

KB GROUP'S ESG STRATEGY

CONTENTS

- Introduction** **4**
- Analysis of KB Group’s context** **5**
- ESG materiality matrix** **6**
- Risk and opportunity assessment** **8**
- ESG objectives and targets** **10**
 - 1. Culture of responsibility 11
 - 1.1. Business model & Innovation 11
 - 1.2. Leadership & Governance 13
 - 2. Positive local impact (Social Capital) 15
 - 3. Environmental transition (Environment) 16
 - 4. Responsible employer (Human Capital) 17

- ESG implementation framework** **18**
- ESG governance** **18**
- ESG reporting framework** **20**
- KB Group’s participation in local and international sustainability initiatives** **21**
- Participation in SG Group’s ESG initiatives** **22**
- Endorsement of the ESG strategy** **22**

**“BUILDING TOGETHER,
WITH OUR CLIENTS,
A BETTER AND
SUSTAINABLE FUTURE
THROUGH RESPONSIBLE
AND INNOVATIVE
FINANCIAL SOLUTIONS.”**

Purpose of Komerční banka

INTRODUCTION

Komerční banka, a.s. (hereinafter also “KB” or the “Bank”) is the parent company of Komerční banka Group (hereinafter also the “Group” or “KB Group”) and a member of the Société Générale international financial group. KB ranks among the leading banking institutions in the Czech Republic, as well as in Central and Eastern Europe. It is a universal bank providing a wide range of services in retail, corporate, and investment banking. Member companies of KB Group provide additional specialised financial services, such as pension savings and building society schemes, leasing, factoring, consumer lending, and insurance. These are accessible through KB’s branch network, its direct banking channels, and the subsidiaries’ own sales networks. The Bank also provides services in the Slovak Republic through its branch focused on serving corporate clients as well as through selected subsidiaries.

This document sets out the main assumptions, principles, goals and actions of Komerční banka Group in the environmental, social, and governance areas. As such, it provides a framework and directions for developing the businesses of all Komerční banka Group companies. This ESG strategy is fully integrated into the overall strategy of Komerční banka Group and is aligned with the KB Change 2025 programme. It is also in accordance with the ESG ambition of Société Générale Group, developed in four strategic pillars: environmental transition, positive local impact, responsible employer, and culture of responsibility.

Values of KB Group

Growth, helpfulness, and responsibility are the core values of the KB brand and a part of our new strategy for the months and years to come. This value proposition defines the way we wish to be seen by the market and the values we advocate. Therefore, clients prefer us, and our value proposition shows the added value that we offer and how we are unique. We want to be seen by our stakeholders as the bank that contributes significantly to their personal and business growth through its helpfulness, responsibility, and focus on sustainability.

ANALYSIS OF KB GROUP'S CONTEXT

ESG materiality matrix

Stakeholders

Komerční banka and its subsidiaries act responsibly in their relationships with clients, employees, shareholders, and other stakeholders and partners. KB believes that such behaviour is in accordance with the interests and expectations of the main stakeholders and with the applicable regulations. Responsibility is the basis of every partnership, and it is also a precondition for long-term successful business.

KB has identified the following stakeholder groups whose interests are impacted to a high degree and that are taken into consideration in all activities of the Group:

- Individual clients (consumers)
- Business and corporate clients, including municipalities
- Shareholders
- Financial market participants, including rating agencies and bond investors
- Regulatory bodies
- General public, including future generations
- Employees and other workers
- Business partners, including suppliers

The Group seeks to understand the interests and needs of the stakeholders by directly engaging with them and by building and continuously developing and updating the body of knowledge of KB Group's respective professionals.

Process to determine material issues

In the process of determining the significance of individual topics for each stakeholder group, and for growth, cost, and risk development, the Group starts its work with the general issues structured in dimensions¹ according to SASB (Sustainability Accounting Standards Board) Standards created by the Value Reporting Foundation². This list identifies the material issues that are reasonably likely to impact on the financial condition or operating performance of a company and thus are most important for investors. The scope of issues is expanded in the following discussions.

In the next step, the Group nominates representatives of each stakeholder group from among its management and employees or external experts in order to identify and rank the issues according to their actual and potential impacts on the stakeholders' interests. The representatives are not limited to SASB selections during this evaluation.

A roundtable of the representatives also outlines justification for the chosen issues.

