

# KB SUSTAINABILITY REPORT 2019

---

Komerční banka, a.s.



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

**Corporate social responsibility has been a perfectly natural part of our daily activities for many years. It has become one of the key priorities of the Bank and of the whole KB Group. We continuously confront all corporate processes with the requirements of environmentally and socially responsible business. Since corporate social responsibility really matters to us, we assess our clients and suppliers against our corporate values and measure the impact of our business on them.**



“I am sincerely pleased that social responsibility has long ceased to be an unknown or insufficiently understood notion to most people in Komerční banka. It is a natural part of our everyday business, behaviour and decision-making. We simply live social responsibility in the Bank.

Sustainability has always made sense to me and I fully adhere to it. Since taking up the position as the Chairman and CEO, I have been delighted to note and continue to promote its growing importance for our clients and society as a whole. I clearly see it as an underlying natural part of our corporate culture.”

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

## Table of Contents

02	Introduction
04	Our Strategic Approach to Sustainability
08	Client Satisfaction
16	Ethics and Responsible Business
20	Responsible Employer
32	Environment
36	Trends and Innovations
38	Sponsoring and Charity
44	KB Group Companies
52	Report Profile
53	GRI Index
58	Annex: Membership of Organisations

# Our Strategic Approach to Sustainability

To address social responsibility systematically and thoroughly, we have structured our business around six fundamental pillars. The pillars define our CSR strategy and relate to responsible business and financing, and support for environmental and charitable activities, financial and digital education and cyber security.

1

## Client satisfaction

We regard client satisfaction as a strong foundation for sustainable growth. It is only clients' feedback that helps us to improve constantly.

2

## Ethics and responsible business

We care where our loan money goes. We respect privacy and freedom, while reducing the risks of corruption, money laundering or terrorist financing.

We support socially and environmentally responsible projects. 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. We create a favourable environment conducive to professional and personal growth of our employees.



4

**Environment**

**Waste sorting is a common practice at KB. We reduce paper, plastics and energy consumption and transport costs.**

5

**Societal trends and innovations**

**We innovate products, and support projects with a positive impact on the population, environment and regional development.**

6

**Sponsorship and charity**

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

To identify the key areas and set out our corporate social responsibility objectives, we have relied on a variety of publicly available sources that deal with major topics related to the financial sector, i.e. GRI Sustainability Topics for Sectors – What do stakeholders want to know? (Banks, Diverse Financials and Insurance), SASB Materiality Map – Financials, Governance and Accountability Institute: Sustainability – What Matters? (The Financial Services Sector), nor did we forget to compare with other major financial institutions. We also took part in targeted surveys of some of our major stakeholders who are actively affected by our business, including the IPSOS mainstay survey of the public perception of CSR and also internal KB staff surveys. We also regularly engage in dialogue with our clients, asking about their satisfaction with our services and products, and evaluating their feedback.

The Czech public regards the following topics as the most important: environmental protection; fair treatment of employees; transparent communication with customers; business ethics; development of modern technologies or fostering education. The list of important topics for the banking sector specifically includes transparent communication with clients; support for educational projects; fair treatment of employees; care, protection and support for disadvantaged groups and environmental protection. 61% of the population acknowledge that social responsibility is an important factor as regards the choice of a bank; 60-68% consider it to be important not to support projects with a negative impact on the environment. An internal survey highlighted the opinion of the staff that Komerční banka should endorse the activities that are directly related to the Bank's activities and operation. Logically, the employees consider fair treatment of staff as the most important factor, followed by environmental protection, education, transparent communication with clients and deployment of modern technologies. Nearly 83% of respondents (or 90% of those who expressed their opinion) perceive KB as a responsible bank. The recurring participation of 20% of employees in volunteer days and the plan of another 40% to do so in 2020 corroborate the fact that a responsible employer approach is an important driver.

**To address social responsibility systematically and thoroughly, we have structured our business around six fundamental pillars.**

KB's CSR strategic pillars	Major sustainability topics	Where the topic matters	
		Inside the Bank	Outside the Bank
Clients' satisfaction	• Financial results, stability and sustainable growth	✓	✓
	• Clients' satisfaction	✓	✓
	• Transparent communication		✓
	• Cybersecurity		✓
	• Innovative products and services	✓	✓
Ethics and responsible business	• Compliance with law and risk management	✓	✓
	• Ethical business, measures against corruption, money laundering and financing of terrorism	✓	✓
	• Financial literacy		✓
Responsible employer	• Relations with employees	✓	
	• Working conditions	✓	
	• Employee health	✓	
	• Equal treatment and pay	✓	
	• Professional and personal growth of employees	✓	✓
Environment	• Environmentally-friendly operations (resources and energy consumption, waste management)	✓	✓
Societal trends and innovations	• Responsible financing, projects with a positive impact on society and the environment	✓	✓
	• Innovative products and services	✓	✓
Sponsoring and charity	• Philanthropy (KB Jistota Foundation)		✓
	• Sponsoring (culture, education)		✓
	• Volunteering	✓	✓

Financial results are, of course, important to us, but not at any cost. We care where the loan money goes. Some time ago, we signed up to the principles of responsible financing, and we do not provide banking or financial services to the companies indicated in what SG calls 'the E&S exclusion list' (coal extraction and burning, export of arms and military equipment exports to controversial countries or war zones, etc.). For this reason, we have also filled the post of an expert in environmental and social risks. We support start-ups, innovative businesses or micro-businesses with social outreach and green projects. Since we pay attention to the financial health of our clients, we foster financial education of all age groups, encourage responsible lending and promote financial literacy. Our experts educate the public about the safe use of electronic banking, etc.

In 2019, we finished third in the Bank without Barriers competition. More than 200 KB branches offer the Transkript service to hearing-impaired clients, which transcribes the conversation between the client and the relationship manager on-line on a monitor screen.

We also place great emphasis on the satisfaction of our employees, offering them flexible working hours, a variety of forms of alternative employment contracts and, if the nature of work permits, the opportunity to work from home to better balance work and private life. We also stay in touch with employees on maternity or parental leave, and after their return, we make it easier for them to re-enter working life through flexible forms of work. We create a favourable environment conducive to professional and personal growth of employees. We sup-

Target group	Communication framework
Clients	Periodic satisfaction surveys and measurement, feedback
Employees	Periodic satisfaction surveys, feedback
Shareholders / Investors	Events and meetings with investors / shareholders, General Meeting
Regulatory bodies (CNB)	Close cooperation with regulatory bodies
Suppliers	Implementation of the policy of responsible sourcing and purchasing
Professional associations (CBA)	Periodic meetings, dialogue in working groups
Non-governmental and non-profit organisations	Meetings with non-profit sector representatives
Rating agencies	Studies and analyses Periodic meetings with financial analysts

port employees' healthy lifestyle and their physical and mental well-being through the Moje Vitalita programme.

We practise CSR not only through the corporate policy towards the public, but also convey the CSR message within the Bank. We bring environmental issues up in our daily business and make efforts to eliminate our environmental footprint, for example, by reducing paper and plastic consumption or by replacing some travel by video calls. Our employees participate in socially responsible and charitable projects. Each KB employee can use one working day a year for volunteering in the non-profit sector.

The CSR activities are coordinated by a working group steered by KB Brand Strategy and Communication. The working group also includes staff from other key departments, who help to implement the specific pillars of our CSR strategy. The strategy and its implementation are regularly presented to KB management who are kept informed and provide feedback to the project team.

Our KB Jistota Foundation has been supporting projects in social and health services for more than 20 years now focusing on the elderly and children; we help to educate young people who are leaving children's homes and entering their working life.

**Since we pay attention to the financial health of our clients, we foster financial education of all age groups, encourage responsible lending, and promote financial literacy.**



# CLIENT SATISFACTION

---

Fully in line with our strategy to build and sustain long-term partnerships with clients, client satisfaction is one of our key priorities. We view everything we do through our clients' eyes. We want our clients to be satisfied when they contact our employees at branches and Contact Centres or in the online environment. Our goal is to offer transparent products and services, a friendly and intuitive environment in the internet and mobile banking channels and innovations that make their lives easier.

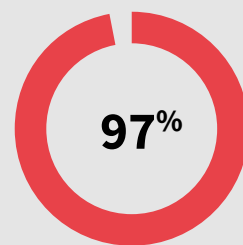


The path leading to good customer experience is not a result of coincidence. For us, transparent communication and the ability to listen to clients, understand their needs and translate them into the offer of products and services is an important means of achieving this goal. We regularly present all the improvements and innovations that make life easier to our clients. Since each client matters to us as an individual, we apply an individual approach not only at branches and the Contact Centre, but also when we design our solution offers. It is our key priority to ensure the continuous development and stability of our systems, which contributes to the positive perception of our digital services.

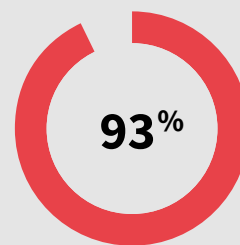
We receive information about clients' experiences and wishes through client feedback. Here, we learn very quickly about the pain points that inconvenience our clients and are solvable. We continually monitor clients' feedback regarding customer satisfaction and willingness to recommend Komerční banka to friends and acquaintances. In 2019, we approached more than 900,000 clients and received 200,000 client feedback. We value suggestions and opinions but are aware that measuring feedback alone is not enough. Negative client feedbacks is therefore handled on an individual basis by colleagues at branches and the Contact Centre, usually within 48 hours following receipt. We are also prepared for situations that require broader contextual knowledge or process changes on the part of the Bank. Such initiatives are transmitted as functional system-based solutions back to the colleagues in charge in a short time.



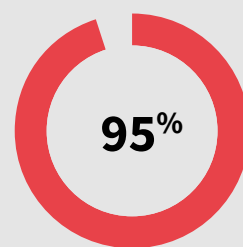
**In 2019, we approached more than 900,000 clients and received 200,000 client feedbacks.**



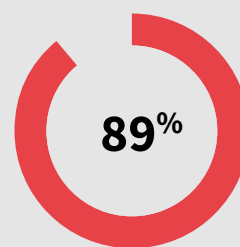
Relationship Manager



Contact Centre



Mobilní banka



Account and payment from the account

We cooperate with the IPSOS research agency to measure client feedback. We send questionnaires to clients by e-mail the day after their visit to a branch or other contact with the Bank (phone calls to the Contact Centre, interaction via mobile banking, etc.). In addition, we daily ask a random sample of clients about their overall satisfaction with Komerční banka, regardless of whether or not the client has been in contact with KB recently.

Generally, clients appreciate KB Contact Centre and express satisfaction with the branches, too. Mobilní banka is rated excellent and the MojeBanka internet banking is also doing well in the eyes of our clients. The satisfaction with our products and services is on an upward curve. The champion of 2019 in this respect were, however, payment terminals, where, based on client feedback, we implemented a number of adjustments and improvements, thus increasing customer satisfaction.

We also score very well with our services for corporate clients. Customers in this segment best appreciate the helpfulness and excellent cooperation with the relationship managers, quality service, and the KB brand as such. They also appreciate the speed of request processing and good credit terms.

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

### **New developments in 2019**

Since the client is our top priority, we constantly improve products and services based on their comments and suggestions. In 2019, we received hundreds of ideas for new services and improvements. We implemented more than 20% of them, offering clients exciting innovations and improvements.

To further increase client satisfaction, we introduced, for example, brand new and modern mobile banking applications (Mobilní banka and Mobilní banka Business) for Android phones. In the autumn, we introduced the version for iOS. About a thousand KB clients, and clients of other banks, too, participated in its development and fine-tuning. With intuitive control, the brand new application with innovative design is much simpler and more comprehensible.

In addition, since 2019, we have been one of the first Czech banks to offer our clients the possibility to pay through Apple Pay. The service can be activated in the Wallet application that is preinstalled in Apple phones. KB was also the first bank in the Czech Republic to provide an application for Apple Watch with the option to check the account balance and transaction history.

In 2019, we took a major step further by allowing KB clients to view accounts held with other banks both in their computer and mobile telephone. We have been continuously expanding the number of banks that can be viewed through KB internet and mobile banking.

We introduced a new credit card with free payment protection insurance and Home Assistance with post-warranty appliance repair service, household water or electricity service emergency and IT assistance.

Besides the fact that the card is issued free of charge and there is no maintenance fee, clients have one ATM withdrawal per month in the Czech Republic payment protection insurance and optional automatic repayments during the grace period (45 days) free of charge.

To increase client satisfaction and comfort, we opened another drive-up ATM, at the Benzina petrol station in Brno Zvonarka. In total, KB operates drive-up ATMs at four petrol stations (in Prague, Hradec Králové, Ostrava and Brno). KB introduced this type of ATMs in July 2018, and since then, it has been growing in popularity among clients.

In September 2019, we joined the instant payments scheme with money transfers in CZK between banks from account to account within a few seconds at the same price as domestic incoming or outgoing transfers.

We were the first bank in the Czech Republic to launch in 2019 the application for the Alexa digital voice assistant by Amazon. The service is available for all supported devices, from smartphones to digital home voice assistants. It is now possible to ask Alexa in English where the closest KB ATM is

or about the current euro or US dollar exchange rate according to the KB exchange rate list. Since the summer of 2019, it has been possible to make transactions with payment cards through the contactless card readers at selected KB ATMs.

Last year, we also expanded the number of branches providing access to hearing-impaired clients. More than 200 branches offer a free Transkript service now. The conversation between the client and the relationship manager is transcribed online to written form allowing the hearing-impaired clients to communicate easily and independently with their relationship manager. The service is provided in cooperation with the social enterprise Transkript online, a successful employer of blind speedwriters.

A major project targeted at business clients was the roll-out of Business Centres. The Business Centres specialise in well-developing companies with CZK 10 to 60 million in sales, offering them professional and specialist support and individual consultancy through experienced and continuously trained relationship managers. Each of the 48 Business Centres provides tailor-made access to a large portfolio of services operated by the Bank and companies and partners in the KB Group, and beyond.

At the beginning of 2019, we launched the deployment of newly defined client service processes and rules at Business Centres. The implementation was subsequently verified in the form of certification by KB headquarters specialists. The results of the certification confirmed rapid acceptance of the new client approach and will continue throughout 2020.

KB pursued its efforts in favour of the quality and accessibility of services for starting businesses. In addition to offering financial services on more favourable terms, we have prepared an extension of the start-up funding package and piloted the concept of mentoring starting businesses in partnership with the Student branch in Brno, the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic and the Podnikni to! (Undertake!) platform. The year 2019 was the seventh edition of the Nastartujte se! (Start Up) grant programme with the second highest number of projects in its history, or 64 projects submitted by starting businesses from various sectors.

Through out 2019, we expanded our offer of related third-party services bringing practical added services to clients. We already were offering Facturoid online invoicing services, the Czech Information Agency's information service (CIA NEWS) and access to the portal advertising new business opportunities for engineering companies by Kooperace.cz. Now In 2019, we added a privileged access to Board, a unique application on the Czech market offering comprehensive business finance management by BudgetBakers.

