

# KB Group Sustainability Report 2023

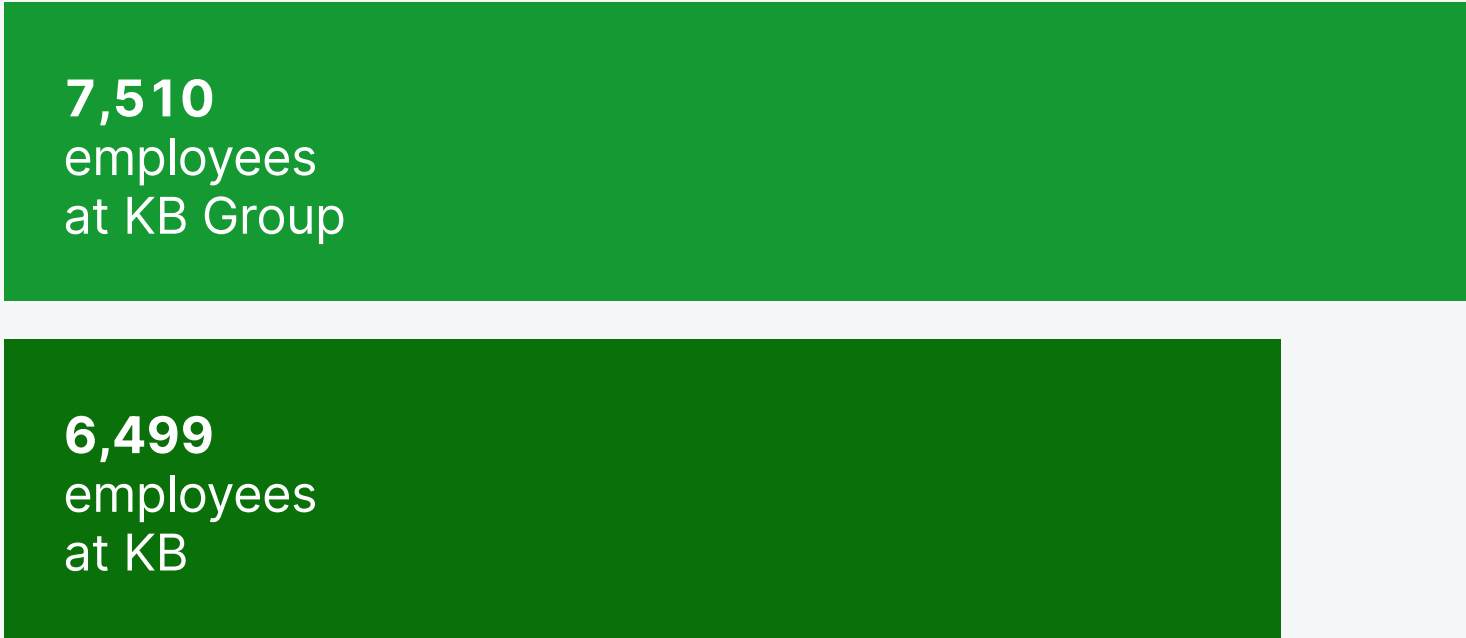


# Summary of interesting information on ESG topics

For more information please visit [KB's website](#).



## Average FTE number in 2023



We operate **158** branches and **724** ATMs that are **barrier-free**.

In 2023, the **equal pay gap was 1.8%**. Our goal is a zero equal pay gap by 2025.

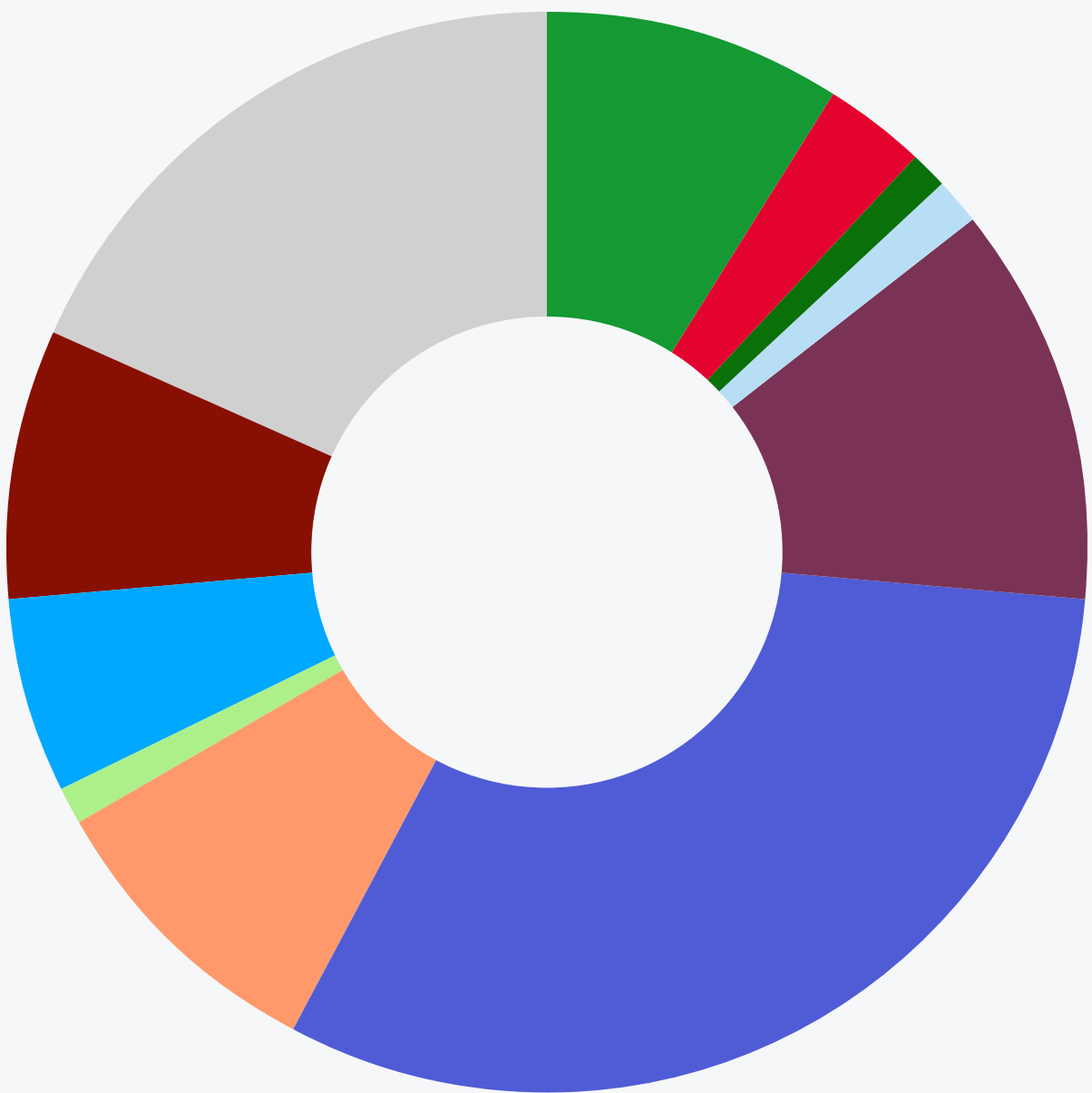
In 2023, **739** employees used the volunteering day.

In 2023, **98.7%** of our energy consumption originated from **renewable sources**.

Starting in 2019, we measure and audit our own carbon footprint and are headed towards **carbon neutrality in own operations by 2026**. In 2023, we reduced total emissions by more than 60% compared with the base year 2019.

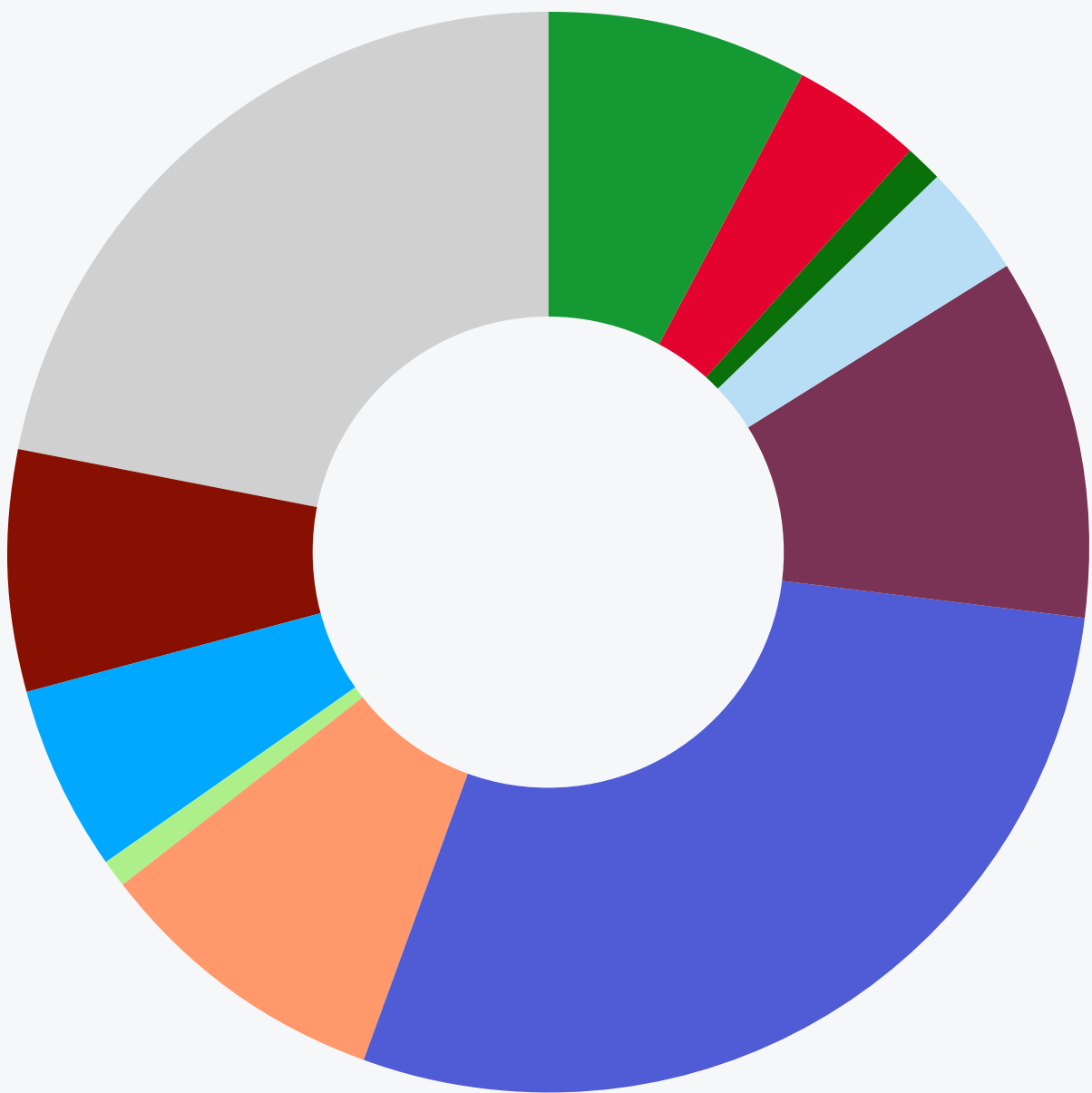
## Emissions by activity, in % (2023)

KB



- Natural gas (9.04%)
- Fuel for company cars (2.56%)
- Air conditioning (1.00%)
- Electricity (1.16%)
- Heat (12.17%)
- Investments (31.20%)
- Employee transport (9.14%)
- Waste (0.11%)
- Business trips (6.29%)
- IT and bank equipment (8.59%)
- Other (18.75%)

KB Group



- Natural gas (8.09%)
- Fuel for company cars (3.72%)
- Air conditioning (0.88%)
- Electricity (3.47%)
- Heat (10.91%)
- Investments (28.74%)
- Employee transport (9.07%)
- Waste (0.52%)
- Business trips (5.56%)
- IT and bank equipment (7.59%)
- Other (21.44%)

Note: Results for 2023 will be available in April 2024. In this respect, KB Group is understood to include KB, MPSS and ESSOX. The other KB Group companies do not measure their carbon footprint at the moment.

# Summary of interesting information on ESG topics

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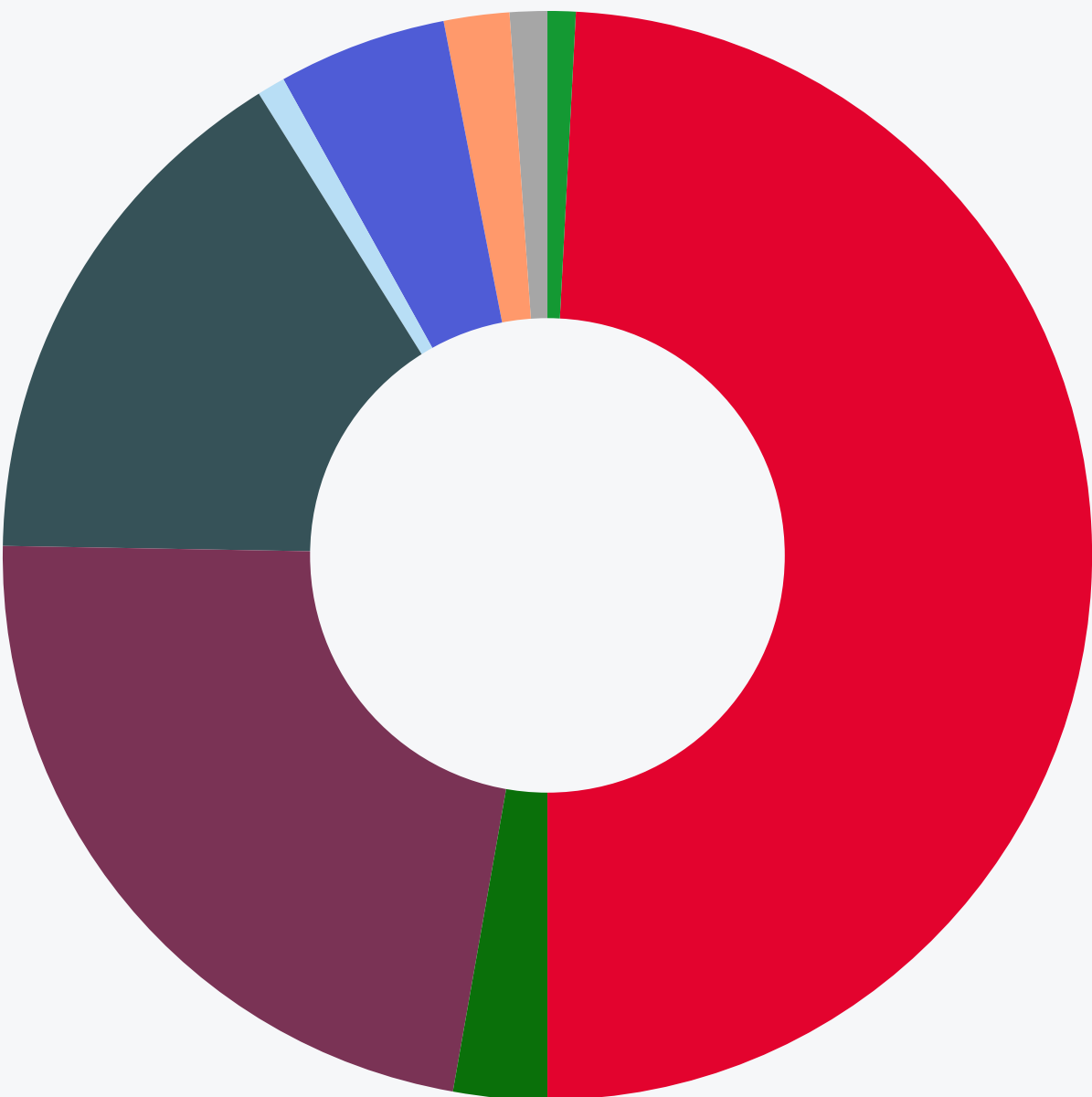
We have pledged to phase out financing of coal sector clients' activities completely by **2030**.

Starting in 2021, we assess and classify investment loans also from the perspective of their **ESG benefits** by the EU Taxonomy rules.

In addition to the traditional investment loans for sustainable projects, we now offer the **Green Loan**, the **Sustainability Linked Loan** and, newly, **Sustainability Linked Derivatives**.

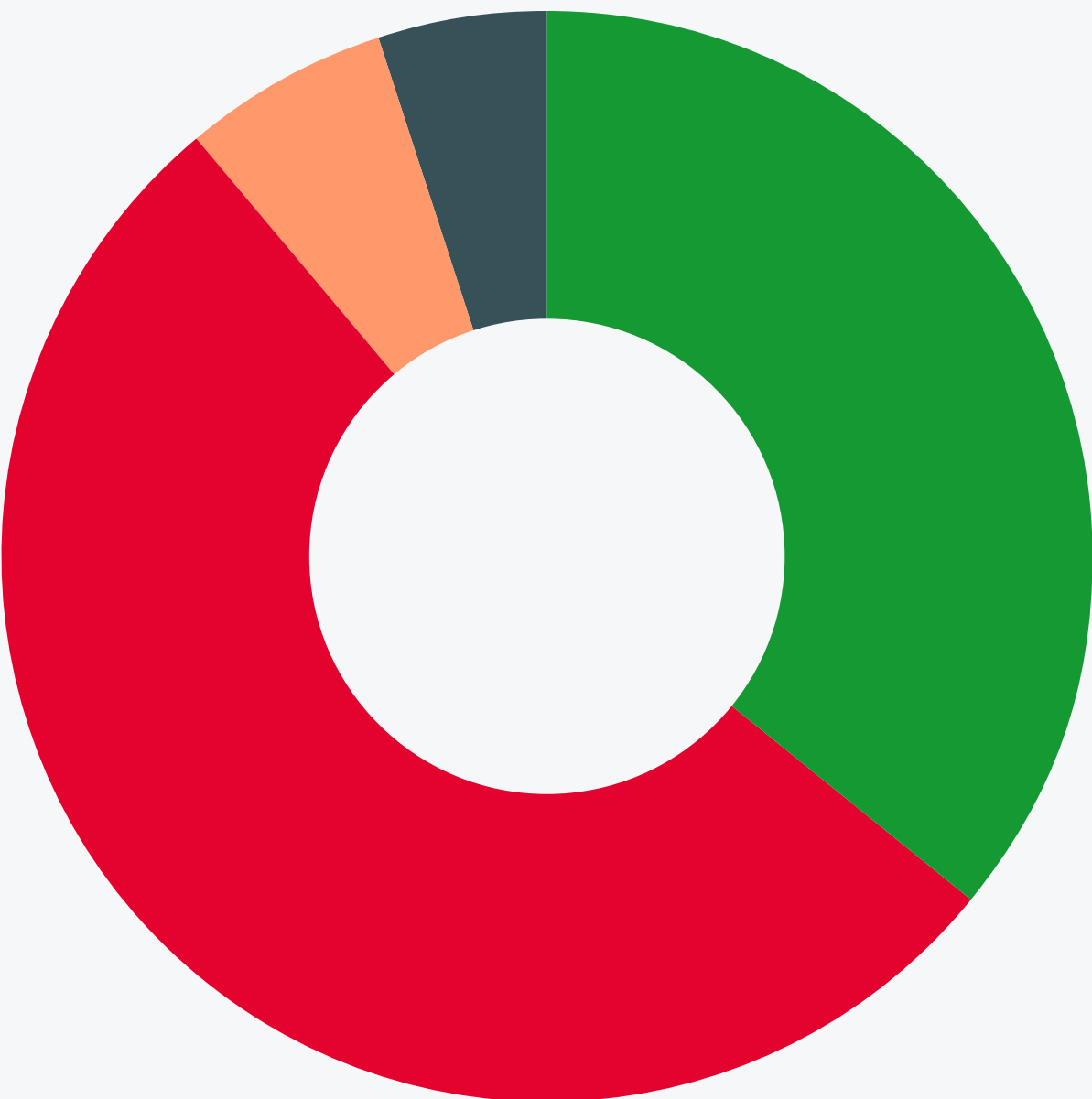
In 2023, we signed new agreements on ESG investment loans totalling **CZK 18.9 billion**. In total **65%** of these new ESG loans are beneficial in environmental terms, **10%** are beneficial in social terms, and **25%** concerned financing linked to sustainability targets.

Purpose of environmental projects



- Circular waste management (1%)
- Energy efficient buildings (50%)
- Low emission mobility (3%)
- Photovoltaics (23%)
- Renewable energy (16%)
- Sustainable forestry (1%)
- Wastewater management (5%)
- Water management (2%)
- Landscape water management (1%)

Purpose of social projects



- Public education (36%)
- Public healthcare (53%)
- Retirement homes (6%)
- Social housing (5%)

Note: Sums need not be equal due to rounding.

In June 2023, we started to offer **Sustainable Housing Mortgage Loans**. The interest rate is lower upon producing the building's Class A or B Energy Performance Certificate. Since the launch of this product, we have granted **186** loans totalling **CZK 747 million**.

By the end of 2023 we had issued **1,171,632** payment cards from recycled plastics; **296,372** of them were from 100% recycled material.

We started to issue payment cards with unique notches, **Touch Cards**, which make it easier for blind and partially sighted people to distinguish their payment card by type and orientation.

In 2023, KB Foundation distributed **CZK 19,750,770**. Half of this amount was channelled into support for families and children.





# Introductory words by Jan Juchelka



> **Jan Juchelka**  
Chairman and CEO,  
Komerční banka Group

Again a year packed with challenges—that was 2023. In the spring, we started to write a new chapter of Komerční banka's history: we launched the New Era of Banking, rounding off another leg of our journey on which Komerční banka is going through the largest transformation process in its history. We have built from scratch a new banking core system that has brought a number of changes: the new mobile app KB+, new online banking, and new services for clients. Sustainability is one of the pillars of the New Era of Banking. Our objective is to operate as a fully paperless company, issue cards from fully recycled materials, and be the client's bank of choice for sustainable housing mortgage loans.

The past year also saw a major anniversary: Komerční banka Foundation celebrated 25 years of its existence. Over this time, the Foundation had run 1,600 projects and distributed more than CZK 250 million to improve the quality of families' and individuals' life, contribute to non-profit organisations' projects, and help people in dire straits. Huge thanks for this are due to all the donors.

ESG is an opportunity for a structural transformation of the entire economy. Komerční banka is a systemic and universal bank that provides financial services and products across all segments: individuals, small business, SMEs, and large corporations. In 2023, we signed new agreements on ESG

loans totalling CZK 18.9 billion. Most (65%) of these new ESG loan agreements are beneficial in environmental terms, approximately one tenth are beneficial in social terms, and one quarter of these new loans concerned financing linked to sustainability targets combining both environmental and social impacts. Since 2022, we have also been offering Green Loans and Sustainability Linked Loans in addition to the conventional investment loans for sustainable projects. Additionally, we provide clients with comprehensive services related to issuing Green, Social, or Sustainable Bonds and Sustainability Linked Bonds. In 2023 Komerční banka provided the first Sustainability Linked Loan to the first corporate client, which would help them to achieve a number of strategic objectives actualising their ESG ambitions.

Besides its strong activity in sustainable financing, Komerční banka enjoyed another achievement in late 2023. For the second time in a row, it won its MasterCard Bank of the Year title, was named the Corporate Bank of the Year for the third time and was awarded as the Bank without Barriers for the second time. I want to extend thanks to all Komerční banka Group employees and our clients, shareholders, and investors. In 2023, this recognition is all the more valuable for us because the expert jury noticed the enormous change through which Komerční banka had gone in the preceding years and which triggered the New Era of Banking.





Jan Juchelka

**“For the second time in a row, we won MasterCard Bank of the Year title, were named the Corporate Bank of the Year for the third time and were awarded as the Bank without Barriers for the second time.”**





# Introductory words by Jitka Haubová



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

Banks constitute the country's key infrastructure and a systemic pillar of its economy, and their role is to remain stable in difficult periods of time too. Such periods are demanding tests of resilience and readiness, for which we have to be prepared, and the digital transformation has therefore been a crucial step into the future for us. We have completely replaced our technology and business foundations and developed our new core system in less than three years. Thanks to this transformation, in the spring of 2023 we were able to launch a completely new era of banking, sustainability being critical for this era.

In Komerční banka Group we emphasise, in particular, responsible business, digitalisation, process optimisation, and cost efficiency. We currently operate modern card and payment systems, new mobile and online banking, and new services for our clients. We also share our ATM network with another three banks: Air Bank, Moneta Money Bank and UniCredit Bank; we plan to expand the shared service to include deposit ATMs in 2024. In late 2023, we and other banks launched the Pay a Contact service, whereby clients can send a payment to another person using a registered phone number. We launched a unique card with a notch to help visually impaired clients find their way around. And much more.

Through financing itself, and also through advice on sustainable project financing we come across really interesting and bold ideas and innovations. In our own operation too we continue to mitigate our impact on the environment through specific projects. For example, we have a photovoltaic plant on the rooftop of our Prague-Stodůlky head office, and we are planning dozens of additional installations on our buildings throughout the country. The panels on our head office help us to charge our fleet of more than 200 e-vehicles. Compared with 2019, we have reduced our own operation's carbon footprint by more than 60%. This achievement is attributable to our own initiative to reduce our energy demand, our investment in sustainable technology, and other measures, such as buying energy with a certificate.

We are gradually implementing what at the first sight may appear to be minor changes only, which nevertheless do have a huge impact. I am delighted that Komerční banka Group has been following this path for several years and that it is successful in gradually furthering a more innovative and sustainable future.





Jitka Haubová

“In Komerční banka Group we emphasise, in particular, responsible business, digitalisation, process optimisation, and cost efficiency.”



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# Introduction and summary of 2023



The purpose of our existence, our *raison d'être*, is building together with our clients, a better and sustainable future through responsible and innovative financial solutions. Our vision is to be the leader in the New Banking Era for two million active clients and the bank with the heaviest emphasis on sustainability in the market. Development, responsiveness, and responsibility are the pillars of our strategy.

In April, we launched a new banking system, services for clients, mobile app and online banking, or the New Era of Banking. We started preparations for this major transformation project as early as 2020. In April 2023, we began migrating our clients to the New Era. The migration was started in the individuals segment; in the coming years, we will migrate small business clients and the process will be completed by corporate clients.

We are gradually expanding and improving the range of products and services whereby we promote sustainable future. With the arrival of Komerční banka's New Era in 2023, we started to issue payment cards from 100% recycled plastics and also payment cards with notches, Touch Cards, which make it easier for blind and partially sighted people to distinguish their payment card by type and orientation. For the new product Sustainable Housing Mortgage Loan, retail clients can receive a lower interest rate upon producing the building's Class A or B Energy Performance Certificate. We started to offer sustainability-linked derivatives to corporate clients.

In June 2022, we started to share our ATM network with MONETA Money Bank; in 2023, Air Bank and UniCredit Bank Czech Republic and Slovakia joined the scheme. This move has helped to improve the accessibility of cash services for clients and advance our sustainability activities. Clients greatly appreciate ATM sharing. One of the reasons is the



new possibility to transfer redundant ATMs to sites where an ATM has been missing until now, typically smaller towns and villages. Almost 10,000 people voted on where we should transfer our ATMs.

As early as 2021, we developed a [new branch design model](#) that brings modern and simpler environment for advice provision and effective solution to clients' various financial needs. The first branch based on the new concept was opened in Prague-Dejvice in July 2021. At the end of 2023, we already had 17 branches featuring the new design, and we will continue to revamp our branch network.

We want to contribute to climate protection by promoting a fair, green, and inclusive energy transition, taking into consideration that not all energy sources are equivalent for consumers in terms of costs, and that the energy sector represents thousands of jobs. In addition to launching new sustainable financing products whereby we support the mitigation of the effects of climate change, we have our own commitment to reduce our carbon footprint. We therefore carry on with activities aimed at achieving a carbon neutrality of our own operation by 2026. We want to achieve carbon neutrality in our value chain in 2050.

In 2023, KB's total emissions dropped by more than 60% from the base year 2019 to 14,454,749 t CO<sub>2</sub>e. The carbon footprint calculation is now done by the ENVIROS company. ENVIROS is now responsible for calculating the carbon footprint. Preferred by Nature, a non-profit organisation, audits the results of measurements. However, by the date of this Report the audit had not been completed. The reason is that the carbon footprint calculation was completed only a short time before the publication of this report. Audited results will be available on [website](#) in April 2024. In 2024, we will focus on broadening the calculation of Scope 3 emissions and on

the calculation of the entire KB Group's carbon footprint. In 2023, we installed a photovoltaic power plant on the rooftop of our Prague head office. The panels were configured in a way that helps to cover the daily peak and to reduce off-take from the grid in periods when energy demand in the building is peaking.

We again received a number of awards for our sustainability activities. We retained AA in the MSCI ESG ratings. In the FTSE4Good index, prepared by FTSE Russell, we retained 3.7 (of the 5 possible) points in 2023. But this was not the end to our responsible business achievements. We are really delighted by retaining our primacy in The MasterCard Bank of the Year 2023 competition. In addition to the victory in the main category, we also received recognition as The Corporate Bank of the Year and The Bank without Barriers. In Visa Awards 2022, dedicated to innovative payment solutions, we were named The #1 Sustainable Bank, the same as in 2021. The Czech Ministry of Industry and Trade has been awarding Czech National Awards for several years. In 2023, when we joined the scheme for the first time, we were placed second in the Czech National Award for Social Responsibility and Sustainable Development category. The Czech National Award is fully harmonised with the EFQM Committed to Sustainability international award model, and so makes it possible for organisations to compare themselves with those in the Czech Republic and in other countries. In the Top Responsible Company 2023 ratings from the Business for Society platform, we received two awards, one in the Top Responsible Large Company category and one for sustainability reporting. We were ranked sixth in the independent ESG ratings from the Association for Social Responsibility on the chart of large corporations. In the Golden Crown competition, the Sustainable Technologies Loan retained its Green Crown. SG Equipment Finance Česká republika a Slovensko received a silver certificate from EcoVadis. In November 2023, KB Private Banking was again named

excellent private banking in the Czech Republic at the *Global Private Banking Awards*. The reputable *The Banker* financial magazine and *Professional Wealth Management*, part of The Financial Times media group, grant these awards on a regular basis. Another major achievement was second place in The Private Bank category of The MasterCard Bank of the Year competition. We greatly appreciate these awards, which confirm KB's strong position in the market and the quality of the services provided by its Private Banking.

[More information about the awards can be found on KB's website.](#)



**New Era of Banking**

**In April, we launched a new banking system, services for clients, mobile app and online banking, or the New Era of Banking.**



# Komerční banka Group

Komerční banka, a.s. ('KB' or 'the bank') is the parent company of Komerční banka Group ('KB Group') and is part of the Société Générale financial group ('SG Group'). Komerční banka is one of the leading banks in the Czech Republic and the Central and Eastern European region. It is a universal bank offering a broad range of services in retail, corporate, and investment banking.

KB Group's companies provide additional specialised services, including personal pension schemes, building society savings, leasing, factoring, consumer finance, and insurance, which are available via KB's branch network, direct banking channels, and the respective companies' own distribution networks. KB also operates in Slovakia through a branch dedicated to corporate clients and through some subsidiaries.

This Sustainability Report is consolidated at the KB Group level. The subsidiaries subscribe to the same values as parent KB, apply a responsible approach to their business as much as possible, and act proactively in social and environmental respects. The purpose of consolidating our non-financial disclosures is to enhance the transparency of KB Group's activities and to provide the audiences with a more comprehensive picture of our sustainability endeavours. This report includes information about companies that significantly contribute to KB Group's assets and results, as shown in the table on the next page. The other subsidiaries, which are not included in the consolidated non-financial disclosures\*, do not cause any significant distortion with regard to sustainability reporting. Komerční pojišťovna, a.s. is an associated insurance company in which KB holds 49%, and as such is not included in the consolidated indicators for KB Group. Certain selected subsidiaries are being integrated within KB's internal structures and on 1 April 2023, all Factoring KB employees were transferred to Komerční banka. Since then, Factoring KB activities have been fully outsourced from Komerční banka. The chapter on Komerční banka Group of KB's annual financial report contains a detailed description of KB Group's subsidiaries.

\*KB SmartSolutions, s.r.o. and ESSOX Finance, s.r.o.





# KB Group companies



Company	Group's stake in the company	Non-financial data consolidation	Average FTE number of employees
Modrá pyramida stavební spořitelna, a.s.	100%	Full since 2022	495
KB Penzijní společnost, a.s.	100%	Full since 2022	52
Factoring KB, a.s.	100%	Full since 2022	11
SG Equipment Finance Czech Republic s.r.o.	50.10%	Full since 2022	141
ESSOX s.r.o.	50.93%	Full since 2022	312
ESSOX Finance, s.r.o. (100% subsidiary of ESSOX s.r.o.)	50.93%	We plan to include it in the Report for 2024	36
KB Poradenství s.r.o.	100%	We plan to include it in the Report for 2024	0
Protos, otevřený investiční fond, a.s. (an open-ended investment fund)	100%	Full since 2022	0
KB Real Estate, s.r.o.	100%	Full since 2022	0
VN 42, s.r.o.	100%	Full since 2022	0
STD2, s.r.o.	100%	Full since 2022	0
BASTION EUROPEAN INVESTMENTS S.A.	99.98%	Full since 2022	0
KB SmartSolutions, s.r.o.	100%	We plan to include it in the Report for 2024	6
KB companies owned by KB SmartSolutions, s.r.o.: <ul style="list-style-type: none"><li>KB Advisory, s.r.o.,</li><li>upvest s.r.o.,</li><li>My Smart Living, s.r.o.,</li><li>ENVIROS, s.r.o.,</li><li>Finbricks, s.r.o.,</li><li>Platební instituce Roger a.s.,</li><li>MonkeyData s.r.o.</li></ul>		Not included in consolidated data but described in the text	
Komerční pojišťovna, a.s.	49%	Not included in consolidated data but described in the text	265



1

# Strategic Approach to Sustainability



**We finance projects that mitigate the impacts of climate change. Examples include investments in more economical equipment or funding of installations for reducing pollutant release into the air, water, or soil.**

### Our approach to climate change

Climate change is regarded as a major threat for the planet and mankind, with immediate impacts on human health and prosperity. We see this risk dynamically shaping the approaches and conditions for the private and public sectors in relation to finance, investment and insurance already now. This is one of the reasons why we regard the climate change as a challenge for which we have to be prepared as society. It is crucial that we keep seeking innovations that will help us in our fight against the negative impacts. Mitigation and adaptation are frequently mentioned in connection with reducing the adverse impacts of climate change.

