

KB SUSTAINABILITY REPORT 2020



Komerční banka, a.s.

**BUDOUCNOST
JSTE VY**  **KB**



Banks have an irreplaceable role to play in promoting sustainable development. They can multiply the necessary resources, and at the same time, are essential to the functioning of the national and world economy. I am extremely pleased that it is perfectly natural for Komerční banka today to fully align sustainability trends with the principles of its business and commercial activities.

I consider it an advantage that, as a Member State of the European Union, we have the opportunity to contribute to the EU's environmental and social commitments. Among other things, our clients can continue to count on financial support from European funds for their environmentally sound projects.

In the next six years, it will be possible to obtain support for green projects from EU funds amounting to up to 950 billion crowns. In addition to our active contribution to slowing down climate change, we believe that we will also be a promoter inspiring other market players.

Jan Juchelka
KB Chief Executive Officer
and Chairman of the Board of Directors



The entire financial group of Société Générale, including KB, has committed to allocate 120 billion euro worldwide to the financing of renewable energy sources by 2023. At the same time, it decided not to participate in newly opened coal projects, and gradually exit from financing clients in the coal sector. We integrate sustainability into the core of our business, and design green products, ranging from investment financing to payment instruments.

I am also pleased that we are the only Czech bank included in the FTSE4GOOD index, one of the world's major indexes of socially responsible companies. Obviously, since we do not just wish to pay lip service to this topic, we have set a quite specific goal – by 2026, Komerční banka will be carbon neutral.

Jitka Haubová
Member of KB Board of Directors in charge of Sustainability

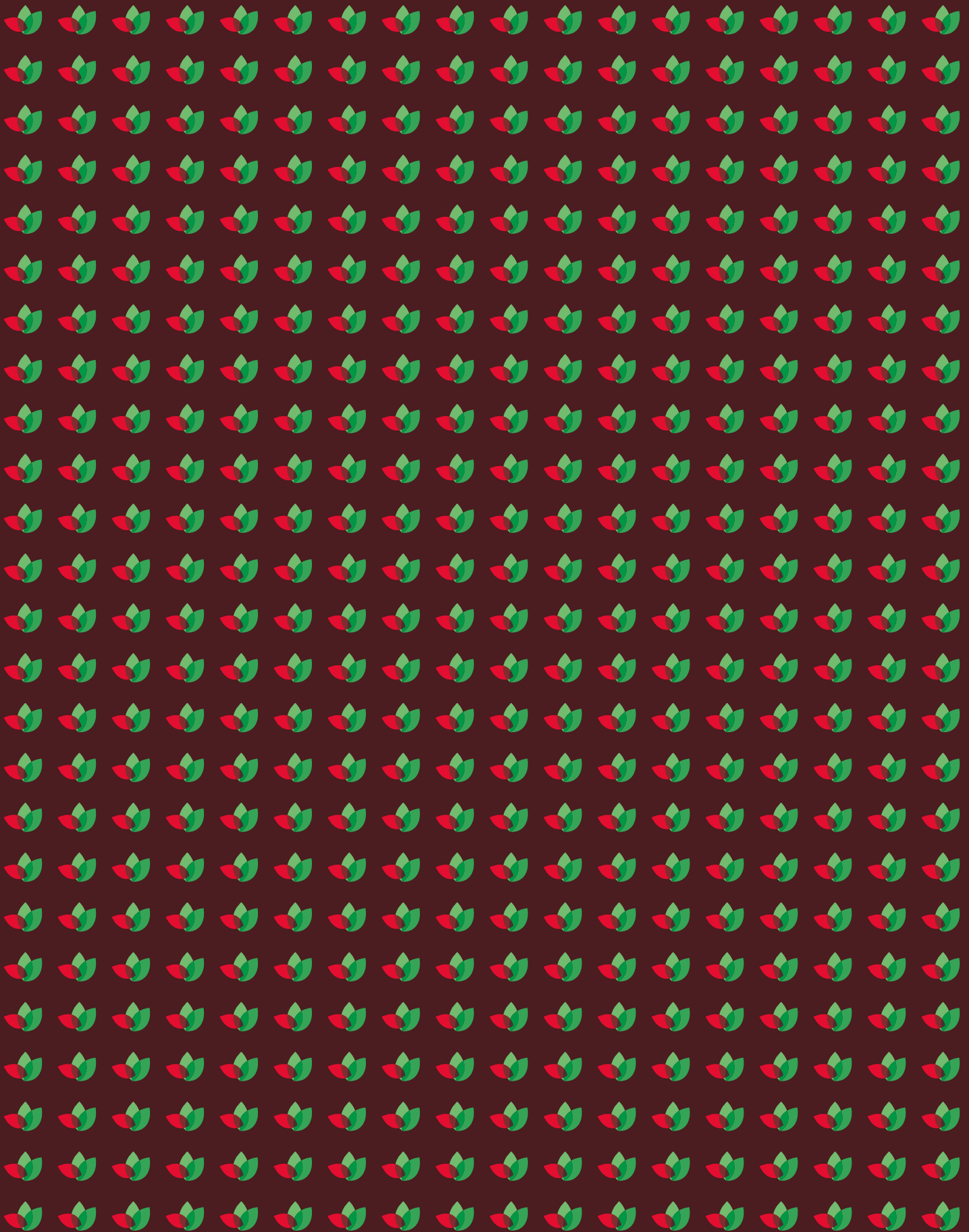




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OUR STRATEGIC APPROACH TO SUSTAINABILITY

The year 2020 was a turning point for KB in many aspects. We certainly cannot forget the unprecedented situation due to the covid-19 pandemic. The year 2020 required great social and personal solidarity. We sought to help clients in these times of uncertainty and reduced income, and we made it possible for them to defer loan instalments. The digitalization of our services played an important role during the pandemic, enabling access to products and services even in times of lockdown. As the Bank is an integral part of the national key economic infrastructure, it was necessary to maintain full availability of our services even during the pandemic. That is why we at KB have taken measures to protect the health of our employees as much as possible. We provided employees with face masks, respirators, disinfectants and organized antigen testing for employees directly on the Bank's premises. We also did a great deal of work in 2020 in the area of the environment and the approach to climate protection. We started measuring our own carbon footprint and pledged to become carbon neutral by 2026. Our ambition is to reduce annual greenhouse gas emissions by improving energy efficiency and implementing climate responsibility through our actions. Last year, we also enhanced our ESRM system (Environmental and Social Risk Management) to assess the risk of transactions or launched

the KB Advisory service. The ambition of sustainability and responsible business is thus translated even better into our daily activities. New in this report, we are working with SDGs (Sustainable Development Goals) of the United Nations, a specific plan to deal with environmental, social and economic challenges. Compared to last year, we also expanded the number of reported disclosures under GRI Standards (Global Reporting Initiative). Although 2020 was affected by the pandemic situation, we were highly active in the field of sustainability and we plan to step up our activity in subsequent periods.

Our value proposition

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

Our mission

The purpose of the KB brand is “Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions.”



KB Sustainability Strategy

To address sustainable development systematically and thoroughly, we have structured our business around six fundamental pillars. These pillars define our approach to sustainability and include responsible banking and financing, support to environmental and charity activities, financial and digital literacy and cybersecurity.

1

Client satisfaction

We see client satisfaction as a foundation for sustainable growth. Thanks only to clients' feedback, we can improve constantly. Security of client finance and transactions is our priority.

4

Environment

We measured our carbon footprint and pledged to become carbon neutral. We reduce waste generation and energy consumption.

2

Ethics and responsible banking

We respect privacy and freedom, while reducing the risks of corruption, money laundering and terrorist financing. Financial literacy is an important topic for us.

3

Responsible employer

We make sure that our colleagues are satisfied, we place emphasis on work-life balance and diversity. We create a favourable environment conducive to professional and personal growth of our employees.

5

Responsible and innovative financing

We think about the future, and believe that our financing of meaningful projects will help protect the environment and support sustainable business and support sustainable business. We appreciate the efforts made by our clients to mitigate environmental impacts, and we support projects that help nature and society.

6

Sponsoring and charity

We sponsor culture and education. We are a partner to the National Gallery, the Prague Zoo, the Letní Letná contemporary circus festival and Rock for People. We have our foundation and help as volunteers.



Pillars of KB's responsibility strategy Major sustainability topics		Where the topic matters	
		Inside the Bank	Outside the Bank
Client satisfaction	<ul style="list-style-type: none"> • Financial results, stability and sustainable growth • Client satisfaction • Transparent communication • Cybersecurity • Product and service innovation 	✓ ✓ ✓	✓ ✓ ✓ ✓ ✓
Ethics and responsible business	<ul style="list-style-type: none"> • Compliance and risk management • Ethical business, measures against corruption, money laundering and financing of terrorism • Financial literacy 	✓ ✓	✓ ✓ ✓
Responsible employer	<ul style="list-style-type: none"> • Relations with employees • Working conditions • Employee health • Diversity, equal opportunities and equal pay • Professional and personal growth of employees 	✓ ✓ ✓ ✓ ✓	✓
Environment	<ul style="list-style-type: none"> • Environmental-friendly operations of the Bank (resources and energy consumption, waste management) • Carbon emission measurement and neutrality commitment 	✓ ✓	✓ ✓
Responsible and innovative financing	<ul style="list-style-type: none"> • Responsible financing, projects with positive impact • Product and service innovation • Environmental and social risk management system (ESRM) • Advisory services 	✓ ✓ ✓	✓ ✓ ✓ ✓
Sponsoring and charity	<ul style="list-style-type: none"> • Sponsoring (culture, education) • KB Jistota foundation charity activities • Volunteering 	✓	✓ ✓ ✓

Dialogue with stakeholders

Stakeholder	Communication framework
Clients	Regular satisfaction surveys and measurements, feedback
Employees	Regular satisfaction surveys, feedback
Shareholders/investors	Events and meetings with investors/shareholders, General Meeting
Regulatory bodies (ČNB)	Close cooperation with regulatory bodies (Czech National Bank)
Suppliers	Implementation of responsible sourcing policy
Czech Banking Association	Regular meetings, dialogue in working groups
Non-governmental and non-profit organizations	Meetings with representatives of non-profit sector
Rating agencies	Studies and analyses
	Regular discussions with financial analysts

Sustainability management at KB



The main owner of the sustainability concept at Komerční banka is the CEO and Chairman of the Board, of Directors Jan Juchelka and the sponsor is a member of the Board of Directors and the Chief Operations Officer, Jitka Haubová. The activities in the field of sustainability are coordinated by the Working Group under the umbrella of Brand Strategy and Communication. The Working Group also includes members of other key departments that help develop the individual pillars of the strategy and achieve specific OKR (Objective Key Results, former KPI). The content of the strategy and its practical implementation are regularly presented to the Board of Directors, who are kept informed about the activities and provide the project team with their feedback.

Identification of major topics

To identify the key areas and set out our sustainability strategy, we relied on a variety of sources and discussions. In order to define the priorities for the individual SDGs, we conducted targeted interviews with major stakeholders – clients, investors and employees. We also took into consideration the results of many surveys, e.g. PwC – SDG Challenge 2019, IPSOS – Opinion of the Czech Population on Sustainable Development Goals – SDGs, CSR Europe & PwC – Collaboration for Impact. These surveys and studies show that SDGs are becoming more widely known to the public, with the priorities of individual goals differing depending on age, education or current events in society.

We also relied on publicly available sources that deal with important topics related to the financial sector – e.g. SASB Materiality Map – Financials and WBCSD – Reporting Matters (2020 Report). We did not forget to compare against other major financial institutions.

SDGs – Sustainable Development Goals








SDGs or Sustainable Development Goals were adopted in 2015 by all UN member states and serve as guidance to ensure prosperity and peace for all, build partnerships, provide a dignified life without poverty and inequality, or protect the environment. At KB, we have been working on sustainable development for a long time, but now we have decided to integrate SDGs more into our daily activities. We consider each of the SDGs to be especially important, and we believe that we are at least partially helping to meet all of the 17 goals. At the same time, however, we have sought to select those goals that we believe are most important to us and our stakeholders and that can have a truly positive impact on the society in which we do business. We considered the selection of the most important SDGs with regard to KB's strategic plan and we considered the priorities of the representatives of the group of investors and the needs of clients and employees. Each stakeholder had a representative in the dialogue. KB's management itself discussed the final priorities for individual SDGs so that the selection of SDGs corresponded as closely as possible to our current activities and future plans. In this way, we sought to initiate an open discussion where various views on the issue were heard and considered.

As a bank, we have the potential to positively influence society in two ways: first, by the manner we manage our activities treat resources and deal with stakeholders, and second, through the projects we finance and support. This division should help better comprehend the SDGs, and determine which are most important for KB. We did not just associate our activities with the selected goals, but we also linked our activities to the level of SDG targets. In this way, we are able to focus our efforts more specifically on meeting the goals that we can and are set to positively influence as a bank.

We do not measure and report all targets. Especially in the field of financing, our ambition in the future is to set up data collection so that the results are quantifiable and can be presented in this report. We are also working hard on this in relation to new EU regulations.





SDGs

KB direct influence

6 CLEAN WATER AND SANITATION 	Clean water and sanitation We systematically reduce water consumption, and by default, we install water saving accessories when refurbishing our premises.	6.4	Environment
8 DECENT WORK AND ECONOMIC GROWTH 	Decent work and economic growth We use resources for our growth so that the environment is not degraded. We provide safe and stable working environment for our employees.	8.2 8.3 8.4 8.5 8.8 8.10	Client satisfaction Responsible employer Environment Responsible and innovative financing
10 REDUCED INEQUALITIES 	Reduced inequalities At KB, we tolerate no form of discrimination and integrate all not only in employment, but also in providing our services.	10.2 10.3 10.4	Client satisfaction Responsible employer Sponsoring and charity
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Responsible consumption and production We use natural resources economically and manage waste responsibly. Our ambition is to gradually reduce generated waste, thus minimising the impacts of our activities on the environment.	12.2 12.4 12.5 12.6	Environment
13 CLIMATE ACTION 	Climate action At KB, we make efforts to mitigate the impact of climate change, and actively search for appropriate solutions. Our ambition is to reduce corporate CO ₂ emissions that we already started to measure.	13.1 13.3	Environment Ethics and responsible business Responsible and innovative financing Sponsoring and charity
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Peace, justice and strong institutions We respect the law and legislation, we have measures in place to fight money laundering and corruption, and we take care to make sure that we are seen as a transparent and responsible company.	16.3 16.5 16.6 16.10	Value pillars Ethics and responsible business
17 PARTNERSHIPS FOR THE GOALS 	Partnerships for the goals We are convinced that through partnership with other entities, sustainable development can be better achieved. We share our knowledge and expertise, and provide financing to meaningful projects.	17.16 17.17	Ethics and responsible business Responsible employer Responsible and innovative financing Sponsoring and charity

SDGs

KB influence through financing

6 CLEAN WATER AND SANITATION 	Clean water and sanitation We support projects focusing on drinking water improvement and its efficient use.	6.3	Responsible and innovative financing
7 AFFORDABLE AND CLEAN ENERGY 	Affordable and clean energy We finance investment in energy saving measures and gradually increase the use of renewable energy.	7.2	Responsible and innovative financing
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Industry, innovations and infrastructure We support the society in which we do business by building quality infrastructure and improving the quality of human life.	9.1 9.3	Responsible and innovative financing
11 SUSTAINABLE CITIES AND COMMUNITIES 	Sustainable cities and communities We work in favour of cultural heritage protection and promote municipal and regional development.	11.3 11.4	Responsible and innovative financing Sponsoring and charity

Goals pursued

	2019	2020	2025	SDG targets
Carbon footprint reduction from the beginning of emission measurements			80%	12.4 13.1
CO ₂ emissions calculated per client (kg)	23		4.6	12.4 13.1
FTSE4Good Index Series (maximum 5)		3.3	4+	16.6
Index MSCI ESG		A	AA	16.6
Total energy consumption (MWh/year)	54.660	48.619		8.4 12.2
Share of green electricity purchase		0%	50%	7.2
Number of employees involved in corporate volunteering	537	219	1 000	13.3
Total amount allocated to Nadace Jistota foundation contributions	CZK 10 418 012	CZK 11 065 943	CZK 14 000 000	17.17
Volume of current corporate investment loans compliant with ESG parameters		11%	50%	9.3
Share of women in managerial positions	48%	46%		8.8 10.3

Note: Since we consider these disclosures to be important, we monitor their year-to-year development, and constantly strive for improvement.





CLIENT SATISFACTION

We see client satisfaction as a foundation for sustainable growth. Thanks to clients' feedback, we can improve constantly. Security of client finance and transactions is our priority.

Client satisfaction means the world to us

Our objective is to have satisfied clients. Measuring client satisfaction is just the beginning of the process. We ask clients if everything works for them and we want to know whether they are willing to recommend us to others. If this is not the case, we come back to the client within 48 hours, and seek to solve the problem. For instance, it may happen that a client does not receive their new payment card because there was no name on their letterbox. The relationship manager at the Contact Centre or the branch will track the history of the process in the system and establish where the card is, and then contact the client to tell them where they can collect it. Similarly, we explain to clients which is the easiest way of making payments on the internet, which is the most suitable product for them, what to watch out for, or how to save time and money by using the services most suitable for them.

Client Feedback

We value and appreciate client suggestions and opinions. We aggregate client feedback either through the systematic and regular measurement using the Net Promoter Score (NPS) or through data collection on KB website and through reactions on social media networks. Most of negative client feedback gathered through the NPS is handled on an individual basis by relationship managers at branches and the Contact Centre, usually within 48 hours following receipt. We are also prepared for situations that require broader context knowledge or process changes. Such situations and client initiatives are transmitted through a functional system to the colleagues in charge of the respective issue in a short time. Based on work with the feedback, we subsequently adjust, improve and innovate products and services to meet the needs of clients and be up-to-date. Unfortunately, following the first wave of the pandemic, we registered a modest decline in client satisfaction, mainly due to the limited accessibility of our branches and cashier services in particular, and the decision to close a couple of dozens of smaller branches for good. Here, thanks to the rapid implementation of alternative solutions, such as a larger number of deposit-enabled ATMs or cash deposits in sealed envelopes, we have managed to increase general satisfaction again.

Where do we measure satisfaction?

During the year, by random selection we contact everyone whom the applicable legislation allows us to (GDPR). In this way, we can gather feedback also from clients who do not regularly visit branches or are not active in any other way.

Client satisfaction is key for us and is a prerequisite for our sustainable growth based on a professional approach and quality services.

However, even these clients may need help from us but they do not always have the time or do not want to contact us. They often welcome an e-mail from us with a short questionnaire, where they can describe what specifically they mind. They greatly appreciate that their grievance is not be left unattended and a relationship manager contacts them and offers a solution to their particular situation.

In addition to the randomly generated questionnaires, we also send **satisfaction questionnaires inquiring about the newly purchased products or service channels**, to clients who:

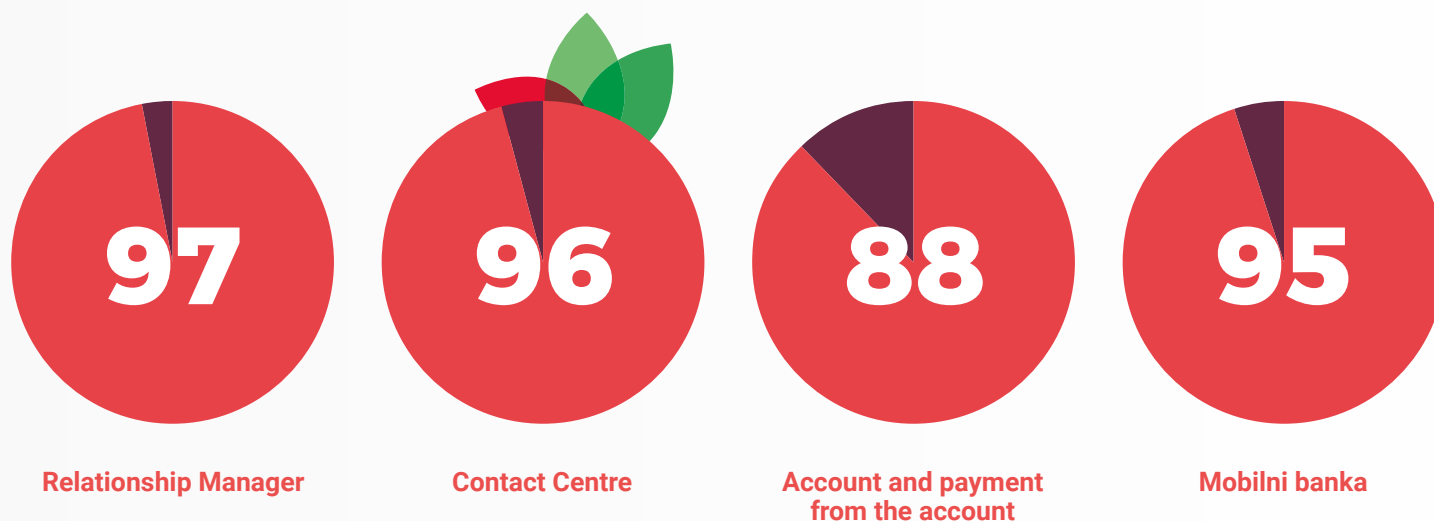
- Visited a branch
- Called the Contact Centre
- Used online or mobile banking
- Purchased a new account
- Purchased a product on-line
- Got a new mortgage
- Got a new consumer loan

In 2020, we sent questionnaires to more than 1,200,000 clients and received feedback from than 200, 000 client.