## Client testimonials

"I was withdrawing money from an KB ATM in Podbořany today and was pleasantly surprised because the ATM is also a cash deposit ATM. Only ČS operates such an ATM in Žatec. The withdrawal and cash deposit ATM can be handy sometimes, especially when there are a lot of people at the branch."

"I have an account with KB as an individual and at the same time, our municipality where I have been on the council for 25 years, also has had accounts with KB for a long time. My assessment of the attitude and commitment of relationship managers, favourable terms for lending investment money, bridge loans to secure subsidies, etc., is very positive. It has never happened that I would not be given financial advice. I also appreciate the staff at the counters. Put simply, I like going to KB."

"A very nice relationship manager in Most - she explained everything in detail, set the banking application on my mobile phone, explained a new, safer access system, and more."

"Respecting appointment times, professional explanation of all activities, offering and recommending new KB products, a nice environment and helpful relationship managers."

"In the morning on my way to work, since I had a little extra time, I paid a visit to the vending machine in the station hall. I paid for my purchase on my mobile phone with Google Pay. It is very convenient, and it is good that KB supports this service. I even think that KB was one of the first because I have had it for a long time. Who would say that?"

"Basically, I am satisfied, the mobile key finally replaced the certificate, but I am sorry that I was not offered a free savings account for my new account, like my husband got one as a new KB client. I am a long-time client, so I think I should get this favour, too."

"It's great that it took literally a few minutes to set up an account. The gentlemen explained everything, gave us advice, and provided examples of different account settings. The only thing that surprised me was that even though I activated the account, it took about 12 hours to see that the card was activated in the internet banking."

"I learned everything I needed to know, including new benefits of the accounts, even though I didn't have an appointment. The branch director received me, was very helpful and explained everything in detail. Thank you!"



### Quality Guarantee

We care about our clients' satisfaction and we do not wish our clients to experience unpleasant surprises. In 2019, we continued with Quality Guarantee (i.e. the guarantee of professional conduct and quality services). Under the programme, our clients can try out our services. If they are not satisfied with a newly opened account or other selected products within the first six months of use, we will refund the charges for maintaining them, see <https://www.kb.cz/cs/produkty-nanecisto>.

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

Trusteer Report is a security tool that protects against specific threats, such as harmful websites (phishing), malware and attempts to detect passwords (keylogger). Trusteer is an IBM co-developed product to protect the most sensitive data against access data abuse to make sure that our login information is entered where it should be and is not shared with anyone else. In late January 2020, more than 246,000 clients had Trusteer Rapport installed and 1,160 potential frauds were prevented.

We continue investing in client data security and develop systems to detect fraudulent transactions. Our payment fraud prevention team detected 131 transactions totalling CZK 26 million in 2019.

### 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 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>.

We also monitor complaints about breaches of customer privacy and loss of customer data, as well as compliance with social and economic regulation. 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 breaches of customer privacy and loss of customer data are handled by the Data Protection Officer, who verifies their merits and communicates with clients and the regulator. In 2019, only a few cases were registered.

Our transparent communication on products and services and advertisement are subject to review by the Broadcasting Council (RRTV), <https://www.rrtv.cz/en/Default.aspx>. If the recipient of our advertisement wishes to raise a grievance, he or she can contact the Council. The RRTV then contacts the Bank that has the right to comment. In 2019, the Bank did not register any complaints submitted to the 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 2019.

We were the first bank in the Czech Republic to appoint an independent ombudsman as early as 2004 to enhance the quality of services provided not only in Komerční banka but also in the KB Group. In 2019, the ombudsman examined 20 complaints, i.e. a similar number as in 2018 (19 claims registered).

**Our goal is to have satisfied clients who have confidence in Komerční banka.**

## Awards

Komerční banka is pleased to be accredited with several awards in the 18th edition of the prestigious Bank of the Year 2019 competition. Our CEO Jan Juchelka was named Banker of the Year in a special category. In the main competition category, the Bank of the Year, we placed third and won the same place in the Bank without Barriers category.

In the Best Bank and Best Insurance Company ranking organised by the *Hospodářské noviny* daily, Komerční banka finished second in the 2019 Banking Innovator category, thanks to our clients who nominated our mobile and smart watch payment services. Komerční pojišťovna repeated its success from previous years and won three precious metals. Gold was awarded in the 2019 Best Client-friendly Insurance Company category, silver in the 2019 Best Life Insurance Company category and its first-time silver medal in the Insurance Innovator category, specifically with the Mutumutu product.

In the 9th year of the prestigious TOP Employers survey, with 11,491 Czech university students voting in autumn 2019, Komerční banka ranked first in the Banking & Investment category, repeating its success from previous years. In a survey of the prestigious *Euromoney* magazine, Komerční banka was named the best provider of Cash Management in the Czech Republic, beating the competition of all banks operating on the domestic market. We won the first place and the title of Euromoney Market Leader. The resulting ranking of banks was determined based on evaluation by clients, mostly CFOs and CEOs of medium-sized and large companies.

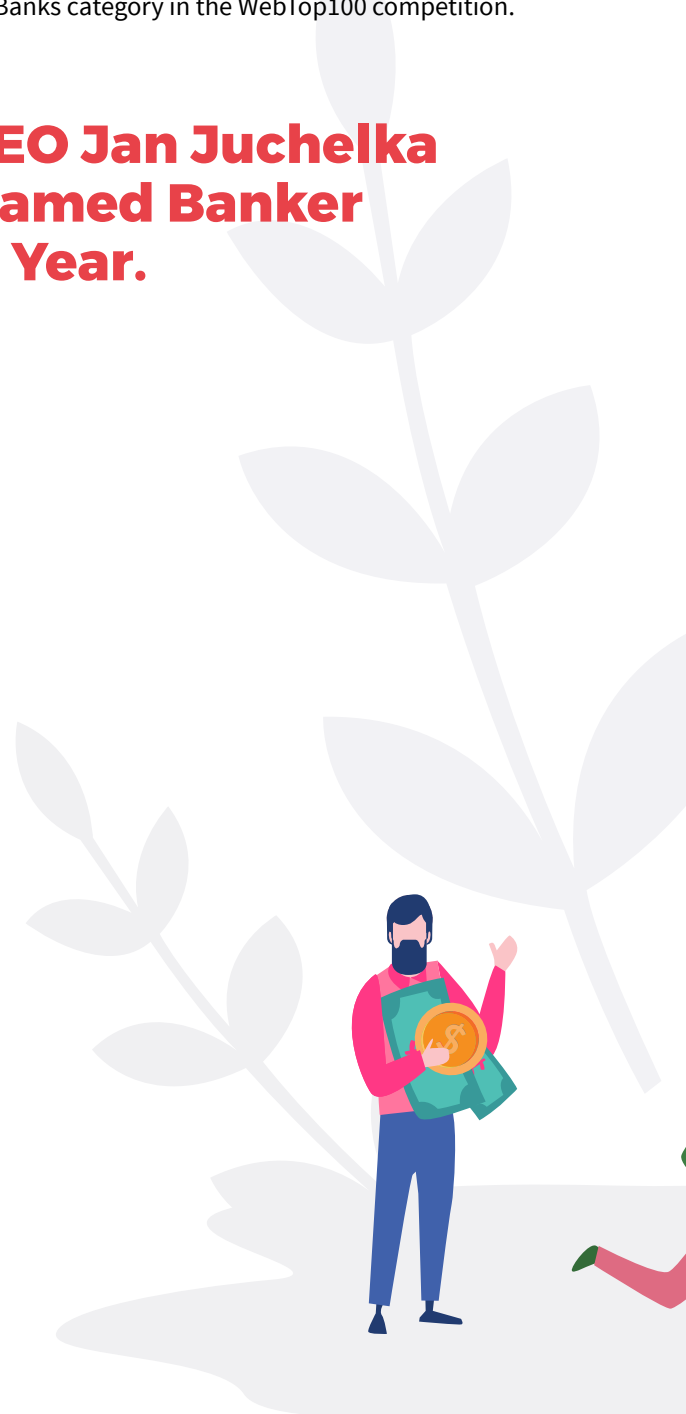
The renowned financial magazine *PWM (Professional Wealth Management)* from the Financial Times media group sent us to the top position among Central and Eastern European banks for our use of technology in private banking. The title of the Best Private Bank Use of Technology in Central and Eastern Europe category was awarded to Komerční banka as part of the Wealth Tech Awards 2019. This is even more valuable because we managed to replicate our success from last year.

We earned the recognition of an international jury for our approach to digitalisation, underlined by the KB Change programme implementation and the digitalisation strategy adopted, including a newly created position of the Chief Digital Officer for the Board of Directors. The jury appreciated a number of technological innovations, i.e. multibanking, connection of accounts from other banks in the MojeBanka and Mobilní-Banka applications, Fakturoid, the first successful cooperation with a start-up originating from the Innovation Lab, Apple Pay, Garmin Pay and Fitbit Pay mobile payments, transactions using fingerprint authorisation or face recognition, KB Key, pension savings e-management, and our private banking applications Dialogue & Assets Allocation Tool and PrivTool.

Our advertisement campaigns also celebrated success. Together with our creative agency, Ogilvy Czech, we introduced a limited card edition with Emoji symbols for the young generation. The *In the Prague Metro* campaign convinced the ADC

Czech jury, and Komerční banka won bronze in the 2019 Outdoor category of ADC Creative Awards 2019. We were also successful with projects focused on web communication. In April 2019, we took the first place in the KENTICO Site of the Year contest in the Financial Service category and also were named the GLOBAL WINNER. The Bank also won the first place in the IEA 2019 competition in the Corporate Sites category and finished second in the Banks category in the WebTop100 competition.

## Our CEO Jan Juchelka was named Banker of the Year.







# **ETHICS AND RESPONSIBLE BUSINESS**

---

Strict adherence to ethical rules is self-evident for us. We also monitor the social and environmental impact of our business.



### Rules of conduct

Komerční banka is aware that the basic prerequisites for the successful development of the company include professional and ethical employee conduct to build open relationships with clients and deepen trust between KB and its partners. KB Group has defined rules of ethical and employee conduct, which are based on both the general obligations set by regulatory requirements and the standards of professional conduct applicable to banking. The obligations laid down consist mainly of rules for the protection against conflicts of interest, rules for accepting gifts, rules for protection against position abuse, and rules to protect against abuse of confidential information. The principles of ethical conduct are valid for all employees and are defined in the internal regulations of the Bank. Employees are regularly reminded of the need of respecting the rules through regular training. A Société Générale Group training programme focusing on the principles and values of individuals and the whole Group also contributes to raising KB employees' awareness of ethical conduct. All employees are trained at the beginning of their employment and regularly every two years. In addition, the Bank and the Société Générale Group have designed tailor-made training courses for selected employees who are trained regularly and on an ad hoc basis. Only employees who are absent for long periods or on maternity leave are not trained.

### Anti-corruption measures

Compliance and zero tolerance of any form of corruption are the basic standard and principle of socially responsible business to which KB Group is committed as we understand that we can sustain and strengthen our position in the competitive market in which we operate only by consistently applying ethical principles in conducting business. The rules and principles of ethical and professional conduct, including those adopted in terms 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 mandatory contract clauses. The Compliance Department is responsible for setting rules and measures to combat corruption and for continuous monitoring of these measures. In view of Société Générale's emphasis on this area, KB has taken several measures, such as updating the anti-corruption policy, setting stricter rules for accepting and offering donations, creating a donor record database and setting up a system of controls.

### Whistleblowing

It is in Komerční banka's interest that its employees prevent and actively alert to any violations of any regulatory or ethical rules. In this respect, all employees are given the opportunity to report any substantiated suspicion of violation of regulatory or ethical rules to the Compliance Department. The rules for this procedure are set out in the Code of Conduct and detailed in the follow-up manual. Employees are informed about this pos-

sibility during the initial training, continuous e-learning training and on the intranet. Employees are guaranteed that their submissions are handled anonymously to the maximum extent possible and that no retaliation is taken against them.

### Measures against money laundering and terrorist financing

Komerční banka makes every effort to prevent abuse of its services for any purpose of money laundering or terrorist financing. For this purpose, it applies policies, methods, and control procedures in accordance with applicable laws, regulations and standards of the Group. The internal preventive system in this area is regularly verified and updated. Information is continuously shared with all employees in the form of operational reports or face-to-face or e-learning training. The company has implemented a system of monitoring all transactions and business relationships, and it strictly adheres to the internal rules for client on-boarding to ensure detailed client identification and knowledge.

### Protection of competition

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

### Responsible Lending Index

The Responsible Lending Index by the People in Need NGO assesses the banking industry's lending practices in terms of sixteen parameters, including costs, transparency and client approach. Last year, we remained at the top of the rankings, which corroborates our open and transparent communication with our clients. In 2019, we scored 71 points out of 100.

### Responsible financing

In the Corporate and Investment Banking segment, the implementation of the environmental and social ("ES") risk management system was completed at the end of 2019. The system identifies and examines clients and transactions with increased environmental and social risk or in sensitive sectors. The implementation of this system has contributed to the adoption of the Principles for Responsible Banking passed at the UN General Assembly in New York on 23 September 2019 and supports the long-term sustainability of business across the KB Group.

The methodology of ES risk assessment and management, with regard to the size, business line and risk profile of the client's activities, is laid down in KB regulations. Assessment always takes place during client on-boarding as part of the KYC procedure (Know Your Client) and subsequently

at regular intervals. Similarly, individual transactions are assessed in terms of size, products used, sectors, currencies, geographies and others. When assessing environmental and social risks in project funding, the KB Group follows the rules of the Equator Principles voluntary framework, which defines the minimum internal requirements for due diligence and responsible financial evaluation of projects and represents the best practice in the financial sector. Following the assessment, clients and transactions are categorised by the level of risk, which predetermines the Bank's subsequent procedure, including the possibility of rejecting the client or transaction and taking relevant follow-up steps. Relationship managers, KB's ES expert, credit analysts and staff from Risk Management and Compliance are involved in the assessment process at each stage. Relationship managers and credit analysts monitor compliance with any additional environmental clauses in credit agreements.

As a provider of responsible banking services, KB grants or facilitates more favourable financing terms to activities with a positive social and environmental impact. Examples of the financing of projects with a positive impact include the Bezdíněk farm where waste heat from the Dětmárovice power plant is used to grow tomatoes and cucumbers, and primarily rainwater is used for irrigation. Or Agro Kadaň, a company that uses cheap night-time electricity to grow tomatoes in greenhouses and reduces its carbon footprint by supplying vegetables only to customers in the immediate vicinity.

Obviously, KB supports investments in infrastructure projects, especially in road building, refurbishment and construction of hospitals and schools, transport infrastructure, transport terminals, etc.

The Bank does not neglect the marginalised, neglected or disadvantaged groups of population. In 2019, the Bank extended 1,495 microloans to small businesses amounting to CZK 535 million, or student loans totalling CZK 3.7 million. KB cooperates with several European institutions under specific programmes (see the Chapter Trends and Innovations) in co-financing activities with a positive impact on people's lives, the environment and regional development.

