

Progressing the skies



Abridged Sustainability Report

Message from The Group MD & CEO

I am thrilled to present the first integrated report from Kenya Airways. In this abridged report, we have highlighted our sustainability performance and commitments. The comprehensive inaugural ESG report will be released in 2023 and publicly disclose Environmental, Social and Governance performance and obligations as an accountable and responsible corporate entity.

Despite facing numerous challenges recently, such as the COVID-19 pandemic and the global fuel crisis, we have continued to offer our services and identified areas for improvement. As a service provider, our company is firmly committed to contributing to the sustainable development of Africa. We prioritized social and environmental sustainability and commercial effectiveness throughout the past financial year. We committed to Africa's growth while maintaining future generations' ability to meet their needs.



Sectoral Changes

The aviation industry in Kenya faced significant challenges during the extended election period in the country and instability in the global economic system. This year, it is anticipated that despite political, economic, and regulatory changes that have hindered the implementation of our strategic objectives, we remain committed to exploring new opportunities and maintaining our position as the primary carrier to and from the country. We understand the negative impact rising taxation, inflation, and cost of living have on our local customers. Despite the obstacles, we remain optimistic about the future and look forward to overcoming these challenges with resilience and determination.

Our Priorities and Strategic Challenges

Our primary focus in the financial year 2022 was to remain resilient and ensure positive interactions with stakeholders, despite the prevailing political and socio-economic conditions. We have made remarkable progress by integrating sustainability reporting into our annual reporting. We are committed to improving our sustainability performance this year.

Our Opportunities

As we move forward, it is important to recognize and appreciate the immense value that stakeholders bring to the table, especially during challenging market conditions. At our core, we remain committed to being a sustainable business focusing on the four economic, human, environmental and social pillars. Our ultimate goal is to enhance the value we offer to stakeholders and maintain a sustainable level of profitability. Above all, our unwavering focus centres on transforming into a future-fit company.

A handwritten signature in dark ink, appearing to read 'Allan Kilavuka', written over a light blue horizontal line.

Allan Kilavuka,
Group Managing Director & CEO

Environmental

Kenya Airways is committed to mitigating its actual negative impact, preventing potential negative impact, and maximizing its positive impact. We strive for transparency by reporting our environmental impact and implementing conservation measures. Adhering to environmental laws at all levels is crucial to safeguarding our stakeholders. We also aim to reduce emission intensity by utilising the best environmental management practices.

Compliance management



As a responsible organization strictly adheres to local, regional, and international environmental laws. To achieve this, we rely on the Environmental Management Manual (EMM), which sets out our policies, expectations, and management protocols for ensuring compliance with international and local environmental regulations. Our employees receive training, necessary resources, and tools for compliance. We track emissions, energy consumption, violations, noise, and waste annually to assess our performance. Environmental sustainability is crucial for our business, and we are dedicated to measuring, accounting for, and working towards a sustainable future.

We are demonstrating our commitment to a sustainable future through: -

a) Fleet modernization

To modernize our fleet, we retired older, fuel-inefficient aircraft, reducing flight emissions. Our current fleet, with an average age of 10 years, is more fuel-efficient. We acquired the Boeing 787, known for its environmental performance, reducing CO2 emissions and noise pollution.



b) Emissions Trading Schemes

- **EU ETS**- The EU ETS is the cornerstone of the European Union's drive to reduce its emissions of manmade greenhouse gases for flights operating

within the European Economic area. Kenya Airways monitors and reports EU ETS emissions for each calendar year and have the emission reports checked by an accredited verifier.

- **UK ETS** - Kenya Airways monitors and reports UK ETS emissions for each calendar year and have the emission reports checked by an accredited verifier.
- **CORSIA** Kenya being among the first countries to volunteer to the scheme, Kenya Airways has been a voluntary participant in CORSIA pilot phases, monitoring, reporting and verifying the emissions from its international flights since 2019, and looking forward to the first offsetting phase in 2024.

c) Fuel efficiency initiatives

Kenya Airways has implemented measures such as continuous descent approaches, optimized routing, idle reverse landing, reduced flap landing and single-engine taxiing to minimize fuel consumption. We also prioritize weight reduction by using lighter materials, implementing efficient water uplift strategies, and optimizing aircraft loading to achieve an optimal centre of gravity. Kenya Airways has also invested in an advanced flight planning system to optimize flight paths and reduce fuel burn. Regular maintenance and engine performance monitoring programs are also undertaken to ensure engines operate optimally, reducing fuel consumption.

d) Particulate matter assessments

Particulate matter is a complex mixture that includes soot, smoke, metals, nitrates, sulphates, dust and water. The particles in the work environment are either respirable dust or total inhalable dust. We conduct annual air quality assessments in line with Section 19 (1) of the Occupation Health and Safety Act 2007, which provides the prevention of the emission of poisonous, harmful, injurious or offensive substances into the atmosphere by the best practical means.

