



KCB Group Suppliers' Code of Conduct

KCB GROUP SUPPLIERS' CODE OF CONDUCT



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1 Introduction

KCB Group Plc ("**KCB**") is committed to driving sustainable progress and positive impact in the societies while operating our businesses sustainably, ethically and transparently as reflected in our Sustainability Policy and commitments to initiatives such as the UN Global Compact Ten Principles, the UN Sustainable Development Goals (SDGs) and Net Zero commitment.

The KCB Group Suppliers' Code of Conduct ("**Code**") defines our requirements for suppliers in terms of responsible business conduct and responsibilities towards the communities where they operate.

This Code is built on internationally recognized agreements that promote management of adverse effects on human rights, labor rights, environmental protection and anti-corruption practices and the initiatives integrated by KCB founded on UN Global Compact Ten Principles anchored on Universal Declaration of Human Rights, International Labor Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and United Nations Convention Against Corruption.

Through strategic selection and evaluation of suppliers, we conduct business with suppliers who share these values relating to environmental, social and ethical standards. It is vital that our suppliers, irrespective of their jurisdiction and the place of supply of the services, comply with all applicable national laws and regulations and meet the requirements set out in the Code.

KCB's Suppliers are responsible for adhering to the set ethical standards and ensuring that due diligence measures are in place to uphold the requirements through continuous monitoring and follow-up actions to mitigate negative impact.

2 Scope

The Code applies to all KCB suppliers, their employees, parent company, subsidiaries or affiliate entities, and sub-contractors. The provisions of this Code of Conduct set forth the expectations for all suppliers with whom KCB (or any of its subsidiaries) does business with.



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3 Definitions

Refer to Appendix 1.

4 Requirements for doing business with KCB

Suppliers shall establish appropriate policies and procedures to ensure compliance with this Code. Suppliers should take any necessary communication and training actions to ensure that its employees, parent company, subsidiaries or affiliate entities, and sub-contractors read, understand and act in accordance with the provisions of this Code.

All suppliers should sign a Conflict-of-Interest declaration form upon onboarding.

5 Key Principles

5.1 Labor and human rights

Discrimination: The supplier is to ensure there is no discrimination based on ethnicity, religion, race, skin color, nationality, social origin, age, disability, health status, gender, and sexual orientation, membership of trade unions or political views. All suppliers should ensure anti-discrimination by putting in place a code of ethical conduct, policies addressing harassment and discrimination, diversity/inclusion, and grievance handling.

5.1.1 Wages, Working Hours and Conditions: The supplier should ensure that working conditions, hours, rest periods, leave and wages are in accordance with local regulations, industry practice and are at a level that enables a fair standard of living according to local conditions.

In addition, wages should be fair and commensurate to prevailing industry conditions or the minimum wage. All suppliers should comply with the statutory deductions as required under the local laws. Any overtime should be voluntary and compensated appropriately as per the local regulations.

Suppliers where applicable, shall have a policy in place that address labor and working conditions of the workplace to guide the engagement of workers including the grievance mechanisms for both internal and external parties.



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5.1.2 Forced Labor: The supplier should apply measures to prevent human trafficking or any type of forced labor. This includes work on a forced contract, slavery and other forms of work that are undertaken against a worker's will or choice.

5.1.4 Child Labor: The supplier shall not associate with exploitative forms of child labor – such as labor in accordance to the International Labor Organization is defined as work that deprives children of their childhood, their potential and their dignity, and that harmful to physical and mental development. It refers to work that:

Is mentally, physically, socially or morally dangerous and harmful to children; and/or

Interferes with their schooling by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work.

When employing young workers (if permitted by national laws), suppliers must act in accordance with the International Labor Organization's standards.

5.1.5 Freedom of Association: The supplier shall respect its employees' right to organize themselves and negotiate collective wage agreements. If independent trade unions are discouraged or restricted, the supplier shall enable workers to gather independently to discuss work-related issues.

5.1.6 Right to Privacy: The supplier shall respect its employees' right to privacy when it gathers or stores personal information.

5.2 Health and safety

5.2.1 Working environment: The supplier shall take appropriate measures to provide a healthy and safe working environment by employing mechanisms to prevent accidents and injuries related to the physical and mental environment through proper training and preventive measures.

The supplier should have procedures guiding identification of work hazards, prevention, training on health and safety, documentation of incidents as well as an emergency preparedness clearly outlining roles and responsibilities.