Mitigation is understood to be prevention, within the meaning of mitigating the root cause. We pursue a large number of mitigation activities in our business. We are reducing our carbon footprint and energy and water consumption, we are streamlining our processes, and we had a photovoltaic plant installed on the rooftop of our head office in 2023.

More information about these activities is available further in this report and [here](#).

We finance projects that mitigate the impacts of climate change. Examples include investments in more economical equipment, funding of installations for reducing pollutant release into the air, water, or soil, or funding of CHP retrofits.

More information about these activities is available further in the chapter [Sustainable financing](#).

Adaptation serves as coping with the impacts of the changing climate. It therefore means changes and adjustments that help to reduce vulnerability to climate change impacts. We fund projects geared towards expanding greenery in municipal and other areas, improve

biodiversity, or support farming, thereby helping to adjust to the already ongoing changes.

This Sustainability Report describes KB Group's ESG (Environment, Social, and Governance) activities. KB Group acts responsibly in its relationships with clients, employees, shareholders, and other stakeholders and partners. We are convinced that responsible business is in accordance with the interests and expectations of the stakeholders as well as with applicable regulations. Responsibility is the basis of partnership, and it is also a precondition for KB's and KB Group's sustainability and long-term success. We have put in place a number of goals related to sustainability and interlinked them with our corporate strategy. We regularly monitor and evaluate the meeting of the various targets. KB Group's environmental, social and governance (ESG) strategy is based on a materiality assessment that identifies the ESG factors most important to KB's stakeholders and for KB Group's growth and risks. [KB Group's ESG Strategy](#), which we published in 2022, is fully aligned with the KB2025 mission, vision and strategy.

As a bank, we have the potential to help to combat the climate change and support the transition to a carbon-neutral society primarily through financing our clients' responsible activities and sustainable solutions. We are aware of this and are therefore continuously broadening the range of our products and services that will help to achieve these objectives.

We are aware that ESG and the related regulatory requirements are being professionalised. We are therefore gradually increasing our ability to collect, measure, and disclose ESG data so as to be able to keep abreast of this rapidly developing area. We seek to apply a holistic approach to ESG regulation and to further reflect ESG impacts in our operations and policies (in all relevant respects, such as client onboarding, transaction



verification, financing, etc.). As early as 2022, SG Group took part in the first climate risk stress tests organised by the European Central Bank for major banks in the euro area. KB Group contributed its data to these stress tests. As part of the stress tests and producing the Risk Appetite Statement, KB Group identifies and evaluates the impacts of new risks. We regard the environmental risk and the geopolitical risk and the associated potential economic impacts as the most serious of these new risks. In all stress tests, KB Group proved considerable resilience to the adverse conditions of the economic and business environment.

### Governance at KB Group

The main owner of the sustainability concept at Komerční banka is Jan Juchelka, Chairman and CEO, and the sponsor is Jitka Haubová, member of the Board of Directors and Chief Operations Officer. The sustainability activities are coordinated by the Sustainability Working Group managed by Hana Kovářová, Executive Director for Brand Strategy and Communication. The Working Group also includes members of other key parts of the bank (Strategy and Finance, HR, Compliance, Facility Management, Risk, and Retail and Corporate Banking representatives), who help to develop the individual pillars of the strategy and achieve internal OKR (Objective Key Results, former KPI). The updates of the strategy and information on its practical implementation are regularly presented to the Board of Directors for review. By the same token, this Sustainability Report was laid before the Board of Directors and SEC (Strategic Executive Committee) before publication, and they had an opportunity to raise comments; they subsequently also approved the Sustainability Report.

We have included certain sustainability goals (measured by OKR) into the incentive system for senior management and employees. In 2023, a sustainability goal was included in their incentive system for 1,563 employees. The goal was set in more detail to match the particular job description following agreement with the manager. We describe the

goals/targets related to the variable pay in more detail in Remuneration in the chapter Social Sustainability.

KB Group has subscribed to SG Group's CSR ambitions so that together, they boost their positive impact. Société Générale pursues its ESG ambitions in four strategic pillars:

- Environmental transition
- Positive local impact
- Responsible employer
- Culture of responsibility

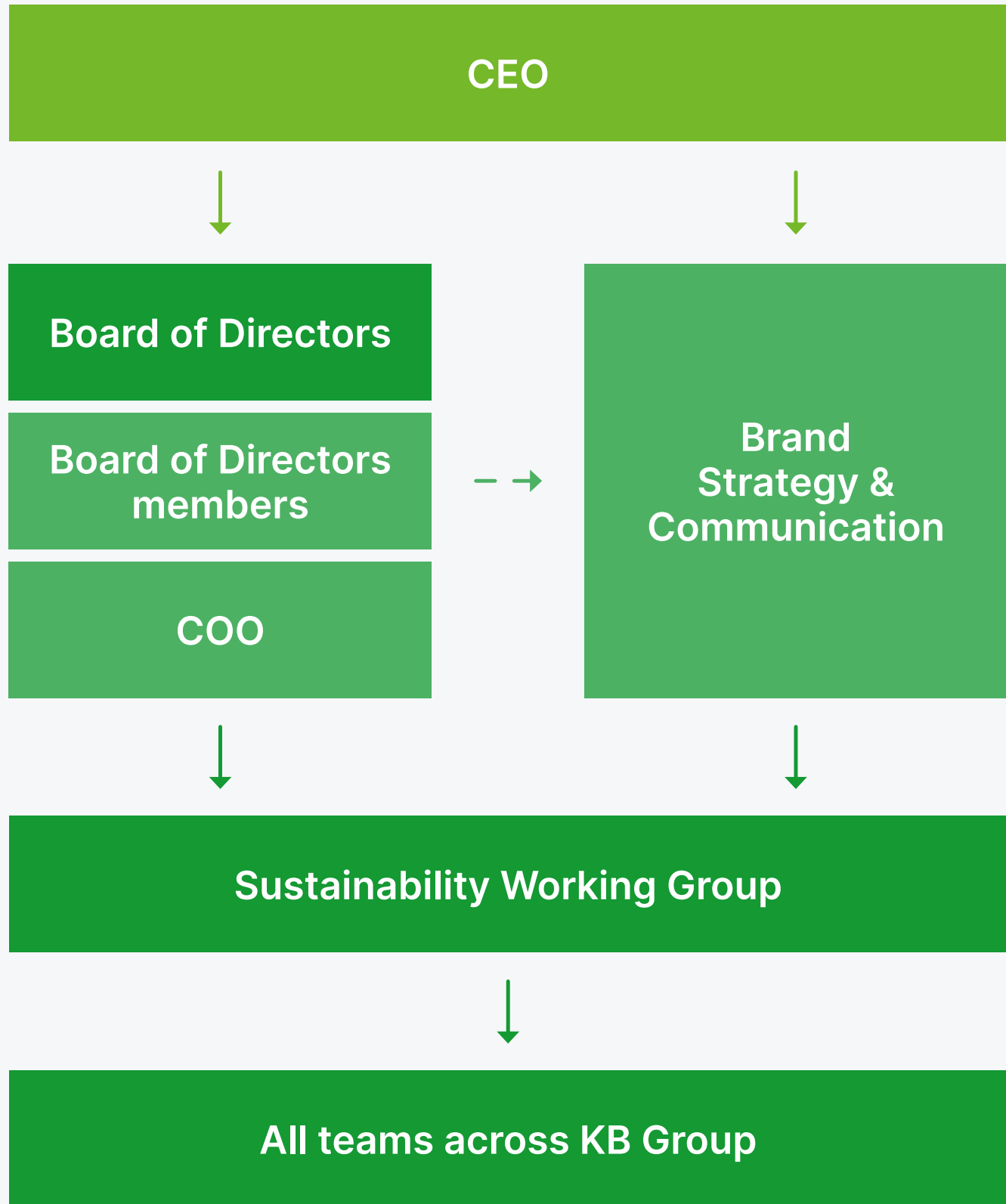
The transition is being effectuated through ESG integration within processes and operations and the monitoring of the meeting of environmental and social commitments. The practical realisation of SG Group's ESG ambitions is being steered using the *ESG by Design* programme, which we describe in more detail in Governance.

### Stakeholders

Komerční banka and its subsidiaries act responsibly in their relationships with clients, employees, shareholders, and other stakeholders and partners. KB is convinced that responsible business is in accordance with the interests and expectations of the main stakeholders as well as with applicable regulations. Responsibility is the basis of partnership and a prerequisite for KB's and KB Group's sustainability and long-term success. We have therefore identified the following stakeholder groups on whose interests KB Group's activities are impacting considerably, and KB Group therefore respects such interests in all its activities:

- Individual clients (consumers)
- Business and corporate clients, including municipalities
- Shareholders
- Financial markets, including rating agencies and bond investors
- Regulatory authorities
- The public, including future generations
- Employees and other staff
- Trade partners, including suppliers

KB Group seeks to understand the interests and needs of its stakeholders by directly engaging with them and by continuously building and developing the body of expert knowledge of its various specialists.





# Engagement with stakeholders



	Dimension	Business Model and Innovation	The Environment	Human Capital	Leadership and Governance	Social Capital
	Topics	<ul style="list-style-type: none"><li>Digitalisation</li><li>Resilience of the business model</li><li>Sustainable financial products</li><li>Product design and lifecycle management</li><li>Physical impact of climate change</li><li>Procurement practices and their efficacy</li><li>Supply chain management</li></ul>	<ul style="list-style-type: none"><li>Energy transition</li><li>GHG emissions</li><li>Environmental impacts</li><li>Water and effluent management</li><li>Disposal of waste and hazardous materials</li><li>Air quality</li></ul>	<ul style="list-style-type: none"><li>Employee engagement, diversity, and inclusion</li><li>Health and safety of employees</li><li>Labour practices</li></ul>	<ul style="list-style-type: none"><li>Management of the legal and regulatory environment</li><li>Business ethics</li><li>Financial crime</li><li>Management of the critical incident risk</li><li>Management of environmental and social risks</li><li>Competitive behaviour</li><li>Systemic risk management</li></ul>	<ul style="list-style-type: none"><li>Data security</li><li>Protection of customers' personal data</li><li>Approach to finances and affordability</li><li>Product quality and safety</li><li>Marketing practices and product labelling</li><li>Customer care</li><li>Human rights and engagement with the community</li></ul>
Stakeholders	Communication/Engagement					
Individual clients (consumers)	Regular satisfaction surveys and measurements	●				●
Business clients and corporations, including municipalities	Feedback Commercial communication The Together Sustainably website: newsletters, webinars	●	●		●	●
Shareholders	General meetings	●			●	
Financial markets, including rating agencies and bond investors	Events and meetings with investors/shareholders Studies and analyses Regular discussions with financial analysts	●	●	●	●	●
Regulatory bodies including CBA	Close cooperation with regulatory bodies Regular CBA meetings Dialogues in working groups	●			●	●
The public, including future generations	Public opinion polls Marketing campaigns Commercial communication Support of the non-profit sector		●	●		●
Employees and other workers	Regular satisfaction surveys Feedback Regular internal communication			●		●
Trade partners, including suppliers	Implementation of a responsible procurement policy	●	●		●	

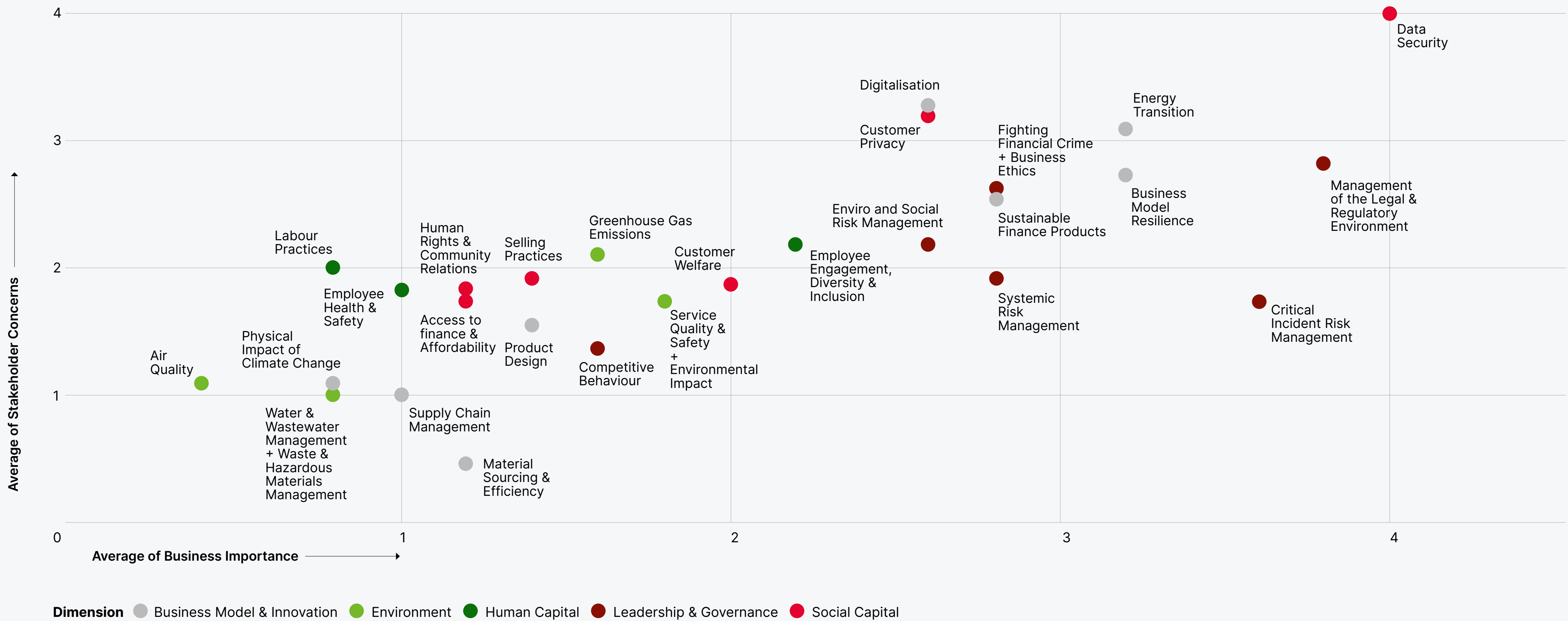


# Determining topic materiality

KB Group relies on the general topics structured in dimensions by the SASB (Sustainability Accounting Standards Board) standards, which were annexed to the IFRS standards for sustainability reporting in 2023, for determining the materiality of the various topics for each group of stakeholders and for its prospects for growth, including costs, and risks. This list identifies the material topics that are reasonably likely to impact on the financial condition or operating performance of companies and are therefore important for investors. In the subsequent internal discussion, the Group may further extend the range of the topics. In the next step, the Group nominates representatives of the various stakeholder groups from the ranks of its management and employees and/or external experts with a view to identifying and ranking the topics by their actual and potential impacts on the stakeholders' interests. In this evaluation process, the representatives are not limited to choice by solely the SASB standards. The justification of the selected topics is subject to these representatives' round-table discussions. At the same time, a panel of KB Group's managers responsible for business, operating, financial, and risk management assess the same set of topics. These managers evaluate the short-term and long-term actual and potential impacts of the topics on KB Group's business prospects, financial outlook, and risk profile. These evaluations are revised annually, along with a review of the list of stakeholders. The outcome of materiality analysis is visualised in a scatter diagram with the importance of a topic for stakeholders shown along the vertical axis and that for the Group's financial, business and risk prospects shown on the horizontal axis. This process of determining material topics will be replaced with the evaluation of double materiality under the ESRS (European Sustainability Reporting Standards) from 2024.



# Materiality analysis outcome and justification in 2023



Material topics

The most material topics include data security, management of the legal and regulatory environment, energy transition, resilience of our business model, finance crime, and business ethics.



# SDGs – Sustainable Development Goals

SDGs or Sustainable Development Goals were adopted by all UN member states in 2015 and serve as guidance to ensure prosperity and peace for all, build partnerships, provide for a dignified life without poverty and inequality, or protect the environment. We consider each of the 17 SDGs to be very important and hope that we are at least partially helping to meet all of them. We have selected the goals that we believe are the most important for us and our stakeholders and that can have a truly positive impact on the society in which we do business. We considered the selection of the most important SDGs with regard to KB's strategic plan.

KB's management discussed the final priorities for each of the SDGs so that the selection of SDGs matched our actual activities and future plans as closely as possible.



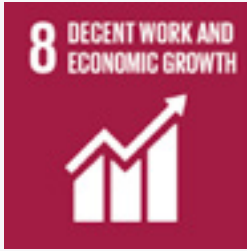
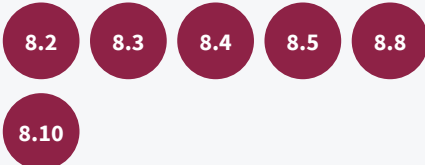










As a bank, we have the potential to positively influence society in two ways: first, by the manner we manage finances, treat resources, and deal with stakeholders, and second, through the projects that we finance and support. This division helps us to find our way around the SDGs better and to determine the goals that are the most important for us. We did not just settle with a general association with the selected goals, but we have also linked our activities to the level of the SDG targets. In this way, we are able to focus our efforts more specifically on the goals that we are able and capable of influencing as a bank.















# SDGs – KB direct influence



	SDG Goal	SDG target	Placement in this report
	<b>Drinking water and sanitation</b> We systematically reduce water consumption, and by default, we install water saving accessories when refurbishing our premises.		<b>Ch. 2:</b> <u>Water consumption</u>
	<b>Decent work and economic growth</b> We use resources for our growth so that the environment is not degraded. We provide safe and stable working environment for our employees.		<b>Ch. 2:</b> Carbon footprint <b>Ch. 3:</b> <u>Diversity and inclusion</u> , Remuneration <b>Ch. 5:</b> <u>Digitalisation and innovation</u> , Investment loans with a positive impact
	<b>Reduced inequalities</b> At KB, we tolerate no form of discrimination and integrate all not only in employment, but also in providing our services.		<b>Ch. 3:</b> <u>Service accessibility for disadvantaged clients</u> , <u>Diversity and inclusion</u> , Remuneration <b>Ch. 6:</b> KB Foundation
	<b>Responsible production and consumption</b> We use natural resources economically and manage waste responsibly. Our ambition is to gradually reduce generated waste, thus minimise the impacts of our activities on the environment.		<b>Ch. 2:</b> <u>Energy consumption</u> , <u>Waste management</u> , <u>Carbon footprint</u>
	<b>Climate action</b> At KB, we make efforts to mitigate the impact of climate change, and actively search for appropriate solutions. One of our goals is reducing our corporate CO <sub>2</sub> emissions, which we measure and have audited.		<b>Ch. 2:</b> Energy consumption, CO <sub>2</sub> emissions <b>Ch. 4:</b> <u>Relations with suppliers</u> , ESRM <b>Ch. 5:</b> Beginning of the chapter <b>Ch. 6:</b> <u>KB Foundation – volunteering</u>
	<b>Peace, justice and strong institutions</b> We respect the law and legislation, we have measures in place to fight against money laundering and corruption, and we take care to make sure that we are seen as a transparent and responsible company.		<b>Introduction</b> <b>Ch. 4:</b> <u>Code of Conduct</u> , <u>Whistleblowing</u> , <u>AML</u>
	<b>Partnership for the goals</b> We are convinced that through partnership with other entities, sustainable development goals can be better achieved. We share our knowledge and expertise, and provide financing to meaningful projects.		<b>Ch. 4:</b> Table of external initiatives <b>Ch. 3:</b> Financial education and literacy <b>Ch. 5:</b> Loans supported by European institutions <b>Ch. 6:</b> <u>KB Foundation</u>

# SDGs – KB influence through financing



SDG Goal		SDG target	Placement in this report
	<b>Drinking water and sewage</b> We support projects focusing on water quality improvement and its efficient use.		<b>Ch. 5:</b> Investment loans with a positive impact
	<b>Accessible and clean energy</b> We finance investment in energy saving measures and gradually increase the use of renewable energy.		<b>Ch. 5:</b> Investment loans with a positive impact
	<b>Industry, innovations, and infrastructure</b> We support the society in which we carry on business by building high-quality infrastructure and improving the quality of life.		<b>Ch. 5:</b> Investment loans with a positive impact, <u>KB SmartSolutions and promoting start-ups</u>
	<b>Sustainable cities and municipalities</b> We work in favour of cultural heritage protection and promote municipal and regional development.		<b>Ch. 5:</b> Investment loans with a positive impact <b>Ch. 6:</b> <u>KB Foundation Foundation</u>
	<b>Responsible production and consumption</b> We use natural resources economically and manage waste responsibly. Our ambition is to gradually reduce generated waste, thus minimising the impacts of our activities on the environment.		<b>Ch. 5:</b> Investment loans with a positive impact

## Our mission

The purpose of our existence, our *raison d’être*, is building together with our clients, a better and sustainable future through responsible and innovative financial solutions.

Goals pursued



Dimension	Objectives	2019	2020	2021	2022	2023
Business model and Innovation	Promote innovation and digitalisation	Create new digital bank where clients and employees will desire to live within KB world and services		We began building a new bank information infrastructure and redesigning all bank processes.		The end of 2022 saw the pilot operation of a new platform in our mobile app, online banking, and relationship managers' dashboards. Some 3,000 clients from the ranks of KB employees were taking part in that operation.
		Share of digital sales			23.40%	28.00%
		Communication with clients		Paper leaflets abolished, switch to digital leaflets		Preparing for terminating paper payment orders (terminated as of 1 Jan 2024)
	Finance sustainable development	New agreements on ESG investment loans to all new agreements on investment loans		20.80%	37.20%	38.70%
						53.60%
		Introduce the new advantageous retail financing solutions for projects with positive environmental impact			We put in place a system of ESG designation to screen our loan portfolio in terms of meeting the strategic sustainability goals, which also provides the data for our bank's and SG Group's reports. We thus determine whether a transaction meets the criteria for E&S positive financing. This process allows us to make an informed decision on its eligibility in terms of supporting the client by way of a softer interest rate, which is subsidised from our own resources, specifically our internal ESG subsidy allocation.	We extended its range to include sustainable financing products. In addition to the traditional investment loans for sustainable projects, we also offered Green Loan and the Sustainability Linked Loan.
						We included sustainability linked derivatives in the range of products linked to sustainability goals.

Target 2025	SDG targets
Marketable level of maturity reached in retail as well as corporate banking	8.2 8.10
50%	8.2 8.10
Fully paperless communication with clients	12.2 12.5
50%	9.4
Standardised offer of financing solutions for sustainable housing, energy generation and savings, waste treatment	8.3 12.6



Goals pursued



Dimension	Objectives	2019	2020	2021	2022	2023
Leadership and Governance	% of corporate clients screened for ESG risks		Implementation of the environmental and social risk management (ESRM) system that helps to identify and evaluate ESG risks of KB's corporate clients	We gradually increase the share of corporate counterparties screened for these ESG risks.	We gradually increase the share of corporate counterparties screened for these ESG risks.	We gradually increase the share of corporate counterparties screened for these ESG risks.
	Manage ESG risks	Know Your Supplier screening	Basic screening of suppliers with contract with KB or selected subsidiaries	Progressive implementation of the Know Your Supplier (KYS) methodology	We make full use of the Know Your Supplier (KYS) methodology for identifying and evaluating information about suppliers and potential suppliers to prevent cooperation with those who violate the applicable rules of taxation, of fight against money laundering and terrorism financing, or corruption, or may be involved in other illegal activities.	We make full use of the Know Your Supplier (KYS) methodology for identifying and evaluating information about suppliers and potential suppliers to prevent cooperation with those who violate the applicable rules of taxation, of fight against money laundering and terrorism financing, or corruption, or may be involved in other illegal activities.
	Improve our ESG rating	FTSE4Good Index Series score (maximum 5)		3.3	3.3	3.7
		MSCI ESG index score		A	BBB	AA

Target 2025	SDG targets
100%	<div>12.6</div> <div>17.16</div>
Screening of all suppliers against to defined risk and volume criteria	<div>12.6</div>
4+	<div>16.6</div>
AA	<div>16.6</div>

# Goals pursued



Dimension		Objectives	2019	2020	2021	2022	2023
Social Capital	Support the community	Volume of grants by KB Foundation	CZK 10,418,012	CZK 11,065,943	CZK 19,652,913	CZK 28,911,006	CZK 19,750,770
		Number of employees involved in corporate volunteering	537 (7%)	219 (3%)	394 (6%)	567 (9%)	739 (12%)
Environment	Reduce our carbon footprint	Our own operation's carbon footprint reduced since start of emission measurements*		30%	32.5%	44%*	61%**
		Total energy consumption (MWh per year)	54,660	48,619	48,635	40,122	37,791
		Share of electricity consumption from renewable sources		0%	10%	59%	98.7%
Human Capital	Be a responsible employer	Share of women in senior management of KB (parent bank, Board of Directors plus B-1 positions)	19%	26%	26%	27%	27%
		Gender pay gap		2,6%	2,4%	2,2%	1.8%***
		Share of part-time jobs in total employment	6%	6%	6%	7%	11%
		Smart Office concept		The covid-19 pandemic has accelerated the transition to Smart Office.			All employees can use work from home (Smart Office). Teleworking frequency differs depending on position type and agreement with the manager. The branch network also allows one teleworking day per week. Teleworking is much more widely used at the head office.

Target 2025	SDG targets
CZK 14,000,000	17.17
1,000 (18%)	13.3
80%	12.4 13.1
	8.4 12.2
100%	7.2
30%	5.5 10.3
0.0%	8.5 10.4
12%	8.8 10.3
Adaptive and effective environment with an agile spirit, prepared for the digital future	10.3 10.4

\* This indicator includes Scopes 1, 2 and 3 GHG emissions caused by own activity, but not GHG emissions originating in the value chain.  
\*\* Audited results of carbon footprint measurement for 2023 will be released in April 2024 at <https://www.kb.cz/en/about-bank/we-do-business-sustainably/environmental-sustainability>.  
\*\*\* In this indicator, our calculation methodology was aligned with that of our parent Société Générale. More details about the methodology are in Remuneration in the chapter Social Sustainability.  
Note: Last year's Report contained an incorrect figure for total energy consumption (MWh/year) for 2022. The value in this table is correct.



### Comments on the Monitored Goals table

Based on inputs collected from our stakeholders we have determined the key ESG goals and targets that we want to achieve by 2025. These ESG goals have primarily been set for Komerční banka but are based on KB Group's ESG Strategy. KB's subsidiaries follow and develop these goals and targets adequately to the extent and nature of their activities.

In April 2023, we launched a new banking system, mobile application and online banking, called the New Era of Banking. We started this major transformation as early as 2020 when we built a new core banking system on the green field using the latest technology. In April 2023, we began migrating our clients to the New Era. At the end of 2023, we already served 120,854 clients in it.

In 2023, the share of products sold digitally accounted for 28% of total sales in the individuals segment. We plan to increase this share in the retail segments to 50% by 2025.

Communication with clients will be completely rid of paper documents. As early as 2021, we stopped releasing printed promotional leaflets and seek to extend digitalisation. In 2023, we were preparing clients for the end of the paper payment orders, which then took place in January 2024.

In the corporate segment, we monitor the percentage of new contracts for investment loans which meet the ESG parameters (SPIF, Sustainable and Positive Impact Finance, by SG's methodology). In 2023, these new ESG investment loans accounted for 53.6% of the total new production of corporate investment loans. In 2023, we started to include in this indicator also Sustainability-linked Loans, which were not included in the indicator for the preceding period. The chapter Sustainable Financing offers more details about our approach to sustainable financing.

We are gradually extending and improving our range of sustainable financing products. We started to offer sustainability-linked derivatives to corporate clients. The ESG designation system helps us to take qualified decisions on whether or not we will offer softer rates to clients.

At KB, we have developed an environmental and social risk management system (ESRM) that helps to identify and assess risks of the bank's corporate clients from the perspective of the potential origination of serious damage or adverse impacts of their activities on the environment and human health and safety, and human rights and fundamental freedoms. We are progressively expanding the share of corporate counterparties screened from the perspective of these ESG risks.

Since 2021, we have been employing the Know Your Supplier (KYS) methodology for identifying and evaluating information about suppliers and potential suppliers to prevent cooperation with those who violate the applicable rules in the specified areas.

In the FTSE4Good index, prepared by FTSE Russell, we retained 3.7 (of the 5 possible) points in 2023. In the MSCI ESG ratings, we retained AA in 2023.

Komerční banka Foundation distributed almost CZK 20 million to non-profit organisations; projects in 2023. The grants were primarily channelled into help to families and children and into palliative care. In 2023, a total of 739 KB employees, i.e. 12% of all employees, used the volunteering day.

Compared with the base year 2019, in 2023 we reduced our carbon footprint by more than 60%. This figure was not audited at the time of releasing this report. We publish the audited results of our carbon footprint measurements on the [website](#) in April.

Overall energy consumption in 2023 was lower thanks to the branch network optimisation, use of shared offices, and energy management of buildings.

Consumed electricity intended for operating KB's branch network, data centres and vehicle fleet originated 98.7% from renewable sources. The reason for this increase was the planned gradual reduction of our carbon footprint.

The share of women in managerial positions stayed the same as in the preceding years. We monitor women's share of managerial positions at KB (the parent bank, Board of Directors, and B-1 positions), targeting 30% in 2025.

Equal remuneration is the fundamental pillar of the diversity strategy at KB Group. Its objective is a zero EPG, equal pay gap (formerly gender pay gap) by 2025. In 2023, EPG was reduced to 1.8% from 2.2% in 2022. In this respect, we have aligned our calculation methodology with our parent company Société Générale. Further to this change, we have also adjusted the data for preceding years. Under the original methodology the values were as follows: in 2022: 4.0%, in 2021: 4.2%, in 2020: 4.8%. For more details on the methodology see Remuneration in the chapter Social Sustainability.

We are increasing the share of part-time jobs in total employment to provide employees with flexible working conditions. In 2023, part-time jobs accounted for 11% of total employment and we want to reach 12% by 2025.

We allow employees to work from home on a regular basis thanks to our Smart Office scheme, which also offers flexible distribution of the working hours.







2

# Environmental Sustainability



**In 2023, we continued to reduce our impacts on the environment, primarily through switching to renewable energy and further reductions in our energy consumption. We were the first bank in the country to install a photovoltaic plant; we placed it on the rooftop of our head office in Prague-Stodůlky. We continue to be responsible across our operations and are on track to achieve carbon neutrality of our activities by 2026. We promote e-mobility, roll out charging stations, and refurbish branches in the spirit of sustainability.**

**Energy consumption and production**

We measure and monitor our consumption of electricity, gas, heat, and water at the supply points that are equipped with billing and secondary meters. In the case of unmetered premises, we pay for energy under a contractual agreement; e.g., by a ratio determined based on the area used in the property and number of employees. We regularly compare our energy consumption data to determine year-on-year changes in consumption between the various periods.

Energy consumption outside the organisation is measured by secondary meters. We deduct the energy provided to other entities from the consumption read on KB's main meter. In the case of rented unmetered premises, we proceed in a similar way, i.e. by applying the leased floor area ratio (it is a minimum number of cases).

Since 2019, when energy reporting was put in place, we have been reducing energy consumption in each of the KB buildings every year.

As part of Enectiva energy reporting, we compare energy consumption data with technical parameters of buildings, including building use, number of occupants, climatic conditions, etc. We evaluate the data in a software package and determine the values that we should

achieve. Based on that, we conduct detailed checks of the sites with above-limit energy demand.

During refurbishments and major repairs, we use new energy saving equipment; e.g., for lighting, we install LED lighting fixtures, and we replace atmospheric gas boilers with high efficiency condensing boilers. We take a similar approach to HVAC and cooling. All new equipment is designed with high efficiency and continuous control.

In 2023, we implemented the first stage of online metering of electricity and water consumption using IoT (Internet of Things) elements. In 2024, we will complete the second and final stage of this project, covering all electricity and water measurements by online metering. This tool will help us to evaluate any excessive consumption or emergencies better and faster.

The Smart Office project for workplace sharing continues to help us to reduce requirements for the size of workplaces, and thus also the energy intensity of our operation.

KB complies with its obligation under Act No 406/2000 on Energy Management and the relevant implementing regulation. Under this legislation, KB has obtained an Energy Audit. Enerfis, an energy consultancy, prepared the energy audit for KB in 2020 (the validity of the audit is four years). Complying with the energy legislation as currently in force, we have also obtained Building Energy Performance Certificates (BEPC) for all our buildings with a usable area of more than 1,500 m<sup>2</sup> and those with a treated floor area of more than 500 m<sup>2</sup> in which we rent our vacant premises. Our two office buildings in Prague-Stodůlky have obtained BREEAM (Very Good) and LEED (Gold) energy certificates.