Energy



Our energy usage for the year ending on December 31, 2022, is based solely on non-renewable sources for our needs. Specifically, our generators and boilers consumed 118,721 litres of fuel. In 2022, we experienced higher demand for air travel after the COVID-19 pandemic, resulting in an increase in flight fuel usage to 288,970,803 kgs. Our energy consumption also increased from 4,473,165 Kw/h in 2021 to 4,514,881 Kw/h in 2022, mainly due to increased post-pandemic business activity.

Our direct GHG emissions (Scope 1) for 2022 were 913,148 tons of CO₂, an increase from the 596,161 tons recorded in 2021. It is important to note that these figures only include CO₂ released from jet fuel combustion. However, we reduced emissions by 10,120 tons of CO₂ due to our GHG reduction initiatives.

Third-party electricity purchased from the main grid was also a source of emissions (Scope 2). This figure increased from 2,236.14 tCO₂/MWh in 2021 to 2,256.98 tCO₂/MWh in 2022. Despite this increase, our air quality assessment reports showed that the particulates and gases in our workplace were below occupational exposure limits, meaning there was no risk to our occupants. We remain committed to reducing our carbon footprint and exploring more sustainable energy solutions and alternatives.

Waste and Effluents

We recognize the importance of effective waste management to achieve cost-savings, enhance corporate image, reduce negative impacts on the environment and communities, and influence customers' and investors' decisions. We manage our waste in an environmentally conscious way. To achieve this, we strictly adhere to the Environmental Management and Coordination Act guidelines. Our team adheres to the Airport Council International (ACI) waste decision hierarchy, which emphasizes prevention, reduction, reuse, recycling, and disposal.

Ground waste management

We meticulously scrutinize the disposal methods of products before purchasing them, ensuring that our products are environmentally friendly from inception to disposal. In partnership with NAS Servair, we recycle waste from our aircraft, including organic waste, which we process into valuable end-products like organic fertilizers and animal feeds. When handling effluent waste, we conduct analyses in areas with discharge and ensure we manage wastewater according to regulations. Our clinic waste is treated through a licensed waste handler, ensuring it is disposed of safely and responsibly.

Waste Performance in 2022

We generated 194.19 tonnes (onboard) of waste in 2022, increasing from 113.25 (onboard) tonnes in 2021. This increase was primarily because our business picked up in 2022, following a gradual recovery from the COVID-19 pandemic. We know that waste per passenger is critical in evaluating our waste management efforts. Our waste per passenger (Kg/PAX) increased to 0.0708 kg in 2022, compared to 0.07606 kg in 2021. We will continue to implement our responsible waste management practices as we expect to see a reduction in the long run. During the reporting period, we had a total ground fuel waste of 5,765 litres consisting of 3,145 litres of motor vehicle oil and 2,620 litres of jet oil. To responsibly manage fuel waste, we have implemented measures to ensure that all waste products are appropriately collected, stored, and disposed of in line with best practices. We remain committed to minimizing our environmental impact in all operations and will continue to ensure that our waste management practices align with this commitment.

Noise

We are fully committed to finding ways to minimise noise pollution and its effects on the environment, staff, and surrounding communities. We have implemented noise elimination strategies and operational controls administrative strategies, including training and provision and adherence of personal protective equipment.

Our employees are fully equipped with the necessary training to identify and report potential noise-related risks. If there are any such risks, our safety team conduct a thorough risk assessment and devise a customised mitigation strategy that best suits the situation. Our fleets fully comply with the latest ICAO Chapter 4 noise standards.

We have taken specific steps to conduct our engine runs in designated areas provided by the Kenya Airports Authority that are isolated from the rest of the airport. We have also prioritised performing our hangar operations and Ram Air Turbine (RAT) tests during non-working hours and on weekends to minimise potential disruption to the local community.