All these surveys are conducted in cooperation with the renowned IPSOS research agency. Together, we developed **a brand new on-line application** in 2020, where client questionnaires are displayed and are available to relationship managers, the Contact Centre and the customer experience colleagues. KB employees then enter into the application how they dealt with the suggestion made by a client and whether the client was satisfied with the solution.

All this data is subsequently migrated to KB databases and is available whenever the clients contact

Satisfaction with services (%)



us again. The client therefore does not have to experience their grievance again. On the contrary, every time they visit the branch or calls the Contact Centre, we can verify that everything is in order.

Since 2019, we have transparently published clients' satisfaction with relationship managers, the Contact Centre, Mobilní banka and other products and services on our website – see more at <https://www.kb.cz/cs/o-bance/spokojenost-se-sluzbami>.

Services designed with clients

We at Komerční banka understand that designing a new product or service is not a desktop exercise. Therefore, we turn to our clients. We have a pool of 200 cooperating clients of various banks who answer our numerous questions online or discuss selected topics in online forums. Designing services with clients for clients is key for us and we are pleased that thanks to their feedback, we have implemented several modifications that first came as suggestions for improvement. For instance, we introduced payment confirmation on the internet using KB Key with fingerprint or password in mobile banking. Clients can also request a higher credit line on their credit cards through

online banking, or find their card PIN in Mobilní banka in case they forgot it.

If you also have an idea for improvement or you want to let us know that you are satisfied, or dissatisfied, with our services, you can write to us here: <https://www.kb.cz/en/faq-and-support/relationships-with-customers>.

Covid-19 pandemic

Sole proprietorships and small enterprises have been hit hard by the impacts and restrictions imposed in relation to covid-19. For the first time in many years, the number of newly established companies on the Czech market decreased, and the number of businesses that closed or suspended their business activities increased. A large number of businesses and companies still in operation faced challenges such as reduction in business, declining sales, disruption of established processes and supply chains, and other factors that have a negative impact on business activities. At the same time, another group of clients emerged to whom the market situation brought new opportunities, and KB proactively tackled with them the options for their growth and their extended use of financial services, including the financing of the necessary investments.

As part of adapting to the new market situation, it was important to ensure the smooth use of essential banking services and to organize communication and cooperation even in times when the operation at branches was interrupted or limited and services had to be provided online. A major worry for a significant number of clients was the utilization of their loans and the possibility to defer instalments, or to receive new loans in order to maintain business continuity, in particular.

The transition to remote communication, rolled out within the Corporate Centres concept in the previous two years, proved to be extremely helpful. Telephone, electronic or video communication thus conveniently complemented the existing digital services. Internal processes were modified in an accelerated manner so that a major part of contractual and transaction documentation shared between clients and the Bank could be signed digitally.

We offered our clients favourable price terms, and did so for some services and fees even before the enactment of the government memorandum on instalment deferrals. For instance, we modified mortgage loan terms or we did not charge certain fees to our clients since late March 2020 in response to covid-19.

In order for clients to find out about all these changes in time and in one place, we have designed a new website under the KB Prices and Rates section. Clients always find there all relevant information about prices of KB products and services. At the same time, we informed clients about these price benefits through marketing campaigns. According to a survey carried out by the IPSOS agency, our efforts were not wasted since our clients have identified us as the bank that best informs its clients about news and changes, and at the same time, engages most in projects that help to tackle the crisis.

Quality Guarantee

We care about our clients' satisfaction and we do not want our clients to experience unpleasant surprises. In 2020, we continued with Quality Guarantee (i.e. guarantee of professional conduct and quality services). Under the scheme, our clients can try out our services in practice with no strings attached. If they are not satisfied with a newly opened account or other selected products within the first six months of use, we will reimburse their maintenance fees, more at: <https://www.kb.cz/cs/produkty-nanecisto>.

We help our clients. If anything unexpected happens to them, we help them find a solution. Clients can complain about card payments easily and directly in MobilniBanka, just making a couple of clicks. The compensation for unauthorized payments is handled very quickly compared to other banks.

Our goal is to have satisfied clients who have confidence in Komerční banka. We therefore subject our client communication to a strict requirement of absolute

transparency. We always communicate in a clear and transparent manner about prices and benefits of our products and services. We always provide information in a timely and adequate manner. We adhere to the Code of Conduct of the Czech Banking Association and the Code of Mobility that clearly and transparently define the relationship between the Bank's employees and the clients.

Security

We continue investing in client data security and further develop systems to detect suspect payments.

The security of clients in the on-line world has long been enhanced through Trusteer Rapport, a security tool that protects against specific threats, such as harmful websites (phishing), malware and attempts to detect passwords (keylogger). Trusteer is an IBM product that clients can install in their computers free of charge and in a couple of minutes. In late January 2021, more than 275,000 clients had Trusteer Rapport installed and 2,359 potential frauds were prevented since its launch. Our new service MůjPodpis (MySignature) demonstrates that we can combine security with helpfulness and simplicity. The service saves clients time and money, and allows them to sign documents in a safe, electronic, fast and remote manner without printing the documents. We are also successful in associating security and innovations, with tools such as biometric payment confirmation, QR payment, downloading of invoices from files, etc. We have been, and continue to be, the leaders in the banking market. We continue to develop a system for detection of suspicious payments. We continue to develop our system for detecting suspect payments. Our payment fraud prevention team detected payment transactions worth almost CZK 45 million in 2020.

Complaints and claims

The clients can submit their complaints and claims electronically, by telephone or in person at any branch. If a complaint or claim is made in person, it is possible to draft the minutes, a copy of which is, naturally, provided to the client. This is the first instance level where a complaint is processed within 30 calendar days. If the complaint concerns payment services, KB will do so within 15 working days.

Complaints are handled using the Complaint Resolution Tool, which speeds up and improves the response of the bank. Experience has shown that a significantly higher efficiency and process simplification have been achieved in a relatively short time. For more information on complaints and claims handling, visit: <https://www.kb.cz/en/faq-and-support/relationships-with-customers/resolving-complaints-and-claims>.

Client testimonials

“Right now, during the pandemic, the bank acted as a partner. Great thanks to the relationship manager for her helpfulness, professionalism and individual approach. Since I know the benchmark, I award you a straight 10.”

“I am satisfied in every aspect. I appreciate especially the individual approach of the Relationship Manager. Thank you also for the loan deferral, it helped a lot given the situation.”

“The staff is always helpful, even by telephone. I appreciated it especially when the branch was closed because of the pandemic.”

“I do most things on the internet today although I am an elderly lady. I am a great fan of your internet banking. And if I need help, my Relationship Manager is always there to help”.

“I will comment on the current account and the loan that you provided on-line during the pandemic. This convinced me to give you a 10. I have accounts with other banks, too, but they do not offer such comprehensive services, and their internet banking access does not compare to yours.”

“Your Internet banking is great. Payment credited in a second. Payment through a smart watch or mobile telephone, this is exactly what one needs today. Everything that can be done from home can be done on the internet or mobile telephone. I say, you are great!”

“I am satisfied because I do not need to go to the branch anymore. I can make changes in my internet banking, it is well secured, verified through the mobile telephone. If I have a difficulty, I can call and someone is always there to help.”

We also monitor complaints about customer privacy violations and customer data loss, as well as compliance with social and economic regulations. Here, we receive inputs through direct complaints from clients or through regulatory bodies, such as the Czech National Bank, The Office for Personal Data Protection and other institutions. Complaints of this type are handled at several levels by the Bank. Many complaints lodged by clients are handled at the branch by the relationship manager, and some are handled by the Contact Centre. The main complaint processor is the Complaints Department, which deals with both client complaints and complaints from the regulator – always in cooperation with the relevant departments. Complaints relating directly to customer privacy violations and loss of

customer data are handled by the Data Protection Officer, who verifies their justifiability and communicates with clients and the regulator. In 2020, dozens of cases were registered.

Our transparent communication on products and services and advertising communication are subject to review by the Broadcasting Council (RRTV), <https://www.rrtv.cz/en/Default.aspx>. If the recipient of our advertisement has any doubts they can contact the Council. In 2020, we did not register any complaints submitted to this regulator.

The marketing of our products and services meets requirements that comply with Czech and European legislation and are translated into business and product terms. If there are complaints about product and service



names, they are registered and handled. This may include direct client complaints or complaints through regulatory authorities. We did not register any complaint regarding the marketing of our products and services in 2020.

We were the first bank in the Czech Republic to appoint an independent ombudsman already in 2004 to enhance the quality of services provided not only in Komerční banka but also in the KB Group. In 2020, the ombudsman examined 36 complaints, however, most of the complaints were rejected.

Service availability for the disadvantaged

We have long strived to make our products and services friendly in many ways. Our ambition is to make them accessible and available to all groups of clients, including those with disabilities. Now, 168 of the total number of 243 branches are barrier-free, and out of the current 810 ATMs, 734 are accessible for those who are physically disabled.

Hearing-impaired clients can use the Transkript service, thanks to which the conversation between the relationship manager and the client is transcribed on-line on a screen. The hearing-impaired clients thus can communicate easily and independently with their relationship manager. If the client requests his/her relationship manager to

provide the transcript, the relationship manager contacts a transcriber by telephone, and the client can follow the verbatim transcript of the relationship manager's words on the screen, allowing hearing-impaired clients to ask questions and react instantly to the information provided. This gives both participants the certainty that there will be no misunderstanding and that all the information was conveyed. The service is provided in cooperation with the social enterprise Transkript online, a successful employer of blind speedwriters.

Another example of a product that we seek to improve so that its use is as simple as possible for clients with disabilities is the Mobilní banka application. It supports Google TalkBack, a screen reader with voice feedback. To find out what challenge Mobilní banka presents to people with visual impairment or what they appreciate about it, we involved a blind user in its testing.

The navigation in the application or the functions of transaction history and account balance checks received a very positive assessment. However, the blind user found room for improvement in the activation, the Pay Me function, the entry and check of payment processing or application for a card. The outcomes of the survey will be used to improve the accessibility and usability of the application for the visually impaired.

Awards

The pandemic has also adversely affected award ceremonies. For instance, the Bank of the Year 2020 winner announcement was postponed to spring 2021 due to the pandemic situation.

In the Best Insurance Company ranking sponsored by the *Hospodářské noviny* daily, Komerční pojišťovna ranked second in the Best Life Insurance Company 2020 category, and third in the Most Client-Friendly Life Insurance Company 2020 category.

The Mobilní banka application ranked first in the Czech market in the 2020 TOP APP Award, an independent evaluation of mobile applications in the Czech Republic and Slovakia providing big corporations and their clients with unique independent feedback on the quality of mobile applications. In the past, Mobilní banka already received many awards and we are therefore pleased that we continued this trend in 2020 as well.

As mentioned, we continue to invest in client data security. We therefore value the award of the Safest Bank in Central and Eastern Europe by the US magazine *Global Finance*. The ranking by this renowned financial periodical is based on long-term ratings by Moody's, Standard & Poor's and Fitch. In addition to the Central European achievement, we also ranked first in the Czech Republic, which shows what importance we attach to the stability and security of sustainable business.

The survey by the global banking database Lafferty 1000, which assesses banks on the basis of their quality and sustainability, ranked Komerční banka as the best bank in the Czech Republic, and also included KB among the 100 top banking institutions in the world. The quality assessment is based on annual reports using 21 indicators, including financial performance, relations with clients and employees, environmental protection or value for shareholders. We are happy that our transparent communication with stakeholders was appreciated in this way.

We also regularly participate in the TOP Employer of the Year competition to find out how we are seen by students and young graduates. In 2020, we defended our leading position in the category Banking and Investment, ranking among the most admired employers.

In the comparative survey compiled by the prestigious *Euromoney* magazine, we ranked first in cash management for the second year in a row among banks in the Czech Republic and were named the Euromoney Market Leader. The final ranking is determined on the basis of assessment made by clients, mostly financial managers and CEO of medium-sized and large corporations. This demonstrates that our clients appreciate innovation in cash management and individualized approach.

Komerční banka is the only, and therefore the first Czech company to be included in the FTSE4Good Index

Series, compiled by a renowned group owned by the London Stock Exchange. Companies that score well in terms of environmental protection, social policy and governance are included in the index. We received a score of 3.3 in the FTSE4Good Index Series, a better score than the average of other leading banks included in the index.

The joint project of Komerční banka, Wunderman Thompson and PKF – Prague Philharmonia titled *From the Future World* was successful in the ADC Creative Awards 2020 receiving three awards. The advertising for a project to complete the unfinished opus by Antonín Dvořák by artificial intelligence won the Nutcracker in the category Sound & Music (Craft), a silver medal in the category Innovation and bronze in the category Brand Experience.

Dozens of companies considered to be the best in advertising and use of the latest media trends participate in the creative competition Zlatá pecka. We are all the happier with our victory in the category Product Placement for our series of business stories Paths to Success.

Jitka Haubová (member of the KB Board of Directors) and Jana Hanušová (ESSOX CEO) are among the TOP 25 female managers selected by a jury in the 16th edition of the TOP Czech Women poll. We congratulate the two ladies on this achievement, and are proud of having them in our ranks. The survey is regularly organized by the Economia publishing house.

Komerční banka is the first Czech company to be included in the FTSE4Good Index Series that assess companies' good practice in terms of environmental protection, social policy and governance.



2

ETHICS AND RESPONSIBLE BUSINESS

We respect privacy and freedom, while reducing the risks of corruption, money laundering and terrorist financing. Financial literacy is an important topic for us.

Rules of conduct

We at Komerční banka are aware that the basic prerequisites for the successful development of the Bank include professional and ethical employee conduct that helps build transparent relationships with clients and deepen trust between KB and its stakeholders. KB Group has defined rules for our employees' ethical behaviour and conduct, which are based on the general obligations set by regulatory requirements and the standards of professional conduct applicable to banking. The obligations include special rules for the protection against conflicts of interest and corruption, rules for accepting gifts, rules for protection against abuse of authority, and rules to protect against the misuse of confidential information. The principles of ethical conduct are valid for all employees and are defined in the internal regulations of the Bank. A Société Générale and KB training programme contributes to raising KB employees' awareness of ethical conduct. It is designed for all Group employees and focuses on the principles and values applicable to individuals and the whole Group.

We strictly adhere to the policy of zero tolerance of any form of fraudulent conduct, corruption, violation of fair competition rules, discrimination or harassment. We fully respect the Code of Protection against Corruption and Abuse of Authority of the SG Group, available at <https://www.societegenerale.com/en/recherche?search=news.safe.socgen%2Fen%2Fpage-code-de-conduite&page=0>.

Code of conduct

At the level of the SG Group, we are bound by the SG Code of Conduct covering all the areas where the Group made commitments, including zero tolerance of discrimination, dealing with confidential information, conflict of interest, insider trading or whistleblowing. In addition to this, the Group also applies a specific code in terms of tax, available at <https://www.societegenerale.com/en/recherche?search=news.safe.socgen%2Fen%2Fpage-code-de-conduite&page=0>. These publicly accessible principles govern the activities of the Group worldwide, and are therefore applicable to KB. Our website contains information about our and our external partners' corporate culture (see <https://www.kb.cz/en/suppliers> a <https://www.kb.cz/en/o-bance/vse-o-kb/spolecenska-odpovednost/sest-strategickych-priorit/etika-a-odpovedne-podnikani>). All our employees are trained at the beginning of their employment and regularly every two years. In addition, the Bank and the Société Générale Group designed tailor-made training for selected employees exposed to risks, who are trained more frequently and on an ad hoc basis. Only employees who are absent for long periods or on parental leave do not attend training on an ongoing basis.

Since 2020, all new employees must confirm by their signature having read and understood the applicable version

of the SG Code of Conduct. From the very beginning of the recruitment process, all job candidates are informed about the existence of the SG Code of Conduct and the Code of Protection against Corruption and Abuse of Authority, and are requested to adhere to the rules contained therein.

Adherence to the SG Code of Conduct is enshrined in job responsibilities and clearly defined reporting channels both in KB and in the KB Group are in place. Relevant contact information is available at <https://www.kb.cz/en/about-the-bank/contacts>. Compliance with this Code is linked to the rules of employee remuneration; in the event of a breach of risk compliance for example, a letter of reprimand or employment termination follows.

The compliance system is regularly verified by several entities, i.e. internal audit, external audit or the Czech National Bank. The Czech National Bank acts as a regulator of Czech banks and banks carrying on business in the Czech Republic over which it has permanent oversight. Supervision is performed remotely and on site.

Anticorruption measures

Compliance with anticorruption rules and zero tolerance of any form of corruption are the basic standard and principle of responsible business and the only way for the whole Group to sustain and strengthen its position in the competitive market. The anti-corruption measures are applicable to the Bank and its activities, its employees and third parties, i.e. our clients, suppliers and providers of financial services. The rules and principles of the fight against corruption and bribery are enshrined in the Bank's internal regulations and are also part of compulsory training for all employees. Suppliers and other trade partners of the Bank are also bound to comply with the anti-corruption rules through contract clauses.

Entering into a new business relationship with a trade partner is subject to a precisely defined procedure. We always investigate adverse information about a natural or juristic person, such as information about ongoing administrative or criminal proceedings related to money laundering or terrorist financing, corruption, fraud, tax evasion, sanctions, or past negative experience of mutual cooperation. The scoring model for assessing the risk of a new trade partner defines the scale from low to high risk. Risk factors are assessed on the basis of geographical location, industry, reputation (negative media reports, corruption, bribery, fraud), sanctions and checks controls. Trade partners showing signs of these factors are rated as very risky. High-risk trade partners are approved by Compliance and SG Compliance.

Before entering into a new business relationship with any financial service provider, we always perform a review in accordance with regulatory requirements in connection with financial crime. The scoring model for risk assessment is similar to that for client assessment.

To date, we do not register any external investigations into anti-corruption policies.

The Compliance Department is responsible for setting rules and measures to combat corruption. In line with Société Générale's emphasis on this area, we introduced several measures, such as updating internal anti-corruption rules, setting stricter rules for accepting and offering gifts and invitations by employees, the roll-out of a database tool to record gifts, entertainment, and and invitations and setting up a system of compliance controls. All managers concerned also attended personal training sponsored by Compliance.

The Compliance Department is also responsible for setting rules to prevent bribery. These rules are in line with the SG Group principles and its Anti-corruption Code. The set of rules is regularly updated and contains areas such as reporting gifts, external events, procedures for third-party assessment, donations to sport and charity, mergers and acquisitions and lobbying.

We have not registered any documented case of corruption or bribery in the last four years. There are no ongoing external investigations by national or international bodies.

Influence peddling

When promoting the interests of the Bank with public authorities (lobbying), we follow clearly defined rules. The employees who carry out lobbying activities must comply with the rules and provisions concerning the fight against corruption and influence peddling, as described in the SG Code of Protection against Corruption and Abuse of Authority and in the KB internal regulation on lobbying. In addition, they must attend mandatory anti-corruption training designed for persons exposed to increased risk of corruption, and may report any situation that may constitute a breach of internal or regulatory rules through the whistleblowing procedure.

Employees can represent the views and opinions of the Bank in professional associations and other institutions of which we are a member (e.g. the Czech Banking Association). If our employee enters into discussion public/state representative, he/she shall act as a representative of a professional association. The opinions of our employees are, in principle, considered to be the opinions of associations and not the Bank; therefore, we do not consider working in professional associations to be a lobbying activity.

Donations to political campaigns or groups and organizations whose role is to influence political campaigns, public administrator or legislation are prohibited by our internal regulations. We strictly adhere to political neutrality and refrain from supporting any political organizations or activities through donations or subsidies, even where permitted by law.

We strictly adhere to the policy of zero tolerance of any form of fraudulent conduct, corruption, violation of fair competition rules, discrimination or harassment.

The only contributions – in the form of standard membership fees – were granted to industry or professional associations (e.g. the Czech Banking Association).

Whistleblowing

The employees are encouraged to refrain from any violations of regulatory or ethical rules and to report any violations if such cases occur. The rules are set out in the explanatory notes to the Code of Conduct. Employees are informed about this possibility during induction training continuous e-learning training and on the intranet. Employees are guaranteed that their submissions are handled anonymously to the maximum extent and that no retaliation is taken against them.

Employees can exercise their right to alert to any suspicion of violation (whistleblowing) directly through internal contacts at the Bank or through SG. At KB, the right to alert can be exercised in any form, in writing, by an email or orally (by telephone or in an interview). Employees can exercise the right by contacting their direct manager or through the Compliance department. We also give employees the possibility to report their suspicion through an anonymous form (<https://report.whistleb.com/en/societegenerale>).

SG continuously improves the whistleblowing process. In 2020, SG updated the operational procedures for alert verification. The verification methods have been incorporated into an internal manual.