# Energy consumption



	KB	KB Subsidiaries			KB Group		
	2023	2022	2021	2023	2022	2023	2022
Electricity (kWh)	21,007,674	21,442,324	23,932,914	2,014,530	1,888,854	23,022,204	23,331,178
of which electricity from renewable sources (kWh)	21,007,674	12,566,960	2,304,800	1,502,810	-	22,510,484	12,566,960
Gas (kWh)	6,439,681	7,244,982	8,955,726	1,501,729	1,598,973	7,941,410	8,843,955
Heat (kWh)	10,299,855	11,387,261	15,630,225	1,432,447	1,279,421	11,732,302	11,803,311
Cooling (kWh)	44,286	47,988	115,664	6,438	7,685	50,724	55,673
Total kWh/year	37,791,496	40,122,555	48,634,529	4,955,144	4,774,933	42,746,640	44,034,117
Diesel (l)	882	955	1,275	240	224	1,122	1,179
Water (m³)	38,878	40,645	40,103	4,506	4,939	43,384	45,584

Note: Data for 2022 have been adjusted; last year’s calculation contained an error in data on energy, diesel and water for one of the subsidiaries.

### Renewable energy

In 2022, we started to buy green electricity, and since 2023 KB Group has been using renewable energy almost exclusively. 98.7% of electricity consumed for operating the branch network, data centres, and KB’s vehicle fleet comes from renewable sources. The remaining 1.3% of electricity consumed comes from the standard energy mix in the Czech Republic and Slovakia; this is electricity taken at external e-vehicle charging stations and that used for cooling where KB is a tenant and this utility is supplied to it.

In 2023, KB and ČEZ ESCO installed, as part of the Photovoltaic for One Koruna project, a photovoltaic power plant on the rooftop of KB’s Prague-Stodůlky building. The plant has a capacity of 94.5 kWp and an average annual output of 91.2 MWh. The rooftop is rugged but the panels were configured in a way that helps to cover the daily peak and to reduce off-take from the grid in periods when

energy demand in the building is peaking. The office building consumes all of the generated electricity. We are preparing the installation of ten PV plants on KB buildings with a total capacity of 436.8 kWp, planning to complete them in 2024.

### Water consumption

We are continuously reducing water consumption across the Group thanks to online metering, IoT, and related measures. This tool helps us to evaluate any excessive water consumption or emergencies better and, above all, faster. Water consumption monitoring and branch network optimisation helped to reduce its consumption by 4.3% on 2022. By default, we install water-saving accessories, such as taps with aerators or toilets with water flushing control on the occasion of refurbishments. We do not use waste water and drain it directly into the sewage system. Nor do we use rainwater.

>

Energy from renewable sources

In 2022, we started to buy green electricity, and since 2023 KB Group has been using renewable energy almost exclusively.



# Detailed distribution of emissions



KB						
	2023 KB v kgCO <sub>2</sub> e	Share of total footprint (%)	Total KB of each Scope for 2023 (kgCO <sub>2</sub> e)	2022 (kgCO <sub>2</sub> e)	2021 (kgCO <sub>2</sub> e)	2019 (kgCO <sub>2</sub> e)
Natural gas	1,306,147	9,04	1,821,043	1,469,867	1,787,420	2,063,585
Fuel for company cars	370,400	2,56		1,073,696	1,056,968	789,169
Air conditioning	144,496	1,00	1,925,840	116,733	69,945	782,652
Electricity	167,345	1,16		5,180,379	9,956,484	13,848,897
Heat	1,758,495	12,17		1,944,147	2,578,987	2,746,533
Investments	4,509,998	31,20	10,707,866	6,812,879	5,448,069	5,218,529
Employee transport	1,321,266	9,14		1,018,252	1,173,277	7,098,189
Waste	15,315	0,11		17,866	223,901	435,843
Business trips	909,720	6,29		840,886	694,909	1,301,955
IT and bank equipment	1,241,539	8,59		1,716,248		1,422,227
Other	2,710,028	18,75		1,392,934	216,625	1,457,651
Total	14,454,749			21,583,887	23,206,584**	37,165,230

KB Subsidiaries (MPSS and ESSOX)			
2023 MPSS + ESSOX (kgCO <sub>2</sub> e)	Share of total footprint (%)	Total Scope of MPSS+ESSOX 2023 (kgCO <sub>2</sub> e)	2021 (kgCO <sub>2</sub> e)
17,049	0.90	255,082	139,400
238,033	12.54		321,498
0	0.00	425,339	0
400,074	21.07		351,904
25,265	1.33		32,274
190,530	10.04	1,218,141	95,753
161,422	8.50		1,144,192
69,624	3.67		70,588
	0.00		
	0.00	1,140,117	
796,565	41.96		
1,898,562			3,295,726

KB Group*				
	2023 KB Group* (kgCO <sub>2</sub> e)	Share of total footprint (%)	Total KB Group* Scope for 2023 (kgCO <sub>2</sub> e)	2021 (kgCO <sub>2</sub> e)
Natural gas	1,323,196	8,09	2,076,125	1,926,820
Fuel for company cars	608,433	3,72		1,378,466
Air conditioning	144,496	0,88	2,351,179	69,945
Electricity	567,419	3,47		10,308,388
Heat	1,783,760	10,91		2,611,261
Investments	4,700,528	28,74	11,926,007	5,543,822
Employee transport	1,482,688	9,07		2,317,469
Waste	84,939	0,52		294,489
Business trips	909,720	5,56		694,909
IT and bank equipment	1,241,539	7,59		
Other	3,506,593	21,44		1,356,742
Total	16,353,311			26,502,310

\*KB Group here means KB, MPSS and ESSOX. Other KB subsidiaries do not yet measure their carbon footprint.

Note: Numbers differ from those presented in previous non-financial reports due to a change in emission factors, you can find more details in the document Carbon Footprint Management Plan.

The results listed in this table have not yet been audited. Validated results will be released and properly commented on in April. Kilometres covered by business cars for personal purposes were removed from the calculation for 2023, while LCD monitors at branches were added.

The Other item also includes green electricity, banking equipment, paper consumption and vehicles' life cycle.

Beginning 2023, the period reported in this Report has been aligned with the period for emission calculations. The subsidiaries therefore updated their calculation directly for 2023, omitting 2022.





Waste management

In 2023, we produced less waste overall, and the most visible decline can be seen in plastic waste production: by almost one third. The result is also attributable to reducing unnecessary packaging in KB buildings in recent years. In 2023, KB Group did not produce any hazardous waste. Our branches that feature the new design have a waste sorting system in their entrance halls and so both employees and clients can use this system when they are spending time at the branch.

Carbon footprint

For four years now, we have been successful in reducing our impact on the environment by reducing our own carbon footprint every year: compared with the base year 2019, in 2023 KB reduced its carbon footprint by more than 60%. This achievement is attributable to the painstaking energy management, transition to almost 100% green energy, and rising number of e-vehicles.

Audited results of the last carbon footprint measurement will be known a short time following the release of this Report and published together with detailed comments in April [here](#).

Electric mobility

We are gradually converting the KB vehicle fleet from IC engines to electric vehicles. We now have 195 Škoda ENYAQ iV electric cars and will add another 47 to our vehicle fleet in 2024. We have connected the rollout of charging stations, of which we now have 235, with the development of electric mobility. The employees use these electric vehicles for business and can borrow them for personal use.

Refurbishment of branches

During refurbishments and major repairs, as part of the [new design of the branch network](#), we install new energy saving equipment; e.g., for lighting, we install LED lighting fixtures and the DALI control system, and we replace atmospheric gas boilers with high efficiency condensing boilers. We control the automatic venting of branches using CO2 sensors that

Waste

	KB and subsidiaries in KB's buildings and branches			KB Group		
	2023	2022	2021	2023	2022	
Type of waste	Metric tons					
Paper and paperboard	111.19	122.85	145.67	114.83	123.88	Recycling
Plastics	25.13	34.62	34.55	25.60	35.73	
Composite packaging	0.00	0.01	0.15	0.00	0.01	
Glass	5.85	4.53	4.34	6.08	4.85	
Iron and steel	3.40	2.01	0.28	3.40	2.01	
Waste printer toner	0.00	0.01	0.00	0.00	0.01	
Mixed construction and demolition waste	0.00	0.39	0.00	0.00	0.39	Composting
Wood	0.19	4.82	0.54	0.19	4.82	
Biodegradable waste	0.76	1.17	1.10	0.76	1.17	Landfilling and incineration (unknown ratio)*
Bulk waste	3.62	8.62	3.34	3.62	8.62	
Mixed municipal waste	484.98	491.60	489.17	488.34	495.77	Incineration
Grease and oil mixture from fat separators containing only edible oils and fats	0.00	0.00	12.00	0.00	0.00	
Organic waste with hazardous substances	0.00	0.10	0.00	0.00	0.10	
Total	635.14	670.72	691.14	642.82	677.35	

\*The percentage of waste incineration in the Czech Republic is increasing, especially in larger cities. Unfortunately, the exact number or percentage is not available to us. The reason for this growth is also the annual increases in the landfill charge.

Kilometres covered

	KB			KB Subsidiaries		KB Group	
	2023	2022	2021	2023	2022	2023	2022
IC engine vehicles	3,504,446	4,501,735	4,423,405	2,493,705	2,732,820	5,998,151	7,234,555
Electric vehicles	1,970,105	593,209	28,692	128,741	28,723	2,098,846	621,932
Total	5,474,551	5,094,944	4,452,097	2,622,446	2,761,543	8,096,997	7,856,487





respond to the current quality of the air in the working environment. When selecting furnishings, we prefer sustainable materials; in our new branches you can see, e.g., recycled nylon flooring. As many as 17 branches had been remodelled to the new design by the end of 2023 and we will continue to revamp our branch network.

### Other activities

We continue in the successful scheme of ATM sharing with MONETA Money Bank, Air Bank and UniCredit Bank. Not only financial but also energy savings come with the sharing of currently almost 2,000 ATMs and optimising the ATM network. In 2024, we plan to make it possible for clients to also deposit cash at the shared ATMs. More information at [www.sdilenybankomat.cz](http://www.sdilenybankomat.cz).

The Sustainable E-shop project continues to run. We operate it together with Visa and Heureka. The purpose of this project is to highlight the e-shops that are very particular about their sustainable operation, ethical approach to employees and customers, and minimising the impacts of their business, and that generally run their business with regard to society and the environment. At present, 247 e-shops with a responsible approach to the planet and society are involved.

Our VEGEt co-working vegan bistro was awarded as The Canteen of the Year 2023 for its innovative and sustainable approach. VEGEt offers vegan meals, composts all vegetable waste, and does not use any unnecessary packaging. We provide coffee grounds for further processing.

In 2023, we put in place arrangements at the head office to collect coffee grounds on a regular basis and contribute it to the manufacture of sustainable products. Every month, we collect 200 to 250 kg of the grounds, which we supply to, for example, the Czech company Plastia, which is also our client. We also continue to take

coffee biscuits from the Zemanka organic bakery. We are a bank that is able to innovate beyond the banking limits too. We have therefore joined up with the renowned design studio LAFORMELA and together created PURE, the first fashion collection to contain recycled CO2. The collection was motivated by the desire to show that innovations can help the world to reduce CO2 levels in the air. The key is the LanzaTech technology that can transform carbon emissions, including CO2, into ethanol and then use it for producing polyester containing an up to 23% share of recycled emissions. For more information see [www.pure.kb.cz](http://www.pure.kb.cz)

The autumn of 2023 saw the second edition of the *KB without Frontiers* educational event intended for KB Group employees. The event included a number of workshops geared towards various sustainability aspects. The purpose was to inform colleagues about the bank's sustainable activities and offer them specific options for their own involvement. Part of the programme was also a clothing swap associated with education in sustainable fashion and consumption.

KB's payment cards issued in the New Era are made from 100% recycled plastics. We communicate with clients paperless in the New Era of Banking. Clients can find all their contracts and documents in KB+ online banking in digital form and can download them whenever they need.

Starting in 2024, we are discontinuing hardcopy payment orders, seeking to save another 600,000 sheets of paper every year. The end of the option to submit hardcopy payment orders concerns domestic payment orders, standing orders, and direct debit mandates (including the SIPO bulk orders) brought to a branch or dropped in a self-service box. SEPA payment orders and international payment orders, including standing SEPA and international payment orders and SEPA direct

debit mandates continue to be accepted on paper. Since 1 January 2024, submitting hardcopy payment orders has been possible in exceptional cases only.

Biking to work under the Biking to Work challenge in May, 392 employees covered a record 110,839 km between them in 130 teams across the country. KB granted the same amount in Czech crowns through KB Foundation to help single parents.

We also joined the Green Challenge, under which financial companies' employees were asked to travel to and from work in an environmentally friendly manner, e.g., on foot or bike, and record their covered kilometres. Although KB did not reach the notional podium, our kilometres contributed to the overall two million green kilometres.

We continue our successful cooperation with the Clean Up Czechia initiative, which we support both financially through KB Foundation and by a helping hand lent by our employees. In 2023, we again partnered the ECOcalendar and sponsored the International Battery Day on 18 February.



### Payment cards

**KB's payment cards issued in the New Era are made from 100% recycled plastics.**



The background of the slide is a close-up photograph of a wooden surface. On the left, a metal fastener with a blue cap is visible. In the center, a small cluster of bees is on a piece of dark, textured material. The overall tone is natural and earthy.

3

## Social Sustainability

We include a responsible approach to, in particular, our most numerous groups of stakeholders, i.e. clients and employees, in the area of social responsibility. We describe our relationships with other groups in the other chapters.



# Responsible approach to clients

## Client satisfaction

Customer care, products customised to their needs, security, and responsibility form Komerční banka's DNA. We want clients to be aware that through our responsiveness, responsibility and emphasis on sustainability we are the bank that significantly contributes to their personal and business development. Client satisfaction constitutes one of our top priorities at KB and throughout the Group. A team of Customer Experience enthusiasts look after customer satisfaction together with connected ambassadors across the head office, at the Contact Centre and in the distribution network.

We want to offer our clients the best services in the market. We therefore continuously monitor the latest trends in our industry, ask clients about their needs, and test with them the various phases of product development in all segments: individuals, small and medium-sized enterprises, corporations and municipalities. In addition to the considerable effort that we invest in preparing and developing products and services, we measure satisfaction also at the stage of marketing them. Where the client is dissatisfied, we revert to them and explain the new product, or redesign the service to their satisfaction. We also pass on the feedbacks to the development teams across the bank for fine-tuning every little detail.

We want to know clients' opinion of our services at all stages of the customer journey, i.e. right after the sale, when we want to find how simple and easy it was to take out a new product or service, then in a few weeks of use when the client could get the feel of the new service and its options, and equally importantly long-term client satisfaction and willingness to recommend, i.e. Net Promoter Score (NPS). We also measure satisfaction with the use of the service channels, specifically the branch, Contact Centre, and online and mobile banking, and immediately pass on the feedback to the various teams for improving the customer experience.

More information on our responsible approach to clients, including client protection, is available in KB Group's annual financial report for 2023.



Clients	NPS 2023
Individuals	40
Small businesses	30
Medium-sized enterprises	48
Municipalities	73
Large corporates	38
International companies	86
KB Slovakia	84
Modrá pyramida	27
ESSOX	48
SGEF	83

In 2023, we collected more than 150,000 client feedbacks that confirmed the rising trend in satisfaction in most segments, both individuals and corporate. Our traditional strength is relationship managers; both individuals and companies praise their professionalism and willingness to help. Many clients have been with us for a long time and they greatly appreciate that we know them, proactively offer them products and services that are useful for them, and advise them of innovations that are useful for them. The strength of the relationship between us and the client is even more visible in companies, where the quality of our recommendations and our knowledge of their environment greatly help the development and growth of their business. Naturally, we also receive negative feedback from clients; we work with it and it helps us to improve our products and services.

We continue to keep our leadership in the segment of medium-sized corporations; in 2023, approximately 43% of companies in this segment were using our services. We also continue to be one of the two biggest banks in public sector financing, with a rising trend. We now serve 54% of clients in this sector. The number of our corporate and

municipal banking clients increased 4% y/y to 11,400; this was also helped by the growth of the companies that we had earlier served in the small business network.

We also traditionally retain a strong position in serving and financing large corporations with a turnover of more than CZK 1.5 billion. In 2023, the number of KB clients in this segment of large companies increased somewhat again. Our clients include around 50% of large corporations in the Czech Republic, with a turnover of more than CZK 1.5 billion.

In 2023, we continued to revamp our branches, which the clients appreciated very much. They especially like the fresh and modern design, and the tasteful indoor areas that bring confidence. They are also very positive about the booths that allow clients to have separate meetings with their relationship managers. Overall satisfaction with visiting these branches is an excellent 9.4 points of the 10 possible.

The key event in 2023 was the launch of new services and brand new online and mobile banking, KB+, as part of the New Era of Banking. We measure satisfaction immediately after the new apps are downloaded, in a month of use, and in six months. Clients greatly appreciate the services that can newly be operated fully online, and they also like the simple and unified appearance of the two apps, the ‘saving envelopes’, and KB Klíč integrated within mobile banking. The current clients who were migrated from the old to the new system acclaimed the help provided by the Contact Centre and relationship managers, which they used when they were feeling unsure. Their satisfaction then increased with the time for which they were using the new apps. Client migration from an old to a new system is generally very challenging in technical terms and requires some time from the clients. We greatly appreciate their patient approach. We will continue to migrate the other clients to the New Era.

In the corporate segment, 2023 was marked by intensive preparations for developing the corporate section of the New Era of Banking, planned to take off in early 2024. We created a strategy in respect of day-to-day (D2D), products and prices, management of authorisations and access, and future client migration. Process digitalisation and streamlining also continued. Accordingly, we abandoned paper payment orders and paper account statements for clients with online banking.





## Our attractive offer to retail clients in the New Era of Banking:

### Accounts and plans

- Clients can easily open and close accounts online in the KB+ app.
- When opening an account, the client can determine their own account number and name, including with the use of emoticons.
- Thanks to plans, the client can easily select a combination of the banking services they need and pays only for what they are using frequently. We offer the Start plan, including transactions, free of charge. Clients can have multiple accounts, including a multi-currency account, and multiple payment cards under a single plan. Four plans are available to clients.
- Multi-currency account means one account number but as many as 15 currencies. Multi-currency accounts are part of the offer under the Standard, Komfort and Exclusive plans.
- Money can be dragged and dropped between accounts and also, say, 'saving envelopes'. Up to ten saving envelopes, which can be named or labelled by emoticons depending on the purpose of the savings, are available to clients.
- Clients can create a special envelope: Contingency (called "Iron Reserve" in Czech), intended for unexpected expenses. The KB+ app recommends the amount of the contingency reserve to clients on the basis of their income and outgoings, or they themselves can determine the amount.

### Payments

- The default due date of payments is 'a.s.a.p.', i.e. they are processed instantaneously (a precondition is that the payee's bank accepts instant payments and the cap is CZK 400,000). Money is credited to the account in a few seconds and completely free of charge.
- KB is one of the first in the market to support the Pay a Contact service for clients. Only the payee's phone number is specified instead of the account number for entering the payment order. Pay a Contact works between the participating banks, and the payer and the payee therefore do not have to be clients of the same bank.
- Using the QR code, clients can pay easily and quickly, avoiding data writing and hence errors.
- The Free2Spend service tells the client how much money they currently have at their disposal after deducting the planned and future payments.
- By categorising their income and outgoings by purpose, the client can see, e.g., their outgoings for food, housing, and holidays, or tax deductible expenses. Clients therefore can see where their budget has weaknesses.
- We scrutinise clients' payments and should we come across a suspect or unusual transaction on the account or card, we call the client right away to address the situation.

### Cards

- The digitalisation card for Google Pay, Apple Pay, Garmin Pay and Fitbit Pay is available in a few moments.
- The card's PIN can be displayed in the KB+ app or in online banking in the details of the particular card, and clients can start to use the card right away.
- Clients can unlock the card at any time when they need to make a payment and then lock it again when they are not using it. They can do both operations in KB+ or online banking in a matter of seconds.
- Besides the standard design of payment cards, clients can also pick from a range of additional designs with different motifs, including KB partnerships' motifs such as ice hockey, the Prague Zoological Garden, the Rock for People festival, gaming, etc.
- We offer Touch Cards, i.e. cards with a notch, which make it easier for blind and partially sighted clients to use their cards.
- KB's card customer line is available on a 24/365 basis, and it is manned by real bankers, not an answering machine or voicebot. In the event of loss or theft, we block the card immediately to prevent abuse.
- We offer payment cards made from 100% recycled plastics.





## ATM

- Thanks to ATM sharing, Komerční banka's, MONETA Money Bank's, Air Bank's and UniCredit Bank's clients can withdraw cash in shared ATM networks under the same conditions as from their own bank's ATMs.
- We have the largest network of deposit ATMs, currently more than 500.
- We are the only bank in the market to operate drive-up ATMs, where money can be withdrawn or deposited right from the car's window. Drive-up ATMs are available at selected ORLEN Benzina fuel filling stations in Prague, Brno, Ostrava, Plzeň and Hradec Králové.
- The use of the Favourite Withdrawal feature speeds up cash withdrawal from the ATM. The feature can be preset in the ATM's menu, or the last transaction can be stored. Thereupon it takes only a few touches to make quick withdrawals.

## Investment, insurance

- We advise clients on suitable investments on the basis of their answers to a few questions, easily online in KB+ or online banking; or clients can visit a branch for advice.
- Via the Upvest platform, clients can invest from as little as CZK 5,000 in promising development projects offering attractive yields.
- We offer investment funds reflecting sustainability. Investments can be made in the latest technologies, hydrogen as a clean energy source, water resources, and other fields.
- In KB+, clients can take out an extra service called Bezpečí (Security), and so insure their personal effects and payment cards. The Bezpečí+ version also covers compensation for loss caused by a phishing attack.
- Covered by a property policy the client can be sure that their property is never underinsured. The MojePojištění policy compensates for loss in the value of new products. And it can also provide funds for temporary housing.
- MojePojištění also includes liability, which covers loss caused by clients, their family members, and their pets.
- The MojeJistota term life policy includes the option of free consultation with a doctor over the telephone. And in the event of long-term illness, we pay money for the entire duration of the illness from the first day retroactively.

## Other

- In the New Era of Banking we communicate with clients paperless. Clients can find all contracts and documents in KB+ online banking in digital form and can download them whenever they need.
- Clients can easily make sure that they really talk with a KB banker. During the conversation, the client can request the banker to send a push notification to their KB+ app. It contains the banker's name and a unique communication code, which the banker reads out upon request. Thereby the client receives assurance that they are talking to a real employee of the bank.
- KB bank identity serves as a digital ID card and source of personal data, using which people can prove their identity in the digital environment. Besides KB, it can also be used to log into commercial services and public administration websites.
- In KB+ online and mobile banking, clients can easily support KB Foundation's selected projects.





## Complaints

Komerční banka has developed a complaint treatment system in accordance with regulations and standards. Complaint handling is subject to the Claims Rules and the rules for handling complaints, which are available on [KB's website](#). Clients have several options for communicating their complaints: online (e-mail or a [contact form](#)), over the telephone, in person at any branch and also, naturally, in writing, i.e. a letter or data message.

Complaints can be handled at up to three levels: at a branch, in the Quality and Customer Experience unit, and by KB Group's ombudsman/woman. Internal regulations also require the person in charge of the complaint to notify the relevant Compliance, Operating Risk or Data Protection unit, depending on the subject matter. Annual reports on complaint resolution are laid before the Board of Directors and Supervisory Board.

All complaints received from clients are regularly included in KB Group's reporting and also reported through the Compliance Committee. At least once every three years, the Compliance unit reviews whether complaint management is in line with internal and regulatory rules.

## Ombudsman/woman

We started to work with an ombudsman as early as 2004. An independent ombudsman examines complaints received from clients of KB Group's companies in the Czech Republic and Slovakia and is subject to the Ombudsman Charter. Clients can approach the ombudsman in the case of their dissatisfaction with the outcome of their complaint at the second instance level (in the case of KB clients, the Quality and Customer Experience unit). The ombudsman's decision is not legally binding on any of the parties but we have pledged to respect it as part of a conciliatory procedure.

January 2022 saw the inauguration of KB Group's ombudswoman, Professor Marie Karfíková, a solicitor with a long career, one of the country's pre-eminent experts in financial law, head of the Department of Financial Law and Financial Science of Charles University's Faculty of Law. Under the SG Code, the ombudsman/woman's mandate is limited to no more than five years, which enhances his/her independence and impartiality.

## Marketing and communication

Our advertising and our communication on products and services are subject to supervision by the Council for Radio and Television Broadcasting. If the recipients of our advertising have any doubts, they can contact the Council. For 2023, we have not registered any complaints received from this regulator, nor did the Czech Advertising Council address any complaints related to KB Group. The marketing of our products and services meets requirements that comply with Czech and European regulation and that are specifically reflected in business and product terms and conditions.

If complaints about advertising or about the designation of/information about product and services are raised, they are recorded and handled. This may include clients' direct complaints or those through the competent regulatory authorities. We registered one complaint regarding advertising in 2023. Further to the client's complaint, the information about the product (a term deposit) was clarified on our website.

All promotion and communication to clients is approved by Compliance in advance with regard to the rules of consumer protection and other specific requirements place on financial products.

## Services accessible for disadvantaged clients

We have long strived to make our products and services friendly in many ways. We consider it to be very important that disabled clients are included and have access to our services. At the end of 2023, KB had 158 out of the total number of 213 branches in the barrier-free mode, and out of 796 ATMs 724 were accessible without any barriers.

KB's hearing-impaired clients have long been able to use the eScribe service, thanks to which the conversation between the client and the relationship manager in a branch is transcribed on a monitor screen in real time. The hearing-impaired clients can thus communicate with their relationship manager easily and independently. The client requests their relationship manager to provide transcript of spoken word, and the relationship manager calls a transcriber. The client then follows the verbatim transcript of the conversation on the PC monitor and can therefore ask questions at any time and immediately respond to the information provided. This gives both parties the certainty that there will be no misunderstanding and that all the information has actually been conveyed. The service is provided in cooperation with the *Transkript online* social enterprise, a successful employer of blind speedwriters.

The launch of the New Era of Banking has also brought some innovations for clients with various types of disability. These innovations were designed in cooperation with our disabled clients so that we could accurately respond to their requirements and needs. The most significant change for these clients is the new KB+ app, which is now even more accessible for visually impaired people. The app provides talkback for the blind, larger fonts, and the high contrast mode on both mobile platforms (iOS and Android). KB+ has become the only banking app that also includes KB Klíč. Payment authorisation and login are also added directly. Users with insensitive fingers can use haptics.





Another innovation for visually impaired clients is a new card design standard, Touch Cards, whose surface makes it easier for blind and partially sighted people to use the card. With the rising number of newly issued cards without embossing, it is becoming more difficult for visually impaired people to distinguish what type of payment card they are holding in their hand. This haptic solution helps clients to recognise not only the type but also the orientation of the card easily and safely.

### Financial education and literacy

For the fifth year, we have been the General Partner of the Economics Olympiad, an international competition for secondary school students, which tests their knowledge of economic indicators as well as general understanding of finance and banking. In 2023, some 30,800 students from more than 500 secondary schools participated in the competition.

We and our employees consider financial education to be very important. In 2023, the tenth edition of the Bankers to Schools educational project run by the Czech Banking Association (CBA) took place. It is based on banks' experts meeting students in person. The objective of the project is to promote general knowledge of personal finance management and cyber security. Confirming the popularity of this format, the number of speakers and lectures increases every year. Last year, 83 colleagues from different parts of KB and from the Board of Directors and management taught at schools across the country. The community of 'bankers to schools' and the people who want to share their experience with students currently numbers more than 300 employees. KB is also a partner of the Czech public service television's show *Macroeconomics without Magic*, which educates children in economics and the key banking terminology.

Cyber security and the associated investments in the development and implementation of new, more secure

technology are becoming an increasingly higher priority for banks. For the second year, the CBA is running one of the most extensive educational campaigns in the Czech Republic concerning cyber security, under the name *nePINdej! (don'tPrattle!)*. We are active in and support the campaign and can see its positive effects on the public.

We partner the Financial Distress Advisory Centre (*Poradna při finanční tísni*) that provides advisory services to people in debt. We notify clients who are in arrears with their payments by way of an early warning system (text messages, e-mails, phone calls), and we also refer them to our websites [here](#) and [here](#), which provide complete information about the issue of (non)payment, and we may also refer them to the above Advisory Centre.

### Support for clients and facilitated access to financial services

#### Clients of collapsed Sberbank CZ

On behalf of the Deposit Insurance Fund of the Czech Republic, KB paid out compensations to the clients of Sberbank CZ, collapsed after Russia's invasion of Ukraine in 2022. By 31 December 2023, KB had paid out CZK 25.5 billion to 88,590 eligible persons, which accounted for 98% of the total claims on the basis of information in The Financial Market Guarantee System. KB will continue to pay out the compensations to Sberbank CZ clients until 10 March 2025.

### Addressing problems with repayment and support for indebted clients

KB Group offers assistance to clients who land in dire straits and always helps to find a suitable solution for all clients who actively want to address their situation.

The methods of addressing problems with repayment are posted on the websites of KB Group's various companies. At KB, they are available on [this website](#), where we provide understandable information to clients about the

recovery process, penalties, and options to follow. We also offer the useful contact details both at the bank and at the Financial Distress Advisory Centre non-profit organisation, which we partner. All of this is complete with an educational show, *Ways out of Debts*, in which Jan Waldhauser, a financial adviser, helps specific families to get out of financial distress, and also practical advice on addressing financial difficulties, posted on our [KB Rádce](#) blog.

In the case of arrears, we warn the clients free of charge and on time via text messages and e-mail, granting them time to make the payment, to prevent a notice from being sent to them, which is subject to a charge. Clients can easily request instalment deferment or reduction on the [website](#). Teams of debt specialists work for clients. They are available over the telephone and via e-mail, and they also can join on-line to attend meetings of relationship managers and clients in branches to find the best solution together. Relationship managers have access to a dedicated intranet section on debt recovery, where they can find contact details for the above specialists and information about the recovery processes, including support materials that they can offer their clients.

We regularly join the Responsible Lending Index produced by the People in Need organisation under its Debt Advice programme. The Index compares any-purpose unsecured loans repayable in instalments. It compares more than 30 consumer loans from banks and non-banking providers. It looks at the offered loans from the perspective of the following parameters: costs, transparency, client friendliness, and creditworthiness screening. The result is a chart from the best-rated products to those that are better avoided (the more asterisks the better the service, hence the more responsible provider). In 2023, our loan was placed very high in the Index with its 3 asterisks (of the 4 possible).





### Client data security

Following the rules for the protection of personal data and data subject to banking secrecy, as well as the handling of this data and the maximum security of this data, has been KB's top priority on a long-term basis. In 2023, the importance of the personal data protection issue was underlined by the fact that GDPR celebrated five years from its effective date, becoming since a respected part of the regulatory network.

For these purposes, KB has in place a set of the relevant organisational and technical measures in its body of relevant regulations, a comprehensive information and application security system, an access control system, a monitoring mechanism, and, equally importantly, education of its employees. The set of internal principles is the basis for ensuring a high level of protection for the personal data of KB's clients, employees, and suppliers. All information about personal data processing is transparently set out in several documents available on KB's [website](#), including a fundamental document titled *Information on Personal Data Processing*, which contains a summary of personal data processing at KB, including the rights associated with such data. The same site offers additional documents about personal data protection.

In respect of its suppliers, KB has in place a system that protects personal data and data subject to banking secrecy along the whole chain from supplier selection to contract documents containing the relevant provisions to a mechanism for reviewing the performance of each supplier's obligations.

In 2023, in response to the developing case law (in particular the decision of the Court of Justice of the European Union in the Schrems II case), we adjusted the management of our supplier relations to the clarified interpretations concerning, above all, transfers of personal data to third countries (non-EU countries). Our

suppliers can find all information about personal data treatment in addenda to their contracts, which contain GDPR clauses and are available on [website](#).

GDPR issues in relationships with suppliers are consulted with the relevant specialist unit at KB (GDPR and, if required, also Compliance). GDPR is covered by contracts because the GDPR processing conditions and duties are part of KB's general business terms and conditions (KB GBTC), which also stipulate that 'the Provider must allow KB to carry out at the Provider audits of compliance with this Article of KB GBTC'.

Compliance with the rules for personal data protection is continuously and systematically supervised at KB and its business subsidiaries, which report to the same Data Protection Officer (DPO). The DPO continuously and independently monitors compliance with personal data protection principles, warns of any non-compliance with GDPR, and recommends possible remedial actions. The DPO is also responsible for consulting and communicating with the Office for Personal Data Protection (ÚOOÚ).

As part of the ongoing agenda of evaluating personal data breaches under GDPR, KB identified 66 confirmed cases in 2023; one of them was even evaluated as highly risky and reported to ÚOOÚ. The other cases were evaluated as low-risk cases.

In 2023, KB received 51 questions or complaints concerning personal data protection. As part of the ongoing agenda of the rights exercised by data subjects under GDPR, KB registered 90 exercised rights in 2023. In all cases, the requests for the exercise of rights were assessed on an individual basis, evaluated, and duly answered.

In respect of interaction with the supervisory authority, i.e. ÚOOÚ for this area, KB reported the above-mentioned

case of personal data breach. In 2023, inspection that had started in late 2022 continued and resulted in a fine levied for minor shortcomings in the distribution of commercial communication. In 2023, KB responded to two requests received from ÚOOÚ and provided the requested cooperation.

### Cyber security

The Czech Republic stays at the forefront in respect of cyber fraud. The reason is its leading position as regards banking technology and security, and hackers are therefore testing their methods in this country. What will work here, will also work elsewhere. Fraud in cyber space is therefore keeping very busy not only our experts in the Payment Fraud Prevention unit but also their colleagues in the Card Fraud unit and in many other parts of the bank, such as specialists at the Contact Centre.