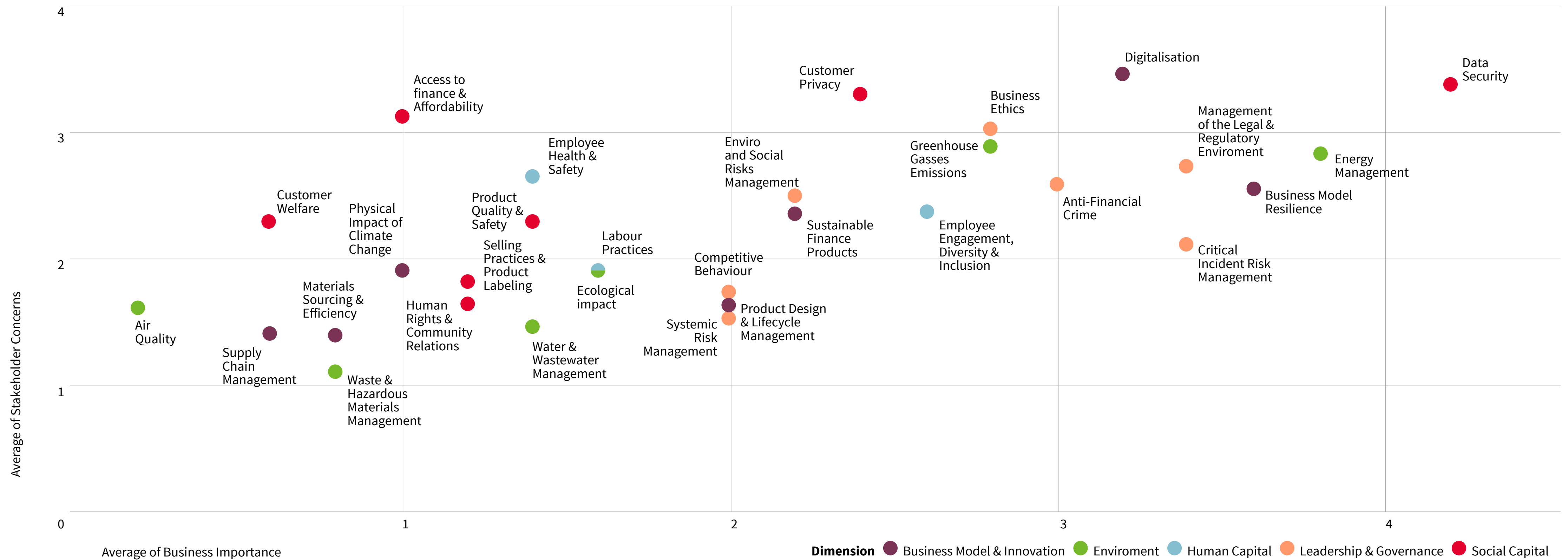
In parallel, the same set of issues is assessed by a group group of KB Group's senior executives in charge of business, operations, finance, and risk management. The management evaluates the actual and potential impacts of the issues on the business prospects, financial outlook, and risk profile of Group in both short- and long-term horizons. These evaluations are revised annually, along with a review of the list of stakeholders.

The outcome of materiality analysis is visualised in a scatter chart with the significance of the chosen topics for stakeholders shown along the vertical axis and significance for financial and business performance and outlook of the Group shown on the horizontal axis.

¹ In 2022: 26 general issues in 5 dimensions

² <https://www.sasb.org/standards/materiality-map/>

Materiality analysis outcome and justification in 2022



Identification of material topics

For the most significant material topics identified in the materiality analysis, KB Group describes their main impacts on the economy, the environment, and people, as well as KB Group’s involvement with the negative impacts. The analysis informs about the directions of those actions that can be taken to manage the topic and related impacts, including the preparation of policies or commitments related to the topic. It also provides a basis for evaluating the effectiveness of the actions that will be adopted and for reporting on them.

Of the topics significant for stakeholders and prospects of Komerční banka, the following five were ranked as the most material³:

1. Data Security

The category addresses management of risks related to collection, retention, and use of sensitive, confidential, and/or proprietary customer or user data. It includes social issues that may arise from incidents such as data breaches in which personally identifiable information (PII) and other user or customer data may be exposed. It addresses a company's strategy, policies, and practices related to IT infrastructure, staff training, record keeping, cooperation with law enforcement, and other mechanisms used to ensure security of customer or user data. Trust and credibility are the foundations of banking. Banks are guardians of valuable data on their clients, other business partners, and their own operations. Weakened trust in the ability of a financial institution to keep its data safe can have profound implications for the reputation and competitiveness of such a bank or financial group.

2. Digitalisation

The recent wave of innovation in the financial services industry based on digitalisation is bringing a broad range of challenges and opportunities characterised by (a) evolving client needs – with emphasis on reliability, trust, and partnership with clients; (b) need for simple and fast but personalised solutions accessible anywhere and anytime; (c) changing competitive landscape – with considerable pressure on profit margins, disruption caused by fintech and neobanks, and scale as a requisite for efficiency; and (d) technological revolution – transforming legacy banking systems, changing client expectations, new development practices and ways of working and analysing data, big leaps in productivity, strengthening the role of technology providers across industries.

3. Energy Transition

The category addresses environmental impacts associated with energy consumption. For a financial services company, it comprises risks and opportunities related to the process of energy transition for its clients and the economy as a whole. This structural change of the energy system has a potential to determine long-term prosperity, resilience, and sustainability of whole economies or even regional blocks, such as the European Union. It involves building capacity to evaluate and finance diverse projects and organisations influenced by the changes regarding energy supply and consumption. Furthermore, it addresses the company's management of energy efficiency and intensity, energy mix, as well as grid reliance.