### **Promoting financial and digital literacy**

Financial and digital literacy has proved to be an increasingly discussed theme in the public debate. In the Czech Republic, both the private and public sectors have made efforts to address the problem of skills gap through various activities aimed at different age groups. For us as a bank, it is essential that the public understands the principles of sound money management and follows them in the long term. Financial literacy is a prerequisite for a healthy society that is also competitive on the global scale.

Our target groups include primary school pupils (in higher years), secondary school students, seniors and generally, the population that falls under the category of vulnerable groups.

In 2019, we launched cooperation with the Institute for Economic Education and became the General Partner of the Economics Olympiad, an international competition increasingly popular with secondary school students. The participants in the Olympiad demonstrate their knowledge of economic indicators as well as general understanding of finance and banking.

In the spring of 2019, another edition of the international Global Money Week was held, of which we were the General Partner. The aim of the event is to promote financial literacy and to raise awareness of financial well-being across generations.

In 2019, we again joined the Czech Banking Association's project in place since 2014 titled Bankers to Schools. The project fosters personal meetings with pupils and students of primary and secondary schools. In 2019, we financially supported the operations of the non-profit organisation Financial Distress Advisory Centre (Poradna při finanční tísni). In cooperation with this organisation, we organised new training meetings with seniors to help them better understand the modern financial world.







# RESPONSIBLE EMPLOYER

---

Komerční banka's strategic vision is to build long-term partnerships with its employees founded on a professional relationship based on trust, respect, mutual communication, respect for equal opportunities and the offer of interesting professional and career prospects. These values are deployed across the Group.

### Employee relations

In terms of the legal framework, the entire Group is subject to the same legislative conditions and standards as any other employer in the Czech Republic. Our activities are supervised by the Czech National Bank, which may apply other regulatory measures, for instance in relation to employee education and remuneration. Rules of SG and international standards also can be applicable. Compliance with laws and regulations is subject to regular and random reviews, and failure to comply with these standards can be sanctioned under the applicable regulations.

In Komerční banka, we follow the legislation of the Czech Republic, including the binding legislation of the European Union as well as all international agreements 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 Organisation. In case of overlap into international employment, we follow Regulation (EC) No 593/2008 of the European Parliament and of the Council on the law applicable to contractual obligations (Rome I).

**Komerční banka's strategic vision is to build long-term partnerships with its employees.**



## Average FTE number of employees

2019



2018

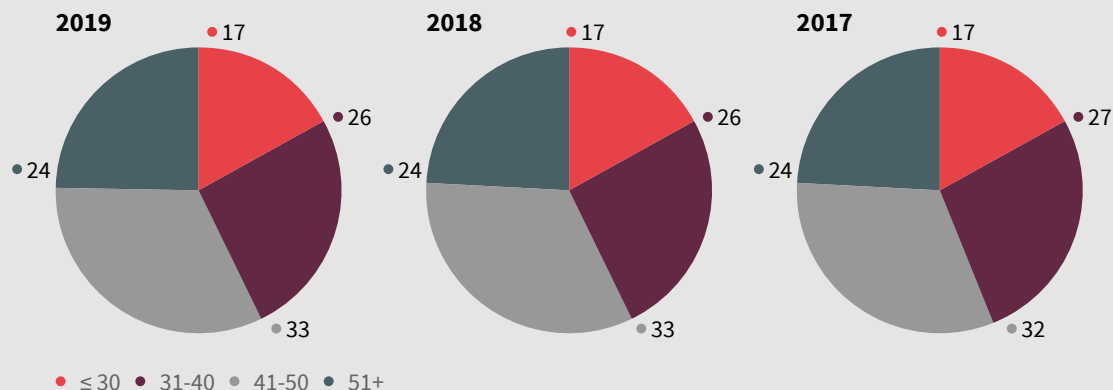


2017

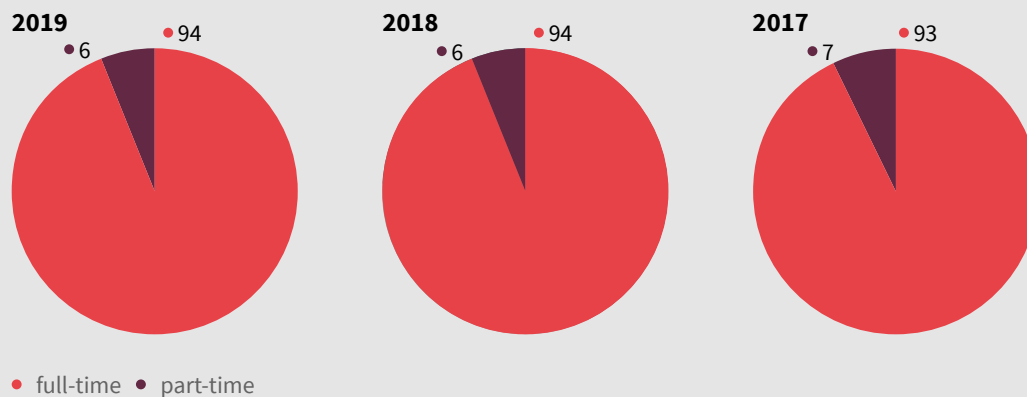


● KB Group ● Komerční banka ● of which in Slovakia ● of which in the Czech Republic  
 ● of which at headquarters ● of which in the distribution network

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

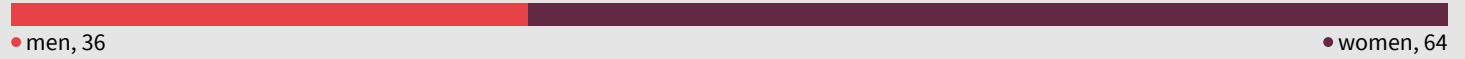


## Employees by type of employment contract, %

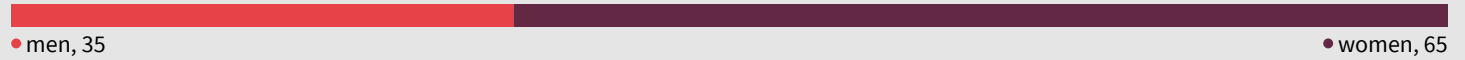


## Proportion of women and men at KB, %

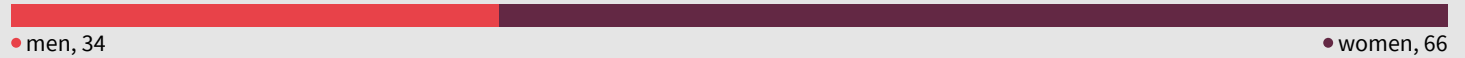
2019



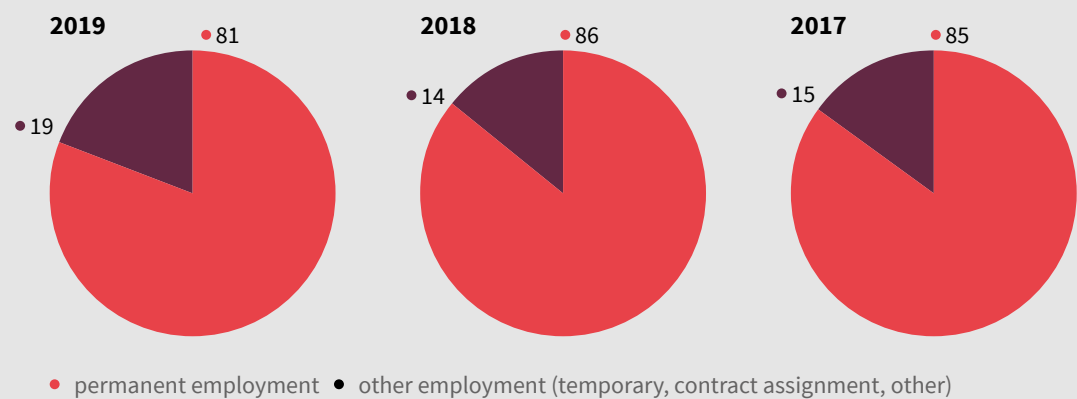
2018



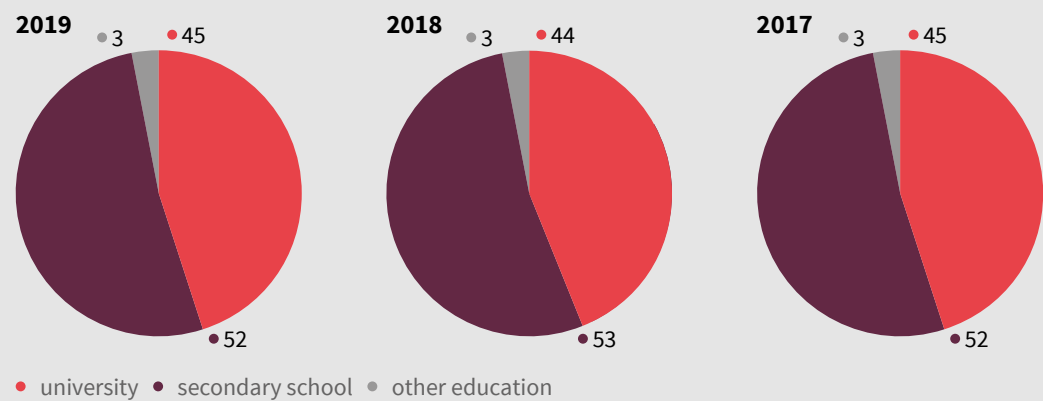
2017



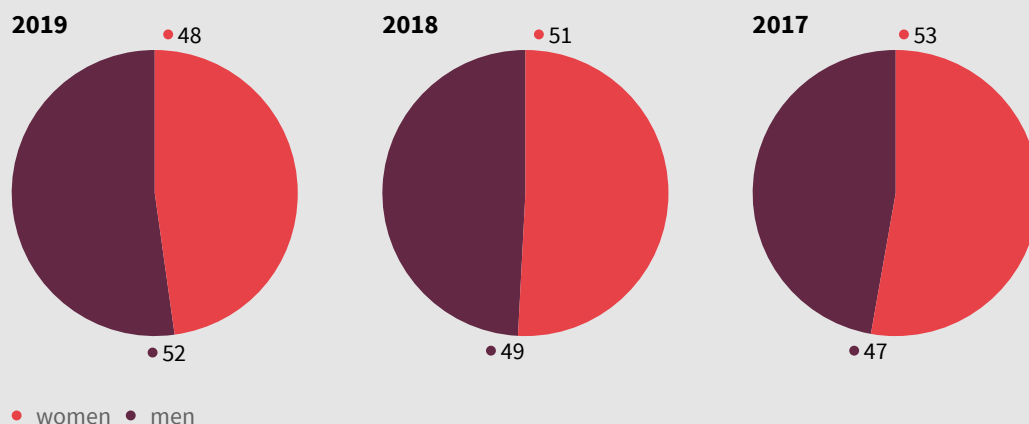
## Employees by employment duration, %



## Employees' qualifications, %



### Proportion of women and men in managerial positions, %

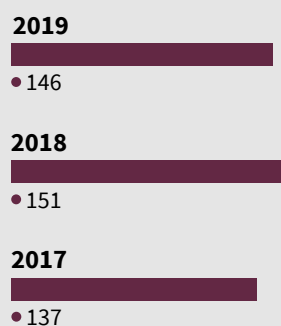


The drop in the proportion of women in managerial positions is due to a broader span of control, which has affected primarily lower managerial levels. In addition, when agile management was introduced in some parts of the Bank, attention is devoted to widening and deepening the competence profile rather than formal promotion. The topic of the gender balance is one of the basic principles on which we focus as the employer.

### Number of employees on maternal and parental leave



### Number of employees with disabilities



### Sickness rate, %

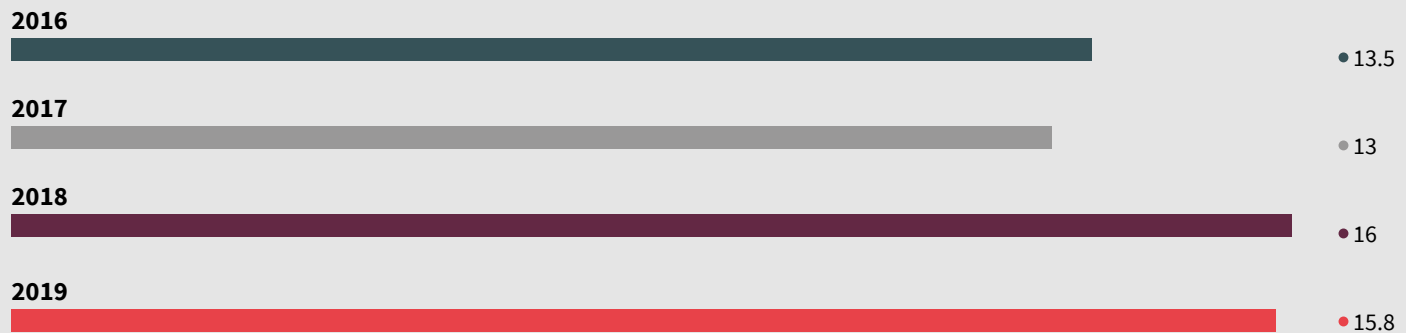




### New hires

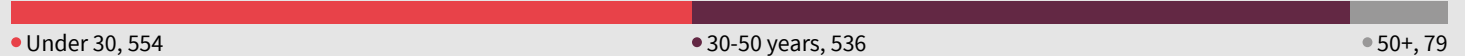
The turnover rate was 15.8% in 2019, like in 2018 (16%). In comparison with previous years, we note a slight increase which is due to the KB Change project that has brought a change in the organisational structure and transition to agile management.

### Total turnover (%)

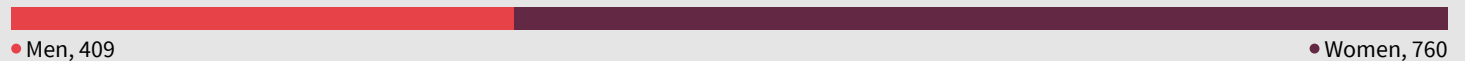


### Number of hires in 2019: 1,169

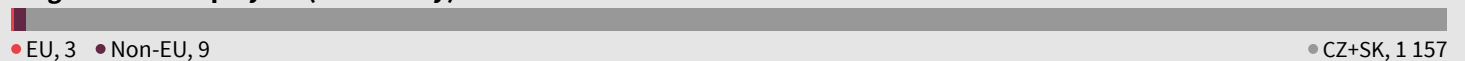
#### Age group



#### Gender

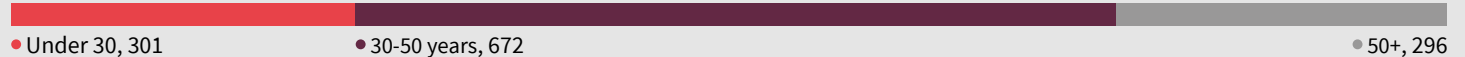


#### Origin of new employees (nationality)

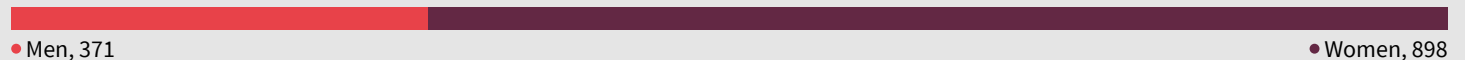


### Number of leaving employees in 2019: 1,269

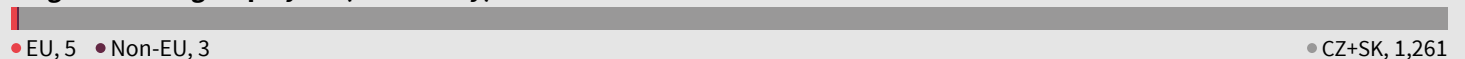
#### Age group



#### Gender



#### Origin of leaving employees (nationality)



### **Health and safety and working conditions**

In KB, we ensure 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, fully in line with the statutory obligations. The Bank disseminates sufficient and adequate information and instructions about health and safety at work, provision of first aid, and observes the ban on smoking and consumption of alcoholic beverages in the workplace. The employer's tasks in this area are delegated to managers at all levels of management within the scope of their positions.