These attacks include primarily various forms of vishing and phishing, i.e., scams intended to obtain, through various deceptive narratives, from clients their login data and the authorisation of their operations, such as logging into the online banking app and subsequent authorisation of fraudulent transactions, or the pairing of the hacker's device. We also come across phony investments in cryptocurrencies whereby the hackers aim at less experienced clients and, pretending to help them with the management of their investments, cajole them into executing fake transactions, the hackers' accounts being the destination for the money. New types of fraud are also appearing, such as romance scam, or fake offers of, e.g., winning a new phone, and fraud in tourism-booking services.

In 2023, we registered two times more cyber fraud than in 2022. We are therefore relentless in this respect, and continuously warn clients and upgrade our detection system to be able to better respond to the latest hacking trends. Every day, we check around half a million





transactions and when we suspect fraud, we immediately contact the client. In 2023, we detected dozens of thousands of cyber frauds, salvaging some CZK 418 million for our clients. The largest amount rescued for one client was CZK 2.6 million.

### Payment fraud

We guard online payments 7/24 in real time using the latest technology, such as artificial intelligence. In 2023, KB intercepted 1,018 fraudulent payments, thereby salvaging more than CZK 108 million for the clients. Crypto scams (fake investments in cryptocurrencies), which made up almost one half of all the scams that we addressed, was the dominant type of fraud in 2023. Another very frequent fraud was in general phishing in all its forms, which made up more than one quarter (27%) of the cases that we handled. Clients can find detailed information about the most frequent types of fraud in the context of online payments on a dedicated website at [web](#).

In 2023, we started to suspend also instant payments and introduced a new authenticating animated QR code, which is gradually replacing the cronto; all of this as part of combating fraud. To detect voice phishing (vishing) we also launched a new authentication method whereby the client can use their KB Klíč to check that the caller who claims to be a KB employee is really the one he purports to be. This measure resulted in a significant reduction in the success rate of this scam.

### Card fraud

In late 2022, we successfully migrated our clients and all KB cards to a new card and authorisation system. The purpose was to bring new functionalities and options for the future, enhance security, and improve card operation. In respect of cards too we guard all transactions on a 24/7 basis, using detection and prevention systems and rules (of which there are hundreds and are daily adjusted to the current situation and new trends) and also physical

presence of card fraud and authorisation specialists. In the event of an attack, not only the system but also card fraud colleagues immediately respond and contact the client with a proposal for a solution. New technologies embedded in better systems, in which we work with client data and behaviour and anticipate potential attacks, combined with human thinking and experience, are bearing fruit.

In 2023, card fraud increased 33%, and 61% of the scams was phishing. In all its possible forms, such as false e-mails, messages or websites, phishing was most visibly represented in crypto fraud and second-hand shopping scams. Fraudulent card digitisation and booking service scams were also a distinctive part of the situation. Traditionally, the end of the year was marked by fake messages such as 'your package is on its way to you' in combination with scam e-shops. Despite this surge in card fraud, we successfully averted tens of thousands of frauds, salvaging some CZK 310 million for our clients.

### KB Klíč, mobile banking

The secure two-factor authentication via KB Klíč has long been the dominant authentication method used by clients. More than one million clients now have an active KB Klíč. We also actively promoted the use of Bank ID and contributed to other improvements in the security, use and support of this method.

The Mobilní banka app offers several elements that enhance the security of our clients' finances. For example, the app can check whether the client has enabled Google Play Protect in their smart phone, and features biometric login, screen lock, and screen checks for overlay attacks. The new KB+ app, which follows up on Mobilní banka, also contains these functionalities, while offering several additional features; e.g., it is not feasible to share or record the screen. In addition, KB Klíč is integrated within KB+, and the user therefore does

not have to have two apps in their mobile phone. We are planning additional security improvements for 2024.

We support clients via a dedicated security website, which we are continuously updating, in their tackling of the security aspects of digital banking. The website describes the key procedures and functions of [secure behaviour](#), which should help clients to stay secure in the cyberspace. It offers recommendations on how to protect clients' devices and information about the current threats and active fraudulent schemes.

We regard the education of the public as very important. For example, in 2023 we joined the CBA's campaign called *#nePINdej!*, which also includes an interactive [cyber test](#) that teaches the users how to detect the most frequent cyber fraud and how to avoid being duped.

Besides security in the digital environment we are also careful about our clients' physical safety, for example, by selecting suitable sites for ATMs and developing contactless ATMs.

More information about cyber and information security is available in KB Group's Annual Financial Report for 2023.







We communicate with clients paperless in the New Era of Banking. Clients can find all their contracts and documents in KB+ online banking in digital form and can download them whenever they need.



# Responsible approach to employees

## Vision, corporate culture, and values

Our strategic vision in human resources is to create a professional relationship with the employees based on trust, respect, mutual communication, equal opportunities, and an offer of attractive professional and career growth. We create an inspiring and supporting environment where people enjoy working, are successful, and quite naturally become KB brand ambassadors. Our cooperation is founded on four core values, or principles of conduct, i.e., team spirit, innovation, commitment, and responsibility. These values together form the basis of our corporate culture on which we are building our future, and are an integral part of our mission, which expresses our *raison d'être*, and the way we want to be perceived as a bank by the market.





**Team spirit**

Our clients want a bank that will be a responsible, trustworthy, and modern partner for them. Our employees meet the clients’ needs as a team whose priority is an outreaching approach underpinned by expertise. We are a bank focused on relationships with clients. Teamwork and inter-team cooperation, opportunity to openly express views, listening to the other person, appreciation of mutual benefits, and jointly experiencing all successes and failures are important for us all at KB.

**Innovation**

Innovation has become an integral part of the bank’s DNA. Priorities in recent years have included technology innovation and cooperation with start-ups. The objective is to enhance customer experience and continuous offering of the best customer solutions. Our employees are therefore changing their working methods accordingly, infusing them with unconventional approaches, and they support idea sharing and are learning from their achievements and failures.

**Commitment**

Our employees continuously seek lasting client satisfaction. They seek the best solutions for clients and foster relationships with clients based on mutual trust and respect. For them, their clients’ success means their own success, precipitates in them a feeling of pride of their profession, and reinforces their relationship to KB Group.

**Responsibility**

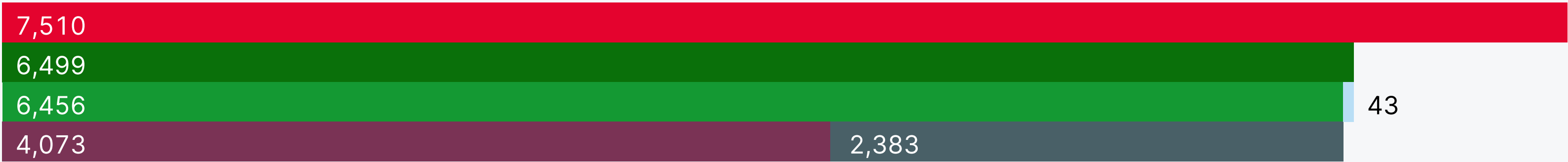
Bankers contribute to the economic, social, sustainable, and green development of both countries and economies in which we have a presence. They take a responsible approach to pursuing clients’ visions and projects, acting in accordance with the investors’ long-term interests, while on the alert for risk in all its aspects. They comply with the rules of the profession and the Code of Conduct. They dedicate the same attention to results and the avenues for achieving them.



# Average FTE number of employees



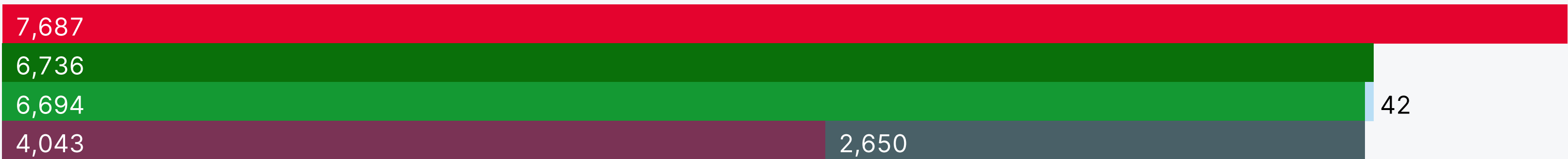
2023



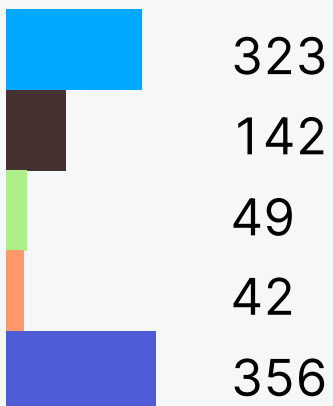
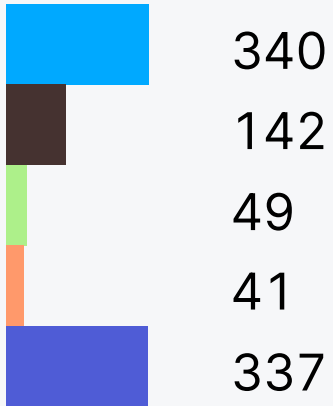
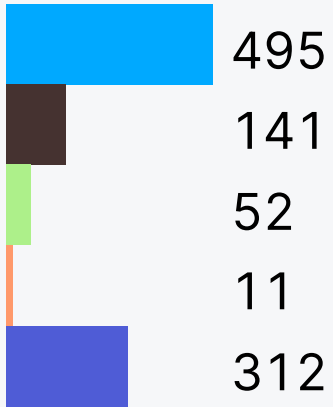
2022



2021



■ KB Group  
■ Komerční banka  
■ of whom in the Czech Republic  
■ of whom in Slovakia  
■ of whom at the head office  
■ of whom in the distribution network

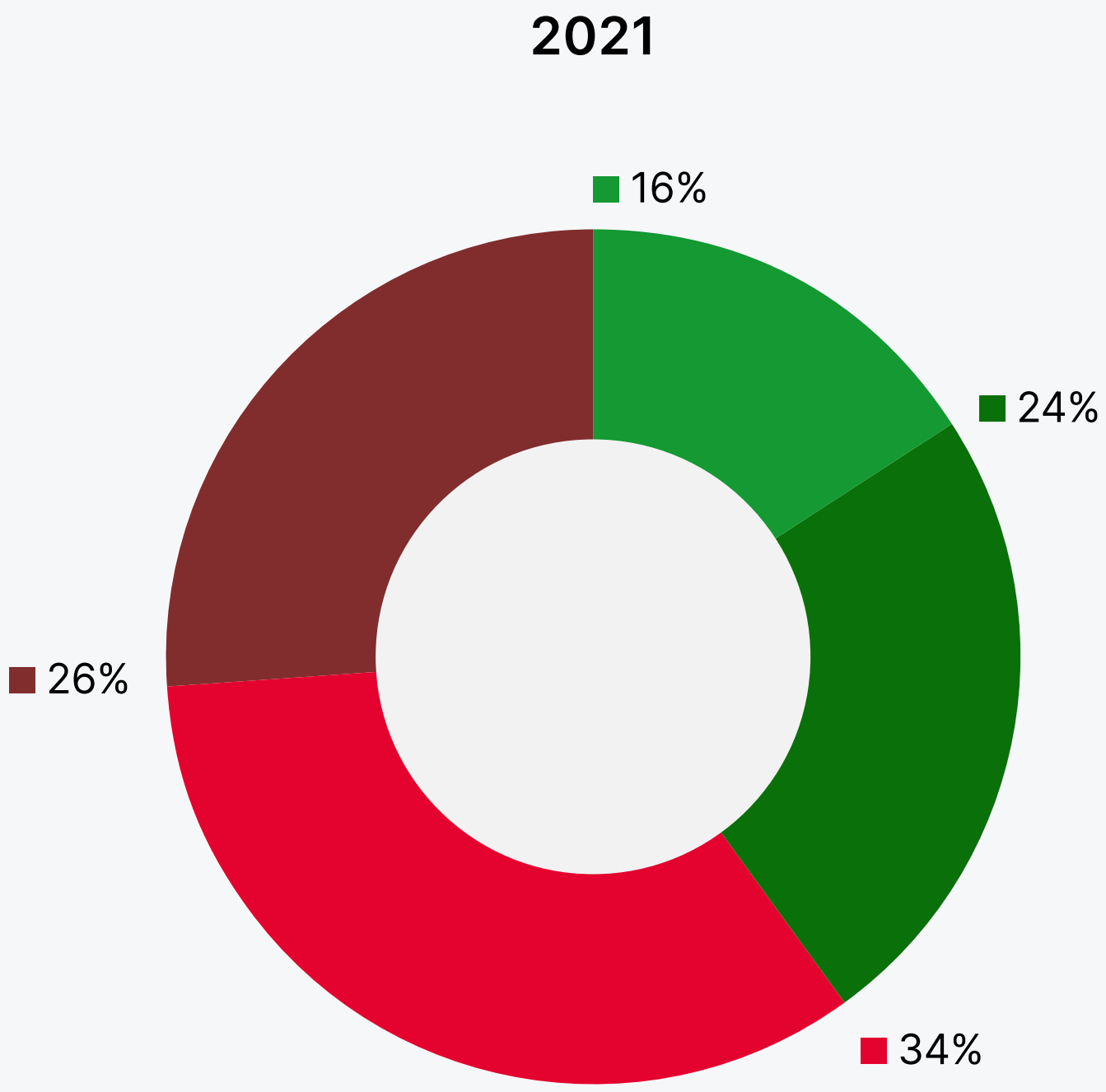
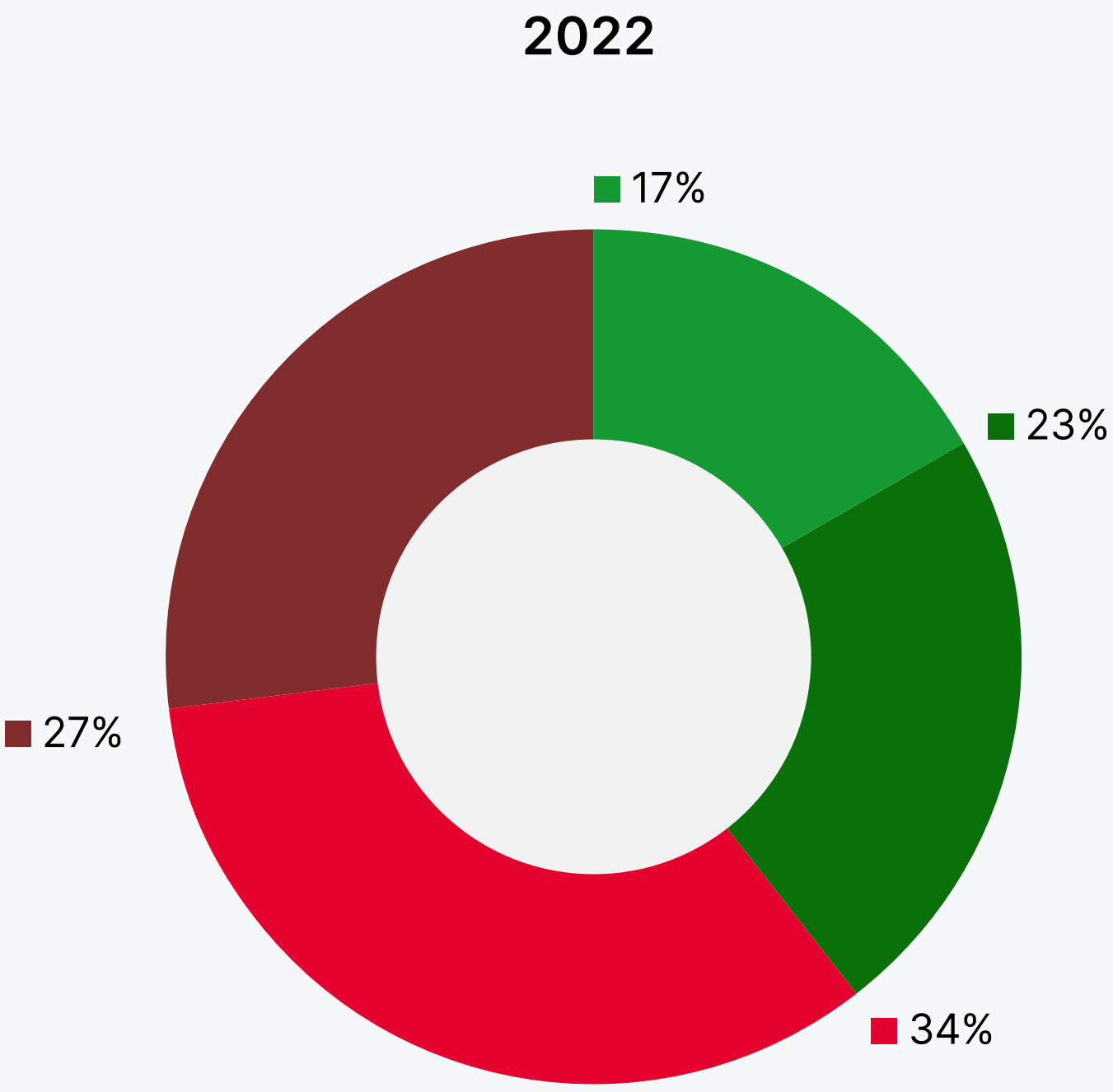
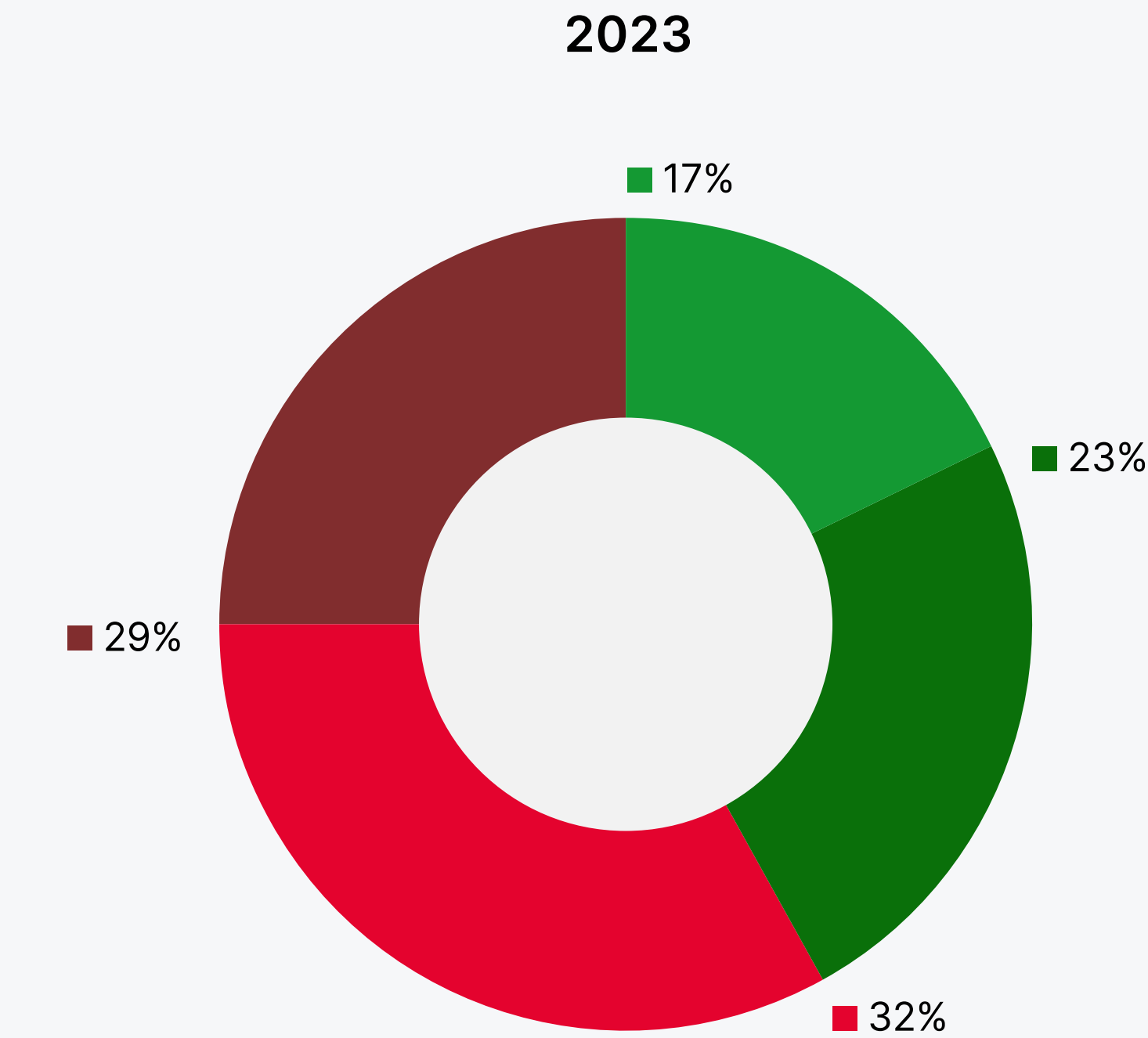


■ Modrá pyramida stavební spořitelna, a.s.  
■ SG Equipment Finance Czech Republic, s.r.o.  
■ KB Penzijní společnost  
■ Factoring KB  
■ ESSOX

Note: The figures differ from those in the Annual Financial Report 2023 that also includes KB SmartSolutions and ESSOX Finance. As part of the integration of certain subsidiaries into the bank's internal structures, with effect from 1 April 2023 all employees of Factoring KB, a.s. were transferred to Komerční banka, a.s. Since that date, all Factoring KB activities have been fully outsourced from Komerční banka, a.s.



Employee age structure at KB at year end

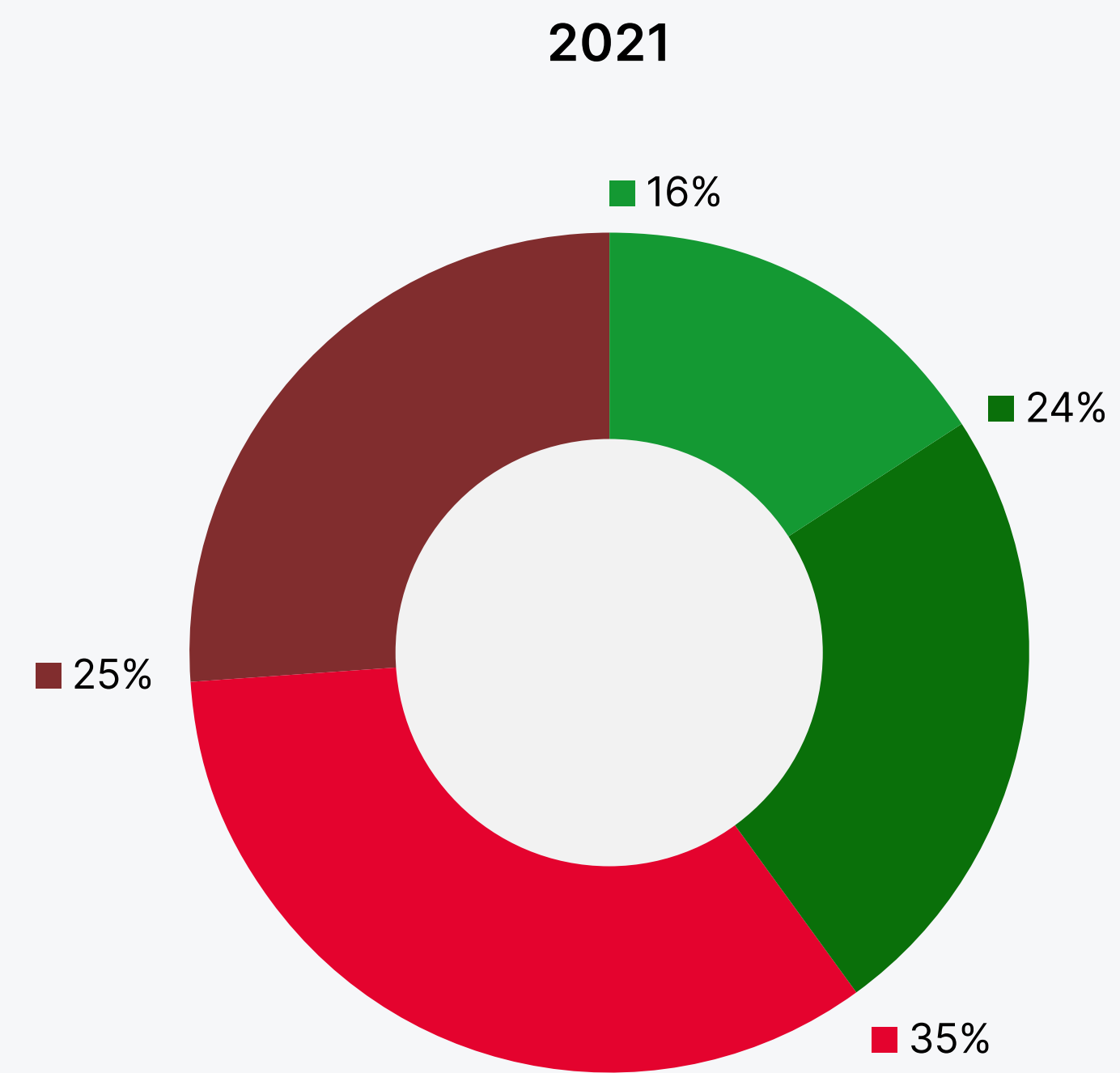
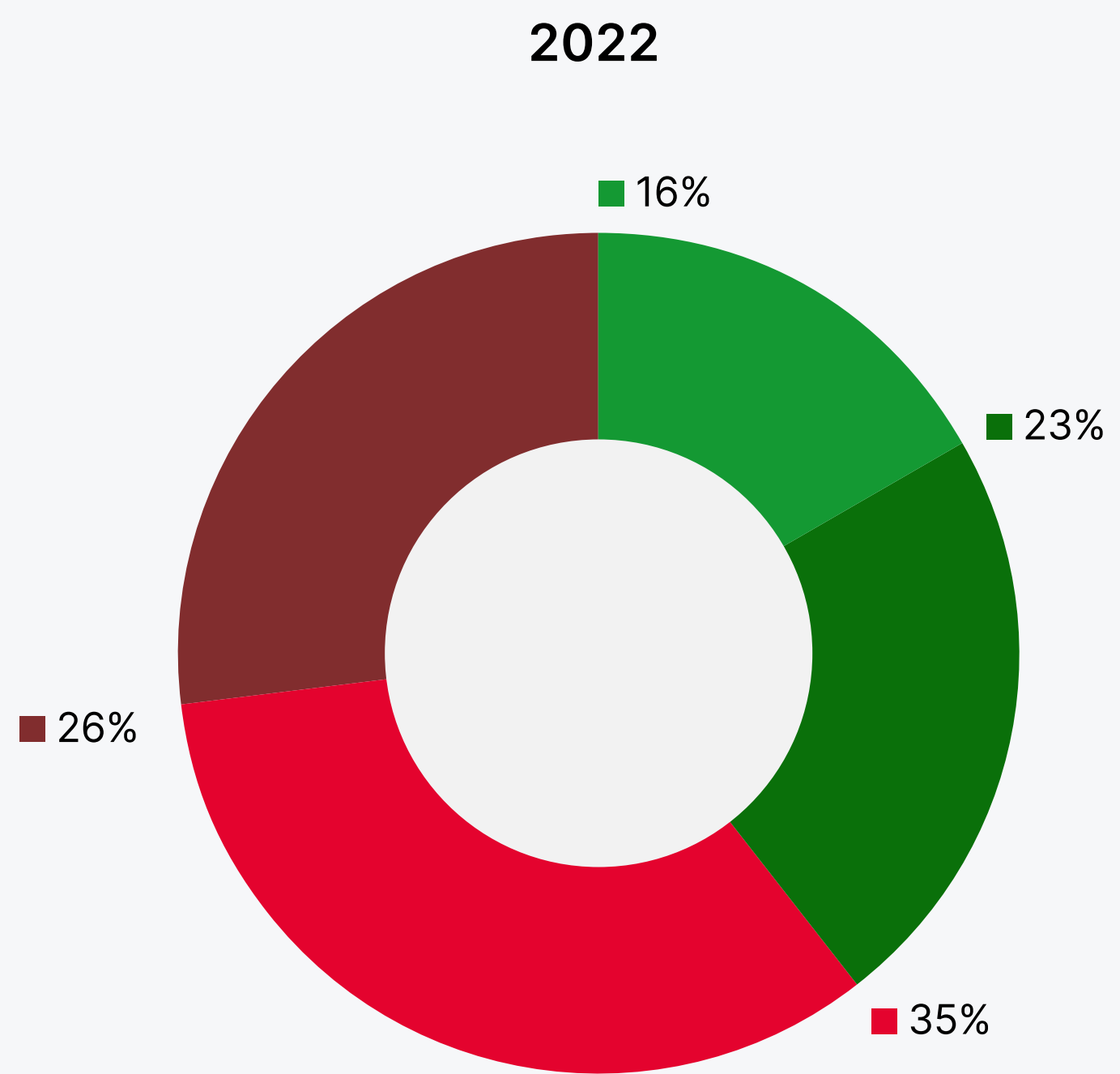
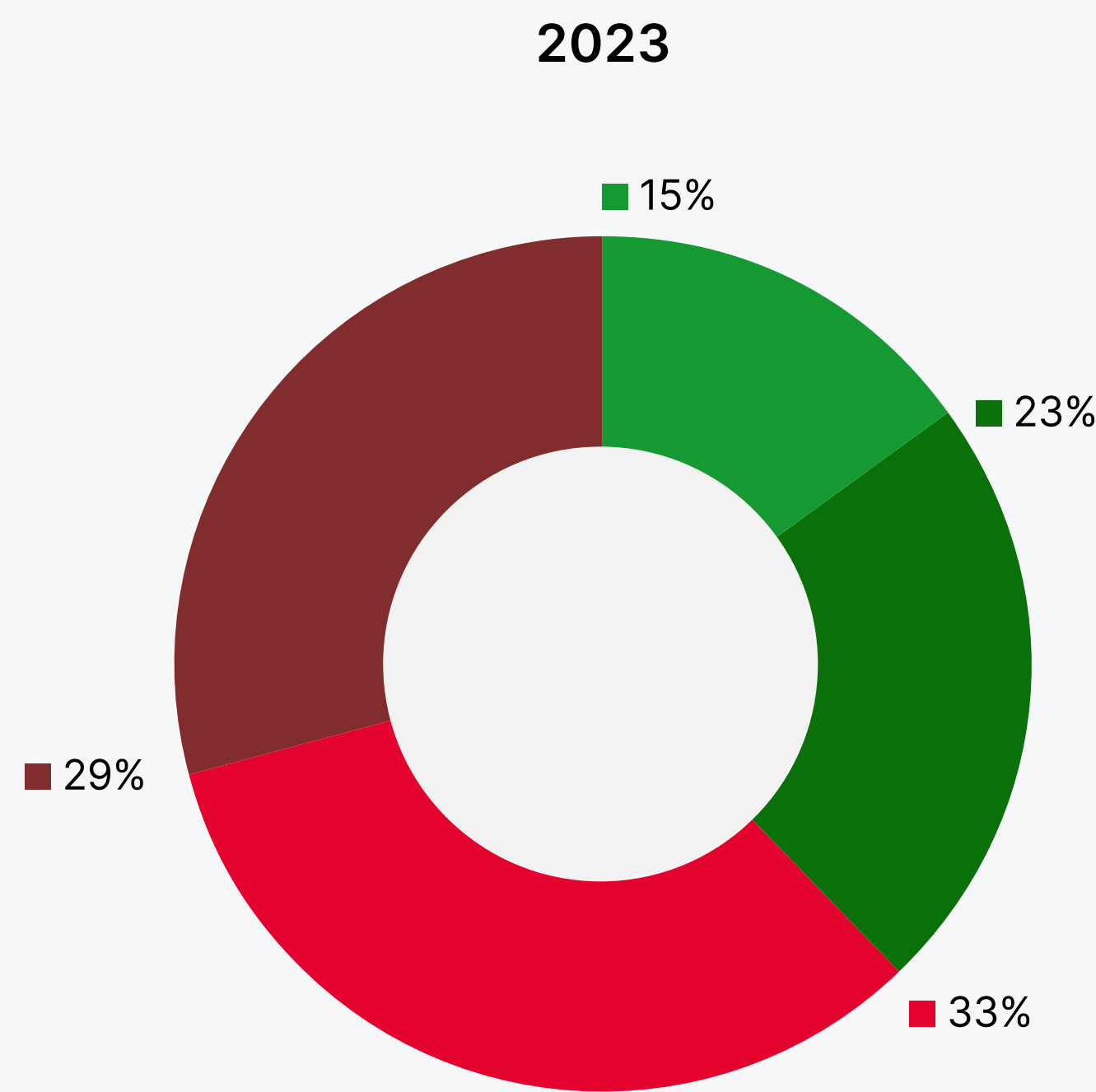


■ ≤ 30, ■ 31-40, ■ 41-50, ■ 51+

Note: Sums need not be equal due to rounding.



# Employee age structure at KB Group at year end



■ ≤ 30, ■ 31-40, ■ 41-50, ■ 51+

Note: Sums need not be equal due to rounding.



# KB employees by employment contract

	2023		2022		2021	
	Number		Number		Number	
– full time	93%	6,004	93%	6,081	93%	6,255
men	43%	2,582	41%	2,513	40%	2,504
women	57%	3,422	59%	3,568	60%	3,751
– part time	7%	452	7%	430	7%	439
men	9%	41	8%	34	6%	27
women	91%	411	92%	396	94%	413
Total	100%	6,456	100%	6,511	100%	6,694

# KB employees by employment term

	2023		2022		2021	
	Number		Number		Number	
– employment for indefinite time	89%	5,746	83%	5,399	84%	5,607
men	41%	2,356	40%	2,168	39%	2,184
women	59%	3,390	60%	3,231	61%	3,423
– other types of employment	11%	710	17%	1,112	16%	1,087
men	34%	241	32%	359	30%	326
women	66%	469	68%	753	70%	761
Total	100%	6,456	100%	6,511	100%	6,694

Note: Sums need not be equal due to rounding.