Social

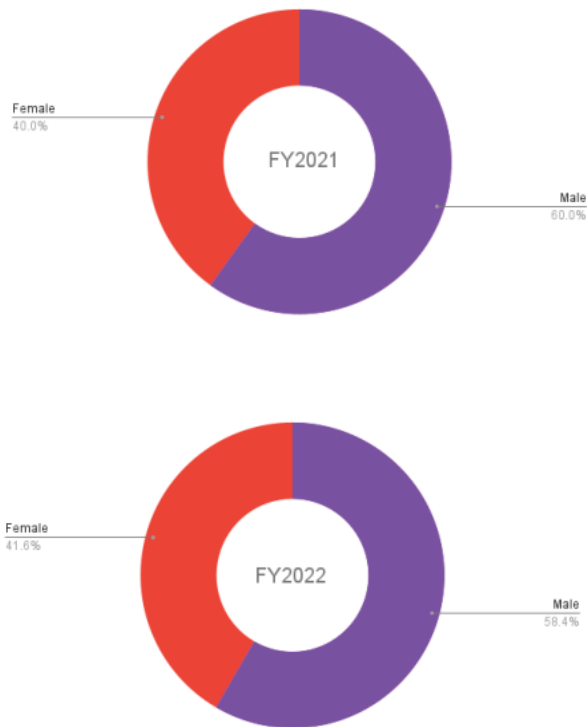
People and Development

We take great pride in our employees, we prioritise their well-being and invest in personal and professional development to foster a strong sense of belonging. We firmly believe that our people are the key to our continued growth and prosperity, and we endeavor to provide them with the tools and resources they need to succeed. We provide equal opportunities for all employees in their work assignments, personal development, and progress within the organization.



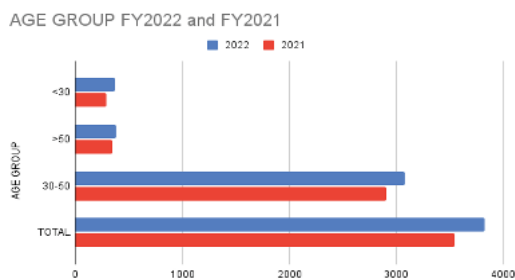
Inclusion, Diversity and Equality

By embracing diversity's strengths, we encourage fresh perspectives and engaging conversations that drive our organisation forward. We take pride in our diverse workforce, which mirrors the diversity of the communities we serve. In Kenya Airways, 58% of employees are male while 42% are female, reflecting the gender distribution within our workforce.



We recognise and mentor young talent, with 11.7% of our core employees under 30 years. Investing in young talent is critical to the future success of our company, and we are committed to providing them with the training and support they need to excel in their roles. Below is a breakdown of primary employee categories by age, indicating that most employees are between 30 and 50.

KQ employees by category and age in 2021 and 2022



Learning and Development

We support our employees' growth by providing opportunities for continuous development. This helps them acquire new skills and stay competitive in a business world that is constantly changing.

Compliance training in areas such as flight operations and ground handling, amongst many others, is compulsory for each employee in line with regulatory requirements. We have invested heavily in digital space with an AI Learning Management System to engage learners anytime, anywhere, with our diverse workforce in multiple locations.



We provided a wide range of compliance and self-driven training opportunities, resulting in 39,341 training hours in 2022. This is a significant increase from the previous year, with an average of 10.3 learning hours per employee in self-driven training in 2022, compared to only 0.292 in 2021. In addition to the self-driven training, we also offered extensive ground and cargo-related courses, with a total of 24,054 hours taken. On average, each employee completed 6.17 learning hours in ground and cargo compliance training in 2022.

In 2022, we trained 735 of our employees in safety management systems to promote a safety culture and ensure they know the relevant safety protocols and procedures.

Employee Wellness

Our comprehensive Employee Wellness Program aims to reduce health risks and build vitality amongst employees to enhance well-being and enable high performance and productivity. Vital elements for this program are grounded on Health Promotion and Health Prevention elements, including Health Assessment, Physical wellness including the availability of a gym facility, Healthy Eating, Infection Prevention including vaccination and Health Risk Communication. A vibrant Employee Assistance Program (EAP) provides Mental and Emotional Well-being, Drug and Substance Abuse and Rehabilitation.



Freedom of Association and Collective Bargaining Agreements

We have negotiated collective bargaining agreements (CBAs) with five unions covering approximately 68% of our employees. The unions include the Kenya Airline Pilots Association (KALPA), the Kenya Aviation Workers Union (KAWU), the Amalgamated Transport and General Workers Union (ATGWU) of Uganda, the National Union of Air Transport Employees (NUATE) of Nigeria, and the General Transport, Petroleum and Chemical Workers Union (GTPCWU) of Ghana.