External Initiatives – Commitment of SG and KB

Commitment/Initiative	Year of committing	Details	KB's involvement
EQUATOR PRINCIPLES (EP)	2007	Set of voluntary environmental & social (E&S) standards that the participating banks voluntarily agreed to follow in project financing of larger infrastructure & industrial projects.	KB applies since 2020 with the implementation of ESRM process. The EP criteria are included in the KB ESRM instruction.
E&S SECTORAL POLICIES	2011	Sector-specific E&S standards for 12 sensitive sectors (energy, defence, mining, nuclear, oil & gas, forestry, etc.) with excluding criteria, minimum E&S standards of clients, and requirements for E&S assessment.	All E&S sectoral policies apply to KB lending (primarily to corporate clients) from the moment of their publishing. The Policies are publicly available.
COP 21 (United Nations Climate Change Conference – Paris Agreement)	2015	It was the 21st Session of the Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC). The conference negotiated the Paris Agreement, a global agreement on the reduction of climate change. SG has issued its own climate commitments to meet the goals of the Paris Agreement on the basis of the COP.	The principles of limiting global warming are integrated in the E&S sectoral policies of SG and fully apply to KB.
SG GROUP CLIMATIC COMMITMENTS	2019	The Group is committed to progressively reduce to zero its exposure to the thermal coal sector, at the latest in 2030 for companies with thermal coal assets located in EU or OECD countries and 2040 elsewhere. The commitment is implemented through SG's Thermal Coal Policy and Thermal Power Policy. Under its medium term objectives, SG has also committed to limiting its exposure in the oil and gas sector by 10 % by 2025.	The commitment to stop financing companies related to in the coal sector is implemented through the SG Sectoral Thermal Coal Policy and Thermal Power Policy. The commitment to reduce exposure in the oil and gas sector will be integrated in the updated version of the Sectoral Oil and Gas Policy in 2021.
KATOWICE COMMITMENT (Paris Agreement methodology)	2018	In the Katowice meeting of COP24 in 2018, five international banks – BBVA, BNP Paribas, ING, Société Générale and Standard Chartered – publicly pledged to develop an open-source methodology to progressively align their lending portfolios with the goals of the Paris Agreement.	The principles of the alignment of SG portfolio with the goal to limit global warming well below 2 degree Celsius are included in the standards of E&S sectoral policies and are fully applicable to KB.
SUSTAINABLE SOURCING CHARTER	2018	A joint initiative by French companies of the Bank & Insurance sector who want to associate their suppliers in the implementation of due diligence measures as part of their Corporate Social Responsibility efforts (CSR).	Through SG, we adhere to the commitments arising from the agreements to which SG is a party.
CLIMATE DISCLOSURE – TCFD (Task Force on Climate-related Financial Disclosures)	2019	Guidelines and recommendations for climate-related finance disclosures prepared by the Task Force team (31 members from private and public organizations from G20). Provides a framework for companies and other organizations to develop more effective climate-related financial disclosures through their existing reporting processes. TCFD issues annually a status report describing the alignment of companies' reporting with the TCFD recommendations.	SG prepares climate related reports according to the TCFD guidelines on behalf of the entire SG Group (including KB). No separate obligation to KB.

Commitment/Initiative	Year of committing	Details	KB's involvement
POSEIDON PRINCIPLES, GETTING TO ZERO COALITION	2019	<p>The Poseidon Principles is a framework for financial institutions for assessing and disclosing the climate alignment of ship finance portfolios. It promotes a low carbon future for the global shipping industry by integrating climate considerations into bank portfolios and credit decisions. It is consistent with the International Maritime Organization's (IMO) ambition to reduce shipping's greenhouse gas emissions by at least 50% by 2050.</p> <p>SG is among the founding signatories.</p>	Maritime shipping is not relevant for KB's portfolio.
PRINCIPLES FOR RESPONSIBLE BANKING, COLLECTIVE COMMITMENT ON CLIMATE ACTION	2019	<p>Principles for Responsible Banking is a framework for ensuring that signatory banks' strategy and practice align with the UN's Sustainable Development Goals and the Paris Climate Agreement. The six Principles are supported by a strong implementation framework that defines clear lines of accountability and requires each bank to set, publish and work towards ambitious targets. SG is a founding signatory and core member defining the principles.</p>	The Principle's main objectives are incorporated in the KB's ESRM process implemented in 2020.
SUSTAINABLE IT CHARTER	2019	<p>The Sustainable IT Charter is a voluntary commitment drafted by the France-based Institut du Numérique Responsable (Sustainable IT Institute) aiming to limit the environmental impacts of digital technology, share responsible, ethical and inclusive best practice and encourage the emergence of new values. SG is a founding member of the Charter.</p>	Through SG, we adhere to the commitments arising from the agreements to which SG is a party.
UN CFO PRINCIPLES	2020	<p>UN Global Compact initiative to establish guiding principles and best practices for SDG-aligned corporate finance and investment opportunities. The CFO Principles supplement the UN Global Compact's Ten Principles to support companies in the transition to sustainable development.</p> <p>SG was the first commercial bank to sign CFO Principles on SDG-aligned finance.</p>	In principle, SDGs are partly already included in KB's corporate finance in the ESRM process and will be further enhanced in KB's green lending.
IEA SDS 2020 SCENARIO AS REFERENCE	2020	<p>The International Energy Agency's Sustainable Development Scenario (IEA SDS) outlines a major transformation of the global energy system to deliver on the three main energy-related SDGs simultaneously. The SDS sets out a plan for clean energy policies and investment to put the world's energy system on track to achieve the three critical energy-related SDGs including the Paris Agreement, energy access and air quality goals.</p> <p>SG set a new target to align its oil & gas portfolio with the IEA SDS and accelerate its coal exit strategy.</p>	The SG's new target is being incorporated into the relevant E&S sectoral policies which will become fully applicable to KB once officially published (later in 2021).

Training of employees

As already stated, KB operates a sophisticated system of employee training. Depending on their job description, employees attend compulsory training. Mandatory training is obligatory for all employees, selected training is designed only for a targeted group of employees.

All employees attend the following training: safety at work, fire protection, Compliance and Code of Conduct, risk management culture, security awareness, reputational risk, e-starting, internal regulations, anti-corruption rules, money-laundering prevention and tax transparency including FATCA (Foreign Account Tax Compliance Act.).

In line with their specialization and job focus, employees undergo certification, and attend training on specific regulation, or are invited to training for managers. Training is organized at the beginning of the employment relation, and subsequently renewed. Some training courses are customized for certain employees and repeated more often. Training is not required in case of a parental leave or long-term absence from work. Compliance with all mandatory training requirements is strictly monitored. The employee is automatically alerted every month if he/she did not comply with training obligations.

In relation to the Regulation of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR), we at Komerční banka are working on the disclosure of specific information related to our approach to the integration of sustainability risks and the reflection of adverse impacts on sustainability.

The system of Environmental and Social Risk Management (ESRM) accounts for environmental protection and social impacts in the provision of financing to corporate clients. The implementation of this system is a prerequisite for a long-term successful development of our business, and is also related to the SG Group's commitments. In 2007, the SG Group committed to adopting the Equator Principles, a voluntary risk management framework for assessing environmental and social risks in projects. The SG Group is also a founding member of the United Nations Environment Programme Finance Initiative (UNEP FI), a UNEP partnership for sustainable development. In 2019, SG became a signatory to the Responsible Banking Principles, thereby committing to integrate the principles of sustainable banking in all its activities, including the adoption of its own goals in support of the Paris Climate Agreement.

At KB, we fully respect trade restrictions on the provision of banking services and products for trade in arms, ammunition or other goods and technologies that make up military material. These restrictions also apply to private or public entities or business groups whose activities in the defence industry are considered to be non-transparent.

In the area of environmental and social responsibility, we also adhere to the sector-specific rules of the SG Group, which regulate the provision of financial products in areas that can have a significant impact on the natural or social environment. These sector-specific rules apply to areas such as palm oil, forestry and forest products, oil and gas, alternative liquid and gaseous fuels, agriculture, fisheries and food, civil nuclear energy, dams and hydropower, shipping, thermal energy, defence, thermal coal, biodiversity, or mining.

In 2020, we further developed the SG Group's commitments to reduce its exposure to coal in line with its goal of contributing to the fight against climate change.

"The public commitment taken by SG to gradually reduce its exposure to the coal and thermal coal sectors to zero by 2030 at the latest for companies with assets in EU and OECD countries, and 2040 elsewhere was incorporated into two SG sectoral policies for practical implementation – the 2020 Thermal Coal Policy and the 2020 Thermal Power Policy. From the date of their publication, these policies restrict new financing to clients for whom more than 50% of revenue is associated with the coal sector. From 2022, SG Group will stop providing new active financial products and services to any corporate client connected, if only partly with the coal or thermal power sector that has not communicated a clear plan to discontinue all coal-related activities by 2030 at the latest."

Measures against crime, money laundering (AML), terrorist financing and circumventing international sanctions

We make every effort to prevent abuse of our services for any purpose related to money laundering, terrorist financing or circumventing international sanctions. To this end, we apply verification policies, methods, and procedures in accordance with the applicable laws, regulations and standards of the SG Group. The internal preventive system is regularly verified and updated. Information is continuously shared with all employees in the form of operational reports or training classes or e-learning courses. We have implemented a system for monitoring all transactions and business relationships. Publicly available principles and procedures include, in particular, client due diligence, terrorism financing and politically exposed persons. For more details see: <https://www.kb.cz/cs/o-bance/dokumenty>).

We publish procedures that present our corporate culture in this area on our website:

<https://www.kb.cz/getmedia/7c5bcb7d-2a27-42a5-8840-1316907e7fba/Identifikace-a-kontrola-klienta.pdf.aspx>
<https://www.kb.cz/getmedia/5e0acf2e-2b8b-45fb-97da-d2a31203a9c6/kb-20200731-zakladni-shrnuti-politiky-proti-prani-spinavych-penez.pdf.aspx>



We strictly adhere to the internal rules and procedures for client onboarding to ensure detailed identification and required knowledge of clients (Know Your Client or KYC), information on suppliers (Know Your Supplier or KYS), and required information on financial service providers (Know Your Provider, or KYP). The KYC rules are applied as appropriate to specific groups of clients, including private individuals, legal entities and sole traders.

During 2020, we analyzed 3,566 business cases or requests for entering into trade relations beyond the standard assessment procedure through the Compliance department. Of these, 318 were recommended to be rejected. Records are kept for 10 years from the end of our relationship with the client. We carry out an independent evaluation of the monitoring procedures every year.

In terms of prevention of money laundering and terrorist financing, in 2020 the Compliance department focused on the adjustment of the internal control system after the adoption of the amendment to Act No 253/2008 on selected measures against money laundering and financing of terrorism. It also set up the conditions for

updating internal processes and rules in accordance with project programmes of the Société Générale Group.

In terms of fight against circumventing international sanctions, we have developed sophisticated measures, including daily checks of the entire client portfolio against sanction lists, checks of all transactions for non-compliance with sanctions, as well as checks of products and services, in particular in foreign trade and exports. We check all these transactions online in real time. The checks require mainly (but not only) a thorough knowledge of the client's activities, the reasons for the transaction and relationships with counterparties.

Protection of client data

We fully respect the protection of our clients' personal data and data protected by bank secrecy. Transparent handling of data and their maximum security are the fundamental prerequisites for complying with relevant regulatory obligations and maintaining responsible business operations and long-term relationships with clients.

We have a set of internal rules and policies in place for all data subjects, clients, employees and suppliers ensuring personal data protection. All information on personal data processing is described in documents available on our website (<https://www.kb.cz/en/protection-of-personal-data>), including two documents titled Data Processing Registry and Information on Personal Data Processing for Clients, available at <https://www.kb.cz/getmedia/8899715a-96f8-46a4-bb02-82c1e95b45c1/Informace-o-zpracovani-osobnich-udaju-pro-klienty-108-cz-pdf.pdf.aspx>.

Clients and third parties whose personal data we process or may process are informed by this second document about the legal grounds for processing personal data and for what purposes they are used, what personal data we process in the bank, where we obtain personal data, who are the processors and recipients of personal data, how long we keep personal data, what legal rights clients have in terms of personal data processing and what legal regulations we, as the bank, follow when processing personal data. This is the information required by the GDPR. Our employees have a similar document available on the intranet.

Our suppliers have all the information on the handling of personal data available in the provisions of the contracts, which contain GDPR clauses and are available at <https://www.kb.cz/en/suppliers>. GDPR management is systematically designed and set up at KB, as well as at our subsidiaries. Violations of the personal data protection principles are independently evaluated by the Data Protection Officer (DPO), who suggests possible remedial actions and is also responsible for consulting the Office for Personal Data Protection (ÚOÚ). A breach of the GDPR principles by a bank employee may result in a sanction in the form of, for example, a letter of reprimand. The personal data protection policy is part of the regular internal audit plan. An audit was carried out in 2020 by SG Inspection, which identified a low number of findings with the lowest degree of risk.

Protection of competition

We had earlier adopted an internal directive on competition protection, which is based on the general obligations laid down by regulatory and Société Générale's standards. The internal directive describes the regulatory framework, identifies banking sector risk areas and prescribes individual employee's conduct when dealing with third parties and the regulator so that employees are adequately informed about risks and the ways to prevent them. Selected employees also attend internal training. Employees acting on behalf of the Bank at the Czech Banking Association undertake to comply with the Association's rules for the area.

In our relations with suppliers, we ensure full compliance with legal obligations, as well as the protection of the environment, respect for social and human rights and for the principles of sustainable development.

In the past four fiscal years, we were not sanctioned for an infringement of the competition rules, nor were we the subject of any investigation into anti-competitive practices.

Supplier relations

In our relations with suppliers, we ensure full compliance with legal obligations, as well as the protection of the environment, respect for social and human rights and for the principles of sustainable development. We implement the principles of Société Générale Group's sourcing policy, as an expression of our risk management responsibilities.

We make full use of the Know Your Supplier (KYS) methodology for identifying and evaluating information on suppliers and potential suppliers in order to prevent cooperation with suppliers who violate applicable rules in the areas of taxation, anti-money laundering, terrorist financing, or corruption or may be involved in other illegal activities. We have tightened our scrutiny of suppliers' governing bodies and their beneficial owners, and politically exposed persons in relation to the supplier. Suppliers are also carefully screened against registries such as the EU Sanctions List, US sanctions and embargoes, or the UN Security Council lists.

The methodology includes rules for establishing business relationships with suppliers operating in sensitive sectors from the perspective of responsible banking (e.g. energy).

As part of our corporate climate change policy, we promote responsible sourcing that considers environmental aspects, i.e. reducing energy consumption, reducing waste production and reducing carbon footprint.

To identify risks and prevent serious violations of human rights and fundamental freedoms, health and safety of persons and environmental protection arising from our activities and those of our suppliers, we have taken the necessary measures to comply with legal and regulatory obligations and with the Société Générale Group's Code of Conduct, and also involved our suppliers in their implementation. Suppliers are divided into several categories according to the sensitivity of the area in which they operate and evaluated with respect to the degree of risk (low, middle, high, very high). The following are examined: fair practices and ethics, approach to the environment, social conditions and human rights.

All the commitments and expectations adopted by the Bank in relation to our suppliers regarding compliance with these principles in respect of human rights, working conditions, the environment, ethical conduct and the fight against corruption, bribery and abuse of power are detailed in the Charter of Responsible Sourcing, the Code of Conduct of the Group, and the Code of Protection against Corruption and Abuse of Authority. By entering into a contract, the suppliers declare their respect for the commitments and compliance with the obligations set therein. The Codes and Charter are published at <https://www.kb.cz/en/suppliers>

In 2020, almost 75% of our suppliers were local suppliers.

Promoting financial and digital literacy

Financial and digital literacy is one of the important areas. For us as a bank, it is essential that the public understands the principles of sound money management and adheres to them over the long term. Financial literacy is a prerequisite for a healthy society that is also competitive on the global scale.

And since we understand the need to raise awareness of this topic as early as possible, our target groups include older primary school children, secondary school students, as well as seniors who often lack knowledge of the topic and therefore fall within the category of vulnerable groups.

In 2019, we launched cooperation with the Institute for Economic Education and became the General Partner of its Economics Olympiad, an international competition increasingly popular with secondary schools. The participants in the Olympiad demonstrate their knowledge of economic indicators as well as general understanding of finance and banking. During the pandemic year, the competition was obviously held online.

The international Global Money Week, of which we are the Main Partner, was not held in 2020 because of the pandemic, and was moved to 2021. The aim of the event is to promote financial literacy and to raise awareness of financial well-being across generations.

Every year since 2014, we join a project called Bankers to Schools organized by the Czech Banking

Association, as part of our financial and digital literacy activities. The project offers personal meetings of bankers with pupils and students of primary and secondary schools. The event unfortunately could not be held this year again. We have long supported the operations of the non-profit organization Financial Distress Advisory Centre (Poradna při finanční tísni) providing advisory services to people in debt. We also initiated a brand new TV format of educational reality shows, called The Ways out of Debts and aired at TV Prima. It focused on financial literacy, lifestyle, and money management in households.

Open Bank

In the summer of 2020, we launched our Open Bank initiative, a project to foster awareness of finance and banking and to help people find solutions to various situations in their lives. We offer topics for debate to everyone who is interested – regardless of age or whether or not they are our clients. We wish to inform the public about the digitalization of banking and new banking services, such as online and mobile banking.

In cooperation with the Financial Distress Advisory Centre, we at Open Bank give advice on how one should behave when concerned about experiencing financial hardship.





3

RESPONSIBLE EMPLOYER

Our strategic vision of Human Resources is to create an inspiring and stimulating environment where people enjoy working, wish to be successful and aspire to become KB brand ambassadors. The cooperation between employees is founded on four core values, or principles of conduct, i.e. team spirit, innovation, commitment and responsibility. These values form the basis of corporate culture on which we are building our future, and they are an integral part of our raison d'être, which defines our purpose and the way we want to be seen by the market.

Legislative framework of our business

KB Group companies are subject to standard labour legislation of the Czech Republic, a member country of the European Union. Other specific regulatory measures, for instance in relation to employee training and remuneration, are applied by the Czech National Bank, the financial market regulatory body. We also apply some rules of SG and international standards. Compliance with all laws and regulations is subject to regular and random checks, and failure to uphold these standards can be penalized under the applicable regulations.

We respect the legislation of the Czech Republic, including the applicable legislation of the European Union, as well as all international conventions ratified by the Czech Republic that are part of the Czech Republic's legal order. These include, in particular, the Conventions of the International Labour Organization. In case of overlap into international employment, we abide by, in particular, Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I).

Average FTE number of employees

2020



2019



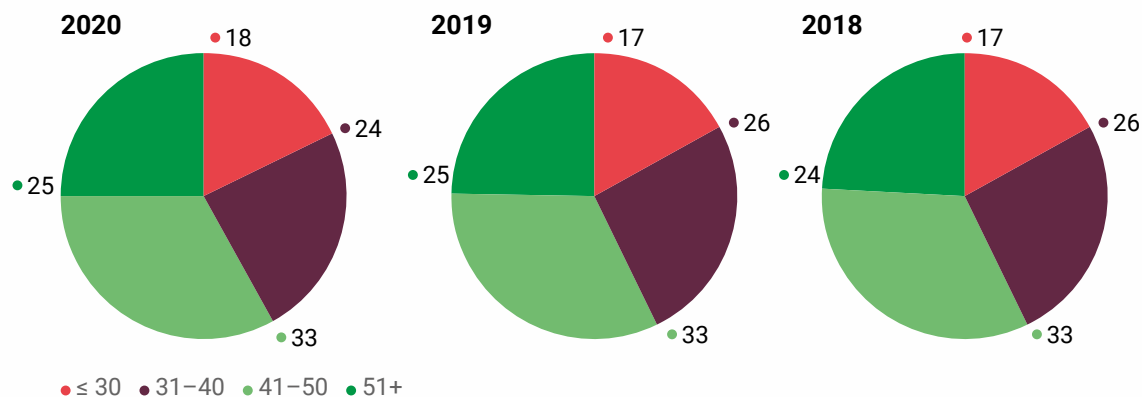
2018



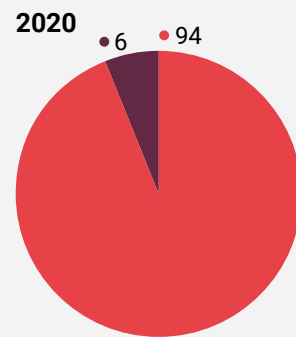
● KB Group ● KB ● of whom in the Czech Republic ● of whom in Slovakia ● of whom at HQ ● of whom in distribution network

The increase in the number of employees at the HQ was also due to an organizational change in retail banking. A part of former distribution network specialists were transferred to an independent unit at the HQ level. The closure of branches in 2020 also impacted the total number.