4. Business Model Resilience

The category addresses an industry's capacity to manage risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning. This includes responsiveness to the transition to a low-carbon and climate-constrained economy, as well as growth and creation of new markets among unserved and underserved socio-economic populations. The category highlights industries in which evolving environmental and social realities may challenge companies to fundamentally adapt or may put their business models at risk. Within the financial services industry, the landscape in Europe is changing, partly due to disruptive digital innovation and the threat of competition from both banks and non-banks. Banks must therefore establish their paths to sustainable and viable business models to remain in the market, and the winners must ensure that their models can sustain an increased volume of business. In addition to substantial market pressure, banks must also prepare for intensifying supervisory dialogues on topics such as profitability, automation and digitalisation, risk management frameworks, and controlled transition following banks' consolidation.

5. Management of the legal and regulatory environment

The category addresses a company's approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts. The category addresses a company's level of reliance upon regulatory policy or monetary incentives (such as subsidies and taxes), actions to influence industry policy (such as through lobbying), overall reliance on a favourable regulatory environment for business competitiveness, and ability to comply with relevant regulations. It may relate to the alignment of management and investor views of regulatory engagement and compliance at large. Financial institutions must also remain ready for intense supervisory and policy dialogues on topics such as profitability, capital adequacy, automation, digitalisation, and risk management frameworks, even as banks increasingly have been mandated with complying with certain public responsibilities, including in the areas of preventing financial crime, consumer protection, and financial stability.

³ The descriptions of the selected material topics have been adapted from sustainability issues characteristics provided by SASB, at <https://www.sasb.org/standards/materiality-finder/?lang=en-us> (except for Digitalisation topic, which was included in the list of significant issues during the process of materiality analysis).

RISK AND OPPORTUNITY ASSESSMENT

KB's business model and operations will be affected by significant societal and economic trends. Those trends bear risks and opportunities, which have been taken into consideration when designing the ESG strategy.

Increasing public sensitivity to the sustainability profile of large corporations

Regulatory and reputational risks

Any materialisation of a risk from possible breaches of regulatory rules, standards, principles of ethical conduct, and/or KB's internal regulations based on general ethical, environmental and corporate social responsibility principles constitutes a possibility for bringing the Group companies into conflict with regulatory authorities, institutions, or its clients. Such events could impact negatively on KB's reputation or even give rise to a credit risk exposure, including from physical damage to a client's assets due to such environmental or social factors as climate change or industrial accidents. The Group could face financial penalties, responsibility for reimbursement of damage and costs for corrective measures.

Employee relations

Professional relationships with employees based on trust, respect, mutual communication, equal opportunities, and the offer of interesting professional and career growth are at the foundation of KB Group's corporate culture. KB strives to create an inspiring and supportive

environment where people want to work, succeed, and become ambassadors of the KB or subsidiaries' brands. This, then, gives the Group a competitive edge on a labour market characterised by stiff competition for talented and loyal employees.

Transition towards a low-carbon economic model

Climate-related and environmental risks

Climate change is recognised as a major threat to humanity having direct consequences for human health, prosperity, and well-being. We already see that this risk is beginning dynamically to shape access, price, and conditions for both the private and public sectors in relation to finance, investment, and insurance. Significant regulatory initiatives from the Czech government, EU authorities, and banking regulators require universal banks like KB to better take into consideration ESG risks into their credit underwriting policies and risk management procedures. Since 2022, SG Group has participated in the climate risk stress tests organised by the European Central Bank for the significant euro area banks. The KB Group contributes data to this exercise.

Role in the transition towards a more sustainable economy

Banks and other financial institutions hold an irreplaceable position in the promotion of sustainable development. The financing of meaningful projects will help to protect the environment and to create long-term profitable business opportunities. The KB Change 2025 strategic plan includes an ambition for Komerční banka to position itself as a green bank and a sustainability leader in the Czech financial market and within Société Générale Group. This is reflected in the Group's commercial momentum through the aim to develop a market-leading sustainable proposition for clients.

Being perceived as a sustainable financial group will give KB an important competitive edge in attracting well-educated, forward-looking, and thus often affluent clients, as well as growing and future-proof business clients. KB Group's offer to retail clients shall include financially savvy products, services, and advisory assisting the clients to pursue sustainable lifestyles and minimise their environmental impacts. These will include financing options (e.g. green home acquisition and improvement, energy savings, or sustainable technologies), as well as savings and investment options (e.g. sustainability-linked mutual funds).

KB AIMS TO BE A LEADER IN THE FIELD OF SUSTAINABILITY ON THE CZECH FINANCIAL MARKET AND WITHIN SG GROUP, AND TO HOLD A REPUTATION IN CZECHIA OF A GREEN BANK.

ESG OBJECTIVES AND TARGETS

Based on the stakeholders' collected inputs and business objectives, KB Group has determined the following key ESG objectives and targets to reach by 2025. The ESG objectives are structured into five dimensions by the above SASB Standards. They are also in accordance with the four ESG strategic pillars of SG Group: culture of responsibility, positive local impact, environmental transition, and responsible employer. The following goals are primarily set for Komerční banka. KB's subsidiaries pursue and develop the stated goals proportionately to the scope and nature of their activities.