The CBAs have set timeframes but remain in force until other CBAs are negotiated, signed and registered in the respective jurisdictions. KQ management meets regularly with our Union leadership to negotiate terms and conditions of service for our employees as well as engage in operational updates, procedures,

and policy changes. For the 32% of our employees not covered by CBAs, their terms of employment are based on industry benchmarks.

Labour Conditions

We prioritise our customers' and employees' health and safety. We firmly believe that fostering a strong safety culture is a shared responsibility that permeates every level of the company.

Passenger safety

We have trained our cabin crew to prioritise safety and emergency procedures. They consistently attend rigorous safety and security courses to stay current on the latest developments and regulatory protocols. Our team receives constant communication through circulars, campaigns, and regular divisional sessions to ensure their knowledge is always present. We provide crew and passengers with comprehensive pre-flight and in-flight safety briefings before each flight covering general and specific aircraft safety, routes, weather information, emergency procedures, medical emergencies, and survival safety equipment and systems. Hazard

Hazard Identification and Risk Management

Mitigating risks follows a comprehensive approach that incorporates three key strategies: avoidance, reduction, and segregation of exposure. We rely on a combination of administrative and engineering controls, procedures, equipment, and contingency plans to effectively contain risks. Our risk control measures are structured in a hierarchy, prioritising higher-level rules such as elimination and substitution over lower-level controls. Our company values the safety of our employees and encourages them to report any hazards they come across during their work without fear of punishment. We provide communication channels like walk-in reporting, work-related hazard identification boxes, anonymous reporting, and prompt feedback to ensure we hear our employees' concerns.

Work-related Injuries

In FY2022, we had zero work-related fatalities and high-consequence work-related injuries. However, we recorded 39 work-related injuries in 2022, a slight increase compared to the previous year's 25. As part of our commitment to the safety and well-being of our employees, we have taken the necessary steps to identify the causes of these injuries and put additional measures in place to prevent them from happening again. Our team has carefully documented the details of each work-related injury, including its nature and circumstances. Analysing this information, we have identified areas of improvement in our work practices and safety procedures.

Respect for Human Rights in the Workplace

Upholding human rights is a crucial part of our mission. We are dedicated to treating everyone equally, without discrimination, and we adhere to international declarations and standards such as the United Nations Universal Declaration of Human Rights and the ILO Declaration on Principles and Fundamental Labour Rights.

We follow our Code of Business Conduct and Ethics at all levels to ensure human rights are respected. We actively combat practices like child labour, slavery, and torture. Our employees are encouraged to express their opinions without fear of retaliation

freely. We prioritize these values in our operations and supply chain, addressing negative impacts. Safety and respect are critical to our culture, as we believe that upholding human rights fosters a positive work environment and a better world for all.



We offer a fair and competitive income to attract and retain talented individuals, which helps to build substantial human organisational capital and foster continued business growth. Our remuneration packages are equitable and based on market benchmarks and internal parity. We firmly believe in treating all employees with the utmost respect and dignity. To ensure this, we have implemented an anti-harassment policy that strictly prohibits any form of bullying, physical or psychological abuse, verbal harassment, or sexual misconduct towards any of our employees.

Customer Satisfaction

We recognise the significance of delivering exceptional customer service and respecting our customers rights. By investing in personalised services, leveraging technology effectively, and providing comprehensive employee training, we strive to improve the overall customer journey and create memorable experiences that set us apart from the competition. We engage with our customers in various ways, including providing a formal complaint-handling process and soliciting service feedback. We are always looking for innovative ways to improve our services, and we consider our customers' interests in every aspect of our business. To ensure our customers are happy with our services, we conduct regular surveys yearly and quarterly. These surveys use the Net Promoter Score (NPS) system, which calculates a single figure to help us benchmark customer satisfaction based on their responses to a simple survey. We take great pride in treating all our customers with respect and dignity, regardless of their race, colour, nationality, religion, or gender. For customers with physical disabilities, we have designed our facilities to offer assistive support, enabling them to move around and access our ground services quickly.

Moreover, we extend our assistance to older adults, expectant women, passengers traveling with children, passengers of size, and those with hearing and vision impairments, ensuring they receive the required care and attention.