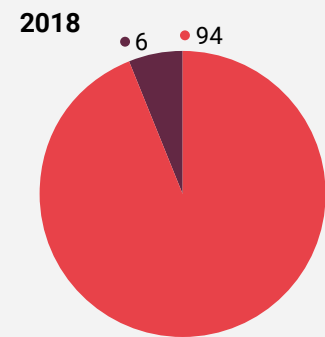
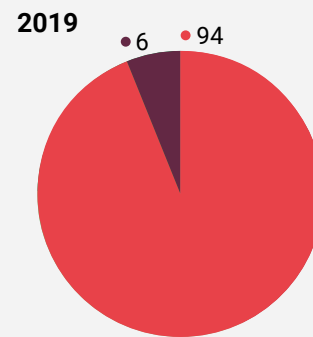
Age structure of employees (KB Czech Republic, as of end of year) %



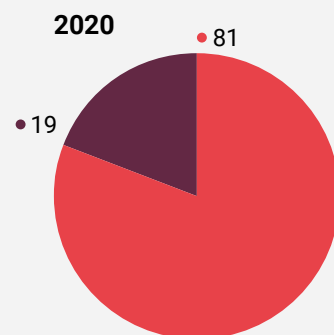
Employees by type of employment contract (%)



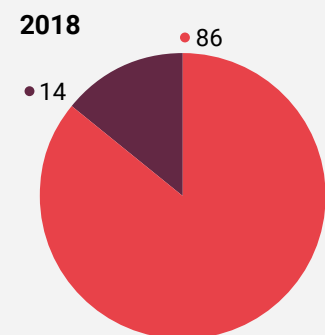
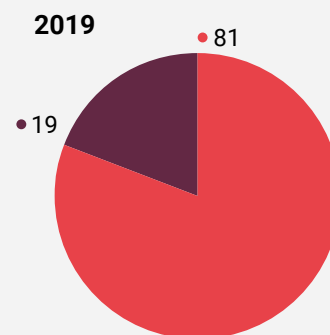
● full-time ● part-time



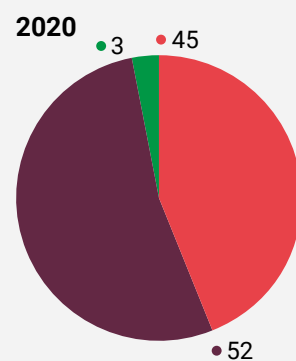
Employees by contract type (%)



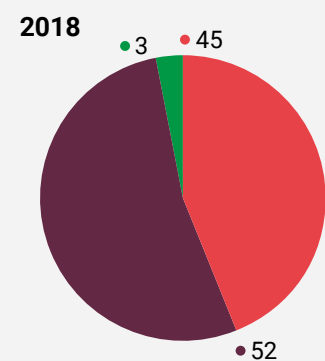
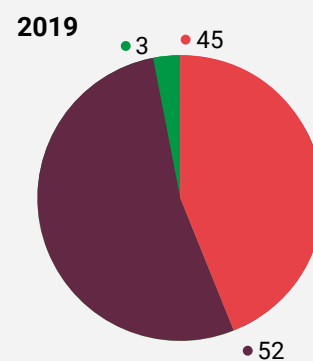
● contracts for an indefinite period ● other contracts (fixed term, temps, etc.)



Employees' qualifications (%)



● university ● secondary school ● other education



Number of employees on maternal or parental leave

2020

• 706

2019

• 733

2018

• 724

Number of employees with disabilities

2020

• 135

2019

• 146

2018

• 151

Sickness rate (%)

2020

• 3.35

2019

• 2.89

2018

• 2.95

The increase in the sickness rate in 2020 was due to the covid-19 pandemic.

Turnover (%)

2020

• 15.1%

2019

• 15.8%

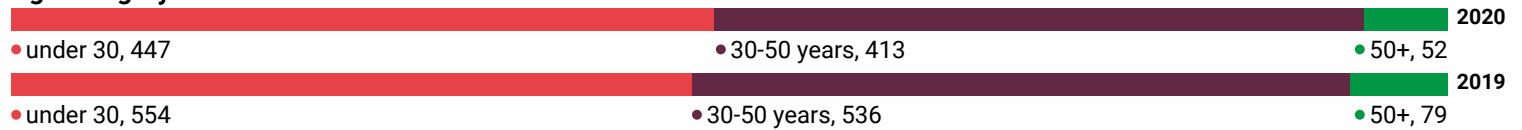
2018

• 16%

The total turnover rate in 2020 was 15.1%, of which 6.4% of employees terminated their employment voluntarily, 5.1% were terminated by KB, 2.0% were terminated in a controlled manner (e.g., by the expiration of the agreed period or by transfer to another entity within the KB Group), and 1.6% were terminated naturally (e.g. retirement, on health grounds or by death).

New hires in 2019 (1 169) and 2020 (912)

Age category



Gender



Origin of new employees (region)



Number of departures in 2019 (1 269) and 2020 (1 191)

Age category



Gender



Region



Note: Data on the number of hires and departures according to this structure was first calculated for 2019.

Health and safety and working conditions

At KB, we ensure that the occupational health and safety of employees and fire protection (hereinafter referred to as OHS or FP) with respect to workplace hazards that present risks to the health and safety of people at work, are fully in line with statutory obligations. We regularly organize reviews of this area and staff training, of which we maintain proper records.

Training of employees takes place in the form of e-learning in a two-year period. The training includes information on rights and obligations in the field of OHS and FP arising from applicable legislation. Employees are acquainted with risk factors at the workplace. The training also focuses on the specifics of the workplace, such as evacuation routes, location of fire extinguishers, main switches and first aid kits. Employees under full-time employment contracts, as well as employees under other assignment contracts, are obliged to complete the training on fire protection and health and safety at work. If a specific risk is identified that could directly and seriously threaten the health of an employee, the employee has the right to refuse to perform the work, without any sanctions for failure to fulfil his/her obligation.

The verification of the relevance of risk factors at the workplace is performed by the manager, which is his/her legal obligation. Labour Inspectorates, the Banking and Insurance Industry Trade Union, and the Regional Public Health Protection Offices have oversight. In KB, the OHS coordinator, a KB employee, is responsible for OHS and FP under a proxy. He/she provides the methodological guidance to the OHS and FP service supplier in charge of monitoring compliance with OHS and FP requirements on behalf of KB. In the course of the last five years, the Banking and Insurance Industry Trade Union had not identified any major non-compliance that could not be eliminated within a short period of time.

Checks by employees are conducted through the KB Trade Union Organization (TU). The role, rights and obligations of the trade union at the Bank level are defined by the Labour Code. The TU organization is acquainted with the annual plan of OHS inspections and its representatives have the right to participate. TU representatives perform regular checks of compliance at KB branches. Check reports are kept in the system and can be consulted at any time. If necessary, each employee has the right to consult a TU representative, make suggestions to improve the working environment, etc. A compromise or remedial action is then sought in cooperation with OHS coordinators.

In the event of an occupational injury, the employee in question shall report it to their manager. A report is drawn up by the management in cooperation with the OHS coordinator and a professionally competent person. According to the gravity of the accident, an on-site examination is conducted, and measures are taken to prevent the accident from repeating. The report is kept by the OHS coordinator and sent to the relevant authorities, including the insurance company.

In 2020, we registered five occupational injuries and no case of an occupational disease.

We as the employer provide occupational medical care through TeamPrevent-Santé, s.r.o. Employees undergo a preliminary medical examination and periodic examinations at intervals determined by age group and risk category of the position. At the discretion of the employee or employer, an extraordinary examination may be requested. Occupational health care is obligatory for all employees under the main employment contracts. Risk assessment of the profession takes place at the creation of each position. Depending on the health risks associated with each position, employees are assigned to the first or second risk category.

We also cooperate with SALUBRA s.r.o., that regularly inspects all our workplaces to ensure that they comply with health and sanitary standards.

We provide modern working environment at our branches respecting health and safety requirements and offering an agreeable social environment and state-of-the-art technology.

Our Collective Agreement and Staff Regulations specify working hours, breaks for meals and rest, overtime work and other mandatory aspects. All parameters are in accordance with the applicable legislation of the Czech Republic. Compliance with all obligations is supervised by the relevant line managers. If operating conditions allow, employees can use the option of working in the home office mode, i.e. perform their work from home.

Overtime work can be ordered only in exceptional cases, on operational grounds, always in agreement with the employee concerned. We strictly adhere to the applicable legislation and maintain proper records. KB management receives a regular report on overtime work, and regular inspections are carried out, the findings of which are properly recorded.

In accordance with the key laws, the Labour Code in particular, we have set rules for ensuring compliance with obligations arising from employment, and procedures applicable in the event of their violation. At the same time, we have specified areas and detailed requirements for specific groups of employees in internal regulations, i.e. in the Code of Conduct and the Staff Regulations. The laws and internal regulations form the framework for potential enforcement in the event of a breach of the obligations arising from employment by an employee, or for the process of their resolution and record-keeping.

We defined the amount of the minimum wage above the set legal minimum in the Collective Agreement.

Measures and support of employees at the time of the pandemic

During the pandemic, we took measures to protect as much as possible the health of our employees, especially the

most vulnerable groups, such as the chronically ill, pregnant women, single parents or the 60+.

We supported our employees through the following measures:

- Distribution of face masks and respirators, in the branch network in particular,
- Disinfectants available at all workplaces, branches equipped with acrylic glass barriers,
- Regular and thorough disinfection of all the premises where an infected employee/client was present,
- Precautionary measures in canteens, meeting rooms or lifts (rotation system, social distancing, maximum number of people),
- Harmonization and shortening of working hours at branches,
- Regular and transparent communication by the Board and the Executive Director for Human Resources,
- Expansion of the Employee Help Line to cover topics related to COVID,
- Assistance programme with specialized consultancy on COVID.
- Employee rotation at workplaces,
- Home office where operational conditions permit, including technical equipment for employees,
- Support for groups at risk (the chronically ill, pregnant women, single parents or the 60+) with the option of invoking obstacles to work on the employer's side with full wage compensation,
- The Studovna 24/7 portal with webinars and on-line training focusing on work from home,
- All training transformed into on-line courses.
- Antigen testing for employees directly on the premises of our Bank.

Employee health

We have been systematically attentive to the health of our employees for many years. In 2020, however, the events and activities were adversely impacted by the pandemic. Most were organized in an on-line format, and the Health Days, held regularly in previous years, had to be cancelled.

We promote physical and mental health of our employees. At the beginning of the year, we opened a new gym in the Prague Stodůlky building where yoga or TRX classes were available for our employees. Under the Mojevitallita.cz programme, promoting healthy lifestyle, we published new e-learning courses on smart office, home office or the coronavirus situation. In the course of the year, we organized a large number of workshops and webinars on topics such as healthy food or mindfulness. Specific support through the benefit system is provided for sport activities or purchase of healthy lifestyle products. We also launched

a new Consultancy programme offering our employees psychological, legal and Covid-related assistance. In 2020, some other services, such as massages at KB facilities, sport classes at KB Stodůlky, support to sport associations or Multisportkarta unfortunately had to be restricted. Our employees with disabilities receive extended employee benefits (3,000 points in Cafeteria, one extra day off per quarter with wage compensation, etc.).

Helping employees faced with personal hardship

We at KB respect all human and social rights of our employees. We have long been accommodating our employees faced with personal hardship. Assistance is offered in various ways depending on the personal situation of the employee (flexible working hours, reduced working hours, home office, financial support, unpaid leave, etc.). Each situation is assessed and addressed individually. Provisions relating to assistance extended to employees experiencing hardship are laid down in the Collective Agreement and relevant implementing regulations. We keep proper accounts of the use of our financial assistance. Parents coming back earlier from parental/maternal leave receive non-statutory financial support.

Employee satisfaction survey

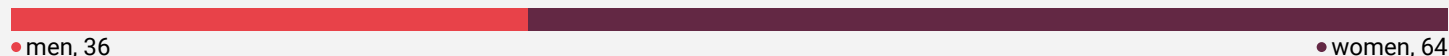
Employee care is a priority for human resources management and our senior management. We regularly gauge opinions, satisfaction and engagement of our employees and adopt follow-up measures. We measure employee engagement through SG Employee Barometer monitoring employee satisfaction at the SG Group level. This independent survey measures engagement through ten indicators pertaining to satisfaction, motivation, recommendation, trust and strategy as well as the general direction taken by the SG Group. Our survey, KB Pulse, monitors opinions related to efficient teamwork, sense of purpose and importance, motivation, recognition and leadership.

The Engagement Score according to the global SG Corporate Pulse (ten questions), replacing the SG Employee Barometer in 2020 due to the global pandemic situation, amounted to 72%. One of the objectives defined under our KB Change programme is to increase employee engagement expressed by a rise in the composite index monitored under the KB Pulse survey (five questions) from 72% to 80%. We managed to meet this objective in 2020. An absolute majority of employees participated in the two surveys.

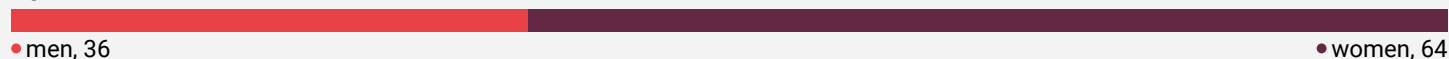
At the SG Group level, a series of short surveys were conducted in 2020, monitoring primarily the employee perception of the current situation due to the introduction of restrictive measures in the covid-19 context. Employees had the opportunity to comment on their prevailing mood,

Share of men and women at KB (%)

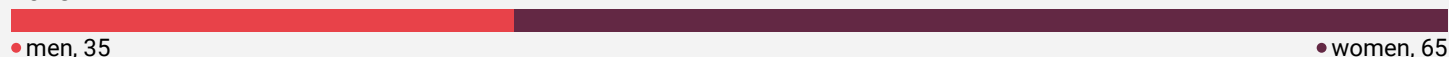
2020



2019

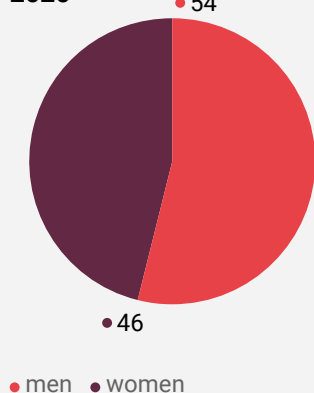


2018

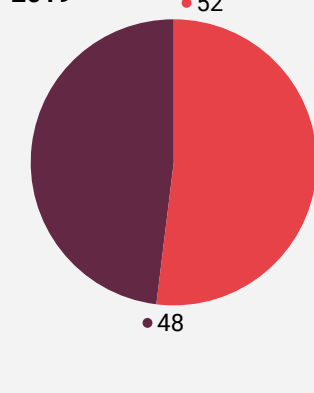


Share of women and men in managerial positions (%)

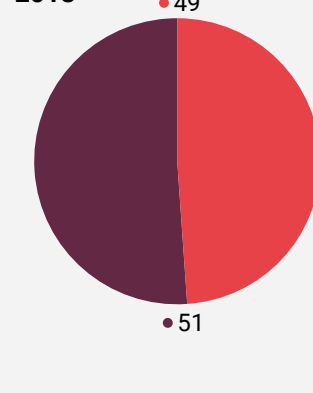
2020



2019



2018



The drop in the share of women in managerial positions is attributable to an increased span of control, which impacted mainly the lower management levels. It is also related to the closure of branches in 2020 where women represent a higher share of managerial positions.

say whether they had enough information, felt sufficient support from both colleagues and management, what was their perception of work from home in terms of work organization and personal situation. Despite the challenging times, all these indicators reached above-average scores in the Czech Republic, which resulted in an increase in the total engagement score monitored at both SG and KB level.

Right to information and social bargaining

We share all information intended for Group employees openly and in multiple ways. The main source of information for each employee is his/her superior. More information is available at KB Intranet in the Employee section with all relevant and updated information pertaining to human resources. Employees can also contact My HR by telephone or email. Newcomers can use

the KUBA chatbot. Any employee can submit his/her enquiries to his/her HR Business Partner or HR Consultant.

The right to information is laid down in the Collective Agreement that was concluded for the period 2017–2021. The outcome of our negotiations with the trade union, including the full text of the Collective Agreement, is shared with all employees. The benefits of the Collective Agreement cover all employees, including those not organized in unions.

At KB, we use collective bargaining. Under the Agreement on Cooperation, Relations and Delegation of Powers, the Trade Union Works Council of KB is empowered by individual trade union organizations to bargain collectively. The deadlines for submitting material changes are stipulated by the Rules of Cooperation between KB Management and the Trade Union Works Council of KB, the standard deadline for submitting comments on draft proposals is 15 days under the Rules. Any employee can join the trade union.

Management levels 1 + 2

Gender (%)



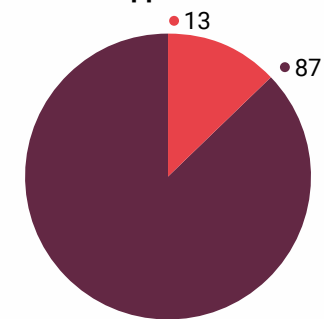
Age category (%)



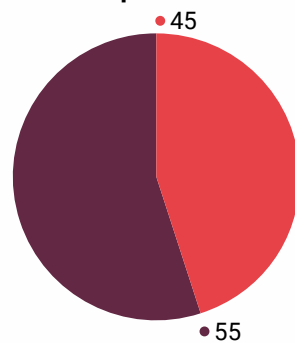
All employees

Gender (%)

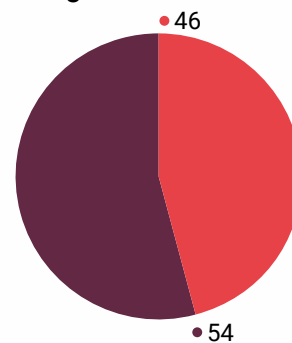
Admin/Support/Routine



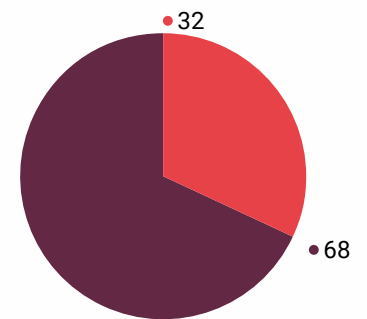
Creative Specialists



Management



Sales

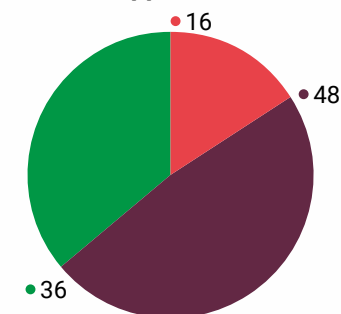


• men • women

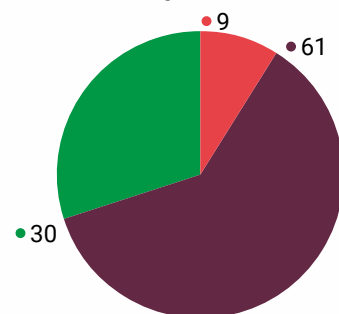
Note: For these calculations different procedures were used than in preceding calculations.

Age category (%)

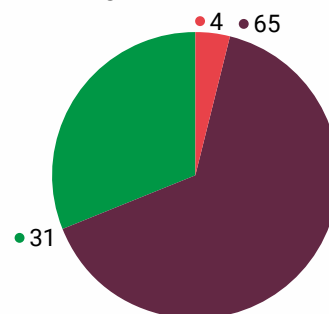
Admin/Support/Routine



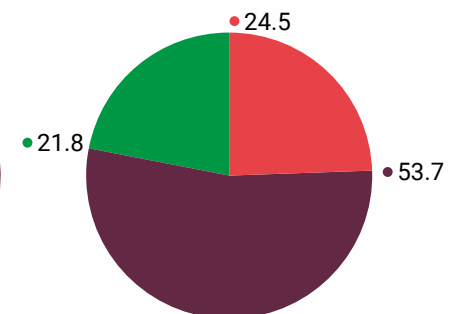
Creative Specialists



Management



Sales



• under 30 • 30-50 years • 50+

In accordance with the Labour Code and the Collective Agreement, all our employees can organize in trade unions. In 2020, 32 trades union branches of the KB TU Organization.

Diversity at KB

Our long-term strategic vision in the area of Human Resources is to build long-term professional relationships with our employees that are founded on trust, respect, mutual communication, respect for equal opportunities and the offer of interesting professional and career prospects. We foster diversity in our teams because we see otherness as a positive value and a strong point of each individual. The principle of equal opportunities is enshrined in our core documents, such as the Code of Conduct, the Staff Regulations or the Rules of Remuneration.

The employees and managers in charge of recruitment are trained in anti-discrimination and Labour Code fundamentals.

By focusing on the principles of diversity and inclusion, we strive to develop a corporate culture in which every employee feels at ease and comfortable, regardless of age, disability, ethnic origin, nationality, gender, sexual orientation, political opinion, religion, trade union membership, minority membership or any other element or factor which could be subject to discrimination.

In September 2020, we became the Gold Ambassador of the Diversity Charter – a project sponsored by the European Commission deployed in more than 20 countries. The four key notions that resonate through the Charter include diversity, inclusion, flexibility and solidarity. The signatories of the Charter see the people, and especially their abilities and skills, as the key to the long-term success of their business. Therefore, they seek to create a work environment in which everyone can play their part and grow, regardless of gender, race, colour of their skin, ethnicity, nationality, religion, age, sexual orientation, health or opinions. By signing the Diversity Charter, we became a member of a strong group of companies that actively raise and contribute to the solution of societal issues, and at the same time, we pledged to consistently apply its principles within the general strategy and operations of the Bank.

We devote specific attention to the employees on maternity and parental leave (ML/PL), whose number amounted to 706 at the end of 2020. At the same time, 173 employees (171 women and 2 men) took their ML/PL in the course of 2020, and 209 employees (206 women and 3 men) came back. In the case of mutual interest and need, cooperation is established even during the leave. After returning from ML/PL, we help our employees reintegrate into their employment, for instance by offering reduced working hours, home office or flexible working hours if the type of operation and character of work allow.

In 2020, one case of discrimination was reported by an employee. The case was investigated internally, but no discrimination was proven, i.e. no remediation plan was implemented.

Equal employment opportunities

One of the core principles that we promote as employer is adherence to the principle of equal opportunities and prohibition of any form of discrimination. Candidates are recruited on the basis of their experience and skills, and the same approach is applied in case of internal mobility. It is therefore crucial that job expectations and job descriptions are in line with the knowledge, skills and expectations of each individual candidate.