The supplier shall treat all employees with dignity, respect and provide a conducive workplace free from harassment, abuse and violence. Suppliers should provide their workers with proper clothing and other protective gear which as a minimum standard are in compliance with any local health and safety laws or regulations.

5.3 Environment

The environmental commitments set out in this Code are subject to the principle of proportionality, using a risk- and impact-based approach. The requirements are therefore to be applied in a manner that is appropriate, taking into account the supplier's size, type of operation, nature, scope and complexity of its activities. The risk assessment conducted by the supplier should consider the following risk factors in their operations:

- Raw materials consumption
- Energy consumption
- Water consumption
- Wastewater management
- Air emissions
- Solid waste generation
- Hazardous waste generation
- Usage of chemicals
- Usage of hazardous materials
- Noise generation
- Land conversion

KCB requires its suppliers to have an effective environmental policy, comply with existing legislation and regulations regarding the protection of the environment. Suppliers should play a role in improving the environment and in so doing to implement programs that promote a clean environment, reduce waste and seek ways to use and produce products that are environmentally friendly.

The supplier's policy commitment should address environmental considerations and an environmental management system that is either certified in accordance with ISO 14001 or includes, at least, the following:

- i. A policy commitment to address environmental considerations.



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- ii. Follow-up on observance of prevailing environmental legislation.
- iii. Identification and ongoing monitoring of the company's most significant environmental impact issues.
- iv. Actions to improve the company's environmental impact.
- v. Internal audit.
- vi. Suppliers are required to establish effective communication systems on environmental matters through training and improved environment management system awareness. In addition, suppliers shall engage with communities and invest in society in a way that makes effective use of resources.

6 Ethics and Business Integrity

6.1 Anti-corruption and bribery

The KCB Group adopts a zero-tolerance position to all forms of corruption, bribery and unethical business practice

All suppliers shall ensure a high level of business integrity and compliance with all applicable laws and regulations concerning bribery, corruption, fraud, intellectual property rights, anti- money laundering, tax evasion, and competition through supplier policies or guidelines concerning conflicts of interests, gifts and hospitality.

Suppliers shall not make or offer bribes or payments of money or anything of value to any KCB employee or any other person for the purpose of obtaining or retaining business with KCB.

Suppliers shall ensure that any expenditure incurred in relation to any KCB employee is in the ordinary and proper course of business and cannot reasonably be construed as a bribe or to secure unfair preferential treatment. A general guideline for evaluating whether a business courtesy is appropriate is whether public disclosure would be embarrassing to the Supplier or to KCB Group.

6.2 Conflict of Interest.

KCB suppliers shall observe the Ethical Conduct provisions on Conflict of Interest and take cognizance of activities that are considered to be restricted,



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activities requiring full disclosure, activities that do not require disclosure and the policy's disclosure requirements and responsibilities.

Anything that would present a conflict of interest for a supplier or will most likely present a conflict of interest to his or her family members. For purposes of this procedure, immediate family means spouse, parents, children or siblings, whether by blood, marriage or adoption.

6.2.1 Activities Which Are Restricted

- I. KCB suppliers engaging in commercial business partnerships and undertakings with KCB Group's staff, whether directly or through proxies
- II. Misusing or improperly sharing with others KCB Group Information acquired in the process of conducting normal business with KCB Group.
- III. Borrowing from KCB Staff
- IV. Suppliers should not loan or avail cash advances to any KCB Group staff.

6.2.2 Activities Requiring Full Disclosure

- I. Engaging in any activity that could create the appearance of a conflict of interest, and thereby impair the reputation of KCB for impartiality and fair dealing.
- II. Relationships that might impair a supplier's independence or judgment which in turn will result in disruptions at the workplace or failure to deliver on supplier's expected performance.
- III. Being employed by, or rendering service to, another organization such that the affiliation is detrimental to KCB Group's interests.
- IV. Conflict of interest situations involving directors, executive directors, or other employees who occupy supervisory positions or who have discretionary authority in dealing with KCB Group.

7 Taxation, retention of records, licensing and returns

Suppliers shall comply with all tax laws, requirements and shall meet their tax obligations. Suppliers shall maintain accurate, reliable financial and business



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records and shall not have any false or inaccurate accounting books or records. The records by suppliers shall be maintained in such a way that meets the minimum requirements outlined by the respective revenue authorities and other government or regulatory requirements.

All suppliers are required to have requisite permits, licenses and authorizations for them to lawfully carry out their business. In addition, the suppliers shall be required to prepare and file any returns that may be required under the relevant regulations such as the Companies Acts of the specific country or any other regulation that is relevant for the suppliers.