In arranging and developing strategic projects and technical and information solutions and actualisations, we outsource services from contractors and subcontractors. We establish these relationships on the basis of supply agreements with the various entities in line with our short-term or long-term needs. At KB Group, all outside workers and suppliers go through the KYS (Know Your Supplier) procedure, which also has an ethics dimension. An internal instruction governs this process, which is also binding on KB subsidiaries.

# KB Group employees by employment contract

	2023	2022	2021
– full time	94%	93%	93%
men	42%	41%	
women	58%	59%	
– part time	6%	7%	7%
men	9%	8%	
women	91%	92%	
Total	100%	100%	100%

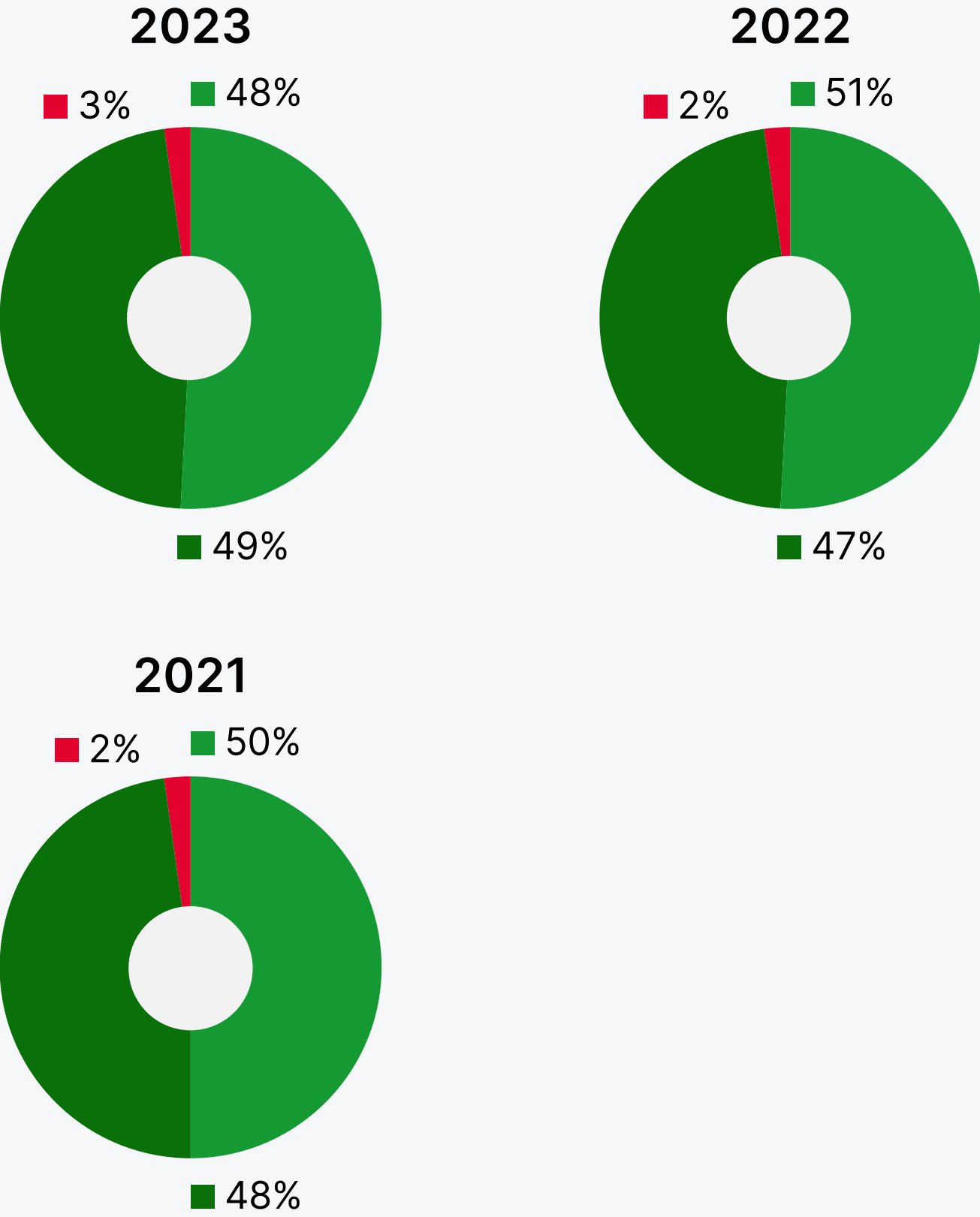
# KB Group employees by employment terms

	2023	2022	2021
– employment for indefinite time	90%	83%	84%
men	40%	40%	
women	60%	60%	
– other types of employment	10%	17%	16%
men	35%	32%	
women	65%	68%	
Total	100%	100%	100%





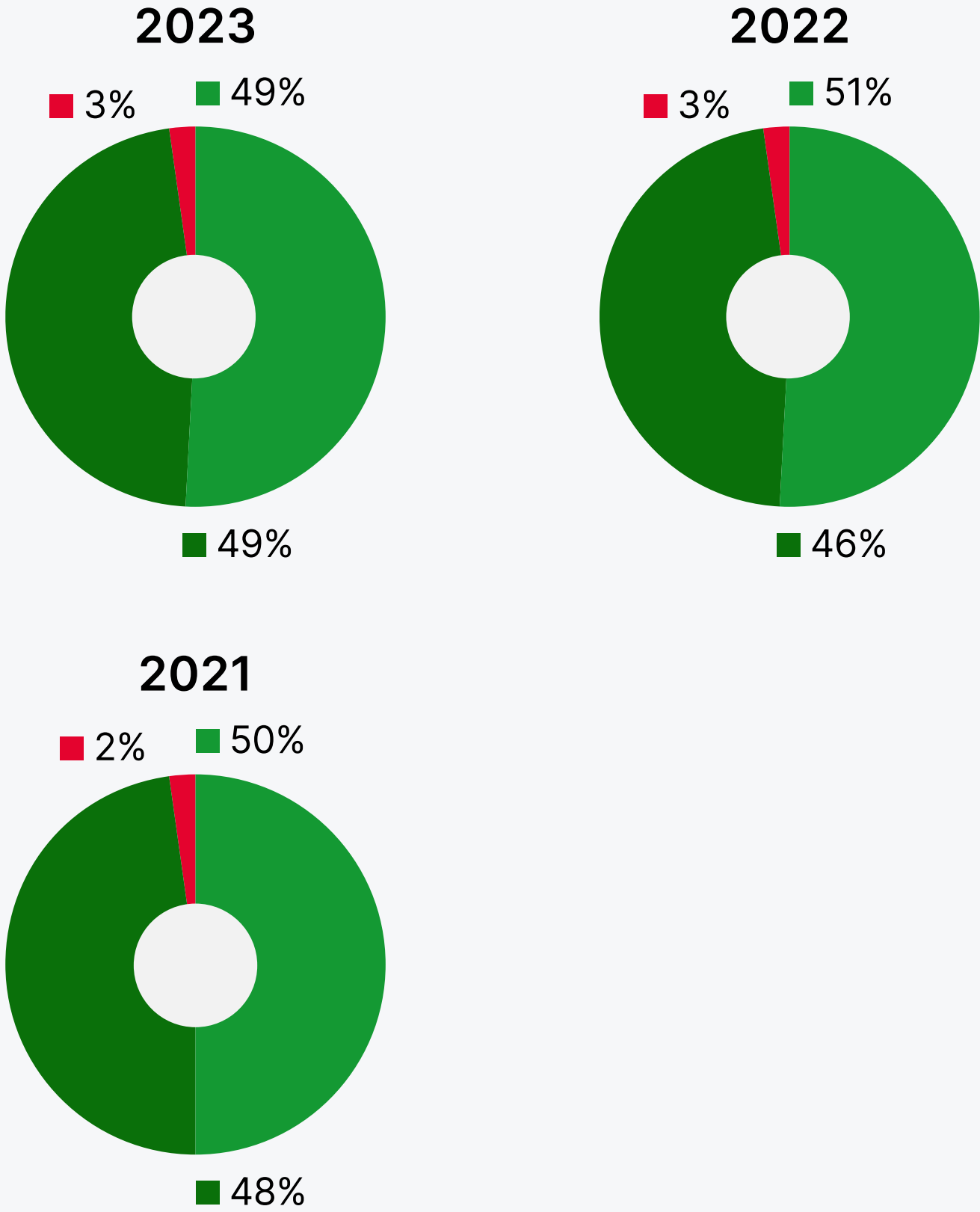
KB employees' qualifications



■ university, ■ secondary school, ■ other education

Note: Sums need not be equal due to rounding.

KB Group employees' qualifications



■ university, ■ secondary school, ■ other education





## Occupational health and safety and working conditions

This topic is detailed in KB Annual Financial Report 2023 in the chapter on Relationships with Employees.

To the full extent of its statutory obligations, KB Group provides for its employees' occupational health and safety (OHS) and for fire protection (FP) in view of the risk of potential danger to their lives and health when performing their work. KB Group provides its employees with sufficient and adequate information and instructions on OHS and on first aid. It also ensures respect for the prohibition of smoking and consumption of alcoholic beverages at workplaces. Managers at all levels are, to the extent of their positions, responsible that the employer's tasks in this area are carried out. These tasks are an equal and integral part of their work duties.

KB Group's employee training in OHS and FP has the form of e-learning at regular intervals. Every employee has access to the training system. The training system is managed by HR, which sends notifications directly to the employee and can also pass the information to their superior if the employee has failed to complete the training by the deadline. Employees under main employment contracts, as well as those under an 'agreement to perform work' (in Czech *DPČ*) or an 'agreement to complete a job' (in Czech *DPP*) are obliged to complete the OHS and FO training. Training is free and takes place within working hours.

Each of KB Group companies provides for the mandatory occupational medicine services through a supplier company. They also provide regular employee training in OHS and FP under the relevant legislation. They regularly organise checks and employee training in these areas, keeping conclusive records thereof. All companies have identified the health risks associated with each job position and have assigned employees to the first or second risk category of working conditions. At KB, the OHS and FP coordinator, our employee, is

responsible for the OHS and FP system under a power of attorney. The coordinator guides and manages OHS and FP service providers that ensure the meeting of legislative requirements for KB in this respect. In the event of controversial situations, the coordinator decides in cooperation with the legal department. This is without prejudice to the responsibility of managerial personnel at all management levels and without any limitation on our employees' general obligation to participate in OHS development and improvements in the working environment. The Banking and Insurance Industry Trade Union and the Regional Public Health Officer also conduct regular checks of workplaces. All employees are obliged to complete mandatory training and participate in occupational health care.

An independent authority, specifically the Trade Union of Financial and Insurance Industries, carries out regular checks at selected KB workplaces. These checks entail an assessment of the ergonomic standard of the workplaces and the quality of the working and sanitary conditions at the workplace. An official record of the inspection along with recommendations is prepared on each inspection. In the past five years, the trade union did not find any major shortcomings that could not be remedied within a short time.

When refurbishing and modernising its workplaces, KB Group respects OHS requirements. It also aims to improve the social environment and effectively introduce state-of-the-art technologies.

In the event of a work-related injury, the employee in question shall report it to their manager. The manager records the injury in the Injury and Minor Accident Book. In the case of incapacity to work, a document called Injury Record, a model form of which is attached to Government Order 201/2010 on Recording and Reporting Injuries and Sending Injury Records, is produced.

The legal department then confirms, on behalf of the employer, whether the injury is a work-related injury. The manager in cooperation with the OHS coordinator and a professionally competent person draw up the Injury Report. Depending on the gravity of the accident, the competent person then carries out a site examination, and measures are taken to prevent the accident from recurring. The Injury Report is stored by the OHS coordinator and also sent to the relevant authorities, including the injured employee's insurance company. The Injury Record must be sent by the fifth day of the following month. Every year, a list of accidents is sent to the KB TU organisation. In 2023, KB Group registered three work-related injuries, two of them at KB (two in 2022, three in 2021). In 2023, we did not register any case of work-related ill health at KB Group.

KB Group companies specify the working hours, breaks for meals and rest, overtime work, and other mandatory requirements in the Rules of Procedure and, where the trade union operates, also in the Collective Agreement. All parameters are in accordance with Czech law. Compliance with all obligations is supervised by managers of the various teams. In order to make better use of working hours and to balance work with employees' personal needs, the employer allows flexible working hours to be applied in units where operating conditions allow. In companies with trade union representation, regular or flexible working hours are properly discussed.

Overtime work can be required only in exceptional cases if there are serious operating reasons for it, and always subject to agreement with the employee, in compliance with the applicable regulations, and properly documented. KB Group's management receives a regular report on overtime work and the entire process is properly supervised.





In accordance with the fundamental legislation, in particular the Labour Code, the employer has set the rules for its employees' performance of their job duties and the procedures in the case of their violation, specifically in the internal regulations, including, without limitation, the Code of Ethics and the Rules of Procedure.

The risk factors entailed in employees' work are assessed before they actually start their job activities. Managers cooperating with a professionally competent person conduct the assessment in line with the legislative requirements. Employees are acquainted with this assessment as part of OHS training once per two years. If a specific risk that could directly and seriously threaten the employee's health is identified the employee has the right to refuse to perform the work without any sanctions for failure to fulfil their assignment. The verification of the relevance of risk factors at the workplace is performed by managers, and it is their statutory duty. Labour Inspectorates and the Banking and Insurance Industry Trade Union exercise oversight in this respect. We promote the employment of disabled or disadvantaged people and are able to adjust the working conditions and environment to their specific disability.

### Health promotion and support in hardship

We have been systematically attentive to our employees' health for many years. Two years ago, we launched a TeleMedicine service, i.e. 24/7 online medical counselling, where the employees can consult their own and their family members' health issues and make appointments with specialists. The service is part of the KB4U wellbeing scheme. Employees on maternity or parental leave and employees' family members can also use the scheme.

Throughout the year, we organised a number of online workshops and webinars on topics such as healthy diet or mindfulness. We supported our employees' sport

activities and purchases of healthy lifestyle products by contributions through the benefit system. We also organised a sports day for all employees. We continued to operate the Consultancy Programme that offers our employees psychological and legal advice. Two years ago, we also launched a new social counselling service as part of the Consultancy Programme.

At KB, we respect all human and social rights of our employees. We have long been accommodating our employees faced with personal hardship. The assistance to be extended to these employees is provided for in the Collective Agreement and the relevant implementing regulations. Each situation is assessed and addressed on an individual basis (e.g., flexible working hours, reduced working hours under the employment contract, work from home, financial support, unpaid leave, etc.).

### Employee satisfaction survey

Employee care is one of the top priorities for our human resources management and for our senior management. We regularly gauge the opinions, satisfaction, and commitment of our employees and adopt follow-up measures. We measure employee commitment through the Employee Barometer that monitors employee satisfaction throughout SG Group and is conducted by an independent research agency. The Barometer examines five categories of indicators covering change management, efficiency, social and economic responsibility, talent development, and wellbeing. Our own survey, KB Pulse, monitors corporate culture, overall satisfaction, motivation, extent of personal fulfilment, opinions related to teamwork and inter-team cooperation, and labour efficiency, and also flexibility of working hours and the smart office concept.

In 2023, Employee Barometer took place within the entire SG Group, while at the bank we also conducted a KB Pulse survey. Employees had an opportunity to

comment on all of the above issues and to provide an overall assessment of their current mood and the atmosphere in the company. They could also comment on SG Group's responsible and sustainable approach and diversity and inclusion issues.

In SG Group's SG Barometer survey, the commitment score showed that the overall motivation level had been stable for the past four years and continuously high at 70%. Employees primarily praised teamwork and atmosphere at the bank, cooperation with superiors and with colleagues scoring 93% and 96% respectively, and also the opportunity to express their views openly (92%). 91% of the employees regard the bank as responsible and ethical in its activities and 80% of the employees are proud to be part of Société Générale Group. These results have been stable for a long time. Most of the employees also regard the bank as inclusive and open to all (88%) and would recommend it as an employer to people around them (72%).

In KB Pulse, the local survey, commitment scored 1 pp lower but stayed at a high level of 78%. Employees confirmed that they are motivated in their job (82%) and trust the decisions made by the management (79%) and most of them would recommend the bank as an employer (77%). And 96% of employees confirmed that the flexible mode of working, i.e. Smart Office, did not have any influence on the quality of their work or they even felt better working in this way.

### Right to information and social bargaining

KB Group employees' right to collective bargaining is respected to the full extent. At KB and Modrá pyramida Building Society (MPSS), the TU organisation exercises this right. KB and MPSS managements are regularly in touch with the TU officials and collective bargaining takes place every year.







## Responsible employer

**Employee care is one of the top priorities for our human resources management and for our senior management. We regularly gauge the opinions, satisfaction, and commitment of our employees and adopt follow-up measures.**

Under the Labour Code and the relevant Collective Agreement, we allow all our employees to unionise. In 2023, 29 branches of KB TU operated at KB and one branch at MPSS. The relationships between the TU and the employer are governed by, *inter alia*, the Charter of Fundamental Rights and Freedoms, the Czech law on the association of citizens, the Czech law on collective bargaining, and ILO Conventions (freedom of association, right to organise and collective bargaining, protection of human rights and freedoms). In addition, parent Société Générale has underpinned the right to the freedom of association and collective bargaining by signing the Global Agreement on Fundamental Rights between SG and UNI Global Union in 2015, which was novated in 2019 and 2023.

The right to information is guaranteed to all KB Group employees. At KB and MPSS, it is also set out in the Collective Agreement signed for 2022-2025. The outcomes of the negotiations between the employer and the TU organisation, including the full text of the Collective Agreement, are available to all employees. The benefits of the Collective Agreement cover all employees of the relevant company, including those who are not union members. In companies where no union exists such benefits are set out in their internal regulations.

We share information intended for employees openly and via multiple channels. The main source of information for each employee is their superior. Another channel is each of the companies' intranets. KB's intranet has a separate Employee section offering all relevant and updated information concerning human resources. Employees can also contact HR specialists, call the My HR line, or send their questions via e-mail. They can also approach HR Business Partners and consultants. Newcomers can use the KUBA chatbot.

At KB, we use collective bargaining. Under the Agreement on Cooperation, Relations, and Delegation of Powers, the Works Council of the KB TU organisation is empowered to bargain collectively with the various trade union branches. The unions represent the employees and their interests. The deadlines for submitting material changes are stipulated by the Rules of Cooperation between KB Management and the Works Council of the KB TU organisation, the standard deadline for submitting comments on draft proposals being 15 days under the Rules. Any employee can join the trade union.

### Diversity and inclusion

Diversity and inclusion are an inseparable part of KB Group's corporate culture and among the strategic priorities of the whole SG Group. We regard otherness and individuality as strength regardless of age, ethnic origin, nationality, gender, sexual orientation, political opinion, or religion or minority membership. Nevertheless, in no case does the bank require or collect data concerning employees' self-identification with these target groups; the reason is precisely to take the same approach to all without any differences.

We promote diversity in our teams. We employ experts from various areas, foreign colleagues from SG Group countries, students who are only starting their career, and our experienced long-standing employees.

As early as 2020, KB became a Golden signatory of the Diversity Charter, a project sponsored by the European Commission since 2010. By signing the Diversity Charter, we have joined a strong group of companies that actively raise and contribute to the solution of societal issues. As part of this initiative we have pledged to create a non-discriminating, supportive, and inspirational environment in which employees can develop and actualise their potential as best as possible.





In 2023, we shared and acquired diversity and inclusion experience in some of our partnerships. We joined the activities organised by the company Byznys pro společnost (Business for Society), of which we had been a member company for three years. We became a partner to the D&I Shapers platform that brings together major companies across the Czech Republic. We also joined the second edition of the #FinŽeny project under the auspices of the company Cover Story; its purpose is to activate and support the community of women in finances, especially as regards career and development. The company nominated nine senior managers from across KB Group to the community of 131 inspirational women and the Hall of Fame. Going forward, our lady managers will participate in the full-year community development programme of #FinŽeny's Forum. We are also part of a small group of five banks within the Czech Banking Association, which pursue the purpose of fostering the whole banking sector in terms of diversity and inclusion.

Our overall strategy as a responsible employer rests on three pillars: **gender balance, equal remuneration, and promotion of social inclusion**. In respect of gender balance, we seek a more balanced representation of men and women in senior managerial positions, including the Board of Directors. One of the most visible moves in this direction at KB was the appointment of Jitka Haubová as the Chief Operations Officer and the appointment of five women to executive directorships, whereby the shares of men and women were equalised at this management level. Another pillar is equal remuneration for men and women. We have long been dedicated to this issue and compared with the market maintain only a small gap and keep reducing it. In 2023, the equal pay gap (EGP) was 1.8%.







In respect of inclusion, we primarily support earlier return of employees from maternity and parental leave (ML/PL). In the case of mutual interest and need, cooperation with them is established also during the leave. After returning from ML/PL, we help these employees to reintegrate into the work processes by, for instance, offering reduced working hours, work from home, or flexible working hours, or combinations thereof, if the type of the operation and nature of the work allow. We provide an extra contribution above the legislative requirement to parents who return earlier from their ML/PL.

We also focus on support for people from socially disadvantaged groups such as single mothers or university students. As part of this support, we also cooperate with the relevant foundations.

We also keep in touch with our retired employees. We greatly appreciate their extensive knowledge and experience gained over many years. In case of need,

we approach these employees with an opportunity for occasional work in order to meet a temporarily increased need of capacities in some technical activities, and also for newcomers' and junior colleagues' induction.

We also devote special attention to disabled colleagues. In 2023, we had 136 employees with various disabilities at KB Group. The positions most frequently filled by these people include relationship manager, transaction processing specialist, cash specialist, middle office specialist, client service specialist, and telesales specialist.

The bank's strategic approach also includes enhancing awareness of diversity and inclusion amongst employees and the public. Through its open communication the bank directly subscribes to all the issues, publicises its activities and results, and shares its experience, both internally and externally, by way of mentoring and networking or other sharing platforms.

## Talent scouting and recruitment

We consistently search for young experienced talents on a long-term basis and adjust all of our recruitment processes to this. The processes are also based on the New Era of Banking strategy, which is ushering in technological advances in all key areas, including the development of banking systems or a new customer service model.

These advances are also associated with considerable requirements for employees' new competences and knowledge that will be vitally important for the bank in the future. In 2023, we continued to build communities as part of Employer Branding and enhance the employer's brand by way of long-term recruitment campaigns.

We regard cooperation with schools in the development of young talents as a key activity in employer branding. At KB's head office and in its branch network, dozens of secondary school and university students serve internships every year to acquire practical experience. We also regularly meet university students at job fairs, open days, workshops and special events dedicated to specific economic or technology issues.

For university students, we run the Trainee programme: a one-year scheme whereby they acquire practical experience and participate in real-life projects at the bank during their studies. Up to 70% of the students then stay at KB as employees after their internship.

For the IT community, we organised technology meet-ups on selected issues and participation in technology conferences across the country.

We also regularly participate in employee competitions. In the *Sodexo Employer of the Year* competition, where the company's overall approach to its employees is rated, we were placed second in the Prague region in the category of employers with staffing levels above 5,000 employees.



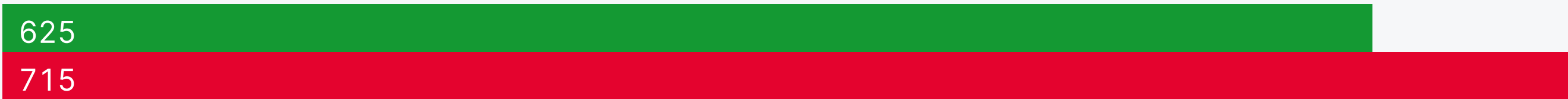
# Number of employees on maternity or parental leave



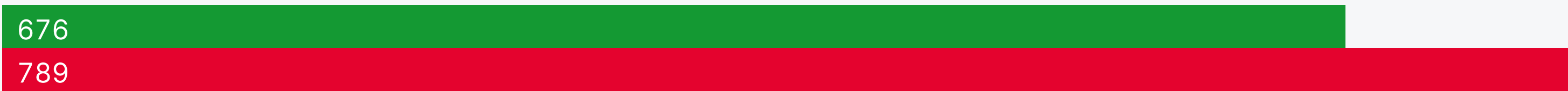
2023



2022



2021



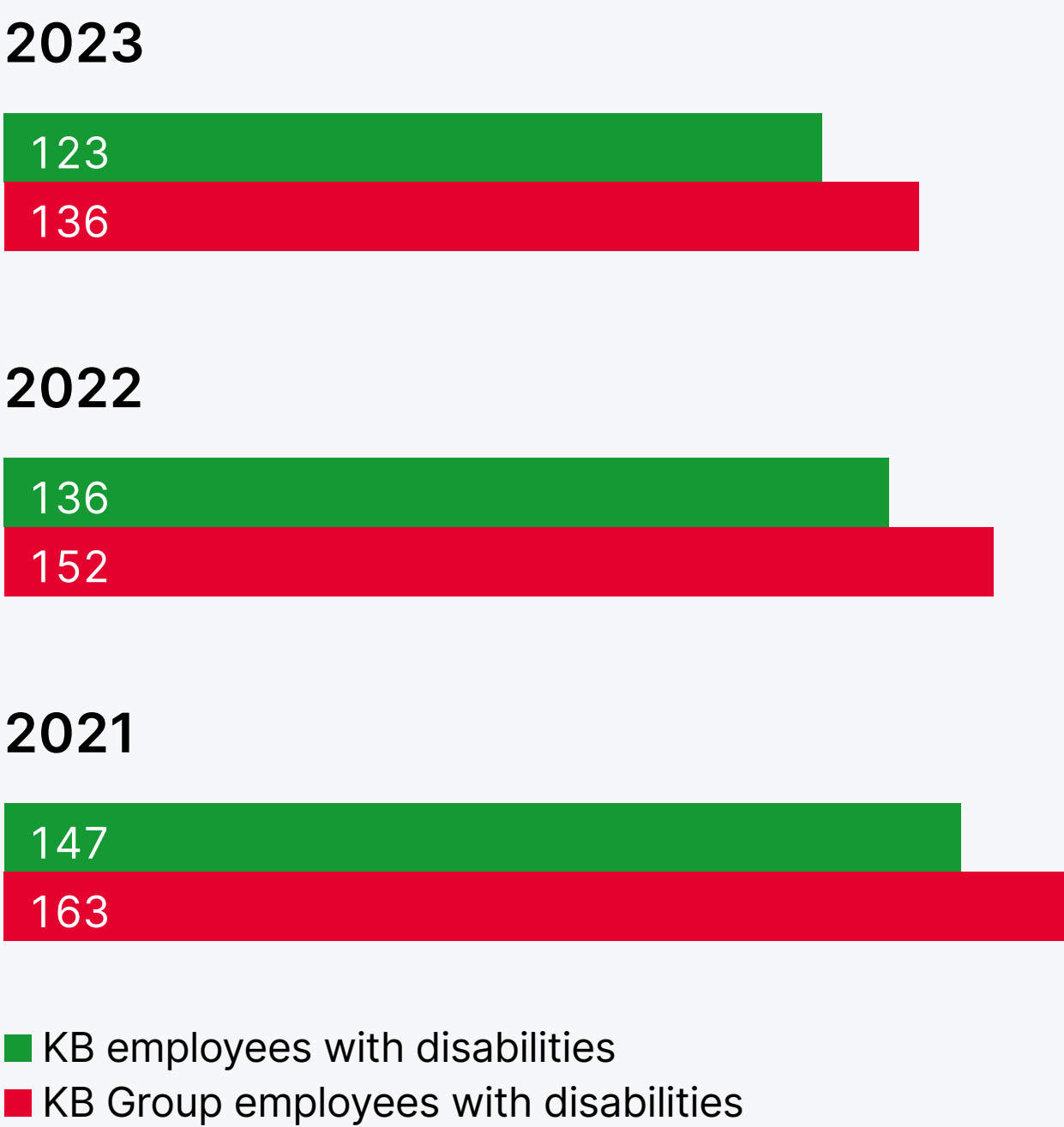
- Number of KB employees on maternity or parental leave
- Number of KB Group employees on maternity or parental leave

KB					KB Group				
	2023		2022			2023		2022	
	women	men	women	men		women	men	women	men
KB employees who left for ML/PL	96	0	121	3	KB employees who left for ML/PL	115	1	136	3
KB employees on ML/PL	705	2	786	4	KB employees on ML/PL	795	3	887	7
Returns from ML/PL at KB	174	1	175	2	Returns from ML/PL at KB	189	2	197	2

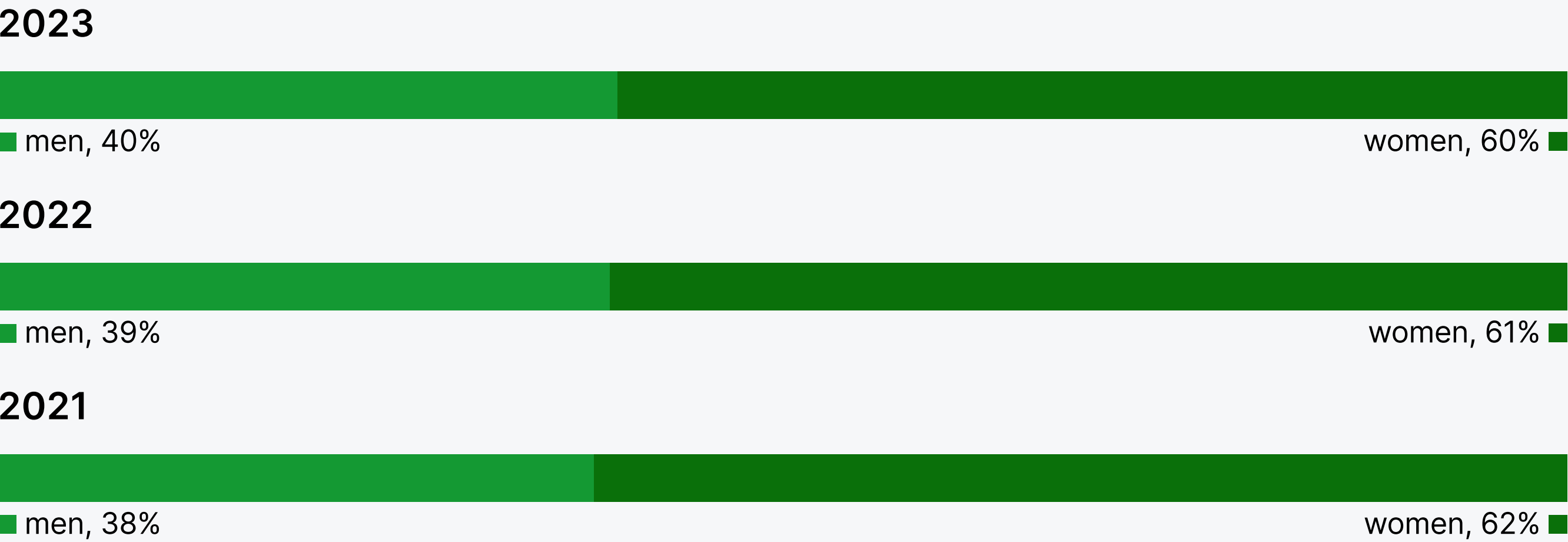
We do not keep statistics of employment duration after return from ML/PL.