We devote special attention to the candidates with disabilities. We support the employment of the disabled or disadvantaged, and we are able to adjust working conditions and environment with regard to the given disability. In 2020, we employed 135 people with disabilities. The most frequent positions occupied by these employees include transaction processing specialist, relationship manager, commercial clerk, mortgage loan consultant, cash processing specialist or client service specialist. Colleagues from HR are regularly trained in terms of the recruitment and integration of candidates with disabilities, and a system of monthly monitoring is in place.

Talent search and acquisition

We consistently search for young or more experienced talents and focus our recruitment activities on selected target groups. Due to the pandemic, off-line activities were significantly reduced in 2020, and most of them moved to the online environment. Nevertheless, we managed to maintain at least some of the most important activities that help strengthen the brand of KB as an employer. We have traditionally engaged in cooperation with universities and student organizations, including follow-up sponsorship activities, or nationwide professional support, especially online. Also, activities aimed at the talents within the IT community were implemented only online.

In early 2020, we participated in the Job Fair at the Czech University of Life Sciences, and organized a Meetup with the Elastic company on our premises. We also attended the Datafestival and the Banking Day at the Prague University of Economics. Our representatives were present at the TechnicDays organized by the Association of Students and Graduates (ASA), and gave a lecture in cooperation with the Prague Banking Club.

To promote talent recruitment, we designed a series of podcasts where our experts presented new banking products, services and technologies. In 2020, we launched

a new annual trainee programme for university students. Nearly thirty students participated in its first edition working, with risk management, data management, customer experience and investment banking teams.

Employee training and development

We build long-term partnerships with our employees also by supporting their development and training. We prepare a wide range of training activities and programmes for the employees of the Bank and the whole Group, thus giving them opportunities for their personal growth while emphasizing their own responsibility for their personal development.

Our training system gives individual employees the opportunity to enhance their knowledge and skills and thus increase their worth in the labour market which, in the event of termination of employment at KB, provides them with a good opportunity to find employment elsewhere. We keep in touch with our retired employees. We value their knowledge and experience and if they are interested, we offer them temporary contracts to fill in when an increased capacity need arises in a specific area, or they train newcomers and junior colleagues.

In 2020, we focused on developing digital and remote work skills in all parts of the Bank, including the branch network. As in previous years, we devoted attention to colleagues in direct contact with clients at branches and continued the personalized managerial training programme to upgrade skills in the areas of human resources, responsibility, innovation and pro-client approach. Most training events were organized online due to the pandemic, and our offer in electronic formats was considerably expanded.

We cooperate with our parent company Société Générale on development programmes. This enables our employees to develop their skills and experience in an international environment.

The regular annual performance assessment and feedback are an integral part of our processes at KB. 100% of our employees undergo the annual performance assessment process to discuss professional achievements and assess personal development.

The average number of training hours per employee in 2020 was nearly 13 hours. The same educational opportunities are offered to men and women. The drop in the number of training hours compared to previous years is attributable to the ban on face-to-face training due to the restrictions in relation to covid-19 for most of the year.

In the retail part of the Bank, training focused on changes in the product offer and processing efficiency. The whole branch network underwent a series of training sessions devoted to main changes in banking applications, remote client service, simplification of consumer loan processing and knowledge enhancement in the area of

regular investment. In order to provide more time for client service in daily banking, robots are now used for account opening, account migration or account closure. This topic was also covered by training designed for relationship managers.

An important topic in 2020 was the change in corporate culture that was promoted by launching two special development programmes, i.e. the SPIRIT talent programme for young employees and Agile Leadership programme for leaders working under the Agile mode of the Bank.

Average number of hours of training per employee category:

Category	Number of hours	
	2020	2019
Admin/support positions	9	10
Creative specialists	13	13
Management	20	42
Distribution	19	63

Note: Data on the number of hours of training was calculated for the first time in 2019.

Compared to previous years, we register a significant reduction in the Management group, due to the transfer of face-to-face training to online training and the shortening of training (e.g. former two-day training was transformed into a half-day online session). The decrease in Distribution is attributable to the suspension of face-to-face training (e.g. certification of sales positions).

We promote various ways of continuous knowledge and skills enhancement, i.e. through:

- face-to-face training provided by external suppliers
 - public courses (especially hard skills)
 - catalogue of external courses organized for KB
- face-to-face courses provided by internal trainers
- electronic courses
 - compulsory training
 - internally designed e-courses on KB-specific professional topics
 - licences for online training platforms in the IT field
- special development programmes – talent programme, leadership programmes, co-development, coaching, mentoring.

KB remuneration policy

The general remuneration rules described in the following section are applicable to KB employees and members of the Board of Directors and Supervisory Board. More detailed information on remuneration of the members of the Board of Directors and the Supervisory Board is now included in the Remuneration Report.

Our KB remuneration strategy objectives:

- foster the overall strategy and business objectives,
- prevent excessive risk-taking and imprudent behaviour,
- consider the rights and interests of clients,
- promote sustainable growth,
- promote cost-effectiveness,
- strengthen the corporate brand of KB with regards to employees, shareholders and clients.

The remuneration strategy is an integral part of the KB human resources strategy and the general business strategy.

The remuneration system is aligned with the following principles supporting our strategy, objectives, values and long-term interests:

- Internal justice
- External competitiveness
- Individual contribution
- Risk considerations

The structure of remuneration is built around the following three fundamental pillars:

1. Basic wage paid in exchange for the work accomplished (fixed pay)

The wages of all employees are determined with regard to the complexity of the position they hold, especially in terms of the knowledge, experience and skills required and the responsibilities resulting therefrom. During the regular annual review of wages, we monitor, among other things, equal treatment with regard to wage increases. In 2020, for example, there was the same percentage wage increase for both men and women.

The starting wage varies depending on the position to which the employee is recruited, and is identical for men and women, in line with the principle of equal treatment. In 2020, the ratio between our minimum starting wage compared to the national minimum wage amounted to 1.37.

2. The variable component paid for performance in line with risk management

In addition to the basic wage, there is a performance remuneration scheme linking pay with the efficient completion of corporate, team and individual goals. The amount of the variable component is expressed as

The starting wage varies depending on the position to which the employee is recruited, and is identical for men and women as part of equality in remuneration.

a percentage of the annual basic wage and is different for different groups of employees. The maximum level of the variable component is set out in the Collective Agreement and, for legislative reasons, shall not exceed 200% of the basic wage. The entire variable component can be annulled in the event of employee misconduct or conduct that constitutes a breach of Compliance rules.

3. Employee benefits and advantages to foster loyalty and identification with the Komerční banka Group

The cost-effective structure of benefits reflects our ambition to be a responsible employer while providing the employees with a choice. The structure and scope of benefits is subject to annual collective bargaining. All employees are entitled to identical benefits, such as meal vouchers, a contribution to Cafeterie, one day off with wage compensation, including for corporate volunteering, privileged terms for KB banking products and service, a contribution to the supplementary pension schemes and personal pension savings schemes, term assurance, the sabbatical, a contribution for employees coming back from ML/PL, the birthday day, a special bonus on retirement, financial support in the event of a long-term sickness, extraordinary social assistance, the GESOP employee share plan, the consultancy programme 24/7. Benefits for full-time employees also apply to part-time employees. Only employees with temporary employment contracts (fixed-term contracts, contract assignments, etc.) are treated differently.

Prevention and penalization of any form of undesirable conduct

At KB, we have been striving to eliminate any form of conduct violating the KB Group values and principles stipulated in

the Code of Conduct, internationally applicable SG Group standards or local regulations. As part of this effort, we have incorporated into our regulatory framework the SG Group's policy to combat and punish undesirable conduct in all its forms, including psychological and sexual harassment, or sexist, racist or homophobic behaviour.

In the event that an employee becomes a witness or even a direct participant in any incident of undesirable conduct, he/she can alert his/her line manager, colleagues from Human Resources or Compliance. He/she can also use the secured web application for whistleblowing available globally. As part

of the SG Group, we offer protection to the whistleblower against retaliation in any form, dismissal or discrimination. We also provide anonymity to the whistleblower.

Regulatory risk management rules pertaining to remuneration

Risk consideration is an integral part of the rules of remuneration. For more details, see 2020 Annual Report, Employee Relations.





4

ENVIRONMENT

To confirm that we act responsibly in our business and are sensitive to the CO₂ emissions generated through our operations, we committed to become carbon neutral by 2026. We aim to reduce annual greenhouse gas emissions by improving energy efficiency and promoting climate responsibility through our actions. We understand our position and influence on society, and therefore search for solutions resulting in meaningful investments helping to reduce CO₂ emissions not only of our own operations, but also on the part of our clients. Another innovation that is in line with our commitment to reduce carbon emissions is the introduction of a system for the annual monitoring and reporting of greenhouse gas emissions.

Energy consumption

We measure and assess consumption of electricity, gas, heat and water at the supply points that are equipped with consumption and secondary consumption meters. In case of non-metered premises, energy consumption is calculated based on the contractual agreement, e.g. by the ratio set according to the usable area and number of occupants. Reading of meters and secondary meters is done regularly every month by a facility management service provider and is recorded in the AFM application (Alstanet Facility Management). Energy consumption data is compared year-on-year on a monthly basis for relevant time spans (January 2019 / January 2020). We do not own any electricity plants or generating facilities, PVP, wind, hydro, geothermal, cogeneration units, etc. Therefore, we do not consume or sell energy produced by our own plants. We do not buy "green" electricity (i.e. electricity from renewable sources) from suppliers now, although the product exists on the Czech market. Such a transaction is subject to market operator's registration, does not carry any tax relief, is significantly more expensive and cannot be put out to tender, which contradicts our applicable internal regulations. We are planning a gradual transition to green energy from 2021.

Energy consumption outside our Bank is measured by secondary meters. Energy provided to other entities is deducted from the consumption measured by the main consumption meter of KB. This is calculated automatically by the AFM module. In case of rental of non-metered premises, we proceed in a similar way, i.e. by applying the area ratio (relevant for a few cases).

Energy performance in the Czech Republic is addressed by Act No 406/2000 and its implementing regulations. In conformity with the above legislation, we had an energy audit valid for a period of 4 years conducted in 2016 by Enerfis. A new energy audit was implemented in 2020. The validity of the new audit is until 2024. Another legislative requirement in terms of the energy performance of buildings is the Energy Performance Certificate (EPC). We have EPC certificates issued for all our buildings with a usable area of more than 1,500 m² (i.e. 50 certificates approximately) and the buildings with an energy reference area of more than 500 m² that we rent out. According to legislation, the certificate must be arranged in case of a renovation exceeding 30% of the building, when selling the building or letting a building with an energy reference area of more than 500 m² or a part thereof.

Energy consumption reduction is achieved in many ways. During repairs or major refurbishments, we install new energy saving technologies (e.g. LED lighting, atmospheric gas boilers are replaced with high efficiency condensing boilers). Similarly, HVAC units are replaced with equipment with high efficiency and continuous control, which in turn brings the expected energy savings.

In 2019, we launched the Enectiva project, a system that compares energy consumption data with technical parameters of buildings, including building use, number of occupants, climatic conditions, etc. The software calculates what values should be achieved. Based on the data obtained, we conduct detailed checks of the sites with above-limit energy consumption. In trial operation in

CO₂ emissions – breakdown (2019)

Scope: 1 (4 334 934 kg CO₂ eq.)

Direct emissions from activities that fall within the organization that are released into the atmosphere, e.g. emissions from boilers or generators burning fossil fuel, emissions from fleet vehicles or emissions from waste processing.

Scope: 2 (19 420 243 kg CO₂ eq.)

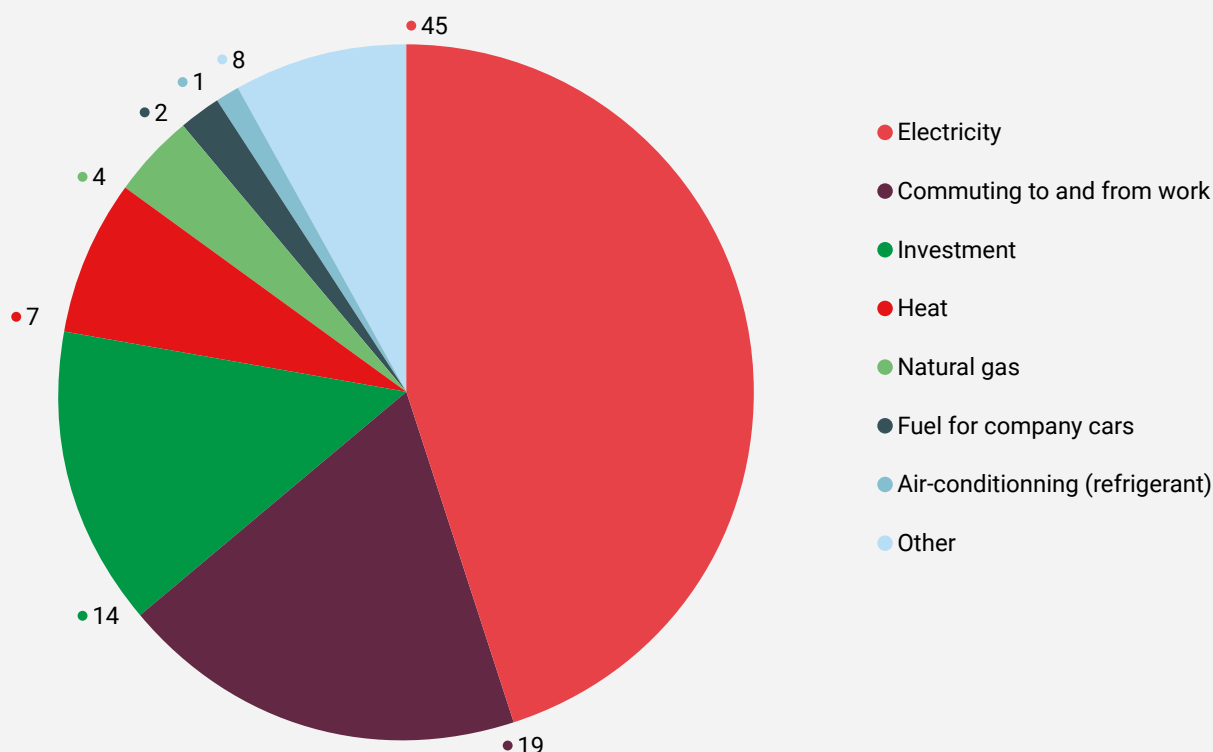
Indirect emissions associated with the consumption of purchased energy (electricity, heat, steam or cooling), which are not generated by the organization, but are the result of its activities.

Scope: 3 (13 423 545 kg CO₂ eq.)

Other indirect emissions that result from the organization activities, and which are generated from sources beyond the control or ownership of the organization, but are not classified as Scope 2 emissions (e.g. emissions associated with business travel by plane or waste disposal in landfills).

Outside the Scope (0 kg CO₂ eq.)

Emissions per activity in % (2019)



2019, Enectiva has been fully operational since 2020. We regularly evaluate consumption and power inputs. Based on the values measured, we adopt corrective measures.

Water consumption

Water consumption is measured in a standard manner using meters and secondary meters. It is also recorded in the AFM module. Similarly to other types of energy consumption, we record and compare water consumption against the number of occupants present or the usable area of buildings (Enectiva). By default, we install water-saving accessories, such as taps with aerators or toilets with water flushing control. We do not use wastewater; it is diverted directly to sewers. Nor do we use rainfall water but we are considering its use in the future.

CO₂ emissions

In 2020, NEPCon – Preferred by Nature calculated and certified KB carbon footprint for 2019. The calculation and certification of our carbon footprint was motivated by the need to take further steps towards a responsible approach to the environment. The calculation of the carbon footprint was determined according to SCOPE 1, SCOPE 2 and SCOPE 3. This includes, among other things, the evaluation of refrigerant refilling to air conditioning units (NH₃, CO₂, CFC, HCFC, HFC, HFO, ...). KB is certified under Carbon Footprint Management. The registration code of the certificate is Corporate CFM: NC-CFMC-058199. The document related to the carbon footprint calculation, the final report and certificate notification is publicly available at <https://www.kb.cz/en/about-the-bank/everything-about-kb/corporate-social-responsibility/six-strategic-priorities/the-environment>.

In 2020, we calculated our carbon footprint for 2019, and committed to its gradual reduction.

The calculation was performed for the first time and was calculated for the year of 2019. Data is now under preparation for the calculation for the year 2020. The relevant calculations and the trends in carbon footprint reduction will be available on the websites mentioned.

In September 2019, we launched energy reporting of buildings. As part of this reporting and subsequent modifications to facility management, we achieved savings of 615 tonnes of CO₂ in the period from 09/2019 to 08/2020.

Waste and other reductions of negative impact on the environment

In 2020, we continued to monitor waste generation, and set new rules for reducing waste production. A basic waste sorting system, i.e. paper / plastics / municipal waste, has been implemented in all, even the smallest branches. Currently, sites are identified where we would like to introduce the possibility of sorting metal packaging, which is more suitable in terms of recycling than plastic packaging. We generated hazardous waste due to the cleaning of the car wash waste tank at Václavské náměstí 42, and the disposal of unused electrical equipment. Its collection and disposal was carried out by an external supplier.

The increase in wood waste was caused by the disposal of worn-out furniture that had no other use from a store and closed branches. The increase in waste fat last year was due to its disposal at the Stodůlky building. In 2019, no such disposal occurred.

In our effort to reduce our environmental footprint, we designed a proposal for price changes with effect from December 4, 2020. Our objective is to promote environment-friendly activities by reducing the use of printed documents to the maximum extent possible, and to encourage the use of online services and products. We are proud of having the first KB Price List where the environmental footprint played a determining role. We encourage clients to use our online services rather than services based on paper by charging a more favourable fee for the former (e.g., electronic

payment against payment orders submitted at a branch or electronic bank statements against printed statements).

The digitalization and the pandemic situation have accelerated some of the activities associated with paper consumption reduction. In the past, we have already implemented cost-saving measures, such as default double-sided printing on most printers or digitalization of mandatory files at branches. A new initiative is dematerialization, or scanning of documents in our archives. By digitalizing, we save space as well as energy needed for heating and lighting in storage facilities. Our ATMs offer the option of not printing receipts unless the client requests them. Thanks to the main partner WorldLine, our payment terminals also print receipts only on request. As part of the measures adopted against the spread of the coronavirus, we use electronic communications and electronic documents more, and we gradually eliminate printing at the HQ. Switching to digital documents when processing cross-border payments also helps save dozens of packs of paper.

In order to entertain the children of our employees, who could not go to school or hobby groups because of the pandemic, we invited them to participate in an SG competition. We asked the children to give their creative interpretation of an environment-related topic, such as waste or water pollution.

Bees and insects play a very important role in our ecosystem. Some insect species, however, have recently been increasingly in danger of extinction, therefore urban beekeeping may be a way to promote environmental sustainability. The idea to have beehives installed on the rooftop of the KB building in Stodůlky was born in 2019, and we had our first honey harvest in May 2020.

Also in 2020 we reduced the number of kilometres travelled by business cars. In 2017, we reported 7,024,187 km per year. In 2018, it was only 6,547,823 km, in 2019 a total of 6,374,731 km, of which 59,856 km travelled with the newly purchased electric cars.

Thanks to switching over to virtual meetings with clients and colleagues due to the pandemic, in 2020 we continued in this trend and covered a total of 4,186,233 km, of which 26,621 in electric vehicles.



Energy consumption at KB

Consumption KB	2017	2018	2019	2020
Electricity/kWh	30,768,009	30,555,304	28,778,223	25,565,816
Gas/kWh	13,454,128	10,912,214	10,128,520	8,942,129
Heat/kWh	18,943,652	17,231,751	15,599,984	14,000,628
Cooling/kWh	141,297	148,400	153,973	111,237
Total kWh/year	63,307,086	58,847,669	54,660,700	48,619,810
Diesel DA/l	2,639	3,267	2,474	1,942
Water/m³	71,520	71,637	62,747	46,298

Note: The reduction in energy consumption was achieved mainly by introducing energy management – by monitoring, assessing and subsequently modifying building operations, we save a considerable quantity of energy necessary to operate the buildings. The pandemic situation in the Czech Republic as well as the introduction of the Smart Office system at KB that led to a reduction in office space, the use of shared offices and reduction of the number of branches, also helped reduce energy consumption.

Waste management at KB

Type of waste	2018 (tonnes)	2019 (tonnes)	2020 (tonnes)	Method of disposal
Paper and paperboard	205.12	176.22	177.41	recycling
Plastics	32.25	32.19	28.73	
Composite packaging	0.64	1.89	0.32	
Glass	5.30	5.95	5.51	
Iron and steel	0.25	11.57	0.40	
Electrical devices	0	0	0.02	composting
Wood	2.53	8.80	32.26	
Biodegradable waste	0	0	2.66	
Grease and oil mixture from oil/ water separation containing only edible oil and fats	9	9	16.20	incineration
Mixed municipal waste	708.52	646.14	568.26	landfilling
Bulk waste	28.23	88.43	0	
Construction waste	153.48	0	0	
Total	1,145.36	980.20	831.77	



5

RESPONSIBLE AND INNOVATIVE FINANCING

We think about the future, and believe that our financing of meaningful projects will help protect the environment and support sustainable business. We appreciate the efforts made by our clients to mitigate environmental impacts, and we support projects that help nature and society.