Training of employees in OHS and FP place in the form of e-learning in a two-year period. The training system is managed by the HR department, which sends notifications directly to the employee, and alerts the hierarchy if the employee has not attended the relevant training within the deadline. Employees under full-time employment contracts, as well as employees under other assignment contracts, are legally obliged to complete the training in FP and OHS. Training takes place during working hours and is free of charge. The Bank regularly organises reviews of this area and verifies staff training, of which it maintains conclusive records.

Checks by employees are conducted through the KB Trade Union Organisation (TU). The role, rights and obligations of the trade union at the Bank level are defined by the Labour Code. The TU organisation is acquainted with the annual plan of OHS inspections and its representatives have the right to participate. The representatives of the TU monitor compliance with OHS and FP obligations at KB branches regularly (usually 4 times a month). Inspection reports are kept in the system and can be consulted at any time. If necessary, each employee has the right to consult the representative of the TU, make suggestions to improve the working environment, etc. A compromise or corrective action is then sought in cooperation with OHS coordinators.

In KB, the OHS coordinator, a KB employee, is responsible for OHS and FP under a power of attorney. Regular inspections of OHS at workplaces are also performed by the Trade Union of Bank and Insurance Employees or Regional Public Health Protection Offices. Obligations to attend compulsory training and undergo occupational health examinations arise for all employees.

In the event of an occupational injury, the employee in question shall report this fact to the hierarchy. 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 2019, we registered 10 occupational injuries and no case of occupational disease.

We provide occupational medical care through the company EUC Premium. Employees undergo a preliminary medical examination and periodic examinations at intervals

determined by age group and risk category. Occupational health care is obligatory for all employees under employment contracts; employees with other contract types are concerned only if they fall under the second risk category.

EUC PREMIUM also regularly inspects all Bank workplaces to ensure that they comply with health and sanitary standards. Every year, the Trade Union of Bank and Insurance Employees inspects selected workplaces. A report is established after each inspection. Over the past five years, the Trade Union of Bank and Insurance Employees has not identified any major non-compliances that could not be rectified in the short term.

Komerční banka provides modern working environment at its branches respecting health and safety requirements and offering agreeable social environment and state-of-the-art technology. The tender procedure for the provision of occupational medical services takes place every 4 years maximum.

### **Employee health**

Komerční banka has been systematically attentive to the health of its employees. In 2019, KB continued the Moje Vitalita programme, promoting high work performance of KB employees through physical and mental health. Physical health was given special focus, for instance through Health Days organised across the Czech Republic. Under this initiative, employees are offered free examinations and consultations with experts focusing on healthy lifestyle and prevention. When justified, special work aids can be provided upon specialist recommendation. Premium health care is offered for selected positions. Our employees can use an anonymous help line operated by an external provider offering psychological and healthy lifestyle support. Massages or sport classes are available at the Bank facilities in Stodůlky, we support sport associations and offer the Multisportkarta card to our employees. Our employees with disabilities receive extended employee benefits (3,000 points in Cafeteria, one extra day off per quarter with wage compensation).

### **Helping employees faced with personal hardship**

KB respects all human and social rights of its employees. We have long been accommodating to 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 implementation regulations. The employer keeps proper accounts of the use of financial assistance.

### **Right to information and social negotiation and employee satisfaction survey**

The Group shares all information designated for employees openly and in multiple ways. The main source of information for each employee is his/her superior. Since 2016, an Employee sec-



## We regularly monitor opinions, satisfaction and commitment of our employees, and take follow-up actions.

tion has been available at in KB's new intranet with all relevant and updated information pertaining to human resources. Employees can contact My HR telephone line, submit their enquiries by e-mail or contact HR Business Partners and consultants.

The right of KB employees to social bargaining is exercised through the KB Trade Union organisation. The TU organisation represents the employees and defends their interests. KB is in regular contact with the TU representatives and collective bargaining is conducted annually.

The right to information is laid down in the Collective Agreement that was concluded for the period 2017–2020. The outcome of the negotiations between the employer and the trade union, including the full text of the Collective Agreement, is shared with all employees. The benefits under the collective agreement cover all employees, including those not organised in unions.

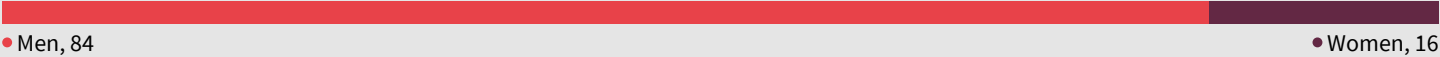
KB applies collective bargaining under the Agreement on Cooperation, Relations and Delegation of Powers. The KB Trade Union Works Council is empowered to bargain collectively with individual trade union organisations. The deadlines for submitting material changes are stipulated by the Rules of Cooperation between KB Management and the KB Trade Union Works Council, the standard deadline for communicating new information is 60 days, and for submitting comments on draft proposals it is 15 days under the Rules. Any employee can join the trade union.

Employee care is a priority for KB's human resources management and senior management. The Bank regularly monitors opinions, satisfaction and commitment of its employees and takes follow-up actions. Satisfaction surveys monitor employee commitment through SG Employee Barometer monitoring overall employee commitment 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. Another survey, KB Puls, monitors commitment exclusively for KB. The survey launched in 2018 under the KB 2020 programme defines five headings with questions relating to efficient teamwork, sense and importance, motivation, recognition and leadership. These areas are also included in the SG Employee Barometer, which allows the Bank to monitor employee commitment twice a year.

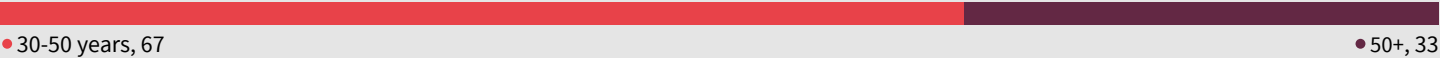
The Commitment Score according to the global SG Employee Barometer (ten questions) amounted to 69%, while the same indicator at the KB level measured under KB Puls reached 78%. One of the objectives defined under the KB Change programme is to foster employee commitment expressed by an increase in the composite index from 72% to 80%. The two surveys cover 100% of employee population, with 63% of women and 37% of men.

Management levels 1+2

Gender (%)



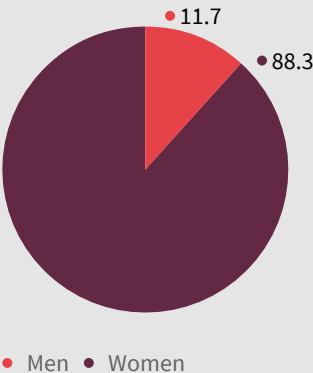
Age category (%)



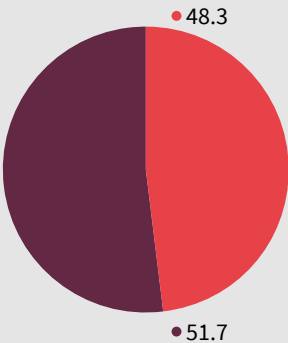
All employees

Gender (%)

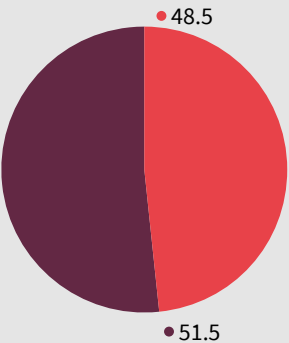
Admin/Support/Routine



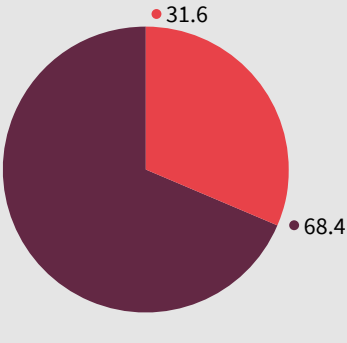
Creative Specialist



Management

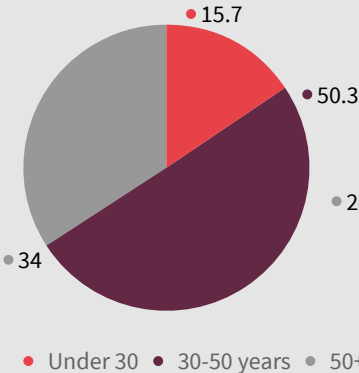


Sales

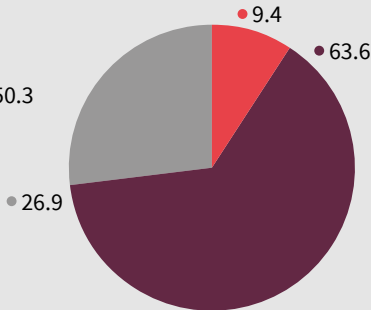


Age category (%)

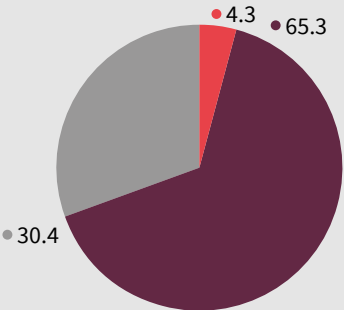
Admin/Support/Routine



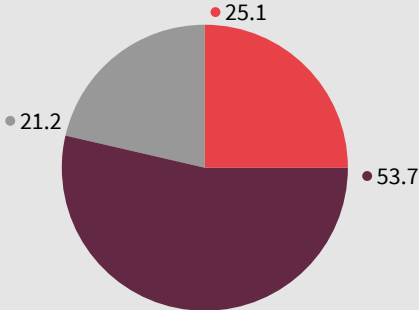
Creative Specialist



Management



Sales



A different methodology was used for these calculations.

### Gender diversity

One of the fundamental principles that we as an employer follow is the principle of equal opportunities and the prohibition of any discrimination. Employees are recruited based on their experience and competence, and the same approach applies to internal mobility. We apply a diversified approach to individual groups of employees based on their needs and current situation. This approach translates into the offer of educational programmes for certain groups (graduates, managers, business positions, specialists).

Another specific group are employees on maternity and parental leave (ML/PL), or 733 employees in 2019. Their successful reintegration into the work process is one of our major goals. We are in contact with these employees during the maternity and parental leave, they are invited to networking events and, in the case of mutual interest and need, cooperation is established during the leave. After returning from ML/PL, the employees can benefit from reduced working hours, home office or flexible working hours if the type of operation and character of work permit.

The principle of equal treatment is rooted in KB's fundamental documents, i.e. the Code of Conduct, the Staff Regulations or the Remuneration Policy.

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

In terms of remuneration of men and women, we compare:

- wages at the level of positions against the target salary of the position in question (we call this compa-ratio). The gap between men and women according to this methodology amounts to 1.5 % in favour of men. A salary is determined based on the value of the position, the competences of the employee and his/her long-term performance. Under KB Remuneration Policy, the real salary can deviate from the target value depending on the competences and long-term performance. The difference of 1.5 percentage points is consistent with our policy;
- wages of all positions held by our core employees, temporary staff excluded (temporary contract, contract assignments and similar).

In 2019, two incidents of discrimination were reported by employees. Both cases were internally investigated and in neither case was discrimination proven, i.e. no remediation plans were implemented.

### Equal employment opportunities

At Komerční banka, we apply the non-discriminatory principle when recruiting employees. It is crucial that job expectations and job descriptions are in line with the knowledge, skills, competences and expectations of each individual candidate. Candidates with disabilities are a specific population that we want to continue to focus on. In terms of recruitment and integration of candidates with disabilities, recruitment staff are regularly trained, and a system of monthly monitoring is set up.

KB won a silver medal for the second time in the Equal Opportunities – Employer 2018 competition, and our approach to people with disabilities received recognition in the Employer without Barrier competition. In 2019, we registered 146 employees with disabilities or health impairments.

### Talent search and acquisition

In 2019, we actively cooperated with universities, institutions of higher education and student organisations, and pursued the related activities and provided expert support to state tertiary schools and universities throughout the Czech Republic. The University of Economics in Prague, Masaryk University in Brno and Czech Technical University in Prague were our most active partners. Dozens of meetings with the student community took place at job fairs, open days, workshops or special events devoted to economic themes – at the premises of Komerční banka or our partners' premises. More than fifty interns from secondary and tertiary schools gained work experience at our headquarters or branches. Our main partners among student organisations in 2019 were the ISIC and the Association of Students and Graduates. We also established cooperation with the Prague Banking Club.

We actively reached out to the IT community. In 2019, we established cooperation with, for instance, the UX and DevOps community, and organised a MeetUp for each area at KB headquarters. We searched for talents at expert conferences and job fairs, such as Java Days, JobsDev, Job Fair Czechitas, and Agile Prague.

Under our talent search-and-attract strategy, we also presented the Bank, its products, services and innovative solutions through podcasts presented by bank experts and specialists. In 2019, we presented four podcasts on the theme of banking environment digitalisation.

### Employee training and development

We build long-term partnerships with our employees by, inter alia, supporting their development and training. We prepare a wide range of training activities and programmes for employees of the Bank and the whole Group, thus giving opportunities for their education while emphasising responsibility for their personal development. The Bank's training system gives individual employees the opportunity to enhance their knowledge and skills and thus increase their worth in the labour market. We keep in touch with our retired employees. We appreciate their extensive knowledge and experience and if interested, we offer temporary contracts to fill in when an increased capacity need arises in a specific area or to train newcomers and junior colleagues.

In 2019, we focused on developing the skills necessary for fully exploiting agility and agile product development. As in previous years, we devoted attention to colleagues in direct contact with clients at branches and continued the personalised managerial training programme to upgrade skills in the areas of human resources, responsibility, innovation and pro-client approach.

We also continued to develop an education platform with the aim of providing an educational tool to employees in a clear and attractive manner using modern digital means.

We also cooperate with our parent company Société Générale on training programmes. This enables our employees to develop their skills and competences in an international environment. All our employees undergo the annual performance meetings to discuss professional achievements and assess professional and personal development and growth.

The average number of training hours per employee in 2019 was 34 hours. The same educational opportunities are offered to men and women, i.e. an average of 34 training hours per employee.