1. Culture of responsibility

1.1. Business Model & Innovation

Principles

Build a sustainable future

KB Group shares the aim of building a sustainable future by supporting investments, in accordance with the EU taxonomy, in areas of climate change mitigation, climate change adaptation, developing the circular economy, reducing pollution, water management, and protection of biodiversity.

Be a stable and resilient business partner

Our stakeholders value the stability and dependability of a strong financial partner. KB Group pursues the strengthening of its capability to manage risks and opportunities against possible disruptions. We strive to be flexible and reactive to changes and threats that could disrupt our operations or the provision of high-quality services to our clients.

Innovate to the benefit of our clients

The Bank is constantly developing new innovative products, services and technologies to always be up-to-date or even set trends and help customers adapting to the changing world. KB seeks to involve the largest possible number of in-house staff and support creative thinking and innovation culture in the bank.

Key objectives by 2025

A. Promote innovation and digitalisation

Among the objectives of the KB Change 2025 strategy is to improve KB's ability and capacity to reflect clients' changing preferences and needs in its service offer. The Group will continue its transformation, which consists in investing in building a new digital infrastructure, overall simplification, and reducing headcount and premises in use. The cost-to-income ratio is targeted to improve significantly during 2024–2025, driven by new revenues and savings from rolling out the new digital bank.

KB is building a new digital bank founded on a new technological and process infrastructure, introducing new services and new partners, and supported by smart innovations. As a data-driven company, KB will maximise the business value extracted from data in the digital world even as it assures client data privacy. The Bank will develop a new advisory model supported by data analytics. To evolve its agile, adaptive, and effective organisation, the Bank will implement DevOps (develop–operate) practices as well as the Smart Office concept of workplace organisation. Both methodologies are expected also to support employee engagement at high levels. The new digital KB will rebalance its organisation towards fully digital sales and services. The new digital bank will facilitate further incorporation of ESG features in KB's product offer.

B. Finance sustainable development by offering a broad range of dedicated financial products

KB Group is developing a set of sustainable finance solutions, including financing solutions (e.g., positive impact financing, positive impact bonds, renewable project finance), investing solutions (e.g., ESG compliant mutual funds), and financial services for businesses, sustainable cities, and infrastructure. ESG criteria are included in the development of new financial products and services. In an advisory role, KB will develop a capability to support corporate clients with the issuance of their green bonds.

KB aims at 50% of investment loans issued to corporate clients in 2025 meeting either the EU taxonomy alignment criteria and/or the Société Générale Group's Sustainable & Positive Impact Finance parameters.

Contribution to SDGs:



C. Facilitate issuance of sustainability-linked debt instruments

KB has observed increased levels of investors' interest in the green format of covered bonds in line with overall debt market transitions to ESG-compliant instruments. The ESG format brings a broader investor base and may be able to provide more stability and resilience at times of market movements and unexpected events due to a broader scope of investment objectives amongst a more diverse universe of investors.

By 2025, KB intends to issue sustainability-linked covered bonds, interconnecting covered bond issuance with KB's targets in the ESG-compliant financing provided to KB clients. KB will also assist its clients in their issuance of sustainability-linked debt instruments, such as bonds and loans.

D. Increase awareness of sustainability among our corporate clients

KB Group companies' expertise will assist corporate clients to develop their businesses with the help of various governmental, EU, and international support programmes. The Group also aims to increase awareness of sustainability issues among its corporate clients. The Group will expand its line of advisory services, developed internally and in partnerships with providers in various industries, which help corporate clients to improve the energy efficiency of their operations and achieve other sustainability-linked goals, as well as to utilise effectively the available public aid.

Objectives	Key indicators	Reference values 2019	COKR 2025 ¹
Promote innovation and digitalisation	Create a new digital bank where clients and employees will desire to live within the KB world and services		Marketable level of maturity reached in retail as well as corporate banking
	Share of digital sales	28%	>50% in retail segments
	Communication with clients		Fully paperless communication with clients
Finance the sustainable development	Share of ESG investment loans to corporate clients ²	0%	50%
	Introduce the new advantageous retail financing solutions for projects with positive environmental impacts	n/a	Standardised offer of financing solutions for sustainable housing, energy generation and savings, waste treatment

¹ Company objectives and key results

² EU taxonomy alignment criteria and/or the Société Générale Group's Sustainable & Positive Impact Finance parameters.

1. Culture of responsibility

1.2. Leadership & Governance

Contribution
to SDGs:



Principles

Good governance and transparency

KB Group applies recognised and proven principles and procedures of corporate governance that it has chosen as well as policies that the controlling company, Société Générale, requires to be applied in its subsidiaries. On a standalone basis, KB applies the Code of Corporate Governance that is based upon the principles of the Organisation for Economic Co-operation and Development, and the Guidelines on Internal Governance of credit institutions issued by the European Banking Authority. KB provides correct, complete, current, and transparent information about its activities.