Sustainable retail banking

As most KB clients in opinion surveys shared a certain degree of concern in terms of sustainable purchasing decisions, we prepared a comprehensive plan in 2020 to strengthen the sustainability aspects in the offer of retail banking products and services in line with the general strategy of socially responsible business. The implementation of the plan for retail banking will include a proposal for alternative environmentally friendly products, an advisory capacity dedicated to responsible lifestyles and housing, and the improvement of the environmental efficiency of the retail network operation.

Our offer for clients individuals will cover housing (e.g. preferential financing of energy efficient houses, renewable sources of energy, etc.) consumer financing (e.g. support to electromobility), investment (in unit trusts focusing on ESG and in property crowdfunding complying with defined environmental standards), insurance (e.g. preferential terms for selected assets) and everyday banking (e.g. fully digital services).

We will continue to develop the offer with ČEZ and other partners for photovoltaic plants and other technologies, advisory services, electromobility and preferential financing of project with a sustainable positive environmental impact with guarantees or subsidies from the government, the EU or international institutions.

Sustainable banking services to corporate clients

In 2019, Société Générale became a signatory to the Principles of Responsible Banking, thus committing on behalf of the entire Group to integrate the principles of responsible financing into all its activities, and adopted its own goals in support of the Paris climate agreement. At the same time, the Group pledged to increase the volume of investment to promote renewable sources of energy to EUR 120 billion in 2019-2023. In this context and in order to build sustainable business in the long term and to strengthen our good reputation, we at KB incorporated the principles arising therefrom into our activities.

Our strategic ambition is to be the leader in sustainable investment at the Czech financial market and in the SG Group. We wish to be perceived in the Czech Republic as a green bank. Under this strategy, we defined the main areas that will be our priority:

1. Industry decarbonization (coal sector transformation; energy saving programmes in companies and the public sector; renewable energy transition; clean mobility),
2. Circular economy,
3. Water saving measures in industrial companies and water retention in natural landscape.

In the effort to promote interest of businesses and the public sector in sustainable financing, we have expanded the package of our services in favour of sustainable client investment. In addition to grant/subsidy advisory and comprehensive financial advisory, we now offer to our clients:

- Energy and renewable sources advisory – preparation of Energy Assessments, Energy Audits, Energy Performance Certificates,
- Advisory on economic and technical specificities of projects,
- Preparation and implementation of tenders for public and private entities (including sustainable and circular public procurement).

We are continuously expanding these services to include other priority areas. In order to offer our clients the most up-to-date information from the point of view of future development and new technologies, we enter into partnerships with the relevant market players operating at the Czech market. The aim is to support the sustainable growth of our clients and of Czech industry, in terms of economic growth, environmental protection, and social development. In cooperation with some of the partners, we plan to deploy a new information portal, Společně udržitelně (spolecne-udrzitelne.cz), focused on sustainable investments with relevant information and examples of good practice, which are scarce, especially in terms of new technologies and practices, at the Czech market.

In 2020, we set up KB Advisory, a dedicated team of consultants offering advice on energy, RES, subsidies/grants and tender procedures.

KB Advisory

We have set up a special consulting team **KB Advisory** to provide advice on grants and subsidies, energy, renewable sources, circular economy and waste management.

Advice on subsidies

Komerční banka's KB EU Point team provides full advisory services that include comprehensive advice on grants and subsidies (preparation of grant applications; administration; and sustainability), including the options of grant pre-financing and project co-financing using programmes with preferential terms. We have been developing our services since 2003 when KB was the first bank in the market to launch a special loan for subsidized project financing.

Energy advice

Energy advice is a crucial tool for improving the energy efficiency of projects in the Czech Republic. In this respect, we offer sophisticated advice resulting in a wide range of the deliverables that are an important source of support for

designing energy saving projects and of opportunities for reducing energy demand in companies.

More information is available at: <https://www.kb.cz/en/corporations-and-institutions/kb-advisory>.

Responsible financing

Methodology for assessing and screening green transactions

To pursue our KB Strategy for Green Financing, we defined a methodology and tools to identify and screen transactions eligible for green financing. The criteria are based on EU taxonomy (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector) and the SG Guideline for Green Loans and Sustainability-linked Loans of 2020.

Determining whether a transaction meets the criteria for green financing allows us to make an informed decision on its eligibility for the green financing programme, to map out our loan portfolio in terms of meeting strategic sustainability objectives, and at the same time, to provide the data for future public disclosures of KB or of the SG Group.

Methodology for client sustainability assessment

On the basis of the rules defined by SG, in 2020 we prepared our methodology for client sustainability assessment for the purpose of extending positive environmental and social financing to them. The assessment will allow us to make qualified decisions on the eligibility of clients who make a decision to have a conscious positive impact on the environment and society according to predetermined criteria for preferential financing.



System of environmental, social and climate risk assessment

We joined the ESG commitments made by the SG Group in terms of checking the environmental and social risks related to the activities and projects of our clients that we finance. Already in early 2020, we introduced a system of Environmental and Social Risk Management (ESRM) to the corporate part of KB.

The system also incorporates the requirements of the voluntary E&S rules for the assessment of major industrial and infrastructure projects under Equator Principles, and ensures compliance with the sectoral policies of SG.

In 2020, we started pilot measurements of climate risk impacts and, in particular, the related transition risk in relation to large corporate clients operating in the sectors potentially affected by climate risks (e.g. energy, transportation, metallurgy, mining, oil and gas). KB started to apply the Climate Vulnerability Indicators (CVI) to clients active in the risk sectors. The CVI defines the impact of climate transition risks on credit eligibility of the client. The purpose of CVI assessment is to measure the impact of the climate change on the client credit risk and the corporate portfolio of KB. Reducing the impacts of climate transition climate risks on the corporate credit portfolio includes reducing the exposure to the clients operating in the thermal coal and coal mining sectors, and providing the necessary financing to accompany the clients in their transition to coal-free business.

E&S assessment of our corporate banking clients is part of due diligence applicable to all new transactions and new client verification under the KYC. The verification of the E&S aspects includes a check against a list of sensitive activities and projects, a check against the E&S exclusion criteria in the sectoral policies (e.g., the decision to exclude financing of coal mining and coal-fired electricity production or some arms exports) and a check of E&S-related reputational risk of clients. Clients with increased E&S risks must be assessed, together with their transactions, by a KB E&S specialist. We communicate our E&S standards to clients operating in the sensitive sectors through relationship managers, and support them in complying with these rules, mainly in relation to energy transition and climate commitments of the SG Group. In 2020, 23% of actively financed Global Banking clients were assessed by the E&S expert.

In 2020, we extended financing to three projects assessed under Equator Principles, including an A category project – a motorway bypass.

Employee training in environmental and social risks

In 2020, we deployed our training programmes on E&S risks in parallel with the introduction of ESRM. Last year, training was provided to 170 corporate and investment banking (CIB) and Compliance colleagues and colleagues from our Slovak branch.

We are working on a series of technical training courses with a view to enhancing awareness of programmes and objectives of green and socially positive financing in 2021.

We consider it to be important for all our employees to have good knowledge of SG and KB CSR strategies. Therefore, a comprehensive training programme will be rolled out.

Green financing at KB in 2020

We are actively involved in the financing of projects related to climate change mitigation. Last year, we extended 140 investment loans to projects with a positive environmental or social impact to corporate clients and to businesses. Their total volume amounted to CZK 6.7 billion. Most of the amount was channelled in to projects in water management (e.g. systems of drinking water supply, new sewage draining networks and waste water treatment plants – 31%), renewable energy sources projects (photovoltaic, wind and hydroelectric power stations – 30%), equipment for the public health system (17%) and energy saving projects (6%).

We also financed a couple of projects for retrofitting municipal CHP plants and their transition from coal to gas and biomass. Major infrastructure transactions included the completion of the wastewater treatment plant in Český Krumlov, refinancing of the PV park of Solar Stříbro s.r.o., financing of the greening of the České Budějovice CHP plant, building of the sewage draining network operated by Vodárny a kanalizace Mladá Boleslav, installation of an energy saving fireclay furnace by P-D Refractories CZ, or construction of a new orthopaedics building at the Karviná Hospital for coal miners.

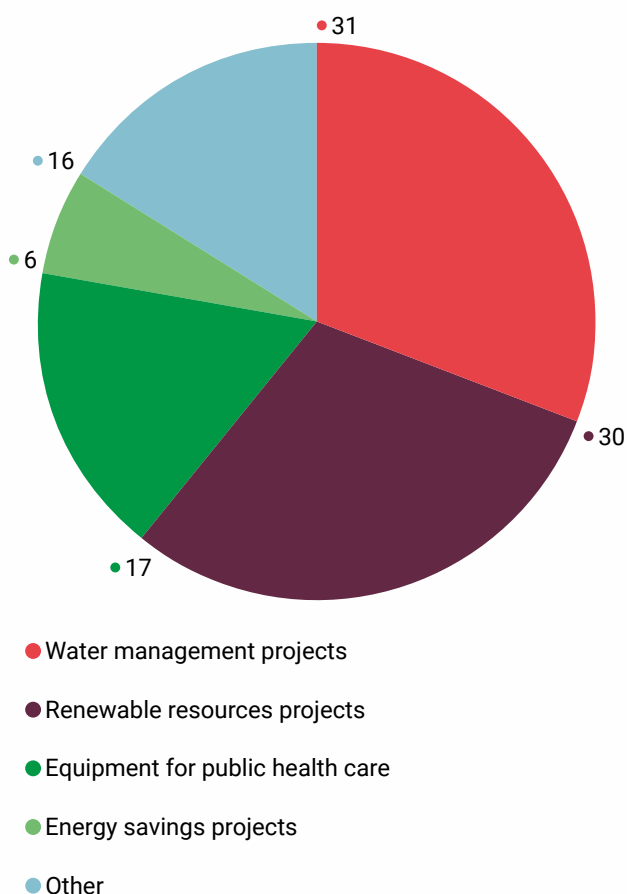
Green Optimization facility

We have designed a new programme with preferential terms, *Optimalizujte zeleně* (Green Optimization) – in favour of companies and businesses implementing energy saving measures in their operations – in cooperation with the Czech-Moravian Guarantee and Development Bank (ČMZRB) and the European Investment Bank (EIB). The programme consists of an interest-free loan, a commercial loan with a contribution to interest provided by the ČMZRB and discount extended by the EIB and a subsidy to cover the expense related to Energy Assessment granted by the ČMZRB. Companies using the programme will be able to implement long overdue investment in energy savings that will let them increase their economic profits, and at the same time, cope with the impacts of the applicable legislation on energy management.

Digital corporate banking and innovation

We have prepared many new offers in cooperation with fintech companies on the KB Smart Solutions platform. As the first bank at the Czech market, we introduced , working with Zaplacenno.cz, an efficient payment solution for e-shops

Project financing broken down by category



using PISP, a tool facilitated by PSD2. We have been developing other innovative products for e-commerce together with Webmium, (development of web presentations), Shoptet (e-shops programming) and Alza.cz and Expando (to connect e-shops with web marketplaces via API). Since last July, we have been cooperating with Czech fintech start-up Upvest, which operates an online property crowdfunding platform. Our stake in ROGER gives our clients the possibility to use digital factoring and supply chain financing in cooperation with Factoring KB, a.s. since October.

In December, we also signed a cooperation agreement with Direct Fidoo to offer our clients Expense Manager, fully digitalized and online processing of expenses.

Together with two other major Czech banks, we have launched a new international digital platform, We.trade, a operating on modern blockchain technology, that simplifies the traditional products of trading through banks and offers more transparency and security to both buyers and sellers.

We are constantly expanding the range of electronic communication with our clients, including exchange of documents and electronic signature of documents.

We provide the service of identity verification of KB clients to our corporate clients. The identity of the client is verified remotely in the same way as it would be on the basis of an identity document at a branch.

In mid-2020, we also launched **MySignature**, a service of electronic signature and exchange of documents between clients and their partners. It can be used to sign many types of documents, including travel orders for employees, orders to suppliers or agreements with a natural person or legal entity. All forms of KB electronic signature are used, mainly KB Key, smartcard-based certificates or a password and SMS.

Our clients in Slovakia can now download account and card statements electronically through mobile or PC applications.

We have significantly expanded the range of documents that can be exchanged electronically between the client and KB in business financing. Now, the clients can sign digitally and share with KB approximately 25 different types of documents, including loan agreements or loan utilization applications.

Bankovní identita, a.s., is a joint venture of Komerční banka and other major banks that will offer the services of electronic identification and electronic signature in the Czech Republic based on the digital identity of bank clients used to log in to online banking or to communicate remotely with the bank. The Bank Identity, an open platform, will offer all banks its services to public administration authorities and private entities providing digitalized services for business entities and corporations. The clients will be able to arrange their matters electronically not only with privately-held companies but also with public institutions.

Loans extended in cooperation with European institutions

To finance projects with a positive impact on the population, the environment or regional economic development, we use cooperation programmes with many European institutions, such as the European Investment Bank (EIB) and the European Investment Fund (EIF).

EuroEnergie and Climate Action

The programmes aim, in cooperation with the EIB, at supporting energy saving projects or other projects with climate benefits. The objective is to reduce at least partially GHG emissions. The loan comes with a lower interest rate, and lower loan security requirements in the case of EuroEnergie. Under this scheme, we have supported approximately 120 projects worth more than CZK 2 billion.

We are actively involved in the financing of projects related to climate change mitigation.

EuroPremium Young

Under this EIB scheme, we have extended loans with a lower interest rate to small to mid-cap companies, mainly those that contribute to the employment of young people (i.e. either employ the young up to 30 years of age, or offer internships). In 2020, we extended approximately 70 preferential loans amounting to some CZK 2.5 billion.

The European Investment Fund has stepped up support for businesses impacted by the coronavirus pandemic. Following the easing of the eligibility criteria for the **COSME**, EuroInnovace and Microfinance programmes, we extended preferential loans with EIF guarantee to a record number of 3,000 businesses. The total amount granted was nearly CZK 4.5 billion in 2020.

COSME is a free guarantee extended by the EIF for up to CZK 4 billion to SMEs.

Innovative businesses can also use the **EuroInnovace** preferential loan to finance their operations.

Microfinance

The **Microfinance** guarantee helps businesses with a positive social impact. Business owners with less than 10 employees who entered the market after leaving a part-time job persons who were unemployed and/or had a low-income job (up to 80% of the average in the Czech Republic) as well as persons disadvantaged in the labour market and reintegrating in the labour market (after returning from parental leave, are disabled, originate from another country or belong to a national minority), Start-up business owners who are less than 30 years old or are 60+ can also qualify.

The **EuroMuni programme** run in cooperation with the Council of Europe Development Bank (CEB) and the European Investment Bank (EIB), offers interest rate discounts and allows municipalities to reduce costs when financing development projects. In 2020, we granted 30 loans totalling more than CZK 1.5 billion.



6

SPONSORING AND CHARITY

Cultural events were also adversely impacted by the covid-19 pandemic. And since we have been active in this field for a long time and want to support national art and culture even in this particularly difficult time, we helped our partners implement a couple of successful projects.

National Gallery Prague

Cooperation with the National Gallery Prague continued in 2020 in the form of our joint project offering free admission to permanent exhibitions for children and the youth under 18 years and students under 26 years. In 2020 in the context of restrictive measures, 22,475 of them benefited.

With our support, virtual guided tours of exhibitions were recorded. We produced a series of payment cards in cooperation with the NGP, featuring designs based on art in the NGP collection. Clients with an interest in visual art can now carry a piece of art from the National Gallery in their wallets.

A unique Christmas concert of PKF – Prague Philharmonia was hosted by the NGP in cooperation with Komerční banka and MasterCard at the Kinský Palace at the Old Town Square in Prague.

PKF – Prague Philharmonia

For the third successive year, we continued our support for PKF – Prague Philharmonia, one of the most acclaimed orchestras in the country and in the world, founded by conductor Jiří Bělohlávek in 1994.

Together with PKF – Prague Philharmonia, we launched an unusual project. We transformed the KB branch at Wenceslas Square into a concert hall and a recording studio. In late November, we recorded a chamber concert featuring music by Maurice Ravel, Claude Debussy or Erwin Schulhoff. The historic setting of the building added a special, even magical atmosphere to the event. With PKF – Prague Philharmonia, we also produced a special series of payment cards with an unconventional design with the drum, clarinet, trumpet, oboe or flute and the members of the orchestra.

Prague Zoo

We are proud of our long-standing partnership with the Prague Zoo. In 2020, we were involved in the rescue of the European bison, and celebrated 15 years of cooperation. Being a long-standing partner, we could not miss the christening party for the baby elephants born earlier in the year. Jan Juchelka, our CEO, became the godfather of the older calf, Lakuna.

We also produced a special limited edition of cards featuring elephants, the main stars of Prague Zoo, symbolizing values we identify with. Elephants for nations around the world signify not only strength and longevity, but also wisdom, stability and security. The payment cards of our limited edition therefore feature Shanti from the 1960s, female elephant Tamara and her young calf. Each card was issued with a "birth certificate" of the elephant and carried a 15% discount on admission to the Zoo until the end of 2020. We continued with the animal series of our payment cards featuring other animal stars in the second half of the year.

We have renewed our former partnership with the Zoo in Ostrava. Our contribution will go to projects in environmental protection and biodiversity.

Ostrava Zoo

To include a regional project in our sponsoring portfolio, we have renewed our former partnership with the Ostrava Zoo. Although the Zoo was founded in 1951, it ranks among most modern European zoological gardens. Our contribution will go to projects in environmental protection and biodiversity, which, by the way, is closely related to our long-term goal to be a bank with a positive impact on the environment.

Given the huge popularity of the limited edition of cards featuring elephants from the Prague Zoo, we produced a permanent edition of designs from the Ostrava Zoo for animal fans, with local animal stars and their newly born additions.

Rock for People

The pandemic made it impossible to hold this music festival in its traditional format. The organizers of the festival, which was sold out in 2020 for the first time in its history, came up with an alternative mini-festival called RfP Home. During six days in six cities, Czech artists performed at concerts attended by a handful of fans, in line with the restrictive measures, but the concerts were also streamed to the homes of all festival fans. We have been supporting the Rock for People festival for the third consecutive year because the festival comes up with innovative and ecological initiatives that form the natural link between the two partners. At the end of 2020, the organizers announced the dates for 2021 and confirmed

the headliners. However, given the pandemic situation, the holding of the festival is still uncertain. The organizing team therefore came up with the idea of moving the festival to an online game environment, i.e. upgrade the already normal streaming of concerts. The participants could create their own avatar, take part in live concerts of Czech and foreign musicians, walk around the entire compound, talk to other visitors or dance in the crowd. The virtual festival called RfP in the Game and held in January 2021 was almost sold out, and confirmed the innovative and creative mindset of its organizers and their flexible approach to fans and to our partners.

Letní Letná

Luckily, the Letní Letná Festival of Contemporary Circus that annually hosts leading artists from the Czech Republic and abroad was held in summer when the anti-pandemic

measures were relaxed. The reduced and shortened edition of the festival featuring acrobats, musicians, actors and other performers therefore could take place in August. The visitors appreciated the KB ATM on the site because the festival accepts only cash, as well as the relaxation zone for families with children. We also supported the production of a documentary about the main festival star, tight rope walker Bongonga.

French Film Festival 2020

The 23rd edition of the French Film Festival, of which we are a long-standing partner, took place between November 19 and 25, 2020. That year, film lovers could savour French cinematography in the online format for the first time and to watch selected films in the comfort of their homes. The festival opened with an exclusive documentary *Aznavour by Charles*, a film diary of this great French singer.



Jistota Foundation

The Jistota Foundation is dedicated to supporting and promoting activities for the benefit of civil society, health and social projects, education and social inclusion. Based on the strategy adopted in 2020, the Foundation shall also focus on the topic of sustainable future.

The Foundation helps disadvantaged families. It supports projects in favour of the children whose development is endangered as a result of their unfavourable health and social environment. It focuses on the prevention of social handicaps in vulnerable and socially disadvantaged groups of children and youth. It helps people to have a dignified end-of-life experience, and promotes systemic changes in the field of palliative care. In the coming years, the Foundation will also promote sustainable and equitable management of natural resources, circular economy, environment-friendly lifestyles or active waste reduction and recycling.

The main donors of the Jistota foundation are Komerční banka and its subsidiaries and sister companies. KB Group employees are also a major group of donors.

Extraordinary Call for Proposals – reaction to the coronavirus pandemic

In late March, the Foundation reacted to the coronavirus pandemic by publishing an extraordinary call for proposals. It supported twenty non-governmental non-profit organizations operating in various fields, granting CZK 50,000 to each of them. The financial support was intended to mitigate the consequences of the coronavirus pandemic and the effects of the necessary restrictions on the quality of life of clients and the activities of non-profit organizations.

Under the second extraordinary call for proposals, fourteen projects were supported with a total amount of CZK 1,816,880. The Foundation helped single parents and long-time carers, families at risk of domestic violence, seniors returning to normal life, or remote assistance to clients of non-profit organizations.

Board of Directors' Open Fund

Under the Open Fund, the Foundation supported 21 entities with aid totalling CZK 3,325,661 allocated to early childcare and preschool care, prevention of social



handicaps in children and youth, mobile hospice care and employment of people with disabilities.

KB Group Fund

The following KB subsidiaries made donations to the Fund focusing on improving the quality of life of the elderly and inter-generational learning: KB Pojišťovna, KB Penzijní společnost, Modrá pyramida, Factoring KB and ALD Automotive. ESSOX and SGEF focused on the topic of social handicaps in children and the young. In total, eight entities received support worth CZK 921,626.