Average number of hours of training per employee category:

Category	Number of hours
Admin/Support positions	10
Creative Specialists	13
Management	42
Distribution	64

We promote various ways of knowledge and skills enhancement through:

- face-to-face training provided by external suppliers:
  - public courses (especially hard skills)
  - catalogue of external courses organised 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 IT training platforms
- special development programmes - talent programme, leadership programmes (development, coaching, mentoring).

### Corporate values and Leadership Model

We place corporate culture at the very heart of our business to achieve success on a long-term basis. KB shares the corporate values adopted across the whole SG Group: **team spirit, innovation, commitment and responsibility**.

These values also feed into the newly defined model of managers' and employees' conduct (Leadership Model) built around five pillars:

- Client satisfaction
- Innovation in creativity and change management
- Responsibility
- Commitment of our teams
- Team spirit and strong sense of achieving results together



## In addition to the basic salary, there is a performance remuneration scheme linking pay with the efficient completion of corporate, team and individual goals.

The updated values are progressively translated into all relevant processes, particularly in recruitment, assessment, remuneration and education.

### KB remuneration policy

The general remuneration rules described in this section are applicable to 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 included in the Chapter on Company Administration in the 2019 Annual Report.

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 cost-effectiveness,
- strengthen the Bank's value for the 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 the Bank's 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 salary 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 resulting responsibilities.

#### 2. The variable component paid for performance

In addition to the basic salary, 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 a percentage of the annual basic salary 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 salary. 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

Its cost-effective structure reflects the Bank's 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. The following structure was adopted for 2019:

- meal vouchers worth CZK 100 without employee financial participation,
- CZK 6,720/employee/year for recreation, sports, health, culture and personal development through the Cafeteria scheme,
- CZK 5,000/year for employees with disabilities and CZK 600/year for employees who are 55+ through the Cafeteria scheme,
- a contribution to supplementary pension schemes and personal pension savings schemes amounting up to 3% of the wage. The minimum employer contribution amounts to CZK 1,100 /month,
- a contribution to acquire employee shares under the Société Générale Global Employee Share Ownership Programme (GESOP),
- privileged terms for retail banking products and services for Komerční banka employees,
- financial support in the event of a long-term sickness,
- two extra days off with wage compensation and another day off with wage compensation for employees who had been continuously employed by Komerční banka for five years or more,
- one day off with wage compensation for volunteering in the areas identified by KB and KB Jistota Foundation,
- sabbatical,
- term life assurance,
- emergency social assistance.

### Regulatory risk management rules pertaining to remuneration

Risk consideration is an integral part of the rules of remuneration. For more details, see last year's report. <https://www.kb.cz/en/about-the-bank>



# ENVIRONMENTAL PROTECTION

---

Although we are a non-manufacturing business, we are particularly sensitive to the impact of our activities on the environment in which we operate. We consider it to be obvious and necessary to act responsibly towards the environment and positively influence the lives and lifestyles of all of us. We take adequate measures to eliminate negative impacts, on the one hand, and to contribute to environmental protection and improvement on the other.





We are a long-standing supporter of energy consumption reduction (electricity, gas, heat and water). Most of the supply points are equipped with consumption and secondary consumption meters. In case of nonmetered 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. Energy consumption data is exported and compared year-on-year on a monthly basis for relevant time spans (January 2018 / January 2019).

KB does not own any electricity source or electricity generating plant, photovoltaic plant, wind, hydro, geothermal, cogeneration units, etc. Therefore, we do not consume or sell energy produced by our own installations.

Energy consumption of our subsidiaries and sister companies located in the KB building in Prague Stodůlky is included in the total consumption.

Energy consumption shows a downward trend. Various factors drive energy consumption down, such as the climate change, i.e. milder winter or fewer hot days in the summer, etc., or the centralisation and reduction of operating costs by moving out and selling buildings previously owned by the Bank.

Energy performance in the Czech Republic is addressed by Act No 406/2000 on Energy Management, and its implementing acts. In conformity with the relevant legislation, the Bank had an energy audit valid for a period of four years conducted by Enerfis in 2016. A new energy audit is planned for 2020. It is currently under preparation.

Another legislative requirement in terms of the energy performance of buildings is the Energy Performance Certificate (EPC). The Bank had certificates issued for all the buildings it owns with a usable area of more than 1,500 m<sup>2</sup> (i.e. 50 certificates approximately). Under the legislation, the certificate must be arranged in case of refurbishment exceeding 30% of the building or when selling the building.

The long-term downward trend in energy consumption is also attributable to repairs or refurbishments during which we install new or energy saving technologies (e.g. LED lighting, atmospheric gas boilers are replaced with high efficiency condensing boilers, air-handling and cooling units are replaced with air-conditioning). The purpose is to install equipment with high efficiency and smart control, which in turn brings the expected energy savings.

In 2019, we launched the Enectiva project, a web-based information system for facility energy management. The system 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 2019, Enectiva has been fully operational since 2020.

We regularly evaluate and optimise load profiles and booked power inputs. Based on the values measured, we adjust the load profiles and the indicators that are subject to a charge.

Water consumption is measured in a standard manner using meters and secondary meters, and 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).

In case of refurbishment, we always install water-saving accessories, such as taps with aerators or toilets with water flushing control. We do not use wastewater, it is drained directly to sewers, nor do we use rainfall water.

We conduct qualified calculations of average emission factors to calculate the carbon footprint of our company. We compare and monitor its downward trend year-on-year. A certified measurement system is currently under preparation.

In 2019, we again reduced the mileage driven by company cars. While in 2017 we reported 7,024,187 km, it was significantly less in 2018, i.e. 6,547,823 km. In 2019, we continued this trend and the total mileage was 6,374,731, of which 59,856 km by electric cars.

We are also gradually introducing measures to reduce

paper consumption. Some client documents are now in electronic form (i.e. mandatory e-files). This eliminates the need to print new and shred old documents.

### **Waste management**

In Komerční banka, we ensure that we gradually reduce all waste. Already in 2018, we discontinued the purchase of water in PET bottles, plastic cups or disposable dishes in our internal procurement system. The Bank produced no hazardous waste in 2019. The collection and disposal of waste at KB is carried out by an external supplier who complies with national legislative requirements and is under a contractual obligation to provide the specified service.

### **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. KB implements the principles of Société Générale Group's sourcing policy, which it considers to be the expression of its risk management responsibilities.

KB reinforced the identification and evaluation of information on suppliers and potential suppliers (Know Your Supplier - KYS) in 2019 to prevent cooperation with suppliers who infringe the rules in the areas of taxation, fight against money laundering and terrorist financing, or corruption or who may be involved in other illegal activities. KB tightened the screening of the governing bodies of suppliers, and their ultimate beneficial owners and politically exposed persons related to the supplier. Suppliers are also thoroughly checked against registers such as the EU Sanctions List, US sanctions and embargoes, or UN Security Council lists.

The KYS activities also include rules for establishing business relationships with suppliers from sensitive sectors in terms of responsible banking (e.g. energy sector).

65% of KB suppliers of products and services are local.

**The long-term downward trend in energy consumption is also attributable to repairs or refurbishments.**

## Energy Consumption in Komerční banka

KB Consumption	2017	2018	2019
Electricity/kWh	30 768 009	30 555 304	28 778 223
Gas/kWh	13 454 128	10 912 214	10 128 520
Heat/kWh	18 943 652	17 231 751	15 599 984
Cooling/kWh	141 297	148 400	153 973
<b>Total kWh/year</b>	<b>63 307 086</b>	<b>58 847 669</b>	<b>54 660 700</b>
<b>Water/m<sup>3</sup></b>	<b>71 520</b>	<b>71 637</b>	<b>62 747</b>

## Waste management in Komerční banka

Type of waste	2018 (in tonnes)	2019 (in tonnes)	Disposal method
Paper and paperboard	205.12	176.22	Recycling
Plastics	32.25	32.19	
Composite packaging	0.64	1.89	
Glass	5.30	5.95	
Iron and steel	0.25	11.57	
Wood	2.53	8.80	Composting
Grease and oil mixture from oil/ water separation containing only edible oil and fats	9	9	Incineration
Mixed municipal waste	708.52	646.14	Landfilling
Bulk waste	28.27	88.43	
Construction waste	153.48	0	
<b>Total</b>	<b>1,145.36</b>	<b>980.20</b>	



# TRENDS AND INNOVATIONS

---

We also contribute to sustainable development by following trends and innovations that impact the global banking sector and beyond, and generate positive societal and environmental externalities. Our innovation activities respond to the needs of society and strive to satisfy these needs through flexible implementation. Not only do our innovative products and services reflect the current trends, but our employees themselves are playing an increasingly central role in shaping the trends. Our new trends and innovations are not confined to products and services for individuals, as solutions extend to start-ups and corporate bank products.

As in many other industries, trends in the banking sector respond to technology development and client requirements. We have been fostering innovations with respect for customer experience, needs and expectations, market trends and global digitalisation. In retail banking, for instance, in 2019 we joined the instant payments scheme, we were the first bank in the Czech Republic to launch an application for the Alexa digital voice assistance by Amazon, and offered our clients the option of Multibanking to place payment orders from their accounts held in other connected banks through their computer or mobile telephone (for more information, see Chapter I Client Satisfaction).

Innovation in KB takes many forms. One example is KB InnoLab to promote the concept of open banking, or the Innovation Academia, a partnership with universities that also gives room to grow innovation potential. We introduced an internal process of active participative innovation management. Our Laboratory has been employing the Design Thinking concept for a long time.

In terms of financing projects with a positive impact on the environment or regional economic development (see also Chapter II Ethics and Responsible Business), we regard our approach as innovative, too, with programmes co-financed by European institutions that play an important role in this framework.

#### **EuroInovace**

Innovative companies with up to 500 employees can use loans with preferential terms extended in cooperation with the European Investment Fund. Under the scheme, Komerční banka granted loans totalling more than CZK 2.5 billion to more than 100 businesses with innovative projects in 2019.

#### **EuroMuni**

Designed for municipalities, EuroMuni, a 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 2019, Komerční banka granted 33 loans totalling more than CZK 2.3 billion for investment projects benefitting more than 350,000 citizens.

#### **Microfinance Loan**

In 2019, we supported approximately 1,600 micro businesses with almost CZK 700 million in loans with preferential terms, a threefold increase year-on-year. The Microfinance Loan with lower loan security requirements thanks to the guarantee extended by the European Investment Fund is intended for businesses with less than 10 employees. The guarantee is granted to those who are disadvantaged in the labour market (entered the market from part-time employment, were

unemployed, enter the labour market after returning from maternity or parental leave, are disabled, come from another country or belong to a national minority, are less than 30 years old or are 55+). The COSME guarantee (50%) is available to businesses operating for less than three years. The Microfinance guarantee is higher (80%) and is allocated to projects addressing social challenges.

#### **EuroEnergie Loan**

Under this scheme, clients have already invested more than one billion CZK. The purpose of the investment is to reduce energy consumption by approximately 70 GWh a year. Intended for financing investment in energy saving measures in the private sector, the loan comes with a lower interest rate thanks to the European Investment Bank facility. It also has lower security requirements to cover potential losses thanks to the EIB's 80% guarantee

#### **EuroPremium Young Loan**

Under this scheme, we extended loans to clients who newly employed around 400 young people in 2019. The loan offers preferential loan terms to businesses that facilitate transition of young people aged 15 to 30 to employment. The client can receive a loan amounting up to 100% of project costs and an interest rate 0.3% p.a. lower than standard rates.

#### **EuroCreative Loan**

In 2019, we granted the first EuroCreative loans intended to finance cultural and creative projects, including museums, heritage sites, film production, computer game publishing or radio or television broadcasting. The loan beneficiary gets automatically an EIF guarantee. Up to CZK 52 million can be granted to a single project. In 2019, we supported 25 projects, totalling almost CZK 100 million.

Some of the projects under the EIB preferential interest rate also contribute to climate change mitigation, thus complying with the demanding criteria of EIB Climate Action subprogramme. Typically, insulation of buildings and renewable energy source use top the list of funded projects.

For the future, we have the ambition to offer not only funding but also energy saving solutions to our clients, to suggest an ideal financial solution or offer to the administration of the subsidy, EIB loan or a guarantee by the Czech-Moravian Guarantee and Development Bank. To this end, we were the first bank in the Czech Republic to set up a specialised subsidiary KB Advisory s.r.o. One of the expected outcomes will be the Bank increasing its know-how related to the implementation of "green" or "sustainable" investment and enhance its capacity to correctly assess and finance such projects.

In 2019, when processing loan applications, we requested our clients to send electronic financial statements instead of paper documents. In 2019, corporate clients forwarded approximately 2,000 digital financial statements.



# SPONSORING AND CHARITY

---

We are proud to be partner of institutions, projects and events of societal importance, with emphasis on human, social and artistic aspects of the projects sponsored. We promote culture and education. Our employees are actively involved in corporate volunteering.

### Sponsoring and philanthropy

The National Gallery in Prague is one of the major entities we sponsor. Free admission to permanent exhibitions for children and the youth under 18 years and students under 26 years is offered thanks to the joint project of Komerční banka and the National Gallery. In 2019, KB and the National Gallery launched an open competition for visual artists working in the Czech Republic regardless of their nationality or age to create a work of art with a social dimension. The purpose of the Empatie Award was to support the creation of new artwork of any form transcending the boundaries of visual arts which would explore existing burning social problems. There are two winners. The social and artistic project of Lenka Záhoráková titled *THAT'S WHAT HAPPENED ... (Tak to bylo...)* featured the elderly who documented their memories of crucial moments in life on porcelain tableware. Romana Drdová's project titled „Upcycling Drop“ raises the topic of recycling and reuse of items that become useless for some but of which others can make good use.

For the second successive year, we continued our support for PKF – Prague Philharmonia founded in 1994 by conductor Jiří Bělohlávek, one of the most admired orchestras in the country and in the world. Today, the orchestra is directed by French conductor Emmanuel Villaume. Thanks to KB's support, a unique work titled *From the Future World* was created, an unfinished piece by Antonín Dvořák completed by artificial intelligence. It was PKF that produced and performed the composition at the Rock for People festival in 2019 as a world premiere.

For the third consecutive year, we supported one of the biggest festivals, Rock for People, as the general partner. KB clients could purchase discounted tickets and a limited edition of payment cards was part of the cooperation. At the festival site, we operated a KB Relax Zone with a mobile charging stand, a bar, a café and virtual reality. Thanks to us, PKF and the Vypsaná fiXa punk rock band merged at the festival to give a musical performance that mesmerised the audience across age groups.

We now associate our brand with the Festival of Contemporary Circus, Music and Theatre, *Letní Letná*. Spearheading contemporary circus in the Czech Republic for 15 years now, this new addition to our list takes place annually at the Letná plan in Prague. A significant enrichment of the Czech and European cultural scene, the festival brings top foreign ensembles to the Czech audience.

In 2019, we continued our support for the French Film Festival. Presenting the best French-produced or co-produced films, it ranks among the most prestigious film festivals in the Czech Republic.