Ensure ethical business practices

Only by taking an ethical approach to doing business and providing financial services can KB hope to maintain and even strengthen its market position over the long term. A fundamental prerequisite for successfully developing its business is professional conduct and behaviour on the part of all management and employees, as exemplified, in particular, by fostering and preserving direct and open relationships with clients and by fortifying mutual trust. KB expects all its management members and employees to be fully aware of and committed to their obligation to act in accordance with the ethical standards set forth in its Code of Ethics and to endeavour always to adhere to those standards. KB strictly insists on a zero tolerance for fraudulent and dishonest conduct of any kind, as well as for any infringement of the pertinent regulatory and ethical rules, whether consciously or through negligence.

Compliance with applicable laws and regulations

For KB Group, a fundamental principle is to ensure ongoing compliance with its legal and regulatory obligations, such as fighting corruption, money laundering, and the financing of terrorism, cooperating with the Czech National Bank and other regulatory bodies, respecting the rules of economic competition in its activities, and other.

Key objectives by 2025

A. Keep abreast of the changing legal and regulatory environment

The regulatory requirements have been developing with regards to sustainability and related transparency. The Bank is monitoring the regulatory development in this respect (including the Sustainable Finance Disclosure Regulation and the European Central Bank's Guide on climate-related and environmental risks). KB Group is preparing to apply a holistic approach to ESG regulation and to further embed ESG impacts into its core operations and policies in all relevant areas, such as client onboarding and validating transactions and financing in line with applicable regulations and accepted commitments in the ESG area.

KB will also follow the specific sector policies of the SG Group governing the provisions of financial products in areas that can have fundamental impact on the natural or social environment.

B. Build an industry-leading ESG risk management framework

Komerční banka manages tightly the ESG risk profile of its lending and investment portfolio, as both physical and transition risks relating to climate change are aggravating factors for credit risk. The Bank has implemented a system for identifying and managing environmental and social risks (ESRM) in the provision of financing to corporate clients and will expand the screening of transactions with corporate counterparties for ESG risks. KB Group plans to expand also the screening of its suppliers through the “Know Your Supplier” process.

A climate vulnerability assessment must be submitted by the Bank’s business units interacting with clients in potentially exposed sectors for exposures exceeding a defined threshold. The assessment of climate vulnerability may impact on the internal rating in order to include the client adaptation strategy.

KB will also follow SG Group’s specific sector policies governing the provisions of financial products in areas that can have fundamental impacts on the natural or social environment.

C. Improve ESG ratings

Investors and stakeholders are increasingly taking into consideration the ESG ratings provided by third-party agencies for their business decisions. Currently KB has been given ESG ratings by several major rating agencies and intends to steadily improve them, thanks to its broad portfolio of ESG measures and to its efforts to improve non-financial disclosures.

Objectives	Key indicators	Reference values 2019	COKR 2025
Manage the ESG risks	% of corporate clients screened for ESG risks	n/a	100%
	Know Your Supplier screening	Basic screening of suppliers with contract with KB or selected subsidiaries	Screening of all suppliers by defined risk and volume criteria
Improve our ESG ratings	FTSE4Good Index Series score	3.3	4+
	MSCI ESG index score	A	AA

2. Positive local impact (Social Capital)

Contribution to SDGs:



Principles

Protect the privacy of our data subjects

KB Group respects the privacy of its clients, business partners, and employees. It requests and uses only such information about its clients, business partners, and employees as is needed to serve these, to enhance the quality of KB's services, to manage KB's human resources, and to comply with the obligations specified by regulations.

Support our communities

Founded more than 23 years ago, the Jistota Foundation's mission is to channel KB Group's financial support to the areas of civil society development, health and social welfare, education and inclusion of individuals in society and to contribute to environmentally sustainable future. Through the Jistota Foundation, KB Group is committed to cultivating the palliative care environment in the Czech Republic, helping people in need across generations and supporting the circular economy.

Key objectives by 2025

A. Protect our data

To ensure that data are secured and protected against constantly evolving cyber threats and leaks, KB will continue developing structures, procedures, and resources intended to cope with extraordinary situations in order to protect the entity's employees, clients, assets, and activities. In view of rapidly evolving risks and threats, data protection and cybersecurity policies are deployed and kept up to date.

B. Support our communities

KB Group plans to steadily increase its contributions to the KB Jistota Foundation over the period 2022-2025. KB Group will encourage its employees to participate in corporate volunteering activities and increase the number of such activities.

C. Ensure client satisfaction and protection

KB aims to increase the level of client satisfaction as measured by Net Promoter Score in the retail and the small and medium-sized enterprises segments while stabilising that satisfaction at the already very high level in the large corporation's segment. In this last segment, KB will aim to protect this best-in-market level of client satisfaction by focusing on speed, predictability, and efficiency of corporate customer journeys.

Objectives	Key indicators	Reference values 2019	COKR 2025
Client satisfaction	Net Promoter Score (blended retail/corporate)	32	50
Support the community	Volume of grants by Jistota Foundation (CZK million)	10.4	14
	Number of employees involved in corporate volunteering	7%	18%

3. Environmental transition (Environment)

Contribution to SDGs:



Principles

Protect the environment

KB Group supports the principle of environmental responsibility. It seeks to minimise the impact of its activities on the environment and use natural resources and energy in a conservative manner. Moreover, KB Group accompanies its clients in their environmental transition.