Helping KB Group employees

The purpose of this fund is to help KB Group employees who are confronted with life's difficult moments. In total, the Jistota foundation supported four employees with CZK 331,732 in 2020.

Jistota Fund

Every year, the largest amounts are distributed from this fund in the form of long-term grants for selected entities, mostly for three years. In 2020, the Foundation supported twelve projects. The total donation under this Fund amounted to CZK 3,670,044.

In total, the Jistota Foundation supported 75 projects and four KB Group employees. Besides financial assistance, it also offers non-financial help, for instance, training in financial literacy for social workers or workers in social services.

Despite the negative situation, the Jistota Foundation allocated over CZK 11 million in contributions.

More information is available on the website of the Foundation at www.nadacejistota.cz

Volunteering

In 2020, KB employees could again use an extra day off with wage compensation for their "volunteer" day to attend volunteering events and work with the non-profit sector. Despite the adverse pandemic situation, 219 employees from many KB divisions, departments and teams used their volunteer day. Some chose a partner organization from the list of the Jistota Foundation, others donated their time to an NGO where they are involved, and many employees used their "goodness" day to clean up Czechia.

The Clean-Up Czechia is a nationwide volunteer initiative that we have been supporting since 2018. Adverse conditions (cancellation of the spring event, restrictive measures) in 2020 did not discourage the participants. Almost one hundred of our employees formed smaller groups, composed mostly of family members, to collect

waste in nature while respecting epidemiological measures. Our subsidiaries SGEF, Factoring, and KB Penzijní společnost for the first time, also joined in to make Czechia a nicer place.

Despite the restrictive measures, the Group's employees again donated blood with KB in 2020. Nurses from the mobile transfusion unit of the General University Hospital in Prague came to the Wenceslas Square and Stodůlky buildings four times and collected blood from 150 donors. We donated 53 litres of blood.

The 10th edition of the Commuting by Bike initiative took place in May again. 126 participants in 43 teams from 17 cities attended. All together, they rode and walked 36,113 km, and saved 3.97 tonnes of CO₂. The event was charity fundraising, too. The mileage was transformed into a financial donation to the Jistota Foundation.

We also responded to the request for help of Food Banks. We helped to cover the critical food shortage during the autumn collection in a bank-to-bank drive.

In 2020, the KB Group's employees were more than ever involved in remote activities in support of the Jistota Foundation. Due to the epidemiological situation, the traditional Week with the Foundation and its accompanying events, such as the Breakfast for the Foundation or the traditional sport tournament, had to be cancelled. However, since we did not want to deprive our employees of the joy and the feeling of satisfaction from helping others, we suggested alternative safe and contactless activities on the intranet. The employees could support the Foundation by purchasing face masks or auctioning their home-made produce in a Christmas auction. Before Christmas, our employees could purchase Christmas vouchers titled the *Smile of a Child* to help a Child Crisis Centre and the House of Three Wishes (Dům tří přání). The only on-site event to support the Jistota Foundation was the traditional golf tournament.

Financial contributions raised through volunteering (CZK)

Golf tournament	303,076
Sale of face masks	49,083
Christmas auction	28,477
Christmas voucher Smile of a Child	32,400
Commuting by Bike	36,113
Total	449,149

We want to thank our employees for their readiness to help as volunteers even during the challenging year of 2020. We are grateful that you are helping to make the world a better place.



Jan Juchelka became the godfather of the newly born elephant calf, Lakuna. Elephant calves are also the central theme of our limited edition of KB cards.



Music by Maurice Ravel, Claude Debussy or Erwin Schulhoff was performed by PKF – Prague Philharmonia at the concert held in the KB Wenceslas Square historic building in Prague.



For the tenth consecutive year, KB Group employees could donate blood directly on bank premises. In 2020, more than 200 employees participated.



Under professional guidance, we had our first honey harvest from the beehives situated on the roof of the KB Stodůlky building in May 2020.



The volunteer day is used not only to help the partner organizations of the Jistota Foundation, but also to participate in the Clean-Up Czechia event.



126 employees took the challenge of Commuting by Bike in spring. In doing so, they helped the Jistota Foundation, did the best for their health, and helped reduce KB carbon footprint by 3.97 tonnes of CO₂.



KB helped the municipality of Český Krumlov finance the construction of a new wastewater treatment plant and its supply canal.



Komerční banka was screened and certified for compliance with the Carbon Footprint Management Standard V1.



KB Jistota Foundation has been a long-time supporter of the Child Crisis Centre.



In September 2020, the traditional golf tournament in support of the Jistota Foundation took place. The event raised CZK 303,076.



The light edition of the Letní Letná festival took place as usual at the Letna park with the support of Komerční banka.



In December 2020, many employees of KB participated in the internal call *Thank You, KB Keeps It Up!* to thank anyone who helped in that difficult year.



KB SUBSIDIARIES

While the other companies in the KB Group are under no obligation to publish non-financial information pursuant to Section 32 (f) to (i) of the Accounting Act, the companies subscribe to the same values as parent KB and adhere to the same responsible approach to their business to the extent possible, and are active and responsible toward the environment and society. This section presents information on the subsidiaries that contribute significantly to KB Group's assets and results. Komerční pojišťovna, a.s., is an affiliate company in which a 49% share is held. The data for this company is consolidated 49% for Komerční banka, and 51% for Société Générale.

Komerční pojišťovna

2020 was an extremely specific year given the pandemic situation, and promoting social responsibility became even more important. At KB Pojišťovna, we strived to respond to the current situation and offer assistance wherever possible. That year was important for us also because we celebrated 25 years of our existence on the Czech market.

Client satisfaction

We tried to respond to the situation arising in connection with the pandemic as quickly as possible – we reviewed processes and products so that we could offer our clients and partners an insurance cover, or process their requests remotely, without the need for physical meetings. The coronavirus crisis has accelerated the digitalization process, and many of our products can now be purchased directly from home. Our policy of support and care for clients has been reflected in the fact that our NPS measured after the transaction is growing significantly even in these challenging times, from 32 in 2019 to 42 in 2020.

Ethics and responsible business

In cooperation with Mutumutu (100% on-line healthy life insurance), we offered health care professionals the possibility to get three months of life insurance for free. In response to the travel situation, we waived travel insurance fees on cards, and extended insurance cover to include the Czech Republic. For life insurance (incapacity for work), we deducted from the qualifying period the period when clients were in quarantine because suspected of having covid which shortened the 28 days' qualifying period for them and helped them to receive, if applicable, the compensation earlier. We also align responsible business with unit-linked policies – we have been offering clients the option of investing through the **Solactive Global UN Sustainable Development Goals Index**, which monitors the performance of companies that act in accordance with the Sustainable Development Goals of the UN and the terms of socially responsible investment in relation to the environment, society and sustainable economic development.

Responsible employer

Despite the impacts of the coronavirus crisis and the changing labour market, we continue to maintain a high standard of employee benefits and actively support part-time work, flexible working hours and other alternative forms of work. During the spring wave of the pandemic, we managed to transfer more than 95% of our employees to the home office and continued the hybrid way of working throughout 2020. In addition to home office and the system of rotation at the workplace when employees have to be present in their offices, the other protective measures include the use of an ozonizer, personal

protective equipment for employees and the availability of influenza vaccination. In the event of quarantine, employees could either work from home, or use the sick days.

Environment

Under the CSR strategy of our parent company, SG Insurance, we co-create a concept aimed at reducing our carbon footprint to the minimum. We continue to reduce paper consumption (by 15% in 2020). Under the Green Company initiative, we provide employees with the opportunity to dispose of used electrical appliances through a collection box, and thus make a significant contribution to the protection of the environment, natural resources and human health.

Social trends and innovations

The best ideas come when experience is shared. We are an active member of the **Company Innovation Roadshow** platform, and as part of innovative education, we encourage **our employees to participate in excursions**, lectures and workshops in various companies in the Czech Republic, and not only in the financial and insurance industry. Thanks to this, we get inspiration from other fields of business and expand our horizons beyond the financial sector.

Sponsoring and charity

At a time when protective equipment was in short supply in the Czech Republic, our colleagues responded very quickly and sewed a total of 200 face masks, which were offered to the Children's Home and Special Kindergarten in Beroun and the Children Help Line. In cooperation with the **KB Jistota Foundation**, we offered **CZK 150,000** to a project for seniors organized by Centrum Rosa and *Celé Česko čte dětem* (Every Czech Reads to Kids). Since 2012, we have been cooperating with a day-care centre in Jihlava that provides outpatient and residential social services to children and adults with mental and combined disabilities. As every year, we contributed to the creation of a **New Year's card** with pictures made by the children from this centre. We have also been cooperating with the **Children Help Line** for a long time – we have donated CZK 65,000, which they will use for a field assistance project. We participated in the traditional blood donation organized by Komerční banka, and supported the event organized by the foundation **Nadace Terezy Maxové for Children Move with Teribear**.

CSR project communication

The year 2020 was a turning point in terms of communication. Media investments of the insurance company were multiplied, and great efforts were also invested in a Facebook profile and communication on LinkedIn. Thanks to these changes, we were able to inform the public about our activities and present all interesting projects.



Factoring KB, a.s.

Client satisfaction

Despite the worsening economic situation related to the declining performance of the Czech economy, after the initial drop in client factoring portfolio turnover by more than 30%, we managed to register transactions with new clients worth nearly CZK 4 billion through intense acquisition activities. Thanks to our joint efforts and professional approach, we were able to preserve our leading position at the Czech factoring market with a market share of 27.5%, and received the Best Factoring Company in the Czech Republic in 2020 award granted by *Global Banking & Finance* (UK) for the second consecutive year. Our reward was also the satisfaction of our clients with the quality of services provided during the pandemic. Clients particularly valued our flexibility and smooth provision of factoring services.

Responsible employer

KB Factoring was named The Best Factoring Company in the Czech Republic 2020 by *Global Banking & Finance*.

As a responsible employer, we activated all measures to protect the health of our employees at the beginning of the coronavirus pandemic, and thanks to an experienced IT team, we set the conditions for work from home at a very

short notice. Like other members of the Group, we adopted user-friendly and safe rules for the use of smart office.

Environment

In terms of environmental protection, we have adopted additional measures to facilitate paperless communication with clients, including electronic invoicing. In 2020, we launched the active use of the DMS application for digital storage of factoring documentation in order to reduce the use of paper documents as much as possible. Together with our SGEF colleagues, we joined the popular Clean-Up Czechia event in the autumn. In the next period, following the example of our parent company, we plan to get involved in the carbon footprint reduction initiative.

Social trends and innovations

Like in previous years, we encourage and promote financing of energy saving projects. Since 2013, when we got actively involved in these projects, we have extended funding amounting to nearly CZK 700 million (in 2020, we financed two new projects worth approximately CZK 20 million). In cooperation with our colleagues from KB EU Point, we defined the terms and conditions of the purchase of receivables arising from EPC projects. In 2020, we also launched new and more user-friendly web pages, optimized for use in mobile devices, too.

Sponsoring and charity

In terms of CSR, we are a regular contributor to the KB Jistota Foundation. In 2020, we contributed CZK 75,000. Like in previous years, we supported research into Alzheimer's and other neurodegenerative or vascular brain disorders by donating CZK 25,000. Before Christmas, we made a donation to Prague Zoo that is experiencing difficult times during the coronavirus pandemic. Our employees contributed approximately CZK 8,000 and supported the animals of their choice.





Komerční banka, pobočka zahraničnej banky (KBSK)

Komerční banka, a.s., pobočka zahraničnej banky (KBSK) upholds the fundamental values and pillars of our parent company Komerční banka, a.s. and SG in terms of corporate social responsibility:

Client in the first place

In the pandemic year 2020, we focused on active communication with our clients. For the first time in our history, our communication was limited almost entirely to digital channels, which raised legitimate concerns that the relationship with our clients could be affected. We were all the more pleased when we confirmed that our strategy was well set, and the final NPS in 2020 was at its highest ever level of 70. Despite the difficult year that all of us lived, we were able to guarantee quality service to our clients, ensure accessibility of our services and respond to the needs of our clients.

The quality of our communication, products and services is key for us. We guarantee the quality mainly by upholding all the principles of responsible business in conformity with regulatory requirements.

In the event of complaints or dissatisfaction by our clients, the complaint will always be considered a matter of priority.

We invest in our systems to step up digitalization, to secure all clients' activities and to protect our clients against fraudulent acts.

Ethics and responsible business

We respect all terms and principles of responsible banking and business, i.e. prevention of corruption, AML and CFT. We train all our employees in the principles of the Group's Code of Conduct and regularly remind them of the necessity of respecting the rules.

Responsible employer

We recruit people regardless of their gender, race, skin colour, language, religion and faith, political or other opinions, national or social origin, nationality or ethnicity, wealth, descent or any other situation or status. We have a colleague with a disability. We comply with health and safety and fire protection requirements and regularly train our employees to provide them with required skills. We invest in a better and modern working environment. In 2020, we joined the Diversity Charter of Slovakia.

Given the specificity of 2020, we adapted at a very short notice to provide teleworking in all teams and positions, where it was possible, and ensured that everything worked properly. We pay attention to regular communication in the online space, we provide information, and make sure that we respect all the applicable protective measures. We offer our employees a large choice of benefits to promote a healthier lifestyle, such as healthy lifestyle vouchers or sports activities (badminton, swimming, jogging, etc.), as well as drinks and vitamins (coffee, tea and fruit available in the office).

Responsible to the environment

KBSK is based in Bratislava where we lease premises in a relatively new building, except for one colleague who works in Košice. We apply environmentally friendly measures on our premises, i.e.:

- We save electricity.
- We eliminate the use of disposable plastics.
- We sort waste, including collecting used batteries.
- We print documents only if requested by legislation and when necessary.
- Our objective is to use electronic documents whenever possible.

Social trends and innovations

We were the first in KB and in the Slovak banking sector to include an electric vehicle in our fleet of business cars. The car is used intensively by colleagues who go out to meet a client or a supplier in the city or its surroundings. The journeys are carefully planned with regard to the location of charging stations primarily, and the driving range of the vehicle.

Sponsoring and charity

- Volunteering
 - We encourage our employees to take part in volunteering and offer them one extra paid day off in the event of volunteering.
 - We search together as a team for new ways of implementing the ideas brought by our colleagues.
- We sold old furniture for a symbolic price to OZ Vagus (a non-profit organization providing social assistance to the homeless).
- One percent of our tax is assigned to specific projects based on our employee suggestions – we give priority to projects and non-profit organizations where our employees are actively involved.

- The pandemic year of 2020 showed the extraordinary enthusiasm of our colleagues who:
 - made face masks for the whole KBSK team,
 - cooked together for those who worked in the office,
 - offered respirators to the front-line workers during the first wave of the pandemic of 2020,
 - helped with nationwide testing in Slovakia in the autumn of 2020,
 - collected food and other essential items for a charity in Bratislava,
- wrote 100 Christmas card for the elderly under the Christmas mail initiative for the third consecutive year.

Last but not least, we became the main partner of Via Bona Slovakia, the award for responsible business in Slovakia. We also supported the #ktoPomôžeSlovensku (*#HelpingSlovakia*) in the two pandemic waves by most of our budget. The donation was used to purchase protective equipment, disinfectants and other items in the first wave, and germicidal emitters in the second wave.



ESSOX

The unprecedented situation related to covid-19 was challenging, but we chose to see it also as an opportunity to implement innovations in many areas, to step-up digitalization of services and processes, and to increase client satisfaction and help those in need of help.

We were one of the first financial companies on the market, together with Komerční banka, to offer loan payment deferrals even before the introduction of the statutory obligation. During the autumn wave of the pandemic, we made our team of operators available to the Regional Public Health Authority for the Southern Bohemian Region to help trace the contacts of those who tested positive for covid-19 or were in contact with such persons.

Anti-epidemic measures were the trigger for us to accelerate the digitalization of processes. In a few weeks, we were able to turn the whole company online and create conditions for employees to work from the safety of their homes without compromising the quality of the services provided.

By introducing the SMS signature for vehicle financing contracts, by launching the ES-Key application for the verification and confirmation of payments on the Internet, or by introducing Google Pay and other mobile platforms, we enhanced clients' comfort, and reduced the impact on the environment by printing less contract documentation and other forms.

While 2020 was a challenging year for our day-to-day operations, we were still active in the field of social responsibility. We succeeded in upgrading the long-term project Safe Together where we cooperate with the Fire Fighting Brigade of South Bohemia, to the national level.

We continued to help selected organizations and individuals in accordance with our CSR strategy – support the education of children and improve their social status and health. In many cases, our employees, who engage in charitable activities themselves, are often the inspiration for us. One example would be the participation in events organized by KB, such as blood donation. We did not neglect our employees either. To help them, we organized a creative competition for their children (after schools and kindergartens were closed).

We continued to develop the concept of comprehensive electromobility. As one of the leading providers of financing for vehicles in the Czech Republic, we can make a significant contribution to the transformation of the vehicle fleet, and thus reduce the impact of road traffic on the environment. We provide financing of vehicles with alternative drives and electrical bicycles in cooperation with our partners. We offer advisory on the preparation of project documentation for electromobility, and provide financing for alternative energy

sources, such as photovoltaic panels, battery storage or home recharging stations.

The year 2020 affected our lives in an unprecedented manner. It changed the way we work, spend our free time, meet with our loved ones. For many, it also brought major economic losses or uncertainty. Given the context, the principle of responsible lending has taken on a new meaning and it has shown how important the individual approach and readiness to help are. ESSOX, one of the founding members of the SOLUS association and a long-standing member of the Czech Leasing and Financial Association, fully adhered to these principles in 2020.

Safe Together

The awareness-raising project Safe Together that focuses on educating preschool and school children, through various activities and in an entertaining way, in financial literacy, road safety, household safety and outdoor safety was impacted by the restrictive measures introduced in 2020. Because of fewer outdoor activities and restrictions on excursions to our long-time partner, the Fire Fighting Brigade of South Bohemia, most of the educational activities had to be moved to the online environment.

Nevertheless, we have achieved a great success and established cooperation at the national level with the Fire Rescue Service of the Czech Republic.

ESSOX rooftop beehives

The topic of sustainability is part of our corporate DNA. That explains why back in 2018, we embraced an idea of our employee to have beehives installed on the roof of our headquarters in the centre of České Budějovice. We were the first company in South Bohemia to promote beehives to help the urban ecosystem in the centre of a regional capital.

Extraction of honey from our own beehives has become a nice tradition now. Our bee population continues to grow – from three beehives at the beginning to the total of nine today. Last year, we harvested 230 kg of honey and prepared almost 1,000 small pots of sweet honey that we offer as gifts to our trade partners.

In 2018 and 2020, we had the quality of our honey tested by an accredited QSI laboratory in Bremen, Germany. The results show that honey produced in a city centre is comparable in quality to honey from pristine nature. The tests concluded that none of the 600 most common pesticides were present, and also showed no trace of heavy metals, polychlorinated biphenyls and aromatic hydrocarbons.

Sponsoring and charity

On the recommendation of our employees, we chose to financially support HAIMA České Budějovice that helps children with haematopoiesis disorders and cancers. Our employees

raised CZK 37,750. ESSOX then complemented the amount and we donated a total of CZK 73,500.

As in previous years, we supported, with the Jistota Foundation, one of its great projects titled The Whole Family Learns by Aufferi. The charity aims to help socially disadvantaged families with children with home tutoring. Specific support focuses on three areas – help with home schooling and tutoring, group therapy for children and a support group “learning to learn”. We donated CZK 100,000 to the project.

There is always a human story behind each helping behaviour. Those who deserve our help are often closer than we may think. This is also the story of our colleague Jana Fesslová who received from us CZK 39,000 for a new wheelchair. Similarly, four-year-old Adéla Snopková received CZK 50,000 to attend a physical therapy programme at the Spirála Centre, which specializes in the therapy for children with developmental, post-traumatic, congenital and genetic disorders.

We also support our employees in their non-traditional leisure activities. We donated CZK 30,000 to our colleague Martin Kukla, who is a poet but also a versatile athlete, for the publication of his poetry collection called *Optimistic Realism*.

We collected 331 kg of clothes from our employees and donated them to a non-profit organization – a network of second-hand clothes called Moment of Charity. Proceeds from the sale will go to another six non-profit organizations.

Innovation

We introduced a brand new product to the Czech market – ESSOX Rent, to finance long-term lease of vehicles. The client – a sole trader, a company or a consumer, simply chooses a specific model from our partner's offer.

ESSOX entered into a partnership with Cebia, a company that vets the origin of vehicles, and became the co-owner of its Caroline application.

We are the winning bidder to become the new and exclusive financial partner of Hyundai and Kia brands for the next three years.

Electromobility

In terms of electromobility, we continue to pursue our comprehensive electromobility strategy. In cooperation with partners, we offer comprehensive financing of environment-friendly projects, from electric or hybrid vehicles to recharging stations, photovoltaic panels or battery storage.

Client satisfaction

A satisfied client is the best feedback for us. We continue to improve our services and processes and invest in their digitalization. At the beginning of the coronavirus pandemic, we offered our clients who were adversely affected by the coronavirus crisis and the resulting economic slowdown, the

possibility to defer instalments. In October 2020, we launched a pilot run of EMMA (Essox Money Management Assistant).

In cooperation with the German start-up Re:ceive, we launched a unique solution to improve client satisfaction and save time when making payments. The system uses elements of artificial intelligence and can generate a unique tailor-made QR code for clients to make quick payments.