We are proud of our longstanding partnership with the Prague Zoo. Every year, we organise the Family Day both for KB employees and the general public. We joined a rescue programme to save the Tasmanian devil in its natural environment. We will celebrate 15 years of cooperation in 2020.

In 2019, KB became the platinum partner of Future Port Prague 2019. Our ambition is to set the pace for the Czech bank-



**Thanks to KB's support, a unique work titled *From the Future World* was created, an unfinished piece by Antonín Dvořák completed by artificial intelligence.**

ing sector. That is the reason why we are present where digital future is discussed.

In April 2019, the second edition of the unique conference SingularityU Czech Summit took place hosting discussion on new trends in artificial intelligence, genetics, mobility, banking or biotechnologies. For the first time, Komerční banka joined as a partner sponsoring a new event organised besides the summit and presentations. The Future Leaders, which we took under our auspices entirely, now opens the door of this congress to young and promising students aged 15 to 25 who wish to shape the future through innovations and technologies serving business and society.

In 2019, we terminated our longstanding cooperation with Czech floorball.

### KB Jistota Foundation

The Jistota Foundation supports and promotes activities for the benefit of civil society, health and social projects, education and social inclusion. The Jistota Foundation supports a vast array of projects centred around five fundamental pillars, namely early care and early childhood education; socially disadvantaged teenagers; adults with disabilities; better quality of life for the elderly and hospice and palliative care.

The main donors of the Jistota Foundation are Komerční banka and its subsidiaries and partner companies. KB Group employees are a major group of donors as well.

### Board of Directors' Open Fund

Under the Open Fund, the Foundation supported 24 entities with aid totalling CZK 3,614,228 allocated to the socially disadvantaged, to employment of adults with disabilities and palliative and hospice care.

### KB Group Fund

The KB Group Fund, through donations of KB partner companies, promotes activation of the elderly and fosters inter-generational meetings. Ten projects worth CZK 1,184,594 were supported.

### Matters of the Heart

The traditional Matters of the Heart programme helps the entities where KB Group employees are involved as volunteers. Twelve entities were selected, and a total of CZK 1,111,932 was shared.

### Helping KB Group employees

The purpose of this fund is to help KB Group employees, or their families, who are confronted with life's difficult moments. In total, the Jistota Foundation supported eight employees (or their families) with CZK 330,054.

### 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 2019, the foundation supported thirteen projects, six of which were initiated in 2019. The total donation under this Fund amounted to CZK 4,177,204.

In total, the Jistota Foundation supported 59 projects and 8 KB Group employees. Besides financial assistance, it also offers nonfinancial help, for instance training in financial literacy for social workers or workers in welfare.

### Volunteering

In 2019, KB employees had the opportunity to engage in a "Volunteer" day, i.e. time off with wage compensation to attend volunteer events and work with the non-profit sector. 537 employees from many KB divisions, departments and teams used

their volunteer day. Some chose a partner organisation 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 in the Clean-Up Czechia event, an activity officially supported since 2018. We are very pleased by the interest and active participation of our employees. Whole groups attended the event not only during their day with wage compensation, but also on weekends. In 2019, nearly three hundred participants took part in the spring and autumn clean-ups under the KB flag.

In 2019, the Group's employees again donated blood with KB. Nurses from the mobile transfusion unit of the General University Hospital in Prague came to the Wenceslas Square and Stodůlky buildings five times and collected blood from 190 donors. In June, employees from Zlín, Ostrava and Olomouc also donated blood with KB. The Group's employees thus donated almost 100 litres of blood.

In the charity collection of children's books and books for the youth, employees donated 550 titles, which we distributed to 19 paediatric hospitals across the Czech Republic, making the time spent at hospital more enjoyable for paediatric patients. Clothing, accessories and jewellery were also collected. In Zlín, the non-profit organisation Naděje took over the donated clothes. In Prague, 350 kg of donated clothes were handed over to the non-profit organisation Borůvka, which sold some of it in its charity shop Koloběh for approximately CZK 17,000, and processed the rest in sheltered workshops. In November, a collection of discarded mobile devices took place in cooperation with the non-profit company Remobil. A total of 462 mobile devices gathered not only helped to protect natural resources through recycling but also provided employment opportunities in sheltered workshops.

97 employees helped to reduce our environmental footprint and joined the Commuting to Work on Bike initiative. A total of 21,350 kilometres were driven or run. In 2019, bee colonies were installed on the roof of a KB building. Bees play an important role in maintaining the overall balance in nature and thus in protecting the environment.

Employees also promote financial awareness, either through the Bankers to Schools project, or at workshops organised for students or seniors.

**The Jistota Foundation supported 59 projects and 8 KB Group employees in a difficult situation.**



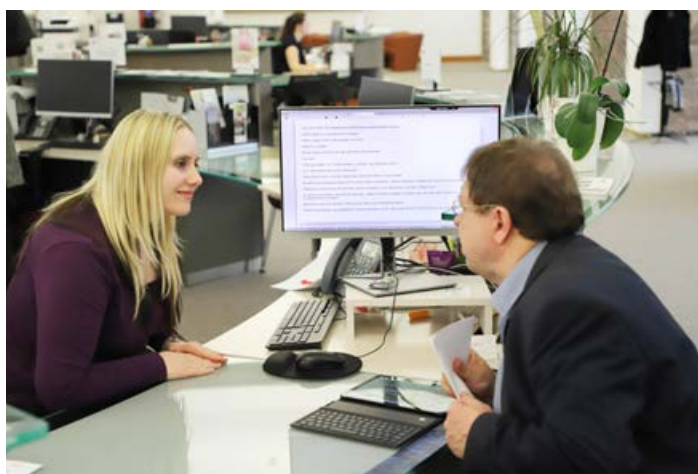
In 2019, the Group's employees were again extensively involved in many activities in support of the Jistota foundation: the Breakfast for the Foundation, the traditional golf tournament, a floorball tournament, the first Velvet Ride on bikes in the autumn of 2019, a photo auction in December and a sale of calendars. As last year, the amount of one million crowns saved on business presents to clients was instead donated to a charity project through the Jistota Foundation. In 2019, it was the Children's Crisis Centre. In total, **CZK 1,980,950** went to the Foundation's long-term projects.

#### Funds raised through volunteering (in CZK)

A Week with the Foundation	259 928
Breakfast for the Foundation (except Week with the Foundation)	96 417
Golf tournament	305 697
Photo competition, auction and calendars	52 800
Velvet Ride	266 108
Christmas gift instead of presents	1 000 000
<b>Total</b>	<b>1 980 950</b>

#### KB Jistota Foundation contributions (in CZK)

	<b>Number of projects</b>	<b>Total</b>
Board of Directors' Open Fund	24	3 614 228
KB Group Fund	10	1 184 594
Matters of the Heart	12	1 111 932
Helping KB Group Employees	8	330 054
Jistota Fund	13	4 177 204
Financial contributions raised through volunteering		1 980 950
<b>Total</b>		<b>12 338 962</b>



We provide a free Transkript service at more than 200 branches. [Page 10](#)



CEO Jan Juchelka was named Banker of the Year. [Page 14](#)



We allocate financing with favourable terms to activities with a positive environmental impact, e.g. Bezdínek Farm. [Page 18](#)



We support the Economic Olympiad, a competition where students demonstrate their knowledge of economic indicators and general understanding of finance and banking. [Page 18](#)



The Global Money Week, an international project where we are the General Partner, promotes financial literacy. [Page 18](#)



The KB Group Fund of the Jistota Foundation promotes the activation of seniors and fosters intergenerational meetings. [Page 40](#)





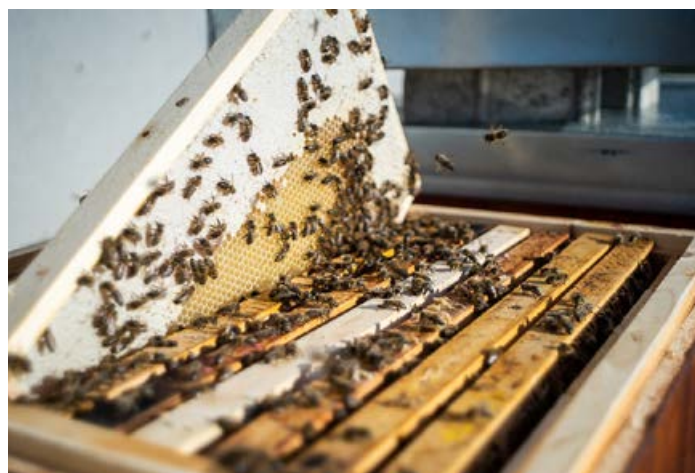
## ÚSMĚVY PARTNERŮ, KTERÉ NÁS TĚŠÍ



KB is partner of institutions, projects and events of societal importance.



For the ninth consecutive year, KB Group employees can donate blood several times during the year at Bank premises in cooperation with the VFN hospital. [Page 40](#)



We installed beehives on the rooftop of a KB building in 2019. ESSOX headquarters in České Budějovice also have their rooftop beehives. [Page 41](#) and [page 49](#)



The Volunteer Day that can be used to help Jistota Foundation's partner organisations or participate in the Clean Up Czechia event, generates enormous interest among employees. [Page 40](#)



# KB GROUP COMPANIES

---

While other companies in the KB Group are under no obligation to publish extra-financial information pursuant to Section 32 points f) to i) of the Accounting Act, the companies adhere to the same values as the parent company, apply a responsible approach to their business to the maximum possible extent, and are active in the social and environmental area.

This chapter presents information on KB's subsidiaries where KB holds a controlling interest and has significant influence over their results.

Komerční pojišťovna, a.s. is an associated company in which KB holds a 49% stake. The parent company, Société Générale, consolidates the disclosures for this company.

All Group companies subscribe to the same values as the parent company, apply a responsible approach to their business to the maximum possible extent, and are active in the social and environmental area.



### Komerční pojišťovna, a.s.

In Komerční pojišťovna, we believe that life is about the people who live it, the values they advocate, the ways they interact, or treat, each other and the nature. Neither we nor our employees are apathetic to the environment wherein we live and operate. For this reason, we want to be a socially responsible business protecting the environment by behaving responsibly, supporting disadvantaged social groups, eliminating barriers and raising awareness of a responsible and environmentally-friendly approach to life and nature. CSR activities are a natural part of our strategies. We wish to generate value for our clients, employees, trade partners, shareholders and the whole Société Générale Group.

In partnership with our employees, we have defined our corporate social responsibility policy based on the following three pillars:

#### Nature and environmental protection

We cooperate with entities protecting nature and natural parks. We help as volunteers to clean forests, plant trees, sort waste and reduce paper consumption, etc.

#### Charity and social assistance

We support social care institutions, sheltered workshops, children's homes. We organise fundraising events and a Charity Day. A quarter of our employees helped seven non-profit entities (Palata, Nautis, Helppees, ZOO Jihlava, Kocour Felix Klecany, Denní a týdenní stacionář Jihlava, DDMS Beroun)

- Our financial donations regularly support the Linka bezpečí child helpline and the Day and Week Respite Care Centre in Jihlava.
- We organised a CSR breakfast for employees - the proceeds were donated to a centre that trains assistance dogs for people with disabilities.
- We organised a collection of clothing for the Charity of Praha 13 Stodůlky.
- We are a regular donor to the Jistota Foundation – in 2019, we donated CZK 150,000.

#### Employees

We support our employees on maternity or parental leave, offer part-time contracts and flexible working hours, organise cultural, sport and teambuilding events and foster education.

Main activities and awards in 2019

- The Best Life Insurance Company, second place;
- The Most Client-friendly Life Insurer, first place;
- Insurance Innovator Award – for Mutumutu, a 100% on-line product promoting healthy lifestyle (up to a 30% refund if engaging in sports or buying healthy foodstuffs, etc.).



### Factoring KB, a.s.

We are a part of the Komerční banka Group and have been part of the Société Générale Group since 2002. This membership is essential for our development and cooperation with other Czech or foreign Group members. We cooperate closely with our parent company KB on acquisitions and risk management. We adhere to the same fundamental principles of corporate social responsibility.

In terms of **CSR**, we are a regular contributor to the KB Jistota Foundation. In 2019, we contributed CZK 75,000 (in 2018, we contributed the same amount). We participated in the organisation of the Breakfast for KB Jistota Foundation together with other subsidiaries.

As in previous years, we supported research into Alzheimer's and other neurodegenerative or vascular brain disorders by donating CZK 55,000 (in 2018, our contribution amounted to CZK 26,800).

As a **responsible employer**, we run a programme for women on maternity leave to help them reintegrate in the working life. We promote employee education and offer home office.

In terms of **environmental protection**, we focus on waste sorting, toner recycling, duplex printing (to reduce paper consumption) and promote paperless communication with clients, including electronic invoicing.

As in previous years, we encourage and promote financing of energy saving projects. In addition to making significant energy, water or heat savings, these projects promote the use of renewable resources. Since 2013, when we became actively involved, we have extended funding amounting to more than CZK 660 million.

We received a GLOBAL BANKING & FINANCE AWARD – **Best Factoring Company Czech Republic 2019**.





### **KB SLOVAKIA, KB branch**

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

#### **Client satisfaction**

Client satisfaction is a priority for us. The 2019 NPS again confirmed that we are on the right track and we plan to stay the course. We are fully aligned with KB in our the professional approach and search for solutions that respond to the needs of our clients. We guarantee the quality of our products and services mainly by upholding all the principles of responsible business in conformity with regulatory requirements. Clients can raise complaints if they are dissatisfied, and their grievance will always be considered to be a matter of priority. We invest in our systems to verify all of our clients' activities and to protect our clients against fraud.

#### **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 and foster a culture where the employees are driven by their own conviction to do business right.

#### **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, family 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 the required skills. We invest in a better and modern working environment. We support sport activities, education, development and growth of our employees in line with our corporate culture, and not only in Slovakia but also within the whole KB Group and SG Group.

#### **The environment**

Komerční banka in Slovakia operates as a branch of a foreign bank serving corporate clients without an employee base or a branch network. Except for one colleague in Košice, the bank is based in Bratislava where we lease premises in a relatively new building. We apply many environmental measures, such as:

- We save electricity whenever possible – we switch off lights or air-conditioning, weather permitting.

- We eliminate plastics:
  - We discourage the use of plastics, we purchase goods containing minimum of plastics, our guests and employees can drink water from our soda maker (still or carbonated) or tap water.
  - At corporate events, we request that glass instead of plastic dishes should be used.
- We sort waste, including used batteries.
- We print documents only if required by the legislation and when necessary. If we need to print, we use black-and-white printing in duplex mode, two pages per side i.e. four printed pages on an A4 sheet
- 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 purchase an electric car. 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
  - For several years, at least one third of our employees have participated in an annual nationwide event organised by the Pontis – Naše mesto Foundation, and our employees get one day off for this activity
  - We search together as a team for new ways of implementing the ideas brought up by our colleagues
- In line with KB's policy, we do not offer alcoholic beverages as Christmas presents. Instead, the money is used to finance a project of social and financial literacy, a summer camp titled The Future Matters, for children and the youth in partnership with the Nadácia pre deti Slovenska Foundation. The main objective is to demonstrate to participants from four Child and Family Centres how they can develop their vital skills and so enhance their working and social competencies. Our employees spend one day with the participants as volunteers, participate in the activities during the day and use the opportunity to discuss and reinforce life values and attitudes.
- One per cent of our tax is assigned to specific projects based on our employee' suggestions – we give priority to projects and non-profit organisations where our employees are actively involved.