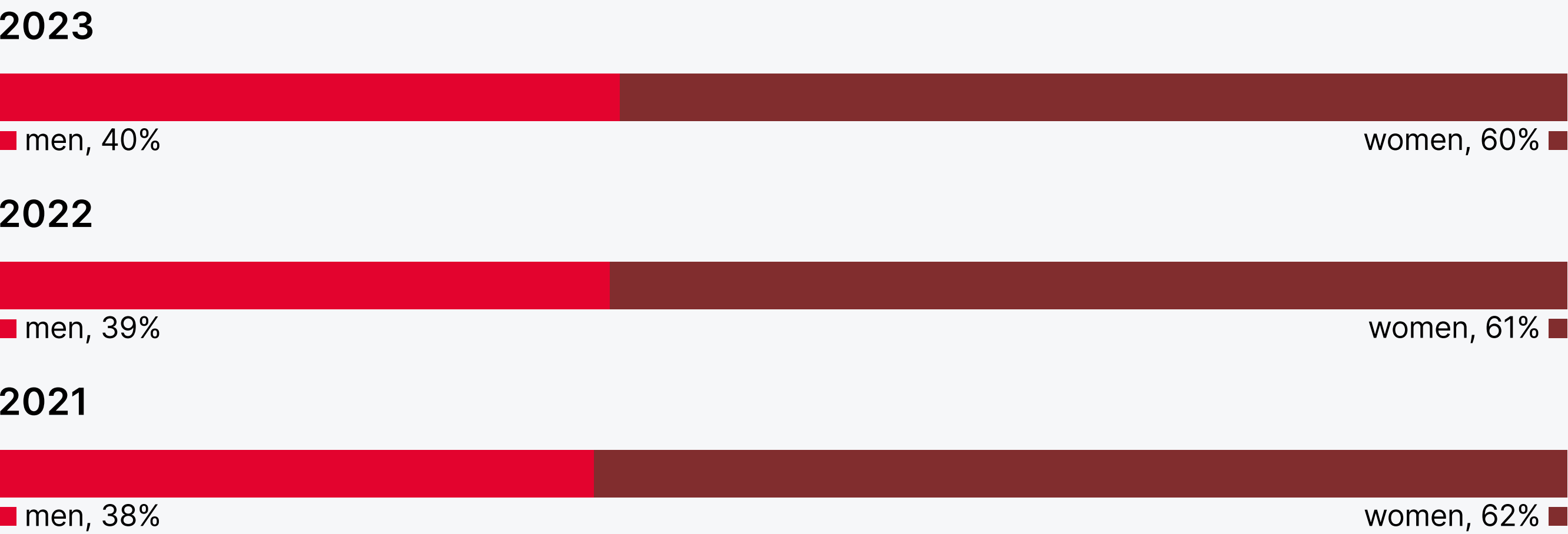
# Employees with disabilities



# Share of men and women at KB

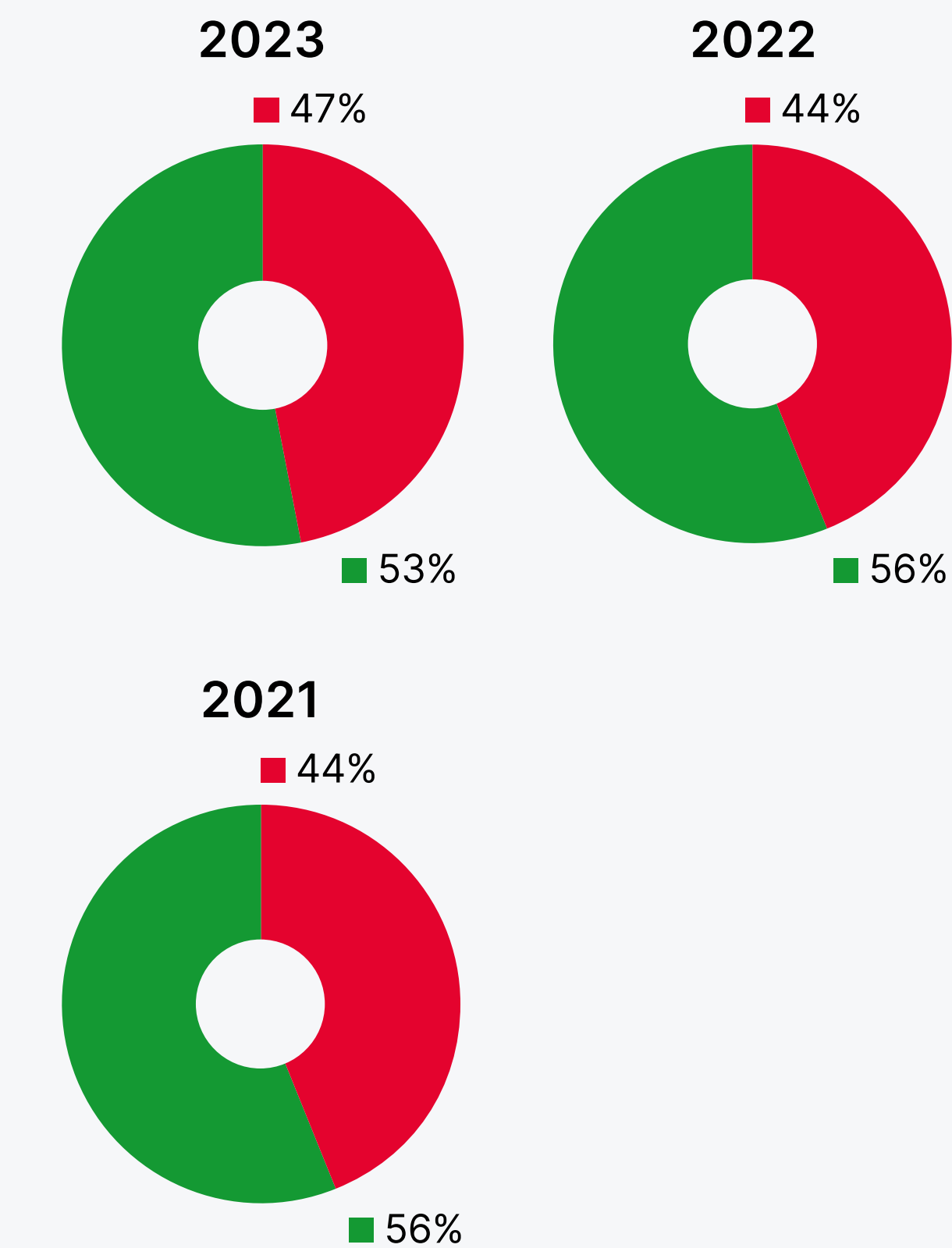


# Share of men and women at KB Group



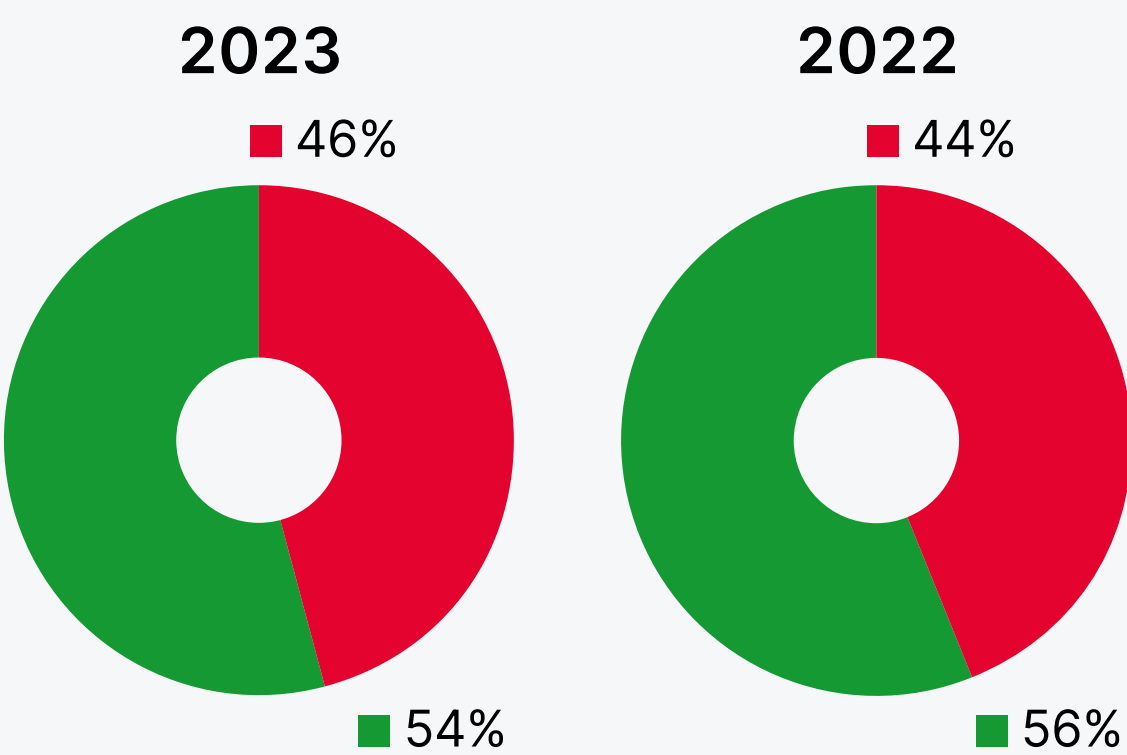


Share of women and men  
at KB in managerial positions



men, women

Share of women and men  
at KB Group in managerial positions

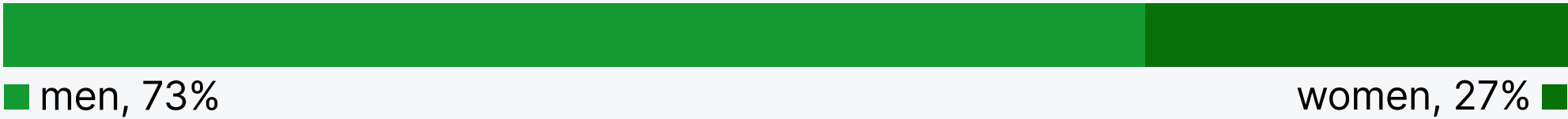


Note: The figures include all managers, including those of branches (both male and female).



# Share of women in senior managerial positions at KB (no more than two levels below the Board of Directors)

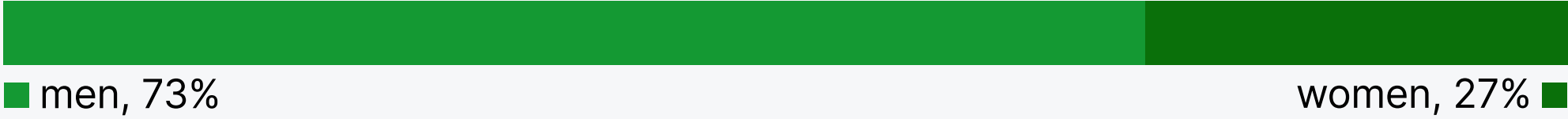
## 2023 (Gender)



## 2023 (Age category)



## 2022 (Gender)



## 2022 (Age category)



## 2021 (Gender)



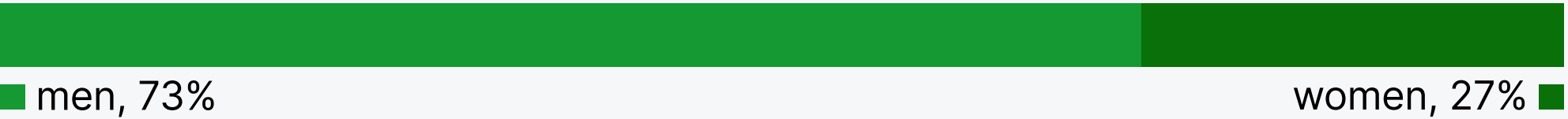
## 2021 (Age category)



Note: The figures include only senior managers max two levels below the Board of Directors.

# Share of women in senior managerial positions at KB Group (no more than two levels below the Board of Directors)

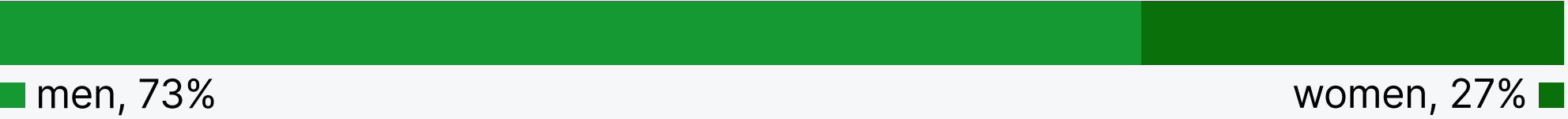
## 2023 (Gender)



## 2023 (Age category)



## 2022 (Gender)





Employee training and development

We prepare a wide range of training courses and programmes for KB's and KB Group's employees, thus giving them opportunities for their personal development while emphasising their own responsibility for their career.

Since one of KB's priorities is to be the sustainability leader, we decided to offer our employees the Climate Fresk educational, globally recognised card game, which enhances awareness of the climate change and its impacts. For these purposes the required number of in-house facilitators have been trained and certified. In this context we also started cooperation with Nadační fond Univerzity Palackého in Olomouc (Endowment Fund of Palacký University in Olomouc), which has many experts on this issue and our facilitators can consult technical issues with them. December 2023 saw the launch of ESG Academy, which will provide all Société Générale employees with comprehensive education in ESG and CSR. The Academy contains six e-learning modules that outline the environmental crises that we are currently facing and what risks they are bringing, and how we as KB employees can respond to them. Employees completed the first module in December 2023 and the other modules should be completed in 2024.

We also offer development opportunities under in-house development programmes both for young talents (the SPIRIT programme) and for senior talents (KB Sense). We cooperate with external educational companies in the creation and running of the programmes. Together with them, we co-create the content of the development programmes whose purpose is to promote the concept of a learning organisation. We are also part of the Red Button EDU community. With the Czech Banking Association, we cooperate on a programme that educates primary and secondary school students in cyber security and financial literacy. Together with non-profit organisations, our KB Sense colleagues customised this module for children

Average number of training hours by employee category

Category	Number of hours		
	2023	2022	2021
Admin/support positions	12.4	10	7
Creative specialists	24.4	21	14
Management	40.4	35	31
Distribution	51.2	44	38

Average training hours per KB employee in 2023 were 35.3 hours (30.6 hours in 2022, 28.6 hours in 2021). Male and female employees have always had and have exactly the same training opportunities.

in children's homes. KB also cooperates with Société Générale on development programmes. This enables KB employees to upgrade their skills and abilities in an international environment.

In 2023, relationship managers were working hard to get ready and in the Individuals segment joined the New Era of Banking at KB, which has completely overhauled our customer service and product portfolio. To help them master the new forms, the Change Management and Training team designed a series of the required training courses for them.

We promoted the principles of a learning organisation: we support our in-house experts in their colleagues' development, and provide room for best practice sharing and internal mentoring, e.g., as part of co-development. We also promote the principles of a learning organisation through a community of in-house coaches who provide employees with individual development, coaching, debriefing on 360° feedbacks, and debriefing on talent diagnosis. The community of our top talents, KB Sense, was very useful for KB employees: individual mentoring, KB podcast presentation, internships, co-development, and a KB Without Frontiers in-house conference intended to acquaint, in an experiential format, the head office people with the work in the distribution network and vice versa.

Promoting KB diversity, we worked with Liga otevřených mužů (League of Open Men) to organise a Day for Fathers and Children. Selected women participated in the talent programme supporting ATAIRU's Leadership. Career-Fatherhood Balancing and Blended Family workshops were held in cooperation with the Dobrý táta (Good Dad) organisation. In 2023, Komerční banka launched a brand new one-year inspiration & development programme intended for women at KB Group in the Czech Republic and Slovakia. #KBWOMEN is an in-house informal platform where women can meet, debate, learn, and receive inspiration from each other as well as from guests who are an integral part of the whole programme.

In respect of technology competences, the bank uses a combination of in-house training led by experts in the particular area or technology and educational platforms. In new employee onboarding, we have Incubators in which we focus in the induction of junior employees. It is an intensive onboarding process aimed at the initial months at KB, when new colleagues are trained for their position, focusing primarily on specific technologies and their use at the bank.

As all the employees, the security personnel who provide for security at KB Group have been trained by the supplier company and acquainted with the principles of the Code of Conduct, which also includes fundamental human rights.





### Performance evaluation and feedback

The annual performance evaluation, which combines an evaluation interview and bi-directional feedback, is part of communication with employees. In addition, multiple evaluators in various roles provide feedback as part of the evaluation in the agile part of the bank. This produces a matrix structure that provides a more objective view of the evaluatee. Across the company, the standard evaluation of the meeting of targets and competence requirements has been supplemented with a process that appraises employees' potential, whose outputs are further used for preparing the succession plan, identifying talents, and talent schemes, and also for setting the development plans for each of the employees. The other tools used for feedback included, for example, 360° evaluation, skill assessment, and personality and talent tests. 100% of KB Group's employees receive their annual performance reviews and are engaged in discussions on the options for their continued professional growth and personal development.



Performance evaluation

**100% of KB Group's employees receive their annual performance reviews.**





## Remuneration

Remuneration at KB Group relies on four principles:

**The internal justice principle** ensures that remuneration is the same for the same work and the same performance under the same transparent circumstances. Remuneration must not be influenced by gender, age, religion, TU membership, political party membership, or other personality features of the employee that are not directly tied with the employee's performance or competences. Equal remuneration is the fundamental pillar of the diversity strategy at KB. Its objective is a zero pay gap by 2025 from 1.8% in 2023.

**The external competitiveness principle** is pursued using regular market surveys, taking into consideration the intended market position and the significant differences in the remuneration market. These surveys then help to determine the above-mentioned target basic pay.

**The individual contribution principle** is reflected in the wage and in the bonus. Wages may reasonably differ from the target level so as to reflect all the aspects, such as the individual contribution or potential. One of the factors for bonus calculation is target meeting and performance appraisal. A long-term incentive scheme (LTI), described in the chapter on share programmes, is intended for the employees and strategic talents who have an extraordinary benefit for KB Group.

**The responsible approach and risk consideration principle** guarantees that remuneration is kept in line with sound and effective risk management and that it also supports such management; remuneration does not encourage the acceptance of risks above the limits of the risk tolerated by the bank. In its remuneration policy, KB also actively promotes KB Group's sustainable environmental objectives.

The risk consideration principles are detailed in KB Annual Financial Report 2023 in the chapter on Relationships with Employees.

**Equal remuneration is the fundamental pillar of the diversity strategy at KB Group. Its objective is a zero equal pay gap by 2025.**

We determine the pay for all employees with regard to the challenging nature of their position, in particular from the perspective of the required knowledge, experience, and skills, and the resulting responsibility. The entry level wage therefore varies depending on the position to which the employee is recruited, and it is the same for men and women as part of the equal approach to remuneration.

In 2023, the minimum wage at KB was 1.45 times higher than the minimum wage in the Czech Republic (in 2022, it was 1.54 times higher). On the occasion of the annual review of remuneration at KB we check whether an equal approach is taken to pay raises. In 2023, the equal pay gap was reduced to 1.8% from 2.2% in 2022. We compare the wages of all positions as regards our portfolio employees. We do not include temps (working under an 'agreement to perform work' (in Czech *DPČ*) or an 'agreement to complete a job' (in Czech *DPP*)). In this respect, we have aligned our calculation methodology with our parent company Société Générale and newly measure the pay gap in the same job position if at least one man and one woman have this job position. The previous methodology compared wages of men and women in similar job positions if at least three men and three women had this job position. Further to this change, we have also adjusted the data for preceding years. Under the original methodology, the values were as follows: in 2022: 4.0%, in 2021: 4.2%, in 2020: 4.8%.

### Targets related to variable pay for performance

The remuneration principles reflect the shareholders' interest in KB's value through linking the amount of

the variable pay to KB's results and the meeting of the strategic priorities, including sustainable growth. In 2020, we launched a new strategic programme. Its priorities are described in the Strategy and Results chapter of KB Annual Financial Report 2023, and were implemented in the employee incentive system for 2023 through a COKR (Company Objectives and Key Results) measurement system. Strategic priorities also include sustainable development covering, for example, the targets set for reducing climate change. For 2023, the sustainable development targets measured by COKR made up 10% of the weight of the targets for the Board of Directors member who is directly responsible for sustainable development, 9% of the weight of the CEO's target, and 5% of the weight of targets for the other Board of Directors members. 2023 also saw an increase in the number of the employees who have sustainable development in the variable component of their remuneration and a total of 1,563 employees had the meeting of a corporate sustainability target among their own targets. These were specifically targets such as increasing the sales of sustainable products, reducing KB's carbon footprint, improvements in international ratings, increasing the number of employees involved in volunteering, and increasing the number of employees trained in sustainability. These targets usually had a weight of 5 to 50%.

### Employee benefits and advantages to foster identification with KB Group

The cost-effective structure of benefits reflects our ambition to be a responsible employer while providing our employees with a choice. The structure and scope of benefits is subject to collective bargaining every year. Benefits for full-time employees are also applicable to part-time employees. Our treatment only differs for temps (workers under an 'agreement to perform work' (in Czech *DPP*) or an 'agreement to complete a job' (in Czech *DPČ*)).





In 2022, KB opened in its Prague head office building a co-working facility called VEGET, which is open for all KB Group employees as a venue for get-togethers, presentations, relaxation, and working meetings. Part of the facility is a vegan bistro in line with sustainability principles, i.e. zero waste operation and plant residuals composting. Seminars on environmental issues are held at the facility.

We are also expanding our Škoda Enyaq e-vehicle fleet and have introduced their sharing, initially at the head office in Prague and then in other regions. The vehicles can be used for business trips and borrowed for employees' private purposes.

**Prevention and penalising  
of any form of undesirable conduct**

We have long been striving to prevent and eliminate any form of conduct contrary to KB Group's values and the principles stipulated in the Code of Conduct, internationally applicable standards, and local regulations. As part of this effort, we have incorporated into our regulatory base SG Group's policy to combat and punish undesirable conduct in all its forms, including mental and sexual harassment, or sexist, racist or homophobic behaviour.

In 2023, four incidents of undesirable conduct, discrimination or breach of the Code of Conduct by employees were reported. We internally investigated all cases by SG Group's rules and processes. In none of the cases was the justifiability of the complaint of undesirable conduct, discrimination, or breach of the Code of Conduct proved; nevertheless, further to the conclusions of the investigation, an adequate remediation plan was implemented in most of the cases.

In the event that an employee becomes a witness or even a direct participant in any incident of undesirable conduct, they can alert their line manager or colleagues in Human Resources or Compliance. The employee can also use the secure web application for whistleblowing, which is available for all SG Group companies. In line with SG Group's global rules, we extend protection to whistleblowers against retaliation in any form, employment termination, or discrimination. We also ensure anonymity of the whistleblowers. Together with SG Group, KB Group has also reinforced the processing of reports on undesirable conduct. For this purpose an international group of experts has been set up; they are available to employees anywhere in the world. The group includes HR specialists and employees of sales departments, including KB, who have been specifically trained for handling whistleblowing reports. The group members follow stringent principles of impartiality and confidentiality.

The objective of all these initiatives is to apply a zero tolerance policy and ensure that no employee is exposed to undesirable conduct.



**Whistleblowing**

**We extend protection to  
whistleblowers against  
retaliation in any form,  
employment termination,  
or discrimination.**





## Sickness rate at KB

2023



2022



2021



Note: This is total absence as a percentage of the official amount of working hours (absence caused by quarantine, illness, looking after family members during the pandemic, looking after ill children, work-related and other injuries).

## Sickness rate at KB Group

2023



2022



## Employee turnover at KB

	2023	2022	2021
Total	17.3%	18.6%	16.7%
termination by the employee	7.0%	9.7%	8.8%
termination by KB	3.3%	3.3%	3.9%
controlled	5.4%	4.1%	2.6%
natural	1.4%	1.4%	1.4%

## Employee turnover at KB Group

	2023	2022
Total	16.2%	18.2%
termination by the employee	6.9%	9.8%
termination by KB	3.0%	3.1%
controlled	5.0%	3.9%
natural	1.4%	1.4%

Voluntary turnover is defined as termination by the employee, involuntary turnover is termination by KB, controlled turnover is, for example, upon expiry of the agreed period or transfers within KB Group, natural turnover is, for example, retirement, health reasons or the demise of the employee.

Note: Amounts may not be equal due to rounding.



# New hires



New hires at KB in 2023			New hires at KB in 2022		New hires at KB in 2021		New hires at KB Group in 2023			New hires at KB Group in 2022	
Gender	Number		Number		Number		Gender	Number		Number	
Male	400	39%	463	41%	345	36%	Male	495	37%	511	41%
Female	623	61%	658	59%	602	64%	Female	859	63%	731	59%
Total	1,023	100%	1,121	100%	947	100%	Total	1,354	100%	1,242	100%
Age category	Number		Number		Number		Age category	Number		Number	
under 30	435	43%	521	46%	457	48%	under 30	460	34%	539	43%
30-50	449	44%	519	46%	423	45%	30-50	622	46%	606	49%
over 50	139	14%	81	7%	67	7%	over 50	272	20%	97	8%
Total	1,023	100%	1,121	100%	947	100%	Total	1,354	100,%	1,242	100%

# Employee departures

Employee departures at KB in 2023			Employee departures at KB in 2022		Employee departures at KB in 2021		Employee departures at KB Group in 2023			Employee departures at KB Group in 2022	
Gender	Number		Number		Number		Gender	Number		Number	
	Male	37931%	40232%	36729%	Male	41331%		45033%			
	Female	86269%	83568%	91271%	Female	93469%		93467%			
	Total	1,241100%	1,237100%	1,279100%	Total	1,347100%		1,384100%			
Age category	Number		Number		Number		Age category	Number		Number	
	under 30	29924%	33227%	38230%	under 30	31123%		35025%			
	30-50	60249%	63251%	65851%	30-50	67350%		73653%			
	over 50	34027%	27322%	23919%	over 50	36327%		29822%			
Total	1,241100%	1,237100%	1,279100%	Total	1,347100%	1,384100%					

Note: Amounts may not be equal due to rounding.

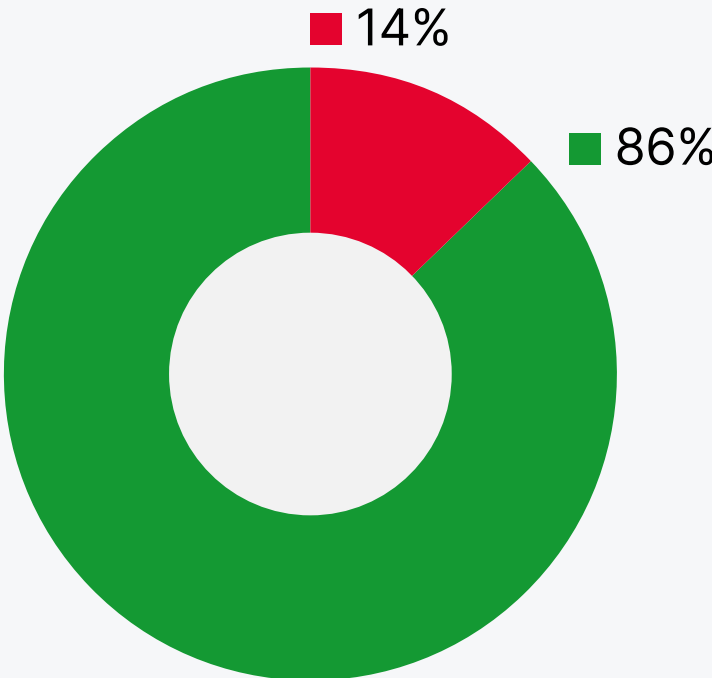


All employees

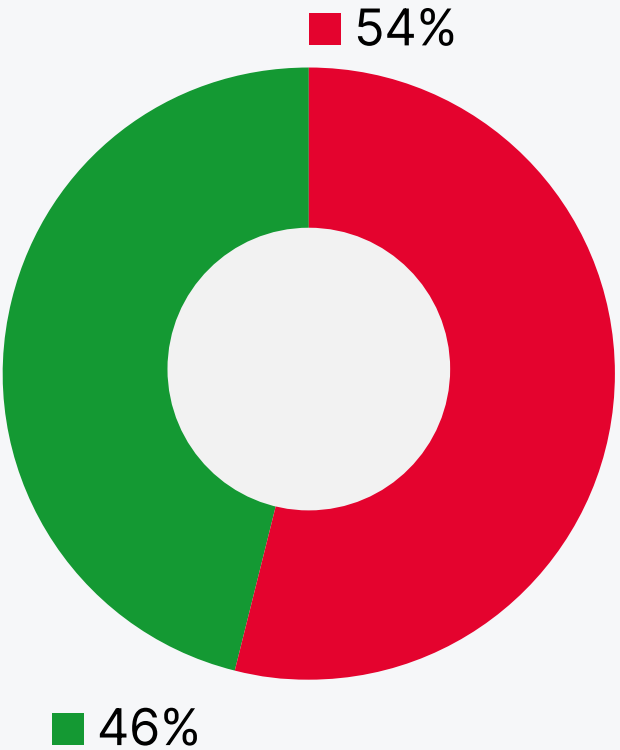
Gender



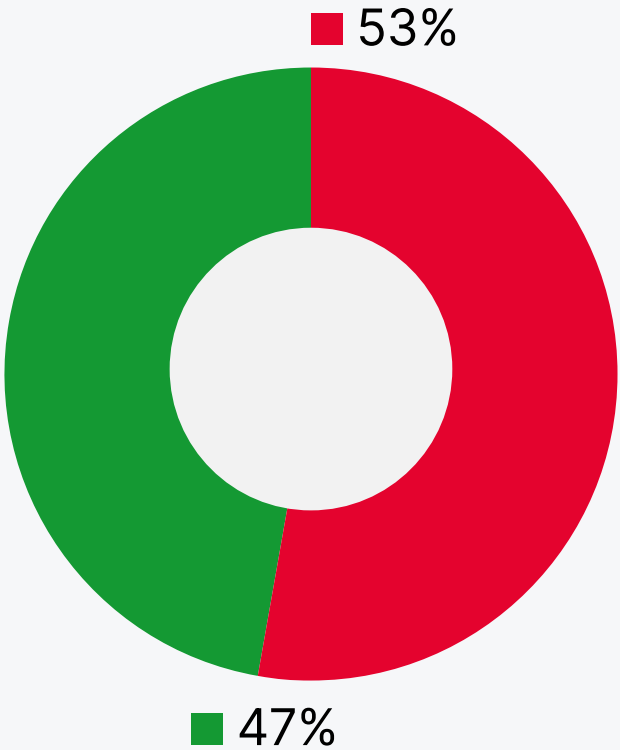
Admin/Support/  
Routine



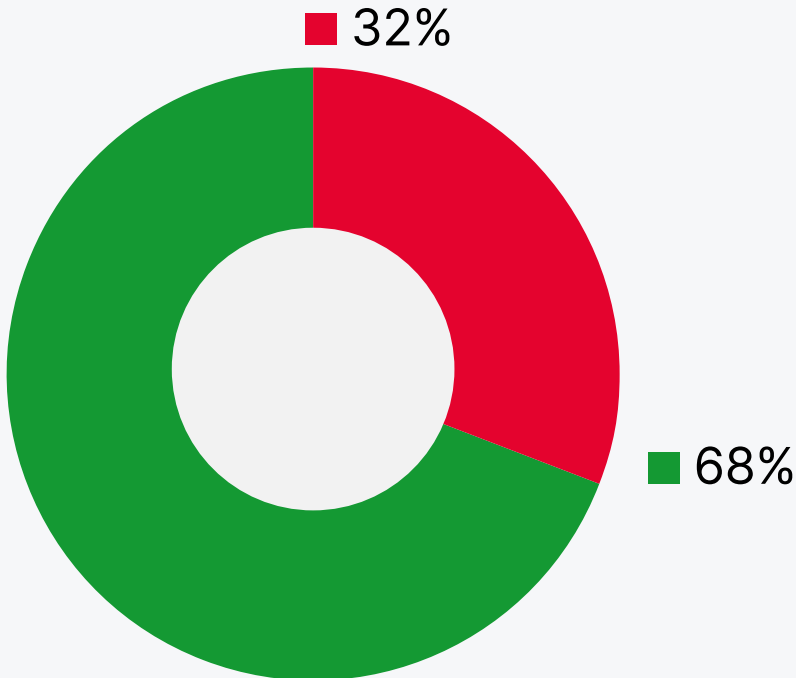
Creative Specialists



Management



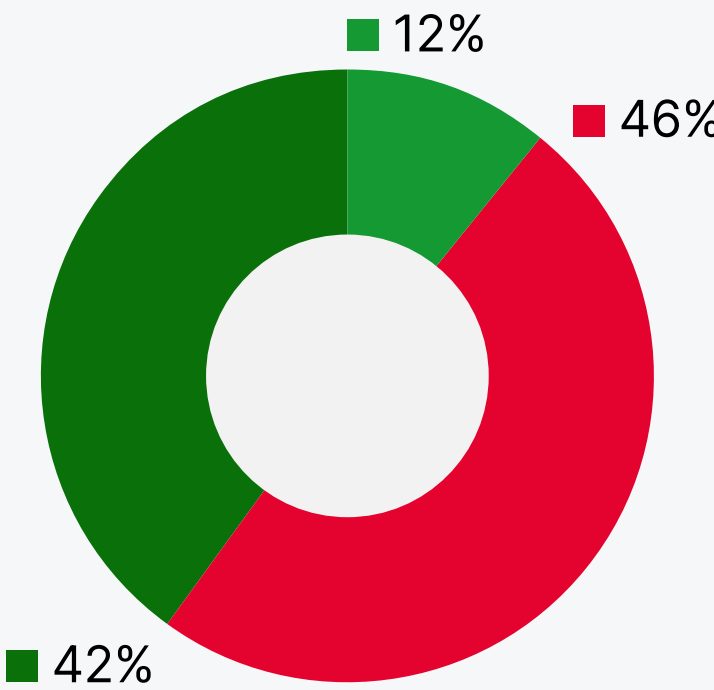
Sales



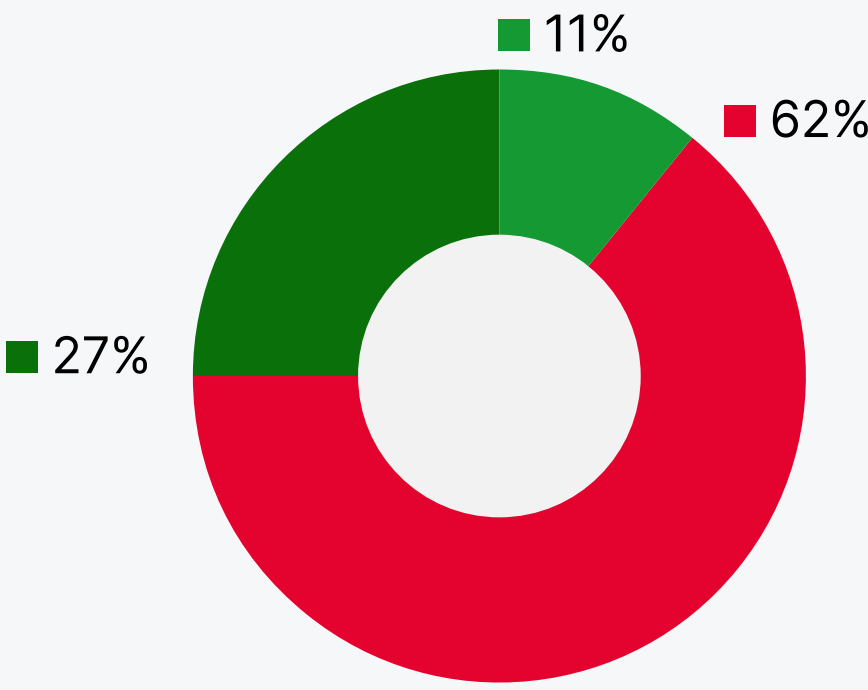
men, women

Age category

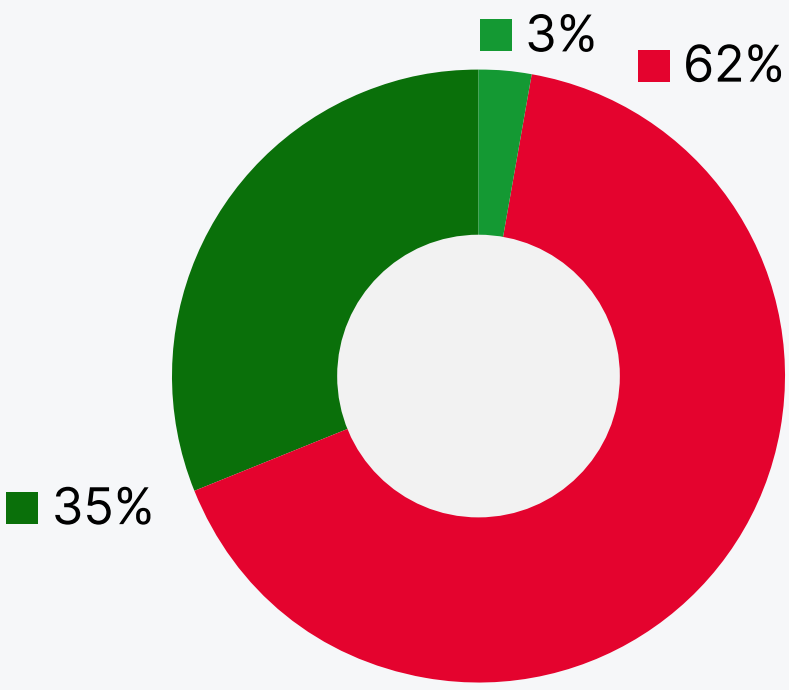
Admin/Support/  
Routine



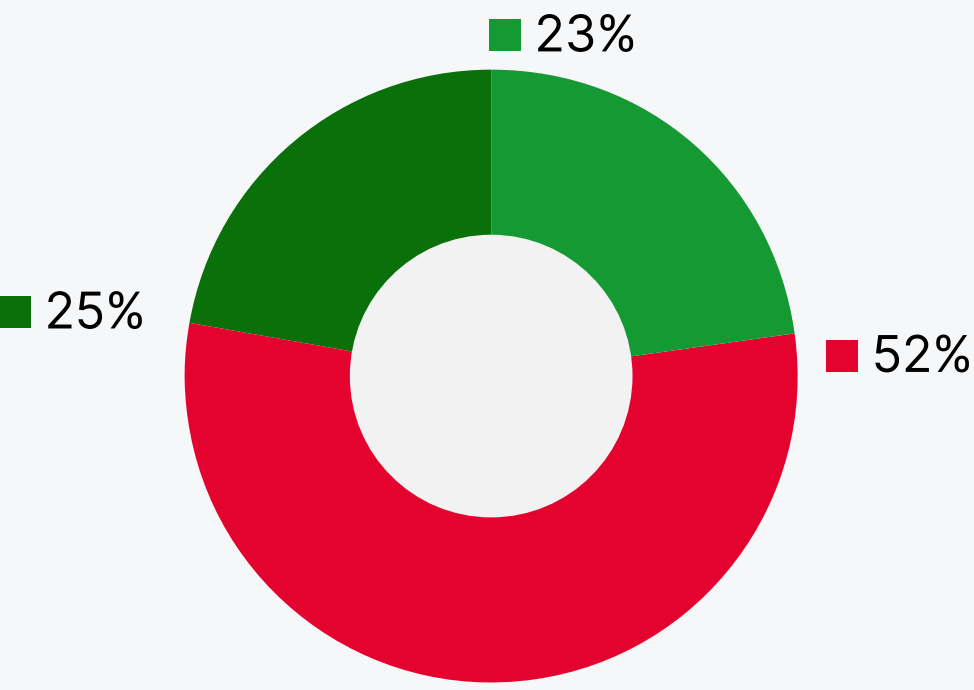
Creative Specialists



Management



Sales



under 30, 30-50, over 50





4

# Governance



**In our business, we follow principles of ethics and comply with laws and regulations, and we do not support or tolerate any form of fraudulent conduct, corruption, violation of competition rules, discrimination or harassment. We look after the quality of the environment and the social ambience and, following the SG Group's rules, restrict the provision of financial products to sectors having potentially adverse impacts.**

**Rules of conduct**

We at KB are aware that the basic prerequisites for the company's successful development include employees' professional and ethical conduct. Such conduct is based on building transparent relationships with clients and deepening trust between KB and its clients, employees, and partners. KB Group has specified the rules of ethical behaviour and conduct for its employees; they are based on both the general obligations laid down by regulatory requirements and the standards of professional conduct applicable to banking. These obligations include distinct rules for protection against conflicts of interest and corruption, rules for accepting gifts, rules against abuse of authority, and rules against confidential information abuse. The principles of ethical conduct and the obligation to abide by these rules are binding on all employees and are set out in KB's internal regulations. A Société Générale and KB training programme helps to raise our employees' awareness of ethical conduct. It is intended for all Group employees and focuses on the principles of conduct and values applicable to individuals and the whole Group. In 2022, the Supervisory Board's Nomination Committee was put in charge of supervising and evaluating, on a regular basis, the issues relevant for the rules of conduct, including compliance incidents.