Key objectives by 2025

A. Reduce the KB Group's direct carbon footprint

In its own operations, KB Group strives to develop an efficient and sustainable operational model, based on low-carbon technologies and minimisation of waste production. The Bank is committed to reducing its direct emissions (Scopes 1 and 2) in accordance with the 1.5°C scenario in the Paris Agreement, aiming at an 80% reduction of its carbon footprint in 2025 against the reference year 2019. KB will contribute to carbon removal projects with a view to reaching by carbon neutrality by 2026.

KB Group's companies may adopt public commitments according to these objectives, including carbon emissions calculations, which they publish in the KB Sustainability Report.

¹ <https://www.bezemisni.cz/>

B. Preserve our water resources

KB Group has identified water preservation as a significant issue. The Bank seeks to finance investment projects focusing on water quality improvement and water preservation.

C. Support the energy transition and decarbonisation of the economy

KB Group wants to be a leader in supporting the energy transition by offering financing and advisory solutions for businesses and public actors.

The Bank is gradually increasing its ability to collect, measure and disclose ESG data and is working towards measuring and reducing

its financed Scope 3 emissions. As the first step towards reducing its financed Scope 3 carbon emissions, Komerční banka has committed to progressively reduce to zero its exposure to projects actively associated with the coal sector by 2030. On this basis, the Bank is no longer providing new financial products to clients who have more than 25% of their revenues linked to the thermal coal sector and have not communicated a time-bound coal phase-out plan aligned with Société Générale's 2030/2040 thermal coal phase-out objectives.

The SG Group is a founding signatory of the Net-Zero Banking Alliance initiative sponsored by the United Nations. The Bank is taking steps towards developing a roadmap to attain the goals of the Net Zero Banking Alliance in line with the SG Group's commitment. In the Czech Republic, KB is a founding member of the Alliance for Emission-free Future.¹

Objectives	Key indicators	Reference values 2019	COKR 2025
Reduce our carbon footprint	Carbon footprint reduction since the beginning of emission measurement (Scopes 1 & 2)	0%	Reduction by 80%
	Total energy consumption (MWh per year)	54,660	41,000
	Share of electricity consumption from renewable sources	0%	100%

4. Responsible employer (Human Capital)

Contribution to SDGs:



Principles

Be a responsible employer

As a responsible employer, KB follows four principles: gender balance, equal pay, support for social inclusion, and raising awareness of diversity and inclusion among both employees and the general public. Remuneration in KB Group is based on the principles of internal justice, external competitiveness, reflection of individual contribution, and effective risk management.

Key objectives by 2025

A. Strengthen the Responsible Employer framework

KB's priority is to strengthen the four pillars of its Responsible Employer framework: gender balance, equal pay, support for social inclusion, and raising awareness of diversity and inclusion among employees and the general public. KB Group provides room for the education and development of all employees, including by preparing a wide range of training courses and programmes and through regular and open feedback from and communication with employees.

KB seeks to close its gender pay gap by 2025 and to increase the share of management positions held by women.

KB is joining, as has Société Générale, the #JamaisSansElles (Never Without Her) charter and programme, which insists on not taking

part in various kinds of internal or external events where topics of general interests will be discussed without any woman participating as a speaker.