### MPSS

#### Clients come first

Modrá pyramida's portfolio of privileged products and first-class client care help all generations to finance comfortable housing. In order to make it easier for clients to get ahead on their home buying journey, Modrá pyramida works with their questions, wishes and feedback. To analyse client data in detail, we use a special application, ELIS, which brought us the Customer Experience 2019 award for client care. The application was developed in partnership with IPSOS. The fully operational CRM tool allowed the company to eliminate traditional paper forms, to make processes more efficient and to improve services provided to clients. All client comments collected in ELIS are read and sorted; a fifth of dissatisfied clients are contacted by telephone to discuss the reasons that led to their grievances and to find an alternative solution. The data obtained is also used by sales network managers and by senior management when taking strategic decisions. At the same time, client testimonials, in their original versions, are broadcast on LCD screens in Modrá pyramida premises. Modrá pyramida seeks to exploit clients' feedback as positive motivation for its teams.

#### The future belongs to digitalisation

Modrá pyramida has long pursued its effort to digitalise processes and become a paperless company, for instance, by offering biometric signatures. In autumn 2019, it launched its first smart phone application, MP Home, to facilitate the home buying journey for clients with an MP loan. It offers a comprehensive overview – clients can see what is happening with their loan right from the loan application to money receipt. It also helps clients to choose the property of their dreams by presenting a large offer of real estate available in the Czech market. Obviously, it also presents a summary of the services arranged by the client, including the building society savings schemes arranged for their children. Approximately 20,000 users had downloaded the application by the end of the year. The application is regularly updated and offers transaction history and MP document search.

#### Whom and how we help

We mainly contribute to projects of non-profit organisations that help children and adults to overcome their health and social disadvantages. We have been supporting the non-profit organisation Černí koně helping athletes and children with disabilities, for several years. With our support, it can manufacture more hand bikes for children with disabilities. We continue supporting Modrý klíč, a non-profit organisation that provides social services to children and adults with mental and combined disabilities. For instance, the clients of Modrý klíč helped us to

make Christmas presents (birdhouses for family Paridae birds (tits)) or helped at the Eastern fair we organised for our employees. We not only provide financial support, but also foster employee engagement. To support Černí koně, for instance, we encourage our employees to commute by bike (the MP Šlape (MP Pedalling) to project) or run the Prague Marathon. Last year, we launched our own chess project (Moudré šachování (Wise Chess Playing)) led by MP manager Pavel Benč and organised tournaments in seven schools throughout the Czech Republic, including two for first year pupils.

#### We wish to have satisfied employees

We make sure that MP employees feel at home at Modrá Pyramida. Last year, we refurbished the reception area, a meeting room and the canteen where we added a "café" space. We organise four events for our employees every year – a theatre outing, the Annual Distribution Conference, a Family Day and a Christmas party. Our employees participate every year in an amateur volleyball league, play football at the Golden Tour, and participate in the Schodyáda staircase race (to support Černí koně) or in Sports Games.



### **KB Penzijní společnost**

The notion of responsible business lies at the heart of our relations with our pension scheme participants, employees, tied agents and external intermediaries, shareholders, and the general public. Corporate social responsibility is the guarantee that KB PS meets its long-term goals in a responsible way, taking into account the expectations of major stakeholders and meeting the requirements of the relevant regulations. Social responsibility impacts the economic, social and environmental development of the community and, being an integral part of the KB PS structure, it is implemented through a variety of activities undertaken at all levels.

### **Ethics and responsible business**

As the KB Group, KB PS makes every effort to prevent abuse of our company's services for money laundering or terrorist financing. KB Penzijní společnost applies policies, methods, and audit procedures in accordance with the applicable legislation and the standards and requirements of the Société Générale financial group. It continuously verifies and updates the requirements, and regularly trains and tests its employees. It also applies corporate rules of conduct and ethical conduct to its employees. The rules consist mainly of rules for protection against conflicts of interest, rules for accepting gifts, rules for protection against abuse of position, or rules to protect against abuse of confidential information.

### **Environmental protection**

KB PS is located in the environmentally-friendly building at Stodůlky and complies with KB's environmental protection policy.

### **Innovations**

We pursued our intensive work on contracting in KB's Mobilní banka mobile banking application. Now, clients can also view certificates needed for tax deductions and annual statements in KB's direct channels. In parallel with these activities, we work on adding the option of concluding contracts outside the premises and via the Internet and adding other data to KB direct channels. We have set up a new supplementary pension savings fund called KB peněžní účastnický fond.

### **Sponsoring and charity**

In partnership with the Jistota Foundation of Komerční banka, KB PS distributed CZK 200,000 to projects for cross-generational activities of the Seniors' Centre in Myslibořice and children from the local primary school and the Children's Home in Hřotovice and Western Bohemian Diaconate. We also supported a project to help the elderly trapped into debt or facing enforcement proceedings.

### **Volunteering**

Many of our employees participate in volunteering activities every year. In 2019, these included:

- Blood donation in partnership with the General University Hospital in Prague
- The Commuting by Bike event
- Breakfast for the Jistota Foundation, prepared by and for our colleagues the proceeds were donated to the Foundation
- Collection of discarded mobile telephones and accessories under the Remobil project
- Charity golf tournament





## ESSOX

Social responsibility is an integral part of everyday work in ESSOX. We are delighted that employees across the company voluntarily participate in various forms of community assistance or development.

One important part of our CSR activities, whose importance grew further in 2019, is the promotion of electromobility. We believe that the gradual transition to electromobility and the long-term sustainability of individual transport in relation to the environment must be addressed by a company that holds a significant position in the Czech and Slovak car fleet financing markets. ESSOX endorses the development of the electromobility ecosystem through accessible funding and expert advice. Together with our partners and through product innovations, we offer favourable terms for the funding of all the components of the electromobility chain: financing of designs, financing of charging station construction, financing of upstream renewable energy sources, or acquisition of battery-powered vehicles.

Digitalisation is an important driver to reduce ESSOX's environmental impact. The world of financial services has long been the world of paper contracts. Thanks to the digitalisation of a number of processes, electronic signatures or payments through modern mobile platforms, we have made the shift to the "paperless" age together with our clients. We have managed to eliminate dozens of pages of contract documentation and thus prevent the production of hundreds of tones of pollutants, which are generated during the production of paper and subsequent logistics.

The engagement and willingness of our employees to help will never let us rest on our laurels. It is the employees who always bring new ideas on the ways to get even more involved in the development of the community in which we operate. Employees themselves suggest the projects that they would like to support, organise collections, and participate in nationwide charity events. Together, we help those with the greatest potential in the future - our children. Thanks to the Safe Together (*Společně bezpečně*) project, we have been able to train several thousand children in safety and responsible behaviour since 2018 in cooperation with the Southern Bohemian Fire Service.

While corporate social responsibility must be employee-driven, it is the task of the company management to create the conditions to give the staff and their ideas space for action. This is one of the reasons why CSR activities are also directed inward. We are committed to employee development and provide a number of benefits. We also act with the ethics of our profession and our responsibility towards our clients at the forefront of our minds. It is no coincidence that ESSOX was among the founding members of the SOLUS association in 1999; SOLUS is the umbrella for responsible lending in the

Czech market. The principles of responsible financing are a must for us, and therefore, as one of a few companies on the Czech market, we thoroughly test the ability to repay of each client before providing any financial service.

We are proud that the comprehensiveness of our CSR activities in 2019 was also appreciated by the Governor of the Southern Bohemian Region, Ms Ivana Stráská. Her Certificate of Merit is an important signal to us that our daily efforts make sense, and at the same time, motivate us to pursue our activities further.

## Safe Together

For the second consecutive year, we cooperated with the Southern Bohemian Fire Service on our Safe Together joint project. The awareness-raising project focuses on educating children in four basic areas: financial literacy, road safety, household safety, and outdoor safety.

Through various activities, children are introduced to the basics of safety in an entertaining way, with an emphasis on preventing dangerous situations. During the two years of the project, more than 6,000 children have already participated in the day trips. Thousands of children and adults took part in safety education events with firefighters.

In 2019, the French-Czech Chamber of Commerce ranked the project among the four finalists of its corporate social responsibility charts. And we have bold plans for 2020. If everything goes well, children in other regions will be able to participate in our entertaining awareness-raising events, regardless of whether they are growing up in a family or a children's home.

## ESSOX rooftop beehives

In the spring of 2018, we installed three beehives on the roof of our headquarters in the centre of České Budějovice. Inspired by the global trend, we wanted to help the environment and the urban ecosystem, which is strongly affected by a decline in diligent bee populations according to many studies.

In 2019, we expanded our small bee farm to ten beehives and were able to harvest sweet honey twice a year. We even moved a step further than other bee-enthusiastic companies – we had the quality of our honey assessed by a respected laboratory in Bremen, Germany. The result was a surprise: according to the expert laboratory, the quality of our honey was confirmed and even showed better results in some parameters than a comparative sample originating from a nearby protected zone.

It is our pride to give small pots of our honey as a unique Christmas gift to our trade partners for the second consecutive year.

### **Sponsoring and charity**

Thanks to the enthusiasm of our employees and their readiness to help, we managed to support many non-profit organisations helping the disabled and otherwise disadvantaged in 2019. We supported the organisations through funds raised during various social and sport events that we regularly organise for our employees. In 2019, we supported the Spolek Zvoneček association or a 12-year-old autistic boy, Matěj Kadlec.

We actively participate in national as well as international charity events such as the nationwide Food Collection and the popular Movember. We joined the Remobil drive, where we collected 93 old mobile phones for recycling. We also helped children in the Klokánek facility, for whom we prepared 53 starter boxes containing basic needs for life (clothing, hygiene items, etc.). Even such small items help children to enter the Klokánek facility, adapt faster and get used to the new situation. Our employees are also actively involved in blood donations organised by our parent company, Komerční banka.

A rather unusual project was a collection of bicycles for children in Gambia. What is hard to imagine for our children is the everyday reality in that country: children walk to schools on foot every day for several hours. On a bike, the journey will not only be faster, but certainly also more fun. Our managers themselves adjusted the bikes collected and sent them to the children through the Kola pro Afriku agency (Bikes for Africa). The story of the children resounded in the company so much that after the project, a collection of English language textbooks was organised in cooperation with primary schools. We collected seven large boxes of textbooks that will help the children make another step toward a better future.

It goes without saying that we take our long-term cooperation with the KB Jistota Foundation, founded by our parent Komerční banka, very seriously. We actively participate in events organised by the Foundation, and we also support the Foundation with a financial contribution of CZK 100,000 every year. In 2019, the donation was devoted to the Spokojený senior Klas organisation that strives to improve the quality of life of seniors making them live an active life in old age.

### **Electromobility**

In 2019, in partnership with ČEZ, OIG Power and Komerční banka, we designed an interesting offer of electromobility comprehensive financing package for KB clients, with solutions for photovoltaic panels, CES Battery Boxes with smart software for electricity consumption control, or selected electric cars.

### **Digitalisation**

In 2019, we carried on digitalising business tools and internal processes of our company. We focused on acquisition process-

es. Our ambition is to have “paperless” loan agreement arranged both at our offices and online.

Before the end of 2109, we launched the Google Pay electronic wallet for our clients with credit cards where they can add their credit cards and make payments on mobile devices.

### **Responsible employer**

We provide our employees with training not only to make their work more efficient, but also to improve their skills in the labour market. Our employees can use all the benefits offered within the KB and SG groups. They have meal vouchers fully paid by the employer. In recent years, we have been actively supporting home office in positions that allow it.

We offer a number of other benefits: 5 extra days of holiday leave, 2 sick days, contributions to supplementary pension and life insurance schemes, free admission to sports facilities, rental of premises for various sports activities, etc. We reward our employees for their ideas and activity in My Idea and Employee of the Year competitions.

In addition to the standard employee benefits, we also provide our disadvantaged colleagues with additional benefits, such as one additional sick day and an annual contribution of CZK 2,000 to Cafeteria.

Every year, we offer a small gift to our female colleagues on the International Women’s Day. In 2019, we did not forget either; we gave them beautiful little presents.

### **Ethics and responsible business**

All our decisions are taken in compliance with six principles of responsible financing: to properly assess a loan application; to say NO if necessary; to protect clients through insurance; to adjust to client requirements; to be transparent; to 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 Register (BRKI) and the Non-Banking Client Information Register (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.

### **Environmental protection**

ESSOX operates in the smart, low-energy buildings in Prague-Stodůlky and in České Budějovice. We make every effort to sort waste (recycling toners, old mobile telephones and laptops). Every year, we participate in the Clean Up Czechia programme. In terms of digitalisation, we have significantly reduced paper consumption by reducing client contract documentation in recent years.



## SGEF

### Helping where help is needed

We donated CZK 120,000 to the **KB Jistota** Foundation and supported the Dobrá rodina initiative helping children in substitute families.

Together with other KB subsidiaries, we organised a **Breakfast for the Foundation** where our employees and managers sold their home-made produce. The management of the subsidiaries then doubled the amount raised, so the total proceeds donated to the Foundation amounted to CZK 118,508.

In **Slovakia**, we regularly assign 1% of our income tax to the non-profit sector through tax assignation. It is the employees of our Bratislava branch who suggest and select its final beneficiaries. In 2019, we supported children with autism and Down syndrome, sheltered workshops for the mentally ill, a centre for mothers, and a Salesian order youth sports club.

We donated CZK 38,800 through the **Truck HELP** Foundation to families whose parent, a professional truck or bus driver, died on the job. The amount was raised through a year-long campaign when we invited our employees to send postcards when they travelled. SGEF then donated CZK 200 for each postcard to the Foundation.

We ran 333km for the **Nadace Terezy Maxové dětem** Foundation at the TERIBEAR Moves Prague event, raising CZK 10,000.

We joined **events organised by Komerční banka** and donated blood, collected old clothing and commuted to work by bike.

### We protect the environment

In partnership with the **European Investment Bank**, we joined the **Climate Action** programme. We extended financing on preferential terms to purchase city buses, trains, locomotives and newly also industrial machines and equipment, totalling CZK 312 million, thanks to this programme. We have signed a new agreement with the EIB, under which the share taken by Climate Action amounts to CZK 1.1 billion, whereby we declare our determination to pursue the initiative in the coming years.

We support public **passenger transport, railway and alternative drives**. We earmarked CZK 742 million for bus purchases, CZK 55 million for rolling stock and CZK 51 million for CNG trucks.

## Report Profile

Komerční banka has been publishing its Non-Financial Report since 2015. The 2017 Non-Financial Report published in 2018 was the first to comply with the Act on Accounting. As in the case of Komerční banka's Annual Report, our reports are issued in an annual cycle, for the past calendar year. The most recent Non-Financial Report was issued in April 2019.