KB also has its own internal rules, such as the Code of Ethics and annotations thereto, and other internal regulations (non-public and intended only for KB employees), which also include the rules against discrimination and conflict of

interests, whistleblowing rules, measures against corruption and bribery, and rules on information confidentiality, banking secrecy, anti-competition practices, money laundering and insider trading, and those on compliance with local, European and international regulations concerning, in particular, environmental protection and health & safety. More information is available on our [website](#).

We rigorously follow the policy of zero tolerance of any form of fraudulent conduct, corruption, violation of competition rules, discrimination or harassment. We fully respect the Code Governing the Fight against Corruption and Influence Peddling for the SG Group, available on [SG website](#).

**Code of Conduct**

At the level of the SG Group, at KB we are bound by the [SG Code of Conduct](#), which covers all the areas where SG Group has made commitments. These include, for example, zero tolerance of discrimination, the treatment of confidential information, conflicts of interest, insider trading, or whistleblowing. In addition to this, SG Group also applies a specific [code on taxation issues](#). These publicly accessible principles govern SG Group's activities worldwide, and are therefore applicable to and promoted by KB. Our website posts information about our and our external partners' corporate culture (see [here](#) and [here](#)).

All our employees are trained at the beginning of their employment and then regularly every two years. In addition, KB and SG Group have designed specialised bespoke training courses for high-profile employees, who are trained more frequently or on an *ad hoc* basis. Only employees who are absent for long periods or on maternity/parental leave do not attend such ongoing training.

Since 2020, all new employees have been obliged to confirm by their signature that they have read and understood the current version of the SG Code of Conduct. From the very beginning of the recruitment process, all candidates for

a job at KB Group are informed about the existence of the SG Code of Conduct and the Code Governing the Fight against Corruption and Influence Peddling for the SG Group, and are obliged to follow the rules contained therein.

Adherence to the SG Code of Conduct is enshrined in job responsibilities and through the clearly defined reporting channels both at KB and at KB Group. Relevant contact details are available on [website](#). Compliance with this Code is linked to the employee remuneration principles; in the event of a breach of risk compliance, a letter of reprimand or employment termination may follow.

The system of internal controls (first level controls, FLC, and second level controls, SLC), regular monitoring of the key risk indicators, promoting and evaluating the whistleblowing system, identifying the risks in exposed areas (including those of corruption and conflict of interests, etc.), and training programmes rounded off by testing – all of these are the tools for continuously verifying the efficiency of the adopted rules of conduct.

The compliance system is regularly reviewed by several institutions, specifically Internal Audit, SG supervision, or the Czech National Bank. The Czech National Bank acts as a regulator of Czech banks and other banks conducting business in the Czech Republic, over which it exercises continuous oversight. Supervision is exercised remotely and on site.

KB does not, in general, post all breaches on its website. But it should be noted that systematic breaches or serious failures are published by the applicable legal rules. At KB, we report on breaches using an SG Group tool. Specified breaches are reported to the Czech National Bank and/or other regulators. After investigation, breaches are posted on the respective regulatory authorities' official websites. No such breach or failure in respect of the rules of conduct occurred in 2023.





## Anti-corruption measures

The adoption of and compliance with clear anti-corruption rules and zero tolerance of any form of corruption constitute the basic standards and a basis for responsible business, and a prerequisite for the entire KB Group to sustain and strengthen its position, including that in the competitive market. The anti-corruption measures are applicable to KB and its activities and employees, and to third parties, i.e. our clients, suppliers, and financial service providers. The rules and principles of combating corruption and bribery are enshrined in our internal regulations and are also part of compulsory training for all employees.

KB has in place rules for identifying the risk of corruption at clients. The assessment includes geographic indicators (based on the level of corruption in the countries that the activity in question concerns), the nature of the transaction, and the relevant reports. An increased level of risk results in the duty to carry out Enhanced Due Diligence.

Our suppliers and other trade partners are also committed to compliance with anti-corruption rules through contract clauses. Entering into a new business relationship with a trade partner is subject to a precisely specified procedure. At KB, we always investigate adverse information about a natural or juristic person, such as information about ongoing administrative or criminal proceedings related to money laundering or terrorism financing, corruption, fraud, tax evasion, sanctions, or negative experience of our cooperation in the past. The scoring model for assessing the risk of a new trade partner defines the scale from low to high risk. Risk factors are assessed on the basis of geographical location, industry, reputation (negative media reports, corruption, bribery, fraud), sanctions, and screening against lists of politically exposed persons (PEP). Trade partners showing signs of these factors are rated as very risky. High-risk trade

partners are referred to KB Compliance and SG Compliance for approval. In the case of suppliers known as TPI GN (Third Party Intermediaries with Government Nexus), the approval process takes place at the SG level both for new suppliers and for regular reviews of the business relationship with a current TPI GN supplier.

Before entering into a new business relationship with any financial service provider, we at KB always perform a review in accordance with regulatory requirements related to financial crime. The scoring model for risk assessment is similar to that for client assessment, including the two-tier approval. The contract contains the relevant anti-corruption clauses in line with KB's internal regulation.

To date, KB is not aware of any external investigations into breaches of anti-corruption policies.

The Compliance Department is responsible for setting anti-corruption rules. In view of SG Group's heavy emphasis on this area, we have introduced a number of measures, including the modification of our internal anti-corruption rules, the tightening of the rules for accepting and offering gifts and invitations by employees, the rollout of a database tool to record gifts and invitations, and a system of compliance monitoring and controls. All managers concerned have also attended personal training for risk-exposed persons, sponsored by Compliance.

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

Once every three years, KB carries out an activity called ABC (Anti-bribery and Corruption) Risk Assessment. As part of this activity the Compliance department identifies areas across all parts of KB, which are at risk of corruption, bribery, or other forms of misconduct. Following this identification, the assessment focuses on whether or not appropriate anti-corruption measures reducing such risk have been adopted. All KB Group entities carry out the ABC Risk Assessment exercise.

In 2023, we enhanced protection against corruption and bribery by setting up a standing working group with competences across KB Group. It assesses contract documents, cooperation, or publicly available negative information, focusing on corruption at clients, suppliers, and third parties, on the basis of information in the public domain or internal inquiry. Any findings of an increased risk of corruption result in the specification of escalation rules. Over one year, this working group thoroughly screened 97 entities.

We are not aware of any confirmed incident of corruption or bribery at KB over the last five years. There are no ongoing external investigations by national or international bodies.

## Interest representation

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





Our employees are allowed to represent KB's views and positions in professional associations and other institutions of which KB is a member (e.g., the Czech Banking Association). If a KB employee enters into dealings with a public/governmental official, they shall act as a representative of a professional association. The opinions of our employees are, in principle, considered to be the opinions of the associations rather than KB, and we therefore do not consider activity in professional associations to be lobbying.

Contributions to political campaigns or organisations or other groups whose role is to influence political campaigns or public administration or legislation are prohibited by our internal regulations. We rigorously follow a course of political neutrality and refrain from supporting any political organisations or activities through donations or subsidies, even where permitted by the legislation. We granted the only contributions – in the form of standard membership dues – to industry or trade associations in 2023; they totalled CZK 10.87 million.

#### **Proactive identification and notification of potential risks, whistleblowing**

At KB, we regard the timely identification and a well-working system for reporting potential risks (whistleblowing system) as one of the key tools for compliance risk management.

The whistleblowing right gives every whistleblower an opportunity to raise concerns ('speak up'), without having to fear retaliatory measures or sanctions that there has been a breach of internal rules or laws and regulations, when the received instruction, contemplated transaction or, in general, any situation of which they have learned is not in compliance with SG Group's rules or standards of ethics or when they believe that a conflict with laws and regulations could occur.

A whistleblower can be any employee, external or temporary worker and, as part of the duty of care, any service provider with whom KB has a business relationship in place (such as supplier/contractor or subcontractor) or such relationship has not yet been or will never be established – and indeed, even literally, anyone, e.g. the shareholders, investors, regulatory authorities, supervisory authorities or any member of the public.

Within KB, whistleblowers can submit reports via their managers, or via Compliance, using any suitable form. Reports can also be sent to a specialised e-mail box at [whistleblowing@kb.cz](mailto:whistleblowing@kb.cz), or the competent persons under Act No 171/2023 on the protection of whistleblowers can be approached. Whistleblowing reports can also be sent directly to the parent company Société Générale via a secured [web platform](#). For more information see [here](#).

In line with SG Group's global rules, KB Group provides whistleblowers with protection against retaliation of any nature, employment termination, or discrimination. It also ensures that the anonymity of whistleblowers is maintained.

#### **Prevention of crime, money laundering (AML), terrorism financing, and circumvention of international sanctions**

We spare no effort at KB to prevent misuse of our services for any purposes related to money laundering, terrorism financing or circumvention of international sanctions. We apply rules, methods, and verification procedures in accordance with the relevant legislation, standards, and SG Group's rules.

In 2023, Compliance focused, in respect of the prevention of money laundering and terrorism financing, on adjusting the internal control environment in relation to the elimination of the shortcomings identified by the



CNB's audits in 2021 and 2022, and to the passing of Act No 1/2023 on restricting measures against certain serious acts, which are applied in international relations (the Sanction Act), which also put in place the conditions for updating internal processes and rules in line with Société Générale Group's programmes. KB also modified its reporting process with regard to whistleblowing from the perspective of AML.

We review and update KB's internal system of prevention on a regular basis. Information is continuously shared with employees in the form of operating reports or training or e-learning courses. We have implemented a system for monitoring all transactions and business relationships. Publicly available policies and procedures concern mainly the rules on obtaining information about customers (KYC), including client identification and due diligence, terrorism financing, and politically exposed persons. For more details see [here](#).

We post the procedures that represent our corporate culture in AML and terrorist financing prevention on our website at [here](#) and [here](#).

The documents on the above websites contain the information requested from clients as part of their onboarding or screening. These are formal processes and procedures comprising client identification based on reliable and independent documents, data and information, identification of the beneficial owner, and screening of business relationships. In accordance with regulation, we conduct daily checks against sanction and embargo lists, issued by the competent authorities having jurisdiction over financial institutions and SG Group, at the beginning of the business relationship with the client, and checks against the list of politically exposed persons (PEP) and then quarterly on the whole client portfolio.

We currently have in place processes preventing client acceptance without screening them against lists of sanctions, PEP, and excluded persons. In the case of PEP, during the onboarding process each client is requested to declare the origin of their funds, which is then recorded in a dedicated database. Subsequently, such clients are screened on a regular basis. The competence to approve PEP is delegated to the head of Financial Crime and also to the head of the relevant business unit.

We rigorously comply with the internal rules and procedures for client onboarding to ensure proper client identification and obtain the necessary information about clients (Know Your Client, or KYC), the necessary information about suppliers (Know Your Supplier, or KYS), or the necessary information about financial service providers (Know Your Provider, or KYP). The KYC rules are applied to specific groups of clients, including private individuals, sole traders, and corporations accordingly.

Based on the client type and the existence of defined risk criteria, updated under the new AML Act, including the country risk, identification risk, reputational risk, and product or transaction type, each client is required to submit the relevant set of documents before account opening. The new procedure for establishing business relationships with banks was developed in cooperation with Société Générale in 2022, and at KB came into effect in 2023.

There are two possibilities for remote identification while ensuring the same standard of KYC: via an online application or by courier. Both require the client to submit two ID documents, and where applicable, other documents relevant for the juristic person. Online onboarding is offered only for Czech nationals. The information, requirements and requested documents are available on the [website](#).

In 2023, Compliance analysed 14,697 business cases or requests for entering into business relationships in excess of the standard assessments. Further to that, Compliance recommended to terminate 140 client relationships and rejected the entering into a contractual client relationship with 585 applicants. Records are kept for ten years from the end of our relationship with the client. We carry out an independent evaluation of the monitoring procedures every year.

All employees, including senior management, must go through online training in the prevention of money laundering and terrorism financing, KYC, and anti-corruption conduct, and pass a test at the end of the course. Intranet training includes case studies and computer training with self-evaluation. In addition, Compliance trains selected employees in person.

In 2023, the AML unit checked 38,298 AML alerts generated by the automatic transaction monitoring system (in 2022: 44,896; in 2021: 60,577).

Against the circumvention of international sanctions, KB has developed sophisticated measures, including daily checks of the entire client portfolio against sanction lists, checks of all international transactions for non-compliance with sanctions, as well as checks of products and services, in particular in external trade and exports. We screen all these transactions online in real time. The checks require mainly (but not only) thorough knowledge of the client's activities, the reasons for the transaction, and relationships with counterparties. More detailed information on these issues is available in KB Group Annual Financial Report for 2023.





## Employee training

KB operates a sophisticated system of employee training. Depending on their job description, employees attend specified training. We differentiate between obligatory training for all employees and selected training only for a certain target group of employees.

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

In line with their specialisation and job focus, employees undergo certification, and attend training in specific regulatory issues, or specialised training for managers and superiors. Employees involved in the sale of certain products, such as consumer loans, insurance policies, private pension schemes or investment instruments, must pass specialised examinations required by regulation.

Employees are assigned training courses right at the beginning of their employment and the training is subsequently repeated on a regular basis. Some training courses are custom tailored to certain employees and repeated more often. Employees are not called to new training courses only in the case of maternity/parental leave or long-term absence from work.

Meeting all mandatory training requirements is closely monitored. The employees and their managers are automatically alerted every month if they did not meet a requirement. Administrators of the various courses receive notifications once per quarter.

## Protection of competition

KB earlier adopted an internal directive on the protection of competition, which is based on the general

obligations laid down by regulatory requirements and SG Group's standards. The internal directive describes the regulatory framework, the banking sector's risk areas, and employees' conduct when dealing with third parties and the regulator so that employees are adequately informed about risks and the ways to prevent them. Selected employees also attend internal training in this respect. Employees acting on behalf of KB at the Czech Banking Association also agree to comply with the Association's rules for the area.

In the past four years, KB has not been fined for any infringement of the competition rules, nor was it subjected to any investigation into anti-competition practices.

## Relations with suppliers, and the supply chain

In our relationships with suppliers, KB Group is very particular about full compliance with all legal obligations, and also about environmental protection and respect for social and human rights and for the sustainable development principles. We implement the principles of SG Group's sourcing policy, which we consider to be an expression of our risk management responsibility. Part of a broader range of rules on the sourcing process is a set of rules helping to identify the degree of risk and making an informed decision on entering into a new or maintaining an existing business relationship with a certain suppliers, i.e. the Know Your Supplier (KYS) rules. These rules help us to identify suppliers exposed primarily to the risks of bribery and corruption and manage their risks, prevent cooperation with suppliers who violate the applicable rules of taxation, of fight against money laundering and terrorism financing, or corruption, or may be involved in other illegal activities. Under specified conditions, KB scrutinises suppliers' governing bodies and beneficial owners, and politically exposed persons having relationships with the supplier.

KYS principles are part of KB's internal regulations. The KYS policy also sets out the limits on the worth of the sourced items. In 2023, Société Générale Group further tightened the rules (limits) and at present, contracts for a term of more than five years are included in the assessment. SG Group also added a new indicator to the criteria for supplier assessment; it concerns evaluation of any negative information about the supplier. The rules apply to suppliers of non-financial services and to suppliers of goods and products. Various KB units carry out the activities of the KYS process.

Before entering into a new business relationship with a supplier, KB also checks that the supplier's supply does not generate a risk of corruption. We identify the supplier and its statutory representatives and verify and check that these persons are not recorded in the lists of negative information held in order to minimise the risk of money laundering and terrorism financing. The suppliers are also thoroughly checked against sanction lists such as the EU Sanctions List, the US sanctions and embargoes, and the UN Security Council's lists. The KYS activities include also rules for establishing business relationships with suppliers from sectors sensitive from the perspective of responsible banking (e.g. the energy sector). Our climate change policy focuses on responsible sourcing reflecting environmental aspects, i.e. reducing energy demand, waste production, and carbon footprint. We will not enter into a business relationship with such supplier unless all required information is provided and all conditions are met.

More stringent requirements are applied to suppliers with a higher level of risk, identified based on predetermined criteria (e.g. PEP, link to a high-risk country). These stringent requirements must be satisfied before entering into the business relationship and during the regular review of suppliers and daily screening of the list of suppliers.





Based on the risk assessment of suppliers, KB determines the requirement for enhanced due diligence and the frequency of the regular reviews. Enhanced due diligence must be conducted when the supplier's risk level has been assessed as medium-high or high, or the supplier is a TPI GN, or the supplier is a PEP. In enhanced due diligence, KB researches via public domain sources the supplier's ethical framework (measures to prevent the risk of corruption, code of conduct, etc.), possibly including the screening of the supplier's reputation, its statutory representatives and all natural persons serving in its review, supervisory or similar body, identification of the supplier's beneficial owners and their screening for sanctions, PEPs, and negative information.

Where a KB Group employee notices a risk indicator during the due diligence process for the supplier or at any time in the business relationship, they must inform the Compliance Department immediately. A non-exhaustive list of risk indicators is a part of KB's internal instruction. The authorisation for establishing the business relationship and the escalation rules are based on the results of the supplier risk assessment.

Every contract with a supplier must contain clauses on international sanctions and against corruption and it may also include clauses related to corporate social responsibility and other provisions required by law or KB's rules. Old contracts that do not contain the latest wording of the clauses must be amended and contain the clauses upon the next renewal. Before contract signing, KB informs all suppliers about the SG Code of Conduct and SG Code Governing the Fight against Corruption and Influence Peddling. All contracts concerning relationships in information and information technology contain information security clauses.

The above documents together with the Responsible Sourcing Charter contain all the commitments and

expectations adopted at KB Group in relation to our suppliers regarding compliance with the principles concerning human rights and freedoms, health and safety, working conditions, the environment, ethical conduct, and the fight against corruption, bribery, and influence peddling. By entering into a contract, the suppliers declare to respect the commitments and comply with the obligations set out therein. The Codes and Charter are posted on the [website](#).

No payment to a supplier may be executed without relevant substantiation and the consideration provided to any supplier must be commensurate with market prices. KYS documentation is archived for at least five years from the end date of the business relationship.

Efficacy of the KYS process is measured against a set of Key Performance Indicators, including specific indicators for sourcing with more stringent KYS requirements. First Level Controls (FLC) have been set to make sure that the KYS process is always correctly followed. The FLCs are independently reviewed by Second Level Controls. Remedial steps must be taken when a shortcoming or inefficiency is identified in the KYS process.

KB Group is not aware that its activities or its supply chain could cause the risk of child labour, forced or compulsory labour or incidents of violations involving rights of indigenous peoples.

In 2023, more than 90% of the suppliers with whom KB Group cooperated were local suppliers. We regard companies having a Czech or Slovak Reg. No. (IČO) as local suppliers.

### Implementation of sustainability principles in sourcing

For the entire SG Group, Société Générale has developed binding rules on the supplier selection process and contract awarding. Sustainability is one of the criteria

for evaluation, and KB Group therefore identifies, as part of decision-making on cooperation with a supplier, the potential environmental and social risks (the environment, human rights, attitude to people, ethics, and credibility). Selection process participants to whom this procedure applies commit to compliance with the [Responsible Sourcing Charter](#), which specifies the principles in respect of human rights, working conditions, the environment, and fight against corruption.

Four risk categories (low, medium, high, and very high) have been established for the services and goods supplied. In respect of the very high risk category (such as refurbishments and constructions, facility management – waste management, and videoconference and mobile equipment and devices), all selection process participants receive a more detailed questionnaire that helps us to evaluate the above risks. In the evaluation of bids, these risks are some of the criteria whose weight is subject to the rules set for the SG Group and depend on the environmental and social risk entailed in the supplier category and on the final decision of the person approving the selection process.

In 2023, we completed more than 100 selection processes; of those, approximately 20% were assessed as very high risk from the sustainability perspective, and we therefore screened the supplier against the above criteria. These screenings help us in our effort to prevent potential adverse impacts in terms of environmental or social risks.

### Regulation in financial services

KB Group participates in **ESG by Design**, a programme running at Société Générale. The purpose of the programme is to manage and coordinate the implementation of the European Central Bank's action plans and to coordinate and articulate the current and future initiatives within Société Générale Group. The programme comprises both risk components and







business aspects. It also seeks to operationalise business and regulatory commitments and to embed ESG natively in all processes of the organisation (e.g., in relation to people, products, IT, and finance). The programme is defined as a four-year journey, albeit with some immediate priorities, including the following:

- Implementation of the EU Taxonomy, the ECB’s Guide on climate-related and environmental risks, and EBA’s Guideline on loan origination and monitoring;
- Mandatory disclosures: EBA Pillar 3 disclosure of ESG exposure, Non-financial Reporting Directive (NFRD), Corporate Sustainability Reporting Directive (CSRD), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), and Capital Requirements Directive (CRD);
- Portfolio alignment: Net-Zero Banking Alliance (NZBA), Glasgow Finance Alliance for Net Zero (GFANZ), Net-Zero Insurance Alliance (NZIA), Net-Zero Asset Owner Alliance (NZAOA) and SG’s Sectorial Policies;
- Governance and responsible employer.

**The EU Taxonomy**

It establishes a framework for classifying environmentally sustainable economic activities. It helps investors and companies to identify and invest in activities that have a significant positive impact on the environment. It specifies six environmental objectives: climate change adaptation, climate change mitigation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. For an activity to be classified as sustainable under the Taxonomy it must significantly contribute to one of the above objectives, it must do no significant harm (DNSH) to any of the other Taxonomy objectives, and it must provide certain minimum safeguards.

**Green Asset Ratio (GAR)**

This is the proportion of our financial portfolio deriving from products or services associated with economic activities that under Regulation (EU) 2020/852 of the European Parliament and of the Council qualify as environmentally sustainable. On the basis of agreement with the parent company Société Générale pursuant to the exemption allowed by Article 19a of Directive 2014/95/EU of the European Parliament and of the Council, amending Directive 2013/34/EU of the European Parliament and of the Council, for 2021, 2022 and 2023 we calculated and reported our Green Asset Ratio, GAR, in the consolidated report for the whole group of the parent company Société Générale ([SG Annual Financial Report 2023, page 343](#)). In 2023, KB Group started to set up a system for collecting the required data so that for 2024, we would be able to report GAR autonomously for KB Group, not only within SG Group.

**The EBA ESG Pillar 3 Framework**

EBA has published a set of ten templates that request banks to disclose, starting in 2023, climate-related risks and actions to mitigate them, together with exposure to green assets and information on how the banks are making sustainability part of their risk management. We report the data required by Pillar 3 on a consolidated basis through Société Générale.

**The EU Sustainable Finance Disclosure Regulation, SFDR**

It is a regulation aimed at improving transparency and promoting sustainable investing by requiring financial market participants to disclose information on their policies, risks and results related to sustainability, and it also imposes some duties on financial advisers. It introduces two types of financial products (under Articles 8 and 9) with different sustainability levels. It also requires financial market participants to disclose the adverse impacts of their investments (negative impacts on sustainability).





In compliance with SFDR, Komerční banka discloses specific information about our approach to integrating sustainability risks and to considering the principal adverse impacts on sustainability.

In 2021, we began posting on our website at <https://www.kb.cz/en/about-bank/we-do-business-sustainably/economic-sustainability#sfdr> statements clarifying KB's approach to and policy on the integration of sustainability risks in our decision-making process (Article 3). The statement explains the manner in which we consider adverse impacts on sustainability at the level of the financial market participant and financial adviser (Article 4). We also disclosed the manner in which sustainability risks are integrated into the investment decisions of the financial market participant and the financial adviser, and in the pre-contractual disclosures on products we added a reference to that statement (Article 6). We have also amended our remuneration policy by integrating sustainability risks (Article 5).

In 2022, we again updated these statements to include new relevant information concerning, above all, the integration of sustainability risks and the EU Taxonomy into pre-contractual disclosures (Taxonomy Articles 5, 6, and 7). In 2023, we integrated the principal adverse impacts of investment decisions on sustainability factors at entity level (Article 4) and product level (Article 7). Komerční banka offers its retail clients funds under Articles 6 and 8. The range offered to KB Private Banking clients newly includes the Moorea Climate Action fund created primarily for SG Private Banking clients. This fund is classified under Article 9 SFDR and holds the prestigious Greenfin label. Responsible investing is described in more detail in Responsible Investing in the chapter on Sustainable Financing.

By the same token, KB Penzijní společnost (KBPS) has posted on its [website](#) a Statement on the Principal

Adverse Impacts on Sustainability of KBPS as a financial market participant in relation to the pension company and its product (participating funds and the KBPS Transformed Fund). The document contains an assessment of the principal adverse impacts on sustainability based on indicators concerning climate and the environment, social and employees' rights, human rights compliance, anti-corruption and bribery issues, and indicators related to investments in sovereign and transnational companies. It also contains a summary of the exposure principles and references to international standards.

### **The EU Corporate Sustainability Reporting Directive, CSRD**

This directive requires large undertakings to disclose information on their environmental, social and governance impacts and risks. The directive aims at increasing the transparency of non-financial information about undertakings. Not only investors are thus able to make informed decisions and encourage undertakings to manage the sustainability risks more effectively. KB Group will first be obliged to report under CSRD in 2025 (for 2024). KB as the parent company will have to report non-financial information for the whole KB Group and none of its subsidiaries will be required to report separately on its own behalf. At present, KB Group reports under NFRD (Non-Financial Reporting Directive) and is preparing for transition to the new reporting standards and requirements.

### **KB Group's approach to risk management and regulation**

KB Group attends to risk management and regulation also in excess of the legislative duty. This part outlines primarily the environmental and social risks and the related activities in this area.

### **Environmental and social risk management**

At KB, we have developed an environmental and social risk management system (ESRM) that helps to identify and assess risks of the bank's corporate clients from the perspective of the potential origination of serious damage or adverse impacts of their activities on the environment and human health and safety, and human rights and fundamental freedoms. The impact of these factors may result in non-compliance with our rules and commitments, non-performance of the obligations and responsibilities under the applicable legislation or KB Group's or SG Group's environmental and social commitments, damage to our good reputation, and potentially also credit risk, including the risk of physical damage to clients' assets caused by environmental or social factors, such as climate change or industrial disasters.

The purpose of the ESRM system is to make sure that we do not cooperate with companies participating in excluded activities (by recording the relevant company in the list of excluded companies shared across SG Group (SG Exclusion List)) and that we do not finance such companies and activities. We thoroughly assess the E&S risks in serving clients operating in sensitive sectors. The E&S risk assessment process is closely related to the KYC process. In respect of the current customers, E&S risk assessment is conducted regularly and simultaneously with renewing credit lines.

Ms Jitka Haubová, on KB's Board of Directors, supervises the management of these risks and the whole sustainability agenda. Factoring KB and SGEF, subsidiaries in KB Group, also fully adhere to KB's ESRM rules. The ESSOX subsidiary implemented the ESRM system in 2023. An E&S risk coordinator who is responsible for the implementation of the ESRM system and adherence to the ESRM rules operates in every KB Group subsidiary. They coordinate their approaches with KB's E&S experts.





The implementation of the ESRM system is a prerequisite for the successful development of our business over the long term and is also related to SG Group's commitments. In 2007, SG Group committed to adopt the Equator Principles, a voluntary risk management framework for assessing environmental and social risks in project financing. SG Group is also a founding member of the United Nations Environment Finance Initiative (UNEP FI), a UNEP financial initiative, the same as in the case of the Equator Principles. In 2019, SG signed the Principles for Responsible Banking, thereby committing to integrate the sustainable banking principles into all its activities, including the adoption of its own goals in support of the Paris Agreement on climate change.

In 2021, SG as a founding member of UNEP FI Net-Zero Banking Alliance pledged to align its portfolios with trajectories towards achieving carbon neutrality by 2050, with an ambitious objective to reduce global warming to 1.5 degrees Celsius. SG Group, including KB, therefore progressively focuses on portfolios with the highest levels of CO<sub>2</sub> emissions and the heaviest potential impact.

SG Group has drawn up its General Guidelines for Environmental and Social Aspects (ES General Guidelines), which define the basic framework of its system of environmental and social (E&S) risk management for the responsible performance of banking and financial activities. In this framework, it has drawn up transversal E&S policies addressing issues shared by all sectors and sector-specific E&S policies (Sector Policies), in which the Group focuses more specifically on the sectors where it operates and which it regards as sensitive in terms of the E&S risks.

Komerční banka fully respects the business restrictions concerning the provision of banking services and products to coal companies (coal mines, coal-fired power stations and related services), those involved in





trading in certain types of arms, ammunition, and military material, asbestos production, Arctic oil or gas, shale oil or gas or deep-water oil and gas. We do not finance exports of weapons and military material to high risk countries and those with undemocratic and authoritarian governments. These restrictions also apply to individual private sector and sovereign entities and business groups whose activities in the arms industry are regarded as non-transparent. Sector Policies also apply to agriculture, forestry and wood processing and, since 2023, also the tobacco industry. The Sector Policies are available to the public at <https://www.kb.cz/en/about-bank/we-do-business-sustainably/economic-sustainability> (and at <https://www.societegenerale.com/en/publications-documents?search=&theme=rse&category=politiques-sectorielles&year=&op=Filter>).