8 Data Privacy, Protection and Information security

Suppliers' information systems that contain KCB and its subsidiaries confidential information or data shall be appropriately managed and protected against unauthorized access, use, disclosure, modification, or destruction. All KCB suppliers are required to comply with KCB Group Plc Data Privacy and Protection Policy. Suppliers shall collect personal information only for legitimate business purposes, use it in a legal, transparent, and secure manner, share it only with those who are allowed access, protect it in accordance with security policies, retain it only for as long as necessary, and obligate third parties with access to personal information to protect it.

Information security incidents such as inappropriate access to or disclosure of sensitive information, loss of intellectual property or inability of the supplier to maintain the agreed level of information security and service delivery in line with the supplier agreement would potentially diminish the benefits obtained and negatively impact on the Information security position of KCB.

In this regard, all KCB Group suppliers shall:

- Promptly and accurately complete and return any KCB Information Security Questionnaire and Data assessment Questionnaires whenever requested by KCB.
- Safeguard the security of all KCB confidential Information using appropriate security systems and processes reasonably acceptable to KCB.
- Perform regular and full testing procedures on such security systems and processes.



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- Permit KCB, upon reasonable notice to supplier, to conduct security audits against such security systems and processes (including the right to test the security of any hardware and software used by the supplier in the performance of its obligations under the contract).
- Notify KCB immediately after becoming aware of an incident where any KCB confidential Information is at risk of unauthorized or unlawful disclosure, loss or damage.

9 Relations with competitors

Suppliers will be required to comply with applicable anti-trust or competition laws and will not engage in any restrictive trade practices. Suppliers will at all-times act in a manner that will uphold and encourage fair competition.

The applicable anti-trust legislation with regard to Kenya operations is the Competition Act (Cap 504 Laws of Kenya) and orders and acts issued under the Competition Authority of Kenya.

9.1 Complaints reporting and resolution mechanism:

Suppliers must establish complaints reporting and resolution mechanism for their customers and all relevant stakeholders. Suppliers must communicate the established complaints reporting mechanism to the relevant stakeholders.

9.2 Emergency preparedness and Response.

All suppliers shall have in place an emergency preparedness and response plan that shall be adhered to in the event of an emergency. Employees within the operations should have practical skills acquired through mock drills and exercises that can be implemented in the event of an emergency.

9.3 Business Continuity Planning

Suppliers must develop, maintain and test their business continuity and disaster recovery plans in accordance with applicable laws, industry standards, and contractual requirements.

10 Reputation



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KCB Suppliers shall conduct themselves with respect in order to uphold and guard KCB's reputation at all times. In the event that KCB suppliers undertake activities that may impair KCB's reputation, they shall disclose this immediately.

In the event that KCB Group establishes that a supplier is engaging in activities that impair KCB Group's reputation directly or indirectly, then KCB Group at its own discretion shall take appropriate corrective action, including but not limited to termination of the relationship with the Supplier.

11 Due diligence and Monitoring

KCB shall maintain the right to conduct due diligence on suppliers before entering into relationships. This may include but is not limited to undertaking due diligence with the aim of establishing that all KCB Suppliers meet the requirements of the supplier's code of conduct.

All KCB Group suppliers shall be categorized as Category A (High-risk), B (Medium-Risk) and C (low-risk) in accordance to the IFC performance standards. High risk suppliers shall be subjected to on-site audits. Suppliers not meeting KCB Group requirements (through either self-assessment or on-site review) will then be subjected to a remediation process.

All suppliers shall continuously self-monitor their compliance with our supplier code of conduct and inform KCB Group of any non-compliance. On an annual basis all suppliers shall conduct a self-assessment against the supplier code of conduct and provide KCB Group with a confirmation of compliance with the Suppliers' Code of Conduct.

12 Effect of Non-Compliance

This code will form part of a supplier's contractual engagement with KCB Group and/or its subsidiaries. In the event of non-compliance with the Code, KCB will initiate a dialogue in order to clarify the circumstances. If following this dialogue, the supplier is unable to comply with the Code, KCB shall take appropriate corrective action, including but not limited to termination of the relationship with the Supplier.

KCB Group reserves the right to audit suppliers' compliance with the Code and accuracy of the information provided by suppliers.



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If a supplier;

- 1) has given incorrect information, or
- 2) if the non-compliance by the supplier cannot be remedied, or
- 3) if the supplier cannot implement the required improvements in order to become compliant within the agreed timeline, KCB reserves the right at its discretion to terminate the contract or engagement. The supplier shall not be entitled to any compensation for such termination. The supplier shall solely be responsible for all expenses incurred while complying with this Supplier's Code of Conduct.