While all the previous Non-Financial Reports were compiled in accordance with the provisions of the Accounting Act, we broadened the scope of the 2019. This report has been prepared in accordance with the GRI Standards: Core option. This decision was motivated by our ambition to further improve the preparation and comprehensiveness of our report. Compared to the previous report, no information given in previous reports has been restated.

The management approach and indicators presented in the Non-Financial Report include exclusively Komerční banka, a.s. Other companies in the KB Group are under no obligation to publish extra-financial information pursuant to § 32 points f) through i) of the Accounting Act and are excluded from the indicators disclosed in the Report. However, our Report presents the corporate responsibility policy of KB's subsidiaries where KB holds a controlling interest and has significant influence over their results.

The 2019 Non-Financial Report refers to indicators that measure the economic, social and environmental impacts as a direct consequence of our business activities. Some impacts, however, are indirect through the supply and demand chain. The relevant chapters explain how we control the indirect impacts.

The Non-Financial Report was not verified by an independent auditor. The extra-financial indicators are also reported to our parent company for the purpose of establishing a consolidated CSR report of Société Générale. In this respect, it should be noted that Komerční banka, in its position of a major SG subsidiary, was selected in 2019 for verification under an external verification scheme of the SG Group consolidated report.

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](mailto:udrzitelnost@kb.cz)

# Content Index (GRI Index)

GRI Standard	Disclosure title	Placement in the reports (AR - Annual Report, NF - Non-Financial Report)
	General disclosures (GRI 102: General disclosures 2016)	
	<b>ORGANISATION PROFILE</b>	
102-1	Name of the Organisation	NR - Cover page, <a href="#">page 1</a>
102-2	Activities, brands, products and services	AR - Organisation profile, <a href="#">page 8</a>
102-3	Location of Headquarters	AR - Organisation profile, <a href="#">page 9</a>
102-4	Location of operations	<a href="#">Branches and ATMs</a>
102-5	Ownership and legal form	AR - Organisation profile, <a href="#">page 9</a>
102-6	Markets served	AR - Organisation profile, <a href="#">page 9</a>
102-7	Scale of the organisation	NR - Responsible employer, <a href="#">page 22</a>
102-8	Information on employees and other workers	NR - Responsible employer, <a href="#">page 22</a>
102-9	Supply chain	NR - Environment, <a href="#">page 34</a>
102-10	Significant changes to the organisation and its supply chain	AR - Strategy and results - Major events in 2019, <a href="#">page 12</a>
102-11	Precautionary principle or approach	AR - Strategy and results - Report of the Board of Directors, <a href="#">page 10</a>
102-12	External initiatives	NR - Ethics and responsible business, <a href="#">page 17</a>
102-13	Membership of associations	NR - <a href="#">Annex 1</a> / NR - Ethics and responsible business, <a href="#">page 17</a>
	<b>STRATEGY</b>	
102-14	Statement from senior decision-maker	NR - Strategy, <a href="#">page 3</a>
	<b>ETHICS AND INTEGRITY</b>	
102-16	Values, principles, standards and norms of behaviour	AR - Strategy and results - Report of the Board of Directors, <a href="#">page 11</a> , NR - Ethics and responsible business, <a href="#">page 17</a>
	<b>GOVERNANCE</b>	
102-18	Governance structure	NR - Our strategic approach to sustainability, <a href="#">page 7</a> / AR - Company Report, <a href="#">page 39</a>
	<b>INVOLVEMENT OF STAKEHOLDERS</b>	
102-40	List of stakeholder groups	NR - Our strategic approach to sustainability, <a href="#">page 6</a>
102-41	Collective bargaining	NR - Responsible employer, <a href="#">page 27</a>
102-42	Identifying and selecting stakeholders	NR - Our strategic approach to sustainability, <a href="#">page 6</a>
102-43	Approach to stakeholder engagement	NR - Our strategic approach to sustainability, <a href="#">page 6</a>
102-44	Key topics and concerns raised	NR - Our strategic approach to sustainability, <a href="#">page 6</a>
	<b>APPROACH TO REPORTING</b>	
102-45	Entities included in the consolidated financial statements	AR - Strategy and results - Komerční banka Group, <a href="#">page 29</a> , NR - Report profile, <a href="#">page 52</a>
102-46	Defining report content and topic boundaries	NR - Report profile, <a href="#">page 52</a>
102-47	List of material topics	NR - Strategic approach to sustainability, page 4, page 6
102-48	Restatement of information	NR - Report profile, <a href="#">page 52</a>
102-49	Changes to reporting	NR - Report profile, <a href="#">page 52</a>
102-50	Reporting period	NR - Report profile, <a href="#">page 52</a>
102-51	Date of most recent report	NR - Report profile, <a href="#">page 52</a>
102-52	Reporting cycle	NR - Report profile, <a href="#">page 52</a>
102-53	Contact point for questions regarding the report	NR - Report profile, <a href="#">page 52</a>
102-54	Claims of reporting in accordance with the GRI Standards	NR - Report profile, <a href="#">page 52</a>
102-55	GRI content index	NR - GRI Index, <a href="#">page 53</a>
102-56	External assurance	NR - Report profile, <a href="#">page 52</a>
	<b>MANAGEMENT APPROACH (GRI 103: Management approach 2016)</b>	
103-1	Explanation of the material topic and its boundary	NR - Report profile, <a href="#">page 52</a> , NR - Introduction, <a href="#">page 6</a>
103-2	The management approach and its components	Management approach and indicators relating to each aspect are further explained in the relevant part of the Report.
103-3	Evaluation of the management approach	Management approach and indicators relating to each aspect are further explained in the relevant part of the Report.

## MATERIAL TOPICS

<b>GRI 200: ECONOMICS</b>		
<b>ECONOMIC PERFORMANCE (GRI 201: Economic Performance 2016)</b>		
201-1	Direct economic value generated and distributed	AR - Financial part, <a href="#">page 78</a>
<b>MARKET PRESENCE (GRI 202: Market Presence 2016)</b>		
202-2	Proportion of senior management hired from the local community	91%
<b>INDIRECT ECONOMIC IMPACTS (GRI 203: Indirect Economic Impacts 2016)</b>		
203-1	Infrastructure investment and services supported	NR - Ethics and responsible business, <a href="#">page 18</a>
203-2	Significant indirect economic impacts	NR - Ethics and responsible business, <a href="#">page 17</a> , NR - Sponsoring and charity, <a href="#">page 39</a> , NR - Trends and innovations, <a href="#">page 37</a>
204-1	Proportion of spending on local suppliers	NR - Environment, <a href="#">page 34</a>
<b>ANTI-CORRUPTION MEASURES (GRI 205: Anti-corruption 2016)</b>		
205-1	Operations assessed for risks related to corruption	NR - Ethics and responsible business, <a href="#">page 17</a>
205-2	Communication and training about anti-corruption policies and procedures	NR - Ethics and responsible business, <a href="#">page 17</a>
205-3	Confirmed incidents of corruption and actions taken	NR - Ethics and responsible business, <a href="#">page 17</a>
<b>ANTI-COMPETITIVE BEHAVIOUR (GRI 206: Anti-competitive Behaviour 2016)</b>		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	NR - Ethics and responsible business, <a href="#">page 17</a>
<b>GRI 300: ENVIRONMENT</b>		
<b>ENERGY (GRI 302: Energy 2016)</b>		
302-1	Energy consumption within the organisation	NR - Environment - KB monitors and reports indicators as kWh, <a href="#">page 35</a>
302-4	Reduction of energy consumption	NR - Environment, <a href="#">page 35</a>
<b>WATER (GRI 303: Water and Effluents)</b>		
303-3	Water withdrawal	NR - Environment, <a href="#">page 35</a>
303-5	Water consumption	NR - Environment, <a href="#">page 35</a>
<b>EFFLUENTS AND WASTE (GRI 306: Effluents and Waste)</b>		
306-2	Waste by type and disposal method	NR - Environment, <a href="#">page 35</a>
<b>GRI 400: SOCIAL</b>		
<b>EMPLOYMENT (GRI 401: Employment 2016)</b>		
401-1	New employee hires and employee turnover	NR - Responsible employer - KB does not report based on gender, <a href="#">page 25</a>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	NR - Responsible employer, <a href="#">page 31</a>
<b>LABOUR / MANAGEMENT RELATIONS (GRI 402: Labour/Management Relations)</b>		
402-1	Minimum notice regarding operational changes	NR - Responsible employer, <a href="#">page 27</a>
<b>OCCUPATIONAL HEALTH AND SAFETY (GRI 403: Occupational Health and Safety 2018)</b>		
403-1	Occupational health and safety management system	NR - Responsible employer, <a href="#">page 26</a>
403-2	Hazard identification, risk assessment and incident investigation	NR - Responsible employer, <a href="#">page 26</a>
403-3	Occupational health services	NR - Responsible employer, <a href="#">page 26</a>
403-4	Worker participation, consultation and communication on occupational health and safety	NR - Responsible employer, <a href="#">page 26</a>
403-5	Worker training on occupational health and safety	NR - Responsible employer, <a href="#">page 26</a>
403-6	Promotion of worker health	NR - Responsible employer, <a href="#">page 26</a>
403-8	Workers covered by an occupational health and safety management system	NR - Responsible employer, <a href="#">page 26</a>
403-9	Work-related injuries	NR - Responsible employer, <a href="#">page 26</a>
403-10	Work-related ill health	

<b>TRAINING AND EDUCATION (GRI 404: Training and education 2016)</b>		
404-1	Average hours of training per year per employee	NR - Responsible employer, <a href="#">page 30</a>
404-2	Programs for upgrading employee skills and transition assistance programs	NR - Responsible employer, <a href="#">page 29</a>
404-3	Percentage of employees receiving regular performance and career development reviews	NR - Responsible employer, <a href="#">page 30</a>
<b>DIVERSITY AND EQUAL OPPORTUNITY (GRI 405: Diversity and Equal Opportunity 2016)</b>		
405-1	Diversity of governance bodies and employees	NR - Responsible employer, <a href="#">page 29</a>
405-2	Ratio of basic salary and remuneration of women to men	NR - Responsible employer, <a href="#">page 29</a>
<b>NON-DISCRIMINATION (GRI 406: Non-discrimination 2016)</b>		
406-1	Incidents of discrimination and corrective actions taken	NR - Responsible employer, <a href="#">page 29</a>
<b>NON-DISCRIMINATION (GRI 406: Non-discrimination 2016)</b>		
410-1	Security personnel trained in human rights policies or procedures	All relevant training provided by an external supplier, including procedures to ensure compliance with human rights.
<b>HUMAN RIGHTS (GRI 412: Human Rights Assessment 2016)</b>		
412-2	Employee training on human rights policies or procedures	NR - Responsible employer, <a href="#">page 29</a>
<b>POLITICAL CONTRIBUTIONS (GRI 415: Political contributions 2016)</b>		
415-1	Political contributions	Support for political parties is prohibited under KB internal rules.
<b>CUSTOMER HEALTH AND SAFETY (GRI 416: Customer Health and Safety 2016)</b>		
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.
<b>MARKETING AND LABELLING OF PRODUCTS AND SERVICES (GRI 417: Marketing and Labelling 2016)</b>		
417-1	Requirements for product and service information and labelling	NR - Client satisfaction, <a href="#">page 12</a>
417-2	Incidents of non-compliance concerning product and service information and labelling	NR - Client satisfaction, <a href="#">page 13</a>
417-3	Incidents of non-compliance concerning marketing communications	NR - Client satisfaction, <a href="#">page 13</a>
<b>CUSTOMER PRIVACY (GRI 418: Customer Privacy 2016)</b>		
418-1	Substantial complaints concerning breaches of customer privacy and losses of customer data	NR - Client satisfaction, <a href="#">page 13</a>
<b>SOCIOECONOMIC COMPLIANCE (GRI 419: Socioeconomic Compliance 2016)</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	NR - Client satisfaction, <a href="#">page 13</a>
<b>SECTOR DISCLOSURES: FINANCIAL SERVICES (G4 Sector Disclosures: Financial Services)</b>		
(FS1)	Policies with specific environmental and social components applied to business lines	NR - Ethics and responsible business, <a href="#">page 17</a>
(FS2)	Procedures for assessing and screening environmental and social risks in business lines	NR - Ethics and responsible business, <a href="#">page 17</a> to <a href="#">page 18</a>
(FS3)	Processes for monitoring client's implementation of and compliance with environmental and social requirements included in agreements or transactions	NR - Ethics and responsible business, <a href="#">page 17</a> to <a href="#">page 18</a>
FS14	Initiatives to improve access to financial services for disadvantaged people	NR - Our strategic approach to sustainability, <a href="#">page 6</a>
(FS16)	Initiatives to enhance financial literacy by type of beneficiary	NR - Ethics and responsible business, <a href="#">page 18</a>

AN - Annual Report, NR - Non-Financial Report







**Thank you!**

## Annex: Membership of Organisations

American Chamber of Commerce in the Czech Republic	European Banking Federation (Payment System Committee)
American Chamber of Commerce in the Slovak Republic	Financial Distress Advisory Centre
Association for Combined Heat and Power Generation	Financial Markets Association of the Czech Republic, z.s.
Association for Energy Storage and Batteries	French-Czech Chamber of Commerce
Association for Infrastructure Development	French-Slovak Chamber of Commerce
Association for Real Estate Development	International Swap and Derivatives Association
Association of Business Service Leaders in the Czech Republic	Japanese Chamber of Industry and Trade in the Czech Republic
Association of Certified Fraud Examiners	Korean Chamber of Commerce in the Czech Republic
Association of Chartered Certified Accountants	MasterCard International MCI
Association of E-Commerce	Mixed Czech-Chinese Chamber of Mutual Cooperation
Bank Card Association	Mountfield HK Business Club, z.s.
Canadian Chamber of Commerce in the Czech Republic	National Committee of the International Chamber of Commerce in the Czech Republic
Central Securities Depository Prague User Committee	Netherlands-Slovak Chamber of Commerce
CFO Club	Odyssea, z.s.
Chamber of Certified Accountants	People Management Forum, z.s.
Chamber of Tax Advisors of the Czech Republic	Slovak Banking Association
Chamber of Trade and Industry for CIS Countries	Slovak Compliance Circle
Comite National des conseillers du commerce exterieur de la France	Slovak-German Chamber of Trade and Industry
COMMON Czech Republic, z.s.	Society for Worldwide Interbank Financial Telecommunication (SWIFT)
Corporate Governance Institute	Society of Environmental Engineering
Czech Banking Association	Solar Association
Czech Biomass Association	SWIFT Members National Association in SR
Czech Capital Market Association	The Czech Private Equity and Venture Capital Association, z.s.
Czech Chamber of Commerce	The Union of Banks and Insurance Companies
Czech Compliance Association	Turnaround Management Association, Czech Republic
Czech Institute of Directors	Union of In-House Lawyers of the Czech Republic
Czech Institute of Internal Auditors	Visa Europe, Czech Republic and Slovakia
Czech-German Chamber of Trade and Industry	