B. Support employees' professional growth

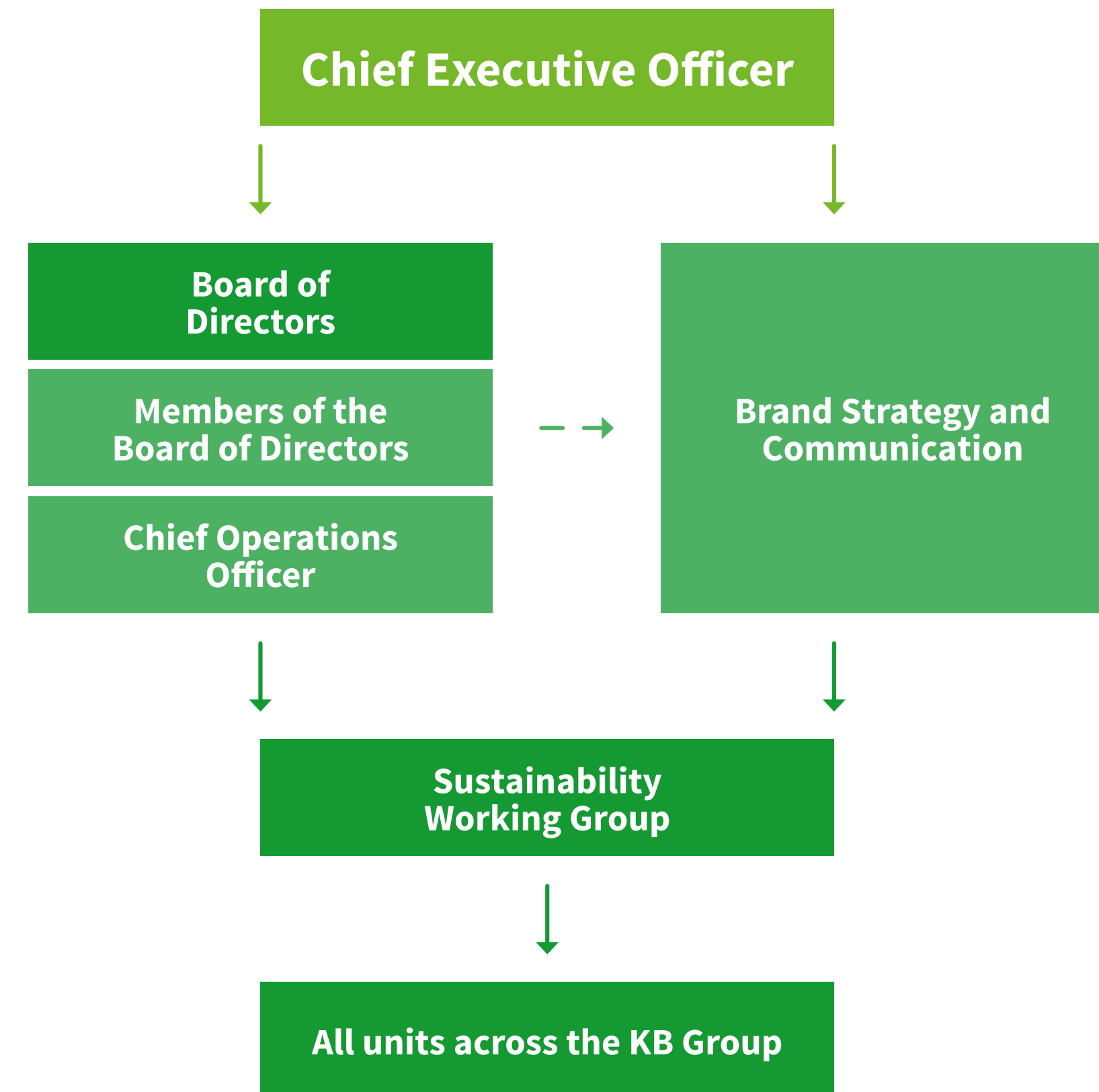
Promoting and maintaining professional relationships with employees based on trust, respect, mutual communication, equal opportunities, and the offer of interesting professional and career growth are at the foundation of KB Group's corporate culture. KB strives to create an inspiring and supportive environment where people want to work, succeed, and become ambassadors of the KB or subsidiaries' brands. This, then, gives the Group a competitive edge on a labour market characterised by stiff competition for talented and loyal employees.

Objectives	Key indicators	Reference values 2019	COKR 2025
Be a responsible employer	Share of women in senior management of KB (parent bank, Management Board plus B-1 positions)	19%	30%
	Gender pay gap	4.8% (2020)	0%
	Share of part-time jobs in total employment	6%	12%
	Smart office concept	n/a	An adaptive and effective environment with an agile spirit, prepared for the digital future

ESG IMPLEMENTATION FRAMEWORK

ESG governance

The main owner of the sustainability concept at Komerční banka is the Chief Executive Officer, and the sponsor is the Chief Operations Officer. The Bank's sustainability activities are coordinated by the Sustainability Working Group headed by the Executive Director for Brand Strategy and Communication. Key departments of the Bank are represented in the Sustainability Working Group (such as Brand Strategy and Communication, Strategy and Finance, HR, Compliance, Facility Management, Risk, and Retail and Corporate Banking) and help to pursue each of the pillars of the strategy and to achieve internal OKRs (objective key results). Selected sustainability targets (measured by OKRs) have been incorporated into the incentive system for senior management and responsible employees. All updates of the strategy and information about its practical implementation are regularly reviewed by the Board of Directors.



KB Group helps and promotes activities for the benefit of civil society, health and social projects, education, and social inclusion through its Jistota Foundation. The Jistota Foundation contributes to non-profit organisations' projects and carries out its own one-year and multi-year projects. The main donor of the Jistota Foundation is KB, followed by its subsidiaries and partner companies. KB Group employees are also very important donors.

Komerční banka is the parent company of KB Group, which is itself a part of Société Générale Group. Within KB Group, Komerční banka applies its influence in formal as well as informal ways. KB aligns the strategies of all members across the KB Group by discussion and validation of individual strategic plans. Formally, KB approves financial budgets and business plans of its subsidiaries. KB provides methodological support to its subsidiaries for setting and achieving sustainability targets that are in accordance with Komerční banka's and Société Générale Group's sustainability strategy.

Komerční banka Group subscribes to Société Générale Group's CSR ambition to collectively have a positive impact. SG pursues its ESG ambition in four strategic ESG pillars: environmental transition, positive local impact, responsible employer, and culture of responsibility. The transformation is implemented by embedding ESG in the processes and operations, and in the monitoring of environmental and social commitments. The operationalisation of SG Group's ESG ambitions is steered via the ESG by Design programme.

Komerční banka Group subscribes to the CSR ambition of the Société Générale Group to collectively have a positive impact.

Société Générale's CSR ambition: to collectively have a positive impact through 4 strategic pillars

Environmental transition

Positive local impact

2 pillars linked to our activities...