The supplier has a duty to proactively report to the relevant KCB Group department responsible for procurement regarding any deviation from this Code.

13 Communication and Whistleblowing.

KCB Group is committed to conducting all its business activities ethically and in accordance with applicable laws and regulations, and the highest professional standards. Integrity in our business behavior and in our management systems is crucial to the success of KCB and its subsidiaries, our customers and our shareholders, as well as the fulfilment of our corporate responsibilities.

Whistleblowing mechanism herein reflects our commitment to ensuring that concerns of actual or potential breaches of laws, rules, regulations or compliance policies raised in good faith are handled in an appropriate manner and rectified as necessary.

Through whistleblowing, you can report, in confidence or potential breaches such as fraud, criminal behavior, ethical issues and behavior that is not aligned with KCB Group values. All reported matters shall be handled and investigated confidentially.



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All suppliers are encouraged to raise concerns/whistle blow on inappropriate conduct or malpractice through the established KCB Group whistleblowing channels indicated below;

Toll free number: Kenya- 0800 720 990

International calls from Uganda, Sudan, Rwanda and Burundi +27 315 715 795,
Call for free in Tanzania 0800 110025

Email: KCB@tip-offs.com

Website: www.tip-offs.com

14 UN Global Compact-Code of Ethics.

All suppliers shall sign up to the UN Global Compact Code of Ethics Business to promote and enhance the ethics of business conduct in Kenya in line with the ten principles of the UN Global Compact in the areas of Human Rights, Labor Standards, Environment and Anti-corruption. Find the link to the code of ethics [here](#). The UN Global Compact-Code of Ethics shall be signed up at award.

15 Effective date & Updates

This code of conduct is effective from 1st April 2022 and will remain effective throughout the period of engagement until an updated version replaces it. KCB reserves the right to review the Group Suppliers' Code of Conduct.

16 Acknowledgement and Acceptance.

Confirm in writing your agreement and acceptance of the contents herein by signing one copy in the space provided and returning it to us.

The terms of this code of conduct are accepted by _____ who represents and is authorized to accept these terms on behalf of the supplier entity.



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Signature:

Position:

For and on behalf of

..... (Name of company)



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Appendix 1

Bribe refers to money, a gift or other valuable consideration given or promised with a view to influence the behaviour or decision of the recipient.

Giving of a bribe refers to the situation where a person offers, promises or gives a financial or other advantage to another person, who knows or believes the acceptance of the financial or other advantage would itself constitute the improper performance of the relevant function or activity.

Code of conduct is a guide of principles designed to help professionals conduct business honestly and with integrity.

Code of Ethics is a written set of guidelines issued by an organization to its workers and management to help them conduct their actions in accordance with its primary values and ethical standards.

Complaint is a formal expression of dissatisfaction submitted to the designated authority.

Conflict of interest is an intentional act or omission designed to deceive others, resulting in KCB Group suffering a loss and/or the perpetrator achieving a gain and is therefore fraud and more specifically occupational fraud. It may exist when a supplier is involved in an activity or has a personal interest that might interfere with his objectivity in performing KCB Group duties and responsibilities.

Corruption is defined as the abuse of authority for personal advantage or for the advantage of another person or group and it includes bribery, theft, embezzlement, fraud and evasion of payment of government revenue and taxes.

Data Protection refers to preservation of the confidentiality, integrity and availability of data. It provides the tools, processes and mechanisms to enforce privacy.

Dialogue this is a bridge that brings solutions to problems through listening, focusing and delivering the plan of action on the problem(s).

Due diligence refers to practicing prudence by carefully assessing associated risks prior to signing a partnership with a supplier.

Ethics is a system of moral principles, dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and ends of such actions.



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Fraud is the intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right.

Harassment is any improper conduct by an individual, that is directed at and offensive to another person or persons in the workplace, and that the individual knew or ought reasonably to have known that it would cause offence or harm. It comprises any objectionable act, comment or display that demeans, belittles, or causes personal humiliation or embarrassment, and any act of intimidation or threat.

IFC Performance Standards are an international benchmark for identifying and managing environmental and social risk and has been adopted by many organizations as a key component of their environmental and social risk management.

KCB Group:

KCB Group Plc and KCB Group Plc Subsidiaries and entities in which KCB Group has an interest

UN Global Compact is a non-binding United Nations pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.