Responsible employee

The past year has brought many changes, such as the introduction of a new work model, which we call Flexi Office, where we alternate work from home and from the office. Our building has been transformed into a co-working hub with multiple team zones. We are becoming used to new focus rooms and share rooms and shared offices.

Our employees can use all the benefits offered within the KB and SG groups, such as meal vouchers fully paid by the employer, five extra days of annual leave, two days of sick leave, or contributions to supplementary pension and life insurance schemes.

We also provide our disadvantaged colleagues with additional benefits, such as one additional sick day and an annual contribution to Cafeteria.

Ethics and responsible business

All our decisions are taken in compliance with six principles of responsible financing: properly assess a loan application; say NO if necessary; protect clients through insurance; adjust to client requirements; be transparent; listen to clients.

We are a member of the Czech Leasing and Financial Association and comply with its Memorandum. We use actively the Bank Client Information Registry (BRKI) and the Non-Banking Client Information Registry (NRKI). We are a founding member of the Association for the Protection of Leasing and Consumer Loans (SOLUS). Our clients can approach Komerční banka's ombudsman with any contentious issue.

The environment

ESSOX operates in a smart, low-energy building in České Budějovice. We make every effort to use green energy and sort waste (recycling toners, old mobile telephones, and notebooks). Every year, we also participate in the Clean Up Czechia event. The sustainability issue at ESSOX is also obvious when looking at reductions in environmental pollution. Thanks to extensive digitalization, in 2020 the company reduced its paper consumption by 3,000 kg. The savings are supported by the digitalisation of client documentation and also new technology, such as contract signing by texting. And since last year meetings were moved to the online environment, ESSOX could make savings on foreign trips – a total of 40,000 air kilometres, approximately the Earth's circumference.

Modrá pyramida stavební spořitelna, a.s.

Clients come first

In 2020, we implemented ten key projects to support the perception of the Modrá pyramida brand and enhance client satisfaction and loyalty. Our priority is to increase the NPS, which has remained stable at 41 in the course of the last couple of months.

Last year was impacted mainly by the covid-19 pandemic that showed how quick and flexible we could be. For instance, we offered loan payment deferrals and helped hundreds of clients weather the difficult time in 2020.

Last year's events have confirmed that only the companies and brands that create a strong emotional bond with their clients will succeed, which is why our colleagues do their best every day to help clients to get ahead on their home buying journey.

Digitalization changes the world of housing

The steps taken by Modrá pyramida before the pandemic in the areas of innovation and digitalization to facilitate the home buying journey of our clients, had paid off. We are the only building society in the Czech Republic to operate our own application that boasts 50,000 users after one year of use.

Helping others goes without saying

The covid-19 pandemic has revealed our weaknesses and uncovered how vulnerable we can be. It showed what the real threats are, be it limited access to services such as health care or education, or uncertain monthly income. From the very beginning, we were aware of the difficulties that some clients, individuals, families or companies, might be experiencing in these challenging times. We therefore offered the possibility to defer loan instalments in the spring, or helped retirement

homes buy protective equipment by our donations. Similarly, we supported hospitals faced with bed and staff shortages and operating at the limit of their capacities in the autumn. In total, we donated a record amount of more than CZK 600,000 in 2020. Helping others where help is needed is in our DNA. A big thank to all those who are making it possible for us.

Satisfied employees are a priority

The long term ambition of Modrá pyramida in employee care is to build long-term partnerships with our employees that are founded on a relationship based on trust, respect, mutual communication, professionalism, respect for equal opportunities and the offer of interesting professional and career prospects. Employee care is one of our corporate priorities. At Modrá pyramida, we apply the non-discrimination principle when recruiting employees. We want to think ahead in terms of sustainability and take only the good from the tests that current times are bringing us. We are a dynamic company that builds on its achievements and is constantly evolving. And we welcome anyone who wants to be a part of it.

We supported financially retirement homes and hospitals faced with bed and staff shortages.





SGEF

Client satisfaction

We were the first leasing company at the market to react to the amendment that modified VAT payment by leasing companies, and the right of the lessee to deduct the tax. The clients using financial lease will now have the option to decide how and when they pay the tax due.

During the times of restrictive measures, we supported almost 30% of our clients with lease payment deferrals, both under the statutory moratorium and of our own initiative.

Trade partners, i.e. manufacturers and vendors, could benefit from a international programme called Stronger Together and allowing end clients to start repaying the new equipment only after half a year of use.

Ethics and responsible business

Investment with a positive impact on the quality of life financed by SGEF amounted to CZK 952.2 million, or 7.7% of the total portfolio (the share amounted to CZK 553.2 million, or 4.1% a year earlier). The largest share was earmarked for the purchases of public transport vehicles, waste management, public sector, forest management and health care.

Since 2017, we have been cooperating with the European Investment Bank on the Climate Strategy programme. Under the programme, we have extended investment financing worth EUR 39 million. First, we financed purchases of vehicles (locomotives and buses), and in 2020, we broadened the scope to include industrial machines and equipment.

Responsible employer and the environment

The covid-19 pandemic has accelerated the transition to smart office, which is now generally viewed as a standard rather than a benefit. The new working mode has made it possible to reduce the used office space in Prague by 35%.

In partnership with another KB subsidiary, Factoring KB, we participated in the global Clean-up event in the Czech Republic. The joint team collected 25 bags of waste at the Vltava embankment between Prague Holešovice and Prague Dejvice.

Social trends and innovations

The year 2020 was marked by the development of digital communication with clients, which saves time and increases the efficiency on both sides. We accept invoices from all trade partners electronically, we issue electronic invoices to more than a three quarters of clients, and we

also send reminders electronically to almost half of them. We launched a pilot digital signature, too. Thanks to all these innovations, the number of printed pages for clients decreased by 68% compared to 2017.

We saved another 165,000 printed pages thanks to digitalization of internal processes and document optimization.

Sponsoring and charity

We donated CZK 120,000 to the KB Jistota Foundation, and supported Vigvam, an organization that helps children and adults cope with the loss of a loved one.

In Slovakia, we regularly assign 1% of our income tax to the non-profit sector through tax assignment. It is the employees of our Bratislava branch who suggest and select its final beneficiaries. In 2020, we supported children and adults with disabilities, a centre for mothers and a Salesian order youth club.

We donated CZK 29,600 through the Truck HELP foundation to families whose parent, a professional truck or bus driver, died on the job.

We donated CZK 14,550 to Czech Radio's Světluška (Firefly) Foundation. The money was used to pay the participation fees for our employees who took part in the Night Run for Světluška.

We joined events organized by Komerční banka and donated blood or commuted to work by bike.

Report Profile

Komerční banka has been publishing its Non-Financial Report since 2015. The 2017 Non-Financial Report was the first report compiled in accordance with the Act on Accounting. While the 2019 Non-Financial Report was the first to use the GRI indicators, in this 2020 Report we work with the SDG for the first time and further broaden the disclosures for the financial sector. This report was prepared in compliance with the GRI Standards (the Core option).. We continue to further improve the processing and comprehensiveness of our report.

As in the case of Komerční banka's Annual Report, our reports are issued in an annual cycle, for the past calendar year. The preceding Non-Financial Report was issued in April 2020. The management approach and disclosures presented in the Non-Financial Report include exclusively Komerční banka, a.s. Other companies in the KB Group are under no obligation to publish non-financial information pursuant under Section 32 (f) to (i) of the Accounting Act and are excluded from the disclosures in the Report. However, our Report presents the corporate responsibility policy of KB's subsidiaries where KB holds a controlling interest and that significantly contribute to the assets and results of the KB Group.

The 2020 Non-Financial Report contains disclosures that measure the economic, social and environmental impacts as a direct consequence of our business activities. Komerční banka also contributes to some impacts through its financing or its supply chain. The relevant chapters explain how we control the indirect impacts. The Non-Financial Report was not audited by an independent auditor.

Compared to last year, we now monitor the following additional indicators: 302-3, 307-1, 407-1, 413-1, 413-2, FS4. Indicators 408-1, 409-1, 411-1 and 412-1,2,3 are regulated by the legal and ethical framework of the Czech Republic. Moreover, they do not represent any risk thanks to the nature of KB's business.


The non-financial disclosures are also reported to our parent company for the purpose of establishing a consolidated CSR report of Société Générale. The Non-Financial Report was prepared by KB Brand Strategy and Communication in close cooperation with other bank departments. Content creators can be contacted at: udrzitelnost@kb.cz

Content Index (GRI Index)

GRI Standard	Disclosure title	Placement in the reports (AR – Annual Report, NFR – Non-Financial Report)
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102-3	Location of headquarters	AR – Organization profile
102-4	Location of operations	Branches and ATMs
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102-14	Statement from senior decision-maker	NFR – Strategy, Page 3
	ETHICS AND INTEGRITY	
102-16	Values, principles, standards and norms of behaviour	AR – Strategy and results – Report of the Board of Directors NFR – Ethics and responsible business, Page 24
	GOVERNANCE	
102-18	Governance structure	NFR – Strategy / AR – Company Report, Page 11
	INVOLVEMENT OF STAKEHOLDERS	
102-40	List of stakeholder groups	NFR – Strategy, Page 10
102-41	Collective bargaining	NFR – Responsible employer, Page 40
102-42	Identifying and selecting stakeholders	NFR – Strategy, Page 10
102-43	Approach to stakeholder engagement	NFR – Strategy, Page 10
102-44	Key topics and concerns raised	NFR – Strategy, Page 10
	APPROACH TO REPORTING	
102-45	Entities included in the consolidated financial statements	AR – Strategy and results – Komerční banka Group, NFR – Report profile for KB a.s., Page 76
102-46	Defining report content and topic boundaries	NFR – Page 9 , 10 , 12 , 13
102-47	List of material topics	NFR – Strategy, Page 10
102-48	Restatement of information	NFR – Report profile, Page 76
102-49	Changes to reporting	NFR – Report profile, Page 76
102-50	Reporting period	NFR – Report profile, Page 76
102-51	Date of most recent report	NFR – Report profile, Page 76
102-52	Reporting cycle	NFR – Report profile, Page 76
102-53	Contact point for questions regarding the report	NFR – Report profile, Page 76
102-54	Claims of reporting in accordance with the GRI Standards	NFR – Report profile, Page 76
102-55	GRI content index	NR – Index GRI, Page 77
102-56	External assurance	NFR – Report profile, Page 76

□ (gray box) Compared to last year, we report the following new disclosures in 2020

MANAGEMENT APPROACH (GRI 103: MANAGEMENT APPROACH 2016)		
103-1	Explanation of the material topic and its Boundary	NFR – Report profile, Page 76 , NFR – Introduction, Page 10
103-2	The management approach and its components	Management approach and disclosures related to each aspect are further explained in the relevant part of the Report.
103-3	Evaluation of the management approach	Management approach and disclosures related to each aspect are further explained in the relevant part of the Report.
MATERIAL TOPICS		
GRI 200: ECONOMICS		
ECONOMIC PERFORMANCE (GRI 201: ECONOMIC PERFORMANCE 2016)		
201-1	Direct economic value generated and distributed	AR – Financial part
201-2	Climate change: Financial implications, risks and opportunities	NFR – Responsible and innovative financing, Page 55
MARKET PRESENCE (GRI 202: Market Presence 2016)		
202-2	Proportion of senior management hired from the local community	91%
INDIRECT ECONOMIC IMPACTS (GRI 203: Indirect Economic Impacts 2016)		
203-1	Infrastructure investment and services supported	NFR – Responsible and innovative financing, Page 56
203-2	Significant indirect economic impacts	NFR – Ethics and responsible financing, Page 26 , NFR – Sponsoring and charity, Page 60 , NFR – Responsible and innovative financing, Page 57
204-1	Proportion of spending on local suppliers	NFR – Ethics and responsible business, Page 31
ANTI-CORRUPTION MEASURES (GRI 205: Anti-corruption 2016)		
205-1	Operations assessed for risks related to corruption	NFR – Ethics and responsible business, Page 24
205-2	Communication and training about anti-corruption policies and procedures	NFR – Ethics and responsible business, Page 24
205-3	Confirmed incidents of corruption and actions taken	NFR – Ethics and responsible business, Page 24
ANTI-COMPETITIVE BEHAVIOUR (GRI 206: Anti-competitive Behaviour 2016)		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	NFR – Ethics and responsible business, Page 30
GRI 300: ENVIRONMENT		
ENERGY (GRI 302: Energy 2016)		
302-1	Energy consumption within the organization	NFR – Environmental protection – KB monitors and reports these values in kWh, Page 51
302-3	Energy intensity	NFR – Environmental protection, Page 48
302-4	Reduction of energy consumption	NFR – Environmental protection, Page 48
WATER (GRI 303: Water and Effluents 2018)		
303-3	Water withdrawal	NFR – Environmental protection, Page 51
303-5	Water consumption	NFR – Environmental protection, Page 51
EMISSIONS (GRI 305: Emissions 2016)		
	Management approach	CO ₂ emissions have been so far calculated to the year 2019. Details are explained in Chapter 4 – Environment .
WASTE (GRI 306: Effluents and Waste)		
306-2	Waste by type and disposal method	NFR – Environmental protection, Page 51
ENVIRONMENTAL COMPLIANCE (GRI 307: Environmental Compliance 2016)		
307-1	Non-compliance with environmental laws and regulations	No sanctions were reported.
GRI 400: SOCIAL		
EMPLOYMENT (GRI 401: Employment 2016)		
401-1	New employee hires and employee turnover	NFR – Responsible employer KB does not report these figures by gender, Page 36 and 37

 (gray box) Compared to last year, we report the following new disclosures in 2020

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	NFR – Responsible employer, Page 44
401-3	Parental leave	NFR – Responsible employer, Page 42
LABOUR / MANAGEMENT RELATIONS (GRI 402: Labour/Management Relations)		
402-1	Minimum notice regarding operational changes	NFR – Responsible employer, Page 42
OCCUPATIONAL HEALTH AND SAFETY (GRI 403: Occupational Health and Safety 2018)		
403-1	Occupational health and safety management system	NFR – Responsible employer, Page 38
403-2	Hazard identification, risk assessment and incident investigation	NFR – Responsible employer, Page 38
403-3	Occupational health services	NFR – Responsible employer, Page 38
403-4	Worker participation, consultation and communication on occupational health and safety	NFR – Responsible employer, Page 38
403-5	Worker training on occupational health and safety	NFR – Responsible employer, Page 38
403-6	Promotion of worker health	NFR – Responsible employer, Page 39
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relations	NFR – Responsible employer, Page 38
403-8	Workers covered by an occupational health and safety management system	NFR – Responsible employer, Page 38
403-9	Work-related injuries	NFR – Responsible employer, Page 38
403-10	Work-related ill health	NFR – Responsible employer, Page 38
TRAINING AND EDUCATION (GRI 404: Training and education 2016)		
404-1	Average hours of training per year per employee	NFR – Responsible employer, Page 43
404-2	Programmes for upgrading employee skills and transition assistance programmes	NFR – Responsible employer, Page 43
404-3	Percentage of employees receiving regular performance and career development reviews	NFR – Responsible employer, Page 43
DIVERSITY AND EQUAL OPPORTUNITY (GRI 405: Diversity and Equal Opportunity 2016)		
405-1	Diversity of governance bodies and employees	NFR – Responsible employer, Page 41 and 42
405-2	Ratio of basic salary and remuneration of women to men	NFR – Responsible employer, Page 42
NON-DISCRIMINATION (GRI 406: Non-discrimination 2016)		
406-1	Incidents of discrimination and corrective actions taken	NFR – Responsible employer, Page 42
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (GRI 407: Freedom of association and collective bargaining 2016)		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	KB does not have such operations, i.e. no such risk can occur
CHILD LABOUR (GRI 408: Child labour 2016)		
408-1	Operations and suppliers at significant risk for incidents of child labour	KB does not have such operations, i.e. no such risk can occur
FORCED OR COMPULSORY LABOUR (GRI 409: Forced or compulsory labour 2016)		
409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labour	KB does not have such operations, i.e. no such risk can occur
SECURITY PRACTICES (GRI 410: Security Practices 2016)		
410-1	Security personnel trained in human rights policies or procedures	An external supplier provides all relevant training, including training in human rights policies and procedures
RIGHTS OF INDIGENOUS PEOPLE (GRI 411: Rights of indigenous people 2016)		
411-1	Incidents of violations of rights involving indigenous peoples	We at KB are not aware of violations of the rules that are enshrined in Czech laws

☐ (gray box) Compared to last year, we report the following new disclosures in 2020

HUMAN RIGHTS (GRI 412: Human Rights Assessment 2016)		
412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights are governed by the Czech legal order as such, therefore, human rights cannot be violated by the principle of the functioning of the State; i.e., there are no such operations, no need for specific training in this area, no need for contracts and agreements to be assessed from this point of view
412-2	Employee training on human rights policies or procedures	Human rights are governed by the Czech legal order as such, therefore, human rights cannot be violated by the principle of the functioning of the State; i.e., there are no such operations, no need for specific training in this area, no need for contracts and agreements to be assessed from this point of view
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human rights are governed by the Czech legal order as such, therefore, human rights cannot be violated by the principle of the functioning of the State; i.e., there are no such operations, no need for specific training in this area, no need for contracts and agreements to be assessed from this point of view
LOCAL COMMUNITIES (GRI 413; Local communities 2016)		
413-1	Operations with local community engagement, impact assessments, and development programme	KB does not have any such operations
413-2	Operations with significant actual and potential negative impacts on local communities	KB does not have any such operations
POLITICAL CONTRIBUTIONS (GRI 415: Political contributions 2016)		
415-1	Political contributions	Support for political parties is prohibited under KB internal regulations
CUSTOMER HEALTH AND SAFETY (GRI 416: Customer Health and Safety 2016)		
416-1	Assessment of the health and safety impacts of product and service categories	Our products and services have no negative impact on health and safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our products and services have no negative impact on health and safety
MARKETING AND LABELLING OF PRODUCTS AND SERVICES (GRI 417: Marketing and Labelling 2016)		
417-1	Requirements for product and service information and labelling	NFR – Client satisfaction, Page 18
417-2	Incidents of non-compliance concerning product and service information and labelling	NFR – Client satisfaction, Page 18
417-3	Incidents of non-compliance concerning marketing communications	NFR – Client satisfaction, Page 19
CUSTOMER PRIVACY (GRI 418: Customer Privacy 2016)		
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	NFR – Client satisfaction, Page 19
SOCIO-ECONOMIC COMPLIANCE (GRI 419: Socioeconomic Compliance 2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	NFR – Client satisfaction, Page 18
ADDITIONAL SECTOR DISCLOSURES: FINANCIAL SERVICES (G4 Sector disclosure: Financial Services)		
(FS1)	Policies with specific environmental and social components applied to business lines	NFR – Ethics and responsible business, Page 24 and 28
(FS2)	Procedures for assessing and screening environmental and social risks in business lines	NFR – Ethics and responsible business, Page 55
(FS3)	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	NFR – Ethics and responsible business, Page 55
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	NFR – Ethics and responsible business, Page 55
FS14	Initiatives to improve access to financial services for disadvantaged people	NFR – Strategy, Page 20
(FS16)	Initiatives to enhance financial literacy by type of beneficiary	NFR – Ethics and responsible business, Page 31

AR – Annual Report, NFR – Non-Financial Report

Annex: Membership of Organizations

American Chamber of Commerce in the Czech Republic
American Chamber of Commerce in the Slovak Republic
Association for Energy Storage and Batteries
Association for Electronic Commerce
Association for Property Market Development
Association of Chartered Certified Accountants
Association for Infrastructure Development
Association for Capital Market
Association of Business Service Leaders in the Czech Republic
Association of Certified Fraud Examiners
Central Securities Depository Prague
COGEN Czech
Comite National des conseillers du commerce exterieur de la France
CGI Corporate Governance Institute
CZ Biom, Czech Biomass Association
Czech Banking Association
Czech Institute of Directors
Czech Institute of Internal Auditors
Czech Compliance Association
Czech-Chinese Chamber of Mutual Cooperation
Korean Chamber of Commerce in the Czech Republic
Czech-German Chamber of Trade and Industry
European Banking Federation (Payment System Committee)
French-Czech Chamber of Commerce in the Czech Republic
French-Slovak Chamber of Commerce in Slovakia
Netherlands-Slovakia Chamber of Commerce
Czech Chamber of Commerce
International Swap and Derivatives Association

Canadian Chamber of Commerce in the Czech Republic
Chamber of Certified Accountants
Czech Chamber of Tax Advisers
CFO Club
Chamber of Trade and Industry for CIS Countries
MasterCard International MCI
Mountfield HK Business Club
SWIFT Members National Association in SR
National Committee of the International Chamber of Commerce in the Czech Republic
Odyssea, z.s.
People Management Forum
Bank Card Association
COMMON Czech Republic association
Japanese Chamber of Commerce and Industry in the Czech Republic
Slovak Compliance Circle
Slovak Banking Association
Slovak-German Chamber of Trade and Industry
Society for Worldwide Interbank Financial Telecommunication (SWIFT)
Solar Association
Society of Environmental Engineering
Union of Banks and Insurance Companies
Czech Private Equity and Venture Capital Association
Financial Markets Association of the Czech Republic (A.C.I.)
Forex Club
Turnaround Management Association, Czech Republic
Union of In-house Lawyers of the Czech Republic
Visa Europe, Czech Republic and Slovakia