX 3: SRROS EFFECT ON FINANCIAL POSITION AND PERFORMANCE

Describing how SrROs could reasonably be expected to affect the organisation's prospects, and mapping them to the appropriate time.

		CURRENT REPORTING PERIOD				SHORT TERM				
SrROs	**Description**	**Effects on cash flows**	**Effects on financial performance**	**Effects on financial position**	**Significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period?**	**Anticipated effects on access to finance**	**Anticipated effects to cost of capital**	**Anticipated effects on financial position**	**Anticipated effects on cash flows**	**Anticipated effects on financial performance**
Example: Flood Risk	Physical risk: unexpected changes in weather patterns could result in severe flood events	These events could adversely impact customers' repayment ability through damages to properties or loss of insurance cover, leading to potential increases in credit losses.	This could lead to an increase in the non-performing loans recorded by the bank	The bank could record higher provisions for impairment	The bank recorded higher provisions for impairment					

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