Responsible employer

Culture of responsibility

... supported by 2 pillars ensuring a responsible bank

ESG reporting framework

The achievements in developing a sustainable business of KB Group and implementing this ESG strategy are reported in KB's Sustainability Report, in the annual reports of Komerční banka and its subsidiaries, as well as in the form of press releases or web postings at www.kb.cz or on subsidiaries' websites.

The [KB Sustainability Report](#) reports on KB Group's main ESG activities and achievements on an annual basis, including the following:

- Commitments adopted and initiatives subscribed to
- Recognitions received
- Developments in sustainability governance, materiality assessment, and sustainability objective
- Activities and achievements in the area of environmental sustainability

Activities and achievements in the area of social sustainability

- Developments in KB Group's governance related to sustainability
- Developments in the offer of sustainable products and services to clients
- Approach to environmental and social risk management
- Activities in sponsorship and volunteering, and of KB's Jistota Foundation
- Main activities and achievements in the area of sustainability at subsidiaries

The [KB Sustainability Report](#) is prepared in accordance with the applicable GRI (Global Reporting Initiative) standards. KB is updating its procedures to enable reporting under the EU Taxonomy regulation, EBA ESG Pillar 3 requirements, Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance Disclosure Regulation (SFDR).

The [Consolidated Annual Report of Komerční banka](#) reports on further topics, mainly governance and social matters, including the following:

- Risk management framework and activities for credit, financial, and non-financial risks
- Corporate governance framework and activities
- Human resources management

Before their publication, the Annual Report and Sustainability Report are discussed, and must be approved, by KB's Board of Directors.

KB GROUP'S PARTICIPATION IN LOCAL AND INTERNATIONAL SUSTAINABILITY INITIATIVES

Through its parent company Société Générale, KB Group is a member of several international initiatives to support greater sustainability:



Equator Principles:

In the financing of large infrastructural and industrial projects the entire SG Group follows Equator Principles, a set of voluntary guidelines of financial sector for assessing the environmental and social risks of major projects based on the World Bank's international standards.



Global Partnerships:

The SG Group is one of the founders of UNEP-FI - United Nations Environmental Programme Financial Initiative, a programme of global partnerships between the UNEP and the financial sector.

Of the international sustainability initiatives, KB Bank/Group has determined to contribute to Sustainable Development Goals that were set up by the United Nations in 2015:



Sustainable Development Goals:

KB Group integrates the Sustainable Development Goals (SDGs) into its ESG strategy and aims to contribute to meeting all 17 SDGs, as all of them are of great importance. Primarily, KB chose 10 SDGs that are most important for its business activities and its stakeholders. SDGs selected as significant to KB's business activities were displayed in the chapters of this strategy.

In the Czech Republic KB is an active participant in the ESG and sustainability initiatives pursued by the Czech Banking Association (CBA):

Memorandum for Sustainable Finance:

In 2021, we signed the CBA Memorandum for Sustainable Finance in which we and other banks reaffirmed our commitment to creating a business environment conducive to sustainable and socially responsible development of the Czech Republic.

Commission on Sustainable Finance:

In 2021, the member banks of the CBA established the Commission for Sustainable Finance, whose chairmanship is held by the Director for brand strategy and communication at KB. This commission will long-term address the question of how banks can make a concrete contribution to creating conditions for the sustainable development of the Czech Republic.



Alliance for an emission-free future:

In 2022, KB became a founding member of the Alliance for an emission-free future, together with ČEZ ESCO, PwC and McKinsey & Company, KB is committed to reduce its carbon emissions gradually to achieve carbon neutrality by 2050. This Alliance will support building of energy resilience and independence of the Czech Republic.

Participation in SG Group's ESG initiatives

KB Group companies take part in ESG by Design, a programme launched by Société Générale. The programme aims at managing and coordinating the implementation of the European Central Bank's action plans and at coordinating and articulating the existing and future initiatives within Société Générale Group. It comprises both risk components and business aspects. Furthermore, the programme seeks to operationalise business and regulatory commitments and to embed ESG natively in all processes of the organisation (e.g., in relation to people, products, IT, and finance).

The programme is defined as a 4-year journey, albeit with immediate priorities including:

- EU Taxonomies, the European Central Bank's (ECB) guide on climate-related and environmental risks and the European Banking Authority's (EBA) Guidelines on loan origination and monitoring
- Mandatory disclosures – EBA ESG Pillar 3 requirements, Non-Financial Reporting Directive (NFRD), Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance Disclosure Regulation (SFDR), and Capital Requirements Directive (CRD)
- Portfolio alignment – Net-Zero Banking Alliance (NZBA), Glasgow Finance Alliance for Net Zero (GFANZ), Net-Zero Insurance Alliance (NZIA), Net-Zero Asset Owner Alliance (NZAOA) and SG's Sectorial Policies
- Governance and responsible employer topics

Endorsement of the ESG strategy

The main sustainability targets have been validated and endorsed by the Chief Executive Officer. Overall results are presented to the Strategy and Executive Committee of the Board of Directors. The remuneration of senior executives is linked to collective targets that include the sustainability targets, as specified in Komerční banka's Remuneration Policy approved by the General Meeting.