In 2021, working with SG Group we started to implement the EBA's Guidelines on loan origination and on EBA Pillar 3 disclosure of ESG exposure to the physical and climate transition risks. In 2023, KB extended the assessment of the climate change risk to include all industries when evaluating the credit risk of transactions; it uses a specially designed tool that determines the client's Corporate Climate Vulnerability Indicator (CCVI). This tool helps to assess clients' financial capability for the transition of their business activities potentially impacted by the changing regulations, market preferences, external costs and new technology.

In compliance with (SFDR), KB discloses specific information regarding its approaches to the integration of sustainability risks and the consideration of adverse sustainability impacts. In 2023, KB updated and expanded this information. In respect of investment services (MIFID II), the new sustainability requirements were also taken into account.

As part of the Société Générale Group's *ESG by Design* project, attention was also paid to streamlining the tools for detecting and automating the evaluation of environmental and sustainability risks, in the form of excluding inadmissible activities and evaluating negative information and including it into the approval process for accepting/screening clients or their transactions.

### Climate strategy in the coal sector

As part of its contribution to the fight against climate change, SG Group adopted its Climate Strategy in 2019. In the strategy, SG Group has pledged to refrain from providing any new active funding to companies having more than 50% of their annual revenue linked to the coal sector (coal mining and transport, coal trading and energy use of coal for electricity or heat generation).

KB Group has also decided to phase out the funding of clients associated with coal mining or use, primarily in the electricity and heat supply industries. We thus help to exert pressure on these companies to switch to cleaner energy sources. We have pledged to progressively reduce our funding of clients' activities in the coal sector to zero by 2030. In 2022, we started to lend only to companies, even if associated with coal activities only partly, that have a clearly stated commitment to discontinue their coal activities until 2030.

### Czech Banking Association

In 2021, the Czech Banking Association (CBA) member banks set up a Sustainable Finance Commission. Ms Hana Kovářová, KB's Executive Director, Brand Strategy and Communication, was elected as the Commission Chair. The Commission is addressing the question of how specifically banks can help to create the conditions for the sustainable development of the Czech Republic. In 2021, we signed the CBA Sustainable Finance Memorandum, in which together with other banks we confirmed our commitment to create a business

environment conducive to the country's sustainable and socially responsible development. KB is one of the initiators of such development. By signing the Memorandum, we have committed to strengthen environmentally and socially responsible business in the Czech Republic. In June 2023, Jan Juchelka, CEO of KB, was elected president of CBA.

October 2023 saw the launch of a standardised banking ESG questionnaire that we will use for obtaining ESG information from our clients. The questionnaire has been developed under the auspices of the Czech Banking Association. Six banks have joined the initiative. The questionnaire works on the Synesgy.com platform operated by CRIF – Czech Credit Bureau, a.s. The advantage for banks' clients is that they complete the questionnaire only once and the other participating banks will be able to use the data without requiring the business to complete a similar questionnaire again. Completing and data updating in the banking ESG questionnaire is free of charge.

### Alliance for Zero-emission Future

In 2022, we became one of the founding members and main partners of *Aliance pro bezemisní budoucnost*, Alliance for Zero-emission Future, and so took part in the launch of its activities. The Alliance's main objective is to accelerate and facilitate the transition to low-emission models and technology in order to prevent the Czech economy and companies from facing loss of competitiveness due to their slow implementation. The Alliance networks the key participants and stakeholders, provides practical inputs, and communicates decarbonisation and resilience as strategic tasks to be included in the agenda of every company management. In 2023, Jan Juchelka, Komerční banka CEO, was elected at the Alliance President.





# Commitments to SG’s and KB’s external initiatives



Commitment/Initiative	Year when adopted	Description	KB's involvement
Alliance for Zero-emission Future	2022	The Alliance's main objective is to accelerate and facilitate the transition to low-emission models and technology in order to prevent the Czech economy and companies from facing loss of competitiveness due to their slow implementation. The Alliance will network the key participants and stakeholders, provide practical inputs, and communicate decarbonisation and resilience as strategic tasks to be included in the agenda of every company management.	In 2022, KB became one of the founding members and main partners of Alliance for Zero-emission Future, and took part in the launch of its activities.
Sustainable Finance Memorandum	2021	In 2021, the Czech Banking Association (CBA) member banks set up a Sustainable Finance Commission. Ms Hana Kovářová, Executive Director, Brand Strategy and Communication, was elected as the Commission Chair. The Commission will focus on the question of how banks can specifically help to create conditions for the sustainable development of the Czech Republic.	In 2021, KB signed the CBA Sustainable Finance Memorandum, in which together with other banks we confirmed our commitment to create a business environment conducive to the country's sustainable and socially responsible development. By signing the Memorandum, we have committed to strengthen environmentally and socially responsible business in the Czech Republic.
Net-zero Banking Alliance	2021	Societe Generale has strengthened its position as a leader in the ecological transition by joining the UNEP-FI Net-Zero Banking Alliance as a founding member, and undertakes to align its portfolios with trajectories aiming at carbon neutrality by 2050 with the ambitious goal of limiting global warming to 1.5 degrees Celsius. The SG Group commits to proactively manage its financing portfolios in line with trajectories aiming at achieving carbon neutrality by 2050, prioritising portfolios with the highest emission levels and which will have the biggest impact, and set out intermediary alignment targets for 2030, and ensure full transparency with annual publication of progress made in relation to our alignment work.	The SG Group, including KB, has been progressively aligning all of its portfolios with the Paris Agreement objectives. With this commitment, the SG Group and KB will accelerate their effort accordingly. In 2019, the SG Group and KB adopted the objective of reducing by 2030 their exposure to clients with assets in coal mining and coal-fired energy installations in the EU and OECD countries. KB also supports the SG Group in its commitment to reduce its oil & gas portfolio by 10% by 2025. KB commits to play the central role in the energy transition of the Czech Republic and Slovakia.
KB Carbon Neutral	2020	In 2020, we had our carbon footprint measured for 2019. We reduced our carbon footprint very much in 2023. Compared with the base year 2019, we reduced our emissions by more than 60%.	KB has adopted its own commitment to progressively reduce its own carbon footprint. We are on the path towards carbon neutrality of our own operation, which we want to achieve by 2026. The reduction plan and all information about our carbon footprint are available for the public <a href="#">here</a>
UN CFO Principles	2020	UN Global Compact initiative to establish guiding principles and best practices for SDG-aligned corporate finance and investment opportunities. The CFO Principles supplement the UN Global Compact's Ten Principles to support companies in the transition to sustainable development. (SG was the first commercial bank to sign CFO Principles on SDG-aligned finance.)	In principle, SDGs are partly already included in KB's corporate finance in the ESRM process and will be further enhanced in KB's green lending.
IEA SDS 2020 Scenario as Reference	2020	The International Energy Agency's Sustainable Development Scenario (IEA SDS) outlines a major transformation of the global energy system to deliver on the three main energy-related SDGs simultaneously. The SDS sets out a plan for clean energy policies and investment to put the world's energy system on track to achieve the three critical energy-related SDGs including the Paris Agreement, energy access and air quality goals. (SG set a target to align its oil & gas portfolio with the IEA SDS and accelerate its coal exit strategy.)	SG's target has been incorporated into the relevant E&S sectoral policies and is fully applicable to KB following official publication.
SG Group Climatic Commitments	2019	The Group is committed to progressively reduce to zero its exposure to the thermal coal sector, at the latest in 2030 for companies with thermal coal assets located in EU or OECD countries and 2040 elsewhere. The commitment is implemented through SG's Thermal Coal Policy and Thermal Power Policy. Under its medium term objectives, SG has also committed to limiting its exposure in the oil and gas sector by 10% by 2025.	The commitment to stop financing companies related to the coal sector is implemented through SG's sectoral policies on Thermal Coal and Thermal Power. The commitment to reduce exposure in the oil & gas sector was integrated into the updated version of the Oil & Gas Sectoral Policy in 2021.



# Commitments to SG’s and KB’s external initiatives



Commitment/Initiative	Year when adopted	Description	KB's involvement
KB Climate Strategy (as part of SG's contribution to fight against climate change)	2019	KB has committed to refrain from providing any new active financing to companies having the greater part of their annual revenue linked to the coal sector (coal mining and transport, coal trading, and energy use of coal for electricity or heat generation).	Further to SG Group's climate commitments, KB has also decided to phase out the funding of clients associated with coal mining or use, in particular in the electricity and heat supply industries. We thus help to exert pressure on these companies to transit to cleaner energy sources. We have committed to progressively reduce to zero by 2030 our funding of clients' activities in the coal sector. Since 2022, we have been lending only to companies, even if associated with coal activities only partly, that have a clearly stated commitment to discontinue their coal activities until 2030.
Climate Disclosure – TCFD (Task Force on Climate-related Financial Disclosures)	2019	Guidelines and recommendations for climate-related financial disclosures prepared by the Task Force team (31 members from private and public organisations from G20). Provides a framework for companies and other organisations to develop more effective climate-related financial disclosures through their existing reporting processes. TCFD issues annually a status report describing the alignment of companies' reporting with the TCFD recommendations.	SG releases climate-related reports aligned with the TCFD guidelines on behalf of the entire SG Group (including KB). No separate obligation for KB.
Poseidon Principles, Getting to Zero Coalition	2019	The Poseidon Principles is a framework for financial institutions for assessing and disclosing the climate alignment of ship finance portfolios. It promotes a low carbon future for the global shipping industry by integrating climate considerations into bank portfolios and credit decisions. It is consistent with the International Maritime Organization's (IMO) ambition to reduce shipping's greenhouse gas emissions by at least 50% by 2050. (SG is among the founding signatories.)	Maritime shipping is not relevant for KB's portfolio.
Principles for Responsible Banking, Collective Commitment on Climate Action	2019	Principles for Responsible Banking is a framework for ensuring that signatory banks' strategy and practice align with the UN's Sustainable Development Goals and the Paris Climate Agreement. The six Principles are supported by a strong implementation framework that defines clear lines of accountability and requires each bank to set, publish and work towards ambitious targets. SG is a founding signatory and core member defining the principles.	The Principles' main objectives are incorporated in KB's ESRM process implemented in 2020.
Sustainable IT Charter	2019	The Sustainable IT Charter is a voluntary commitment drafted by the France-based Institut du Numérique Responsable (Sustainable IT Institute) aiming to limit the environmental impacts of digital technology, share responsible, ethical and inclusive best practice and encourage the emergence of new values. SG is a founding member of the Charter.	Through SG, we adhere to the commitments arising from the agreements to which SG is a party.
Katowice Commitment (Paris Agreement methodology)	2018	At the Katowice meeting of COP24 in 2018, five international banks – BBVA, BNP Paribas, ING, Société Générale and Standard Chartered – publicly pledged to develop an open-source methodology to progressively align their lending portfolios with the goals of the Paris Agreement.	The principles of the alignment of SG portfolio with the goal to limit global warming well below 2 degree Celsius are included in the standards of E&S sectoral policies and are fully applicable to KB.
Sustainable Sourcing Charter	2018	A joint initiative by French companies of the Bank & Insurance sector who want to associate their suppliers in the implementation of due diligence measures as part of their Corporate Social Responsibility efforts (CSR).	Through SG, we adhere to the commitments arising from the agreements to which SG is a party.
COP 21 (United Nations Climate Change Conference – Paris Agreement)	2015	It was the 21st Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC). The conference achieved consensus on the Paris Agreement, a global agreement on the mitigation of climate change. SG has adopted its own climate commitments to meet the goals of the Paris Agreement on the basis of the COP.	The principles of limiting global warming are integrated in the E&S sectoral policies of SG and fully apply to KB.
E&S Sectoral Policies	2011	Sector-specific E&S standards for 12 sensitive sectors (energy, defence, mining, nuclear, oil & gas, forestry, etc.) with excluding criteria, minimum E&S standards of clients, and requirements for E&S assessment.	All E&S sectoral policies apply to KB lending (primarily to corporate clients) from the moment of their publishing. The policies are publicly available.
Equator Principles (EP)	2007	Set of voluntary environmental & social (E&S) standards that the participating banks voluntarily agreed to follow in project financing of larger infrastructure & industrial projects.	KB applies since 2020, through implementing the ESRM process. The EP criteria are included in KB's ESRM Instruction.



A photograph of a forest floor covered in vibrant green moss and several brown, umbrella-shaped mushrooms. The background is a soft-focus green forest. A large green rectangle is overlaid on the right side of the image, containing a dark green circle with the number 5 and the text 'Sustainable Financing'.

5

# Sustainable Financing



**Banks hold an irreplaceable position in the promotion of sustainable development. We believe that our financing of meaningful projects will help to protect the environment and sustainable business. KB Group's product range includes sustainable investment opportunities and sustainable technology financing.**

### Sustainable retail banking

We offer our retail clients options for how they themselves, on an individual basis, can help to minimise environmental impacts and we want to show them the cases when KB Group can be the right partner for them on the path to a sustainable future. It is important for us that clients see not only the alleviated environmental burden but also the financial returns on their savings while being aware of the potential to use subsidies channelled into this area.

In KB Group, clients are able to responsibly invest in funds meeting ESG criteria, receive privileged funding for sustainable technology, which then generates energy cost savings in households, own payment cards from recycled plastics or, for example, buy electric vehicles using advantageous ESSOX financing.

### Offering for retail clients

#### Responsible investing

Clients can contribute to a sustainable future through responsible investing. Such investing integrates the ESG rules and does not focus on the growth of finances only, but also on specific companies' environmental and social impacts. Responsible investing therefore supports the companies that are mindful of the environmental, social, and economic impacts of their activities. Clients have a range of ESG funds to pick from and can invest in, say, water resources, nutrition for future generations, or climate protection. More details on ESG funds can be found [here](#).

In 2023, KB's retail clients invested CZK 7.6 billion in selected funds complying with Article 8 (originally Article 9 before the criteria were tightened) SFDR (financial products), which promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics.

KB Penzijní společnost (KBPS, a pension company) also offers investing in funds under a selected strategy. KBPS uses Amundi for fund management. Funds are managed in line with Amundi's corporate policy on responsible investing. Securities bought in funds before the effective date of Regulation (EU) 2019/2088 may be exceptions. All of KBPS's funds are classified under Article 6 SFDR. At the product level, none of the funds takes into account adverse impacts on sustainability factors. The reason is the lack of market data on the basis of which it would be possible to evaluate these risks. Going forward, KBPS is doing its best to ensure, in cooperation with Amundi, the evaluation of the above risks and adverse impacts on sustainability factors. More information can be found [here](#).

KB Private Banking continued to develop its offering of responsible investment products reflecting ESG criteria in 2023. For example, in respect of credit transactions involving real estate, it now monitors financed projects' sustainability against these criteria.

The range offered to KB Private Banking clients newly includes Moorea Fund - Climate Action, which has been created primarily for SG Private Banking clients and is managed by Société Générale Private Wealth Management S.A. The fund seeks to provide long-term capital appreciation and generate a positive environmental impact through investments in shares issued by companies that operate in green eco-activities, which reduce their carbon intensity and comply with the Paris Agreement targets. The fund is classified under Article 9 SFDR and holds the prestigious Greenfin

label. On 31 December 2023, 39% of the income of the companies in the fund's portfolio originated from activities designated as sustainable by MSCI (versus 6% in respect of the MSCI All Country World Index benchmark).

#### Sustainable housing

We offer clients a range of products and support services related to sustainable housing. We can help them to fund energy efficient solutions for their housing and to select a suitable subsidy. We explain clients that sustainable technology, such as PV systems and heat pumps, is more environmentally friendly and also helps to save energy expenses and to appreciate the property for the future. Thanks to the privileged financing and accessible governmental subsidies, which can cover up to one half of the investment, this technology is more affordable now.

Besides offering financing and advice on subsidies, we are also able to refer clients to well-tried suppliers and partners and provide additional information and practical advice for obtaining rooftop PV systems, heat pumps, rain and waste water utilisation systems, green house roofs and fronts, and other equipment. Working with other partners, we help clients to easily select energy saving household appliances based on the information provided on the energy label, including additional advice on how to use the appliances economically.

#### Sustainable housing loan

At the end of 2023, Sustainable Housing Loan (earlier called Fast Loan for Sustainable Housing) from Modrá pyramida building society replaced KB's Sustainable Technology Loan. It is a single-purpose loan with a softer interest rate. To obtain the loan, the client must spend at least 50% of the lent money on sustainable housing and also sign a contract for a building society saving scheme. On the other hand, the loan does not have to be secured by real estate. It can be used for repairing, upgrading, and investing in energy saving housing features up to





CZK 1 million, for example, PV systems, heat pumps, insulation of buildings, replacement of windows, rain and waste water tanks and treatment systems, and green roofs and fronts. In 2023, we granted 509 such loans, totalling CZK 216 million. The average amount of a loan was CZK 425,600.

Besides offering advantageous financing, we are also able to refer clients to well-tried suppliers, thereby making it easier for them to select the company to install the sustainable technology. We cooperate with selected partners able to offer our clients turnkey solutions from the design to subsidy arrangements; this includes rooftop PV systems, water saving equipment, reed bed treatment plants, wetland roofs, or green house fronts.

**Sustainable Housing Mortgage**

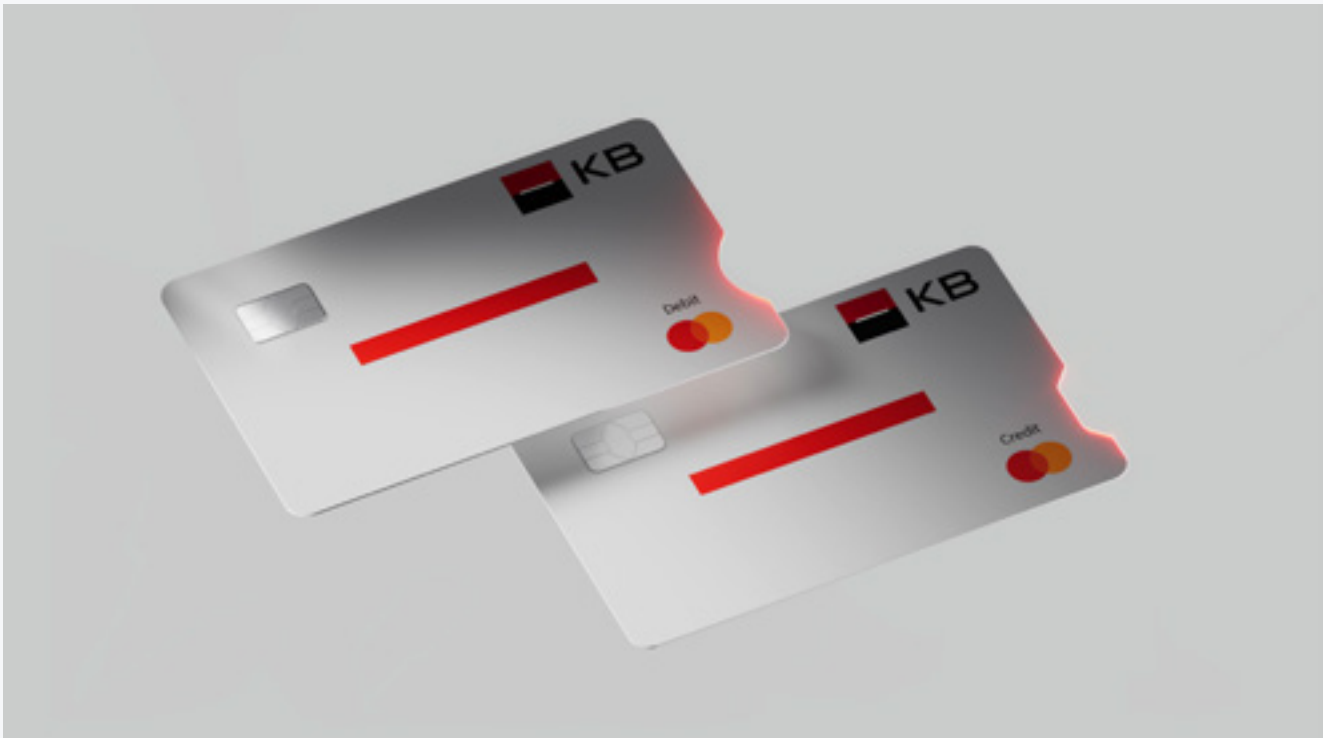
In June 2023, we included another sustainable housing product in our portfolio. Sustainable Housing Mortgage Loan offers a lower interest rate and zero charges for loan application and property valuation if the client produces the building's Class A or B Energy Performance Certificate. Over the first seven months from product launch, we granted 186 loans totalling CZK 747 million. In 2023, the average amount of a sustainable housing mortgage loan exceeded CZK 4 million.

**Clean mobility and green technology financing (ESSOX)**

ESSOX provides its clients with consumer loans, vehicle financing, and complete funding for green projects. Whatever the clients want – electric vehicles, hybrid vehicles, charging points, battery storage, or PV panels, ESSOX products offer them accessible financing for changing their approach to mobility and use of renewable energy sources. Clients can arrange funds for these green technologies fully online. In 2022, the financed value of all green projects was almost CZK 356 million and in 2023 the amount of financed green projects was comparable with 2022.

**Recycled plastics cards ('eco cards')**

As early as 2020, we launched a new payment card for the manufacture of which 85% of recycled materials were used. In 2021, we offered this greener payment card alternative with student accounts only, and in 2022 we started to issue recycled plastic cards with other personal and business accounts, covering most of our card portfolio. This helped us to increase the number of issued eco cards quite considerably: by the end of 2022, we had issued 592,500 of these cards. In 2023, we progressed again and started to shift to 100% recycled plastics cards. The target for 2024 is migrating the remaining part of the card portfolio, which has not yet been migrated for various reasons (inventories on stock, design effect incompatible with the recycled material), to this type of eco card. By the end of 2023, we had issued 1,171,632 payment cards from recycled plastics, and 296,372 were 100% from recycled plastics.



**Touch Cards**

Working with MasterCard, in 2023 we started to issue payment cards with unique notches, Touch Cards, which make it easier for blind and partially sighted people to distinguish their payment card by type and orientation. In 2024, we will rollout this functional design element in the largest possible part of our card portfolio.

**ATM sharing**

In June 2022, we started to share our ATM network with MONETA Money Bank; in early 2023, Air Bank and UniCredit Bank joined the scheme. The number of shared ATMs thus rose to almost 2,000. Thanks to ATM sharing, the involved banks' clients can withdraw cash in shared ATM networks under the same conditions as from their own bank's ATMs. The purpose of this initiative is to enhance convenience for clients and improve the accessibility of services, and also a more sustainable operation of the ATM network.

For our innovative approach to ATM network sharing, in 2022 we received the prestigious Banking Innovator 2022 award, which is given every year by *Hospodářské noviny* as part of the Visa Best Bank of the Year awards. The public voted on the winner in the Banking Innovator category in an online poll.

In 2023, clients and the public could vote for the second time on where we should, together with the other banks, transfer redundant ATMs (shared ATMs standing on one site next to each other) released thanks to the sharing. Almost 10,000 people voted and more than 80 ATMs have been transferred to date, typically to smaller towns and villages. ATM transfer can be followed at [sdilenybankomat.cz](https://sdilenybankomat.cz). In addition, we plan to expand the shared ATM service to include cash deposit in 2024.





### Sustainable banking services for enterprises

In 2019, Société Générale became a signatory to the Principles for Responsible Banking, thus committing on behalf of the entire SG Group to integrate the sustainable financing principles into all its activities, and adopted its own goals in support of the Paris Agreement on climate change. It also set a new target for sustainable financing for 2022-2025 at EUR 300 billion. In this context and in order to build sustainable business for the long term and enhance our good reputation, we at KB have incorporated the principles arising therefrom into our activities as well. Our strategic ambition is to be the leader in the support for and financing of sustainable investment in the Czech financial market and within SG Group and to be seen as a sustainable bank in the Czech Republic. Under this strategy, we have specified the key areas that will be our priority:

- Industry decarbonisation (energy savings in companies and in the public sector; energy transition; clean mobility);
- Circular economy;
- Water savings in industry and water retention in landscape;
- Projects with positive social impacts (modernisation of health care facilities, health care, welfare or employment).

Seeking to promote businesses' and the public sector's interest in sustainable financing, we have expanded the package of our services that support clients' sustainable investment. We provide a broad range of advisory services; not only financial advice but also that on subsidies, energy, renewables, and on the design of a strategy for the client's sustainability overall.





## Offering for corporate clients

### Subsidy advice

Our KB EU Point team provides full advisory and subsidy services. These services comprise the preparation of subsidy applications; administration of projects and their sustainability; the option to grant subsidy pre-financing and project co-financing under privileged programmes; advice on the economic and technical specificities of projects; and preparation and implementation of tendering procedures for public and private entities (including sustainable and circular public procurement). We have been developing our services since 2003 when we were the first bank in the market to launch a special loan for subsidised project financing. More information is available at [KB EU Point](#).

The KB EU Point team is currently involved much more in supporting the range of sustainable finance products, i.e. advice on green and sustainable project funding. This mainly includes Green Loans and Sustainability Linked Loans.

### KB Advisory and ENVIROS

KB Advisory has been part of KB Group since September 2019 and the ENVIROS consultancy since July 2022. KB Advisory and ENVIROS provide advice on sustainable business: ESG, carbon footprint calculation, energy (energy audits and opinions, building certificates, energy studies), resource management (advice on water, waste and circular economy), subsidy advice, and sustainable project financing. They help companies with their development and to grasp opportunities through introducing elements of sustainable and socially responsible business. They offer comprehensive advice for both private and public sectors in their investment and non-investments plans throughout the Czech Republic. More information is available at [KB Advisory](#) and [ENVIROS](#).

In 2023, KB Advisory and ENVIROS teams experienced a surge in clients' demand for advice on sustainable business, i.e. ESG advice for companies on the Environment, in the Social area, and on company Governance. KB Advisory's and ENVIROS's ESG services include a broad range of activities:

- The initial ESG screening; analysis of the current situation in ESG;
- Drafting the ESG strategy and action plan; development of an ESG strategy with regard to the company's future journey to sustainability and duties related to non-financial reporting;
- ESG (non-financial) reporting; companies preparing for the mandatory non-financial reporting under the applicable legislation;
- Carbon footprint reduction; calculation of the company's or product's carbon footprint employing the relevant methodologies, advice on carbon footprint calculation and the related decarbonisation strategy, i.e. setting the attainable targets on the decarbonisation path.

We also include services such as BREEAM (comprehensive assessment of buildings' sustainability for upcoming projects and existing buildings), LCA (assessment of the life cycle of a specific product in environmental terms), EPD (environmental product declaration), EDD (environmental due diligence, used mainly in company and real estate transactions), and EPC (energy performance contracting, funding of energy saving projects through actual measures that bring savings guaranteed by the implementing company) in our other products that navigate companies to sustainability.

ENVIROS also supports the Planting Future initiative and in this respect also offers expert services in subsidies for promoting community planting of deciduous trees in public areas.

### Sustainable finance at Komerční banka

In 2022, KB extended its range to include sustainable financing products. In addition to the traditional investment loans for sustainable projects, we also provide:

- **Green Loan** for investment in environmentally-friendly projects, renewable energy sources, water and waste management, and other assets friendly to the environment.
- **Sustainability Linked Loan** any-purpose loan related to the company's sustainability targets. We help our corporate clients to select and formulate two to three quantifiable sustainability targets, and the client commits to pursue them throughout the loan term.

KB also offers its clients full service in the issue of **Green, Social** and **Sustainable Bonds** and bonds linked to sustainability targets (**Sustainability Linked Bonds**).

In 2023, we granted several green loans and sustainability linked loans. We also launched **Sustainability-linked Interest Rate Swap (IRS)**, derivatives linked to sustainability targets. Examples of financed ESG projects are described later in this chapter.

### Sustainable financing at SG Equipment Finance

KB Group's SG Equipment Finance is also engaged in sustainable financing. SGEF is one of the leading financial companies in the Czech Republic and Slovakia. It provides finance leases, operating leases, and loans, also using subsidies and operational programmes of the European Investment Bank and Czech governmental institutions.

In 2023, SGEF financed investments worth CZK 16 billion, of which 20% went to sustainable investments. Sustainable financing therefore totalled more than CZK 3.3 billion, up by 18% on 2022.





In 2023, SGEF executed 1,082 ESG transactions for 283 clients. It provided the largest amount of funds for urban and suburban public transport. The other areas were a programme for circular economy in the building machinery sector, retrofits of low-emission plant and machinery in agriculture (sustainable agriculture), and waste processing and recycling.

One of SGEF's products for the sustainable financing of enterprises is Photovoltaic for One Koruna, which was designed by KB together with ČEZ ESCO. The product was launched in late 2021 and immediately met with a great response. In 2023, SGEF funded or approved the funding for PV power plants amounting to CZK 149 million.

#### **Photovoltaic for One Koruna**

Photovoltaic for One Koruna offers business clients an option to install PV plants without having to provide the initial capital. The product has been developed jointly by SGEF, KB, and ČEZ ESCO. ČEZ ESCO installs the PV plant but the clients pay only for the electricity that they take. Besides, the clients do not have to worry about the complicated subsidy administration as ČEZ ESCO delivers the project on a turnkey basis, including the subsequent operation and servicing. PV electricity is cheaper than grid electricity and in 15 years, the PV system becomes the client's property for CZK 1. The lifespan of the PV systems is longer than 30 years and a 100 kWp power plant saves 47 t CO<sub>2</sub> per year. The product is suitable for properties taking 200 MWh/year or more.

#### **Sustainable finance at Factoring KB**

Factoring KB supports and promotes EPC (Energy Performance Contracting) project financing, whose principle is guaranteeing the expected reduction in energy demand, which is reflected in lower opex on repaying the initial investment.

In 2023, the company provided funding to three new projects totalling CZK 93.4 million, for which also subsidies were used, which made it possible to implement the projects to a much larger extent and with higher capex. But EPC are not the only sustainable projects. In 2023, Factoring KB continued to finance the replacement of municipalities' vehicle fleets focusing on sustainability, granting more than CZK 3.6 billion for financing receivables.

#### **Financing with a positive impact at KB Slovakia**

Komerční banka, a.s., pobočka zahraničnej banky, in the role of investor provided EUR 600,000 to the RENSO social enterprise to co-finance a project for the support and inclusion of Roma community pairs, specifically offering housing in the city of Banská Bystrica to those who had a job and income. The project will see the purchase of a former school building with the land, which have not been used for decades. The school building will be refurbished and remodelled to temporary housing: a residential building with 12 flatlets. Following project completion, the building will be operated by ANTIRA, a civic association with a record of excellent results in the region and public support. In addition to KBSK, SIIC Fund (an investment fund with the Slovak government as the ultimate owner, intended to support social economy), which provides most of the funding, also participates in the transaction, and also the Social Innovators social fund that interconnects the financing parties with solutions that are beneficial for society.

#### **Support services for enterprises in respect of sustainability**

#### **The Together Sustainably website**

With a view to promoting the sustainable growth of clients and Czech industry, in March 2021 we launched a new website, Together Sustainably ([spolecne-udrzitelne.cz](https://spolecne-udrzitelne.cz)), which KB continued to operate successfully in 2023. On

the website, we post information about the environment, circular economy, and economic and social issues. The posts and practical examples offer inspiration about ESG issues mainly to companies. Once every two weeks, a newsletter offering a digest of the most interesting latest developments is distributed. We create the website content with CIRA Advisory experts.

#### **Technical educational events**

In 2021, we intensified our activities concerning educational events focused on sustainable development issues. In 2023, we held another series of ESG webinars, which are publicly accessible and can also be watched from recordings at [website](#). We broadcast five webinars for which audiences of more than 800 registered. We will continue our webinar series in 2024.

Topics of ESG webinars in 2023:

- Circular economy in industry;
- Energy measures to reduce the company's carbon footprint;
- Carbon footprint in agriculture and decarbonisation options;
- New ESG reporting and how to get ready;
- Will you need to calculate your carbon footprint, LCA or EPD?

#### **Sustainable E-shop**

KB, Visa, Heureka, and the Association of Social Responsibility launched a project called Sustainable E-shop in 2021. Its purpose is to identify and designate e-shops that seek sustainable operation. Customers for whom the sustainability criterion is important can make buying decisions more easily thanks to this. The project is also intended to support and motivate merchants in their transition to a sustainable business model.

The green leaf symbol marks the e-shops that have successfully passed comprehensive evaluation. More than 1,300 e-shops have signed up in the project to date, and







some 300 of them have received the Sustainable E-shop designation. In 2023, we organised two competitions for holders of Visa cards from KB. Shopping from one of the selected Sustainable E-shops sufficed for joining the competition. Valuable prizes, such as e-bikes, smart watches and vouchers for sport items, were at play. The purpose was to enhance awareness of e-shops that are conscious of the impacts of their business, while motivating clients to sustainable shipping.

**Methodology for monitoring and measuring clients' transaction sustainability**

To pursue our KB Strategy for Sustainable Financing, we have drawn up a methodology and developed tools to identify and screen transactions meeting the criteria for environmentally and socially favourable financing. The criteria are based on the EU Taxonomy and the SG methodology for Sustainable and Positive Impact Finance, SPIF.

We have been classifying investment loans in terms of their environmental and social benefits since April 2021 and we update and clarify the methodology every year. This ESG designation of investment loans is geared towards the following objectives: benefits for climate change mitigation and adaptation and environmental objectives, the sustainable use and protection of water resources, transition to the circular economy, pollution prevention and reduction, biodiversity protection and restoration, support of employment, education, welfare services, and affordable housing, and improved accessibility and quality of healthcare.

Determining whether a transaction meets the criteria for E&S positive financing (designated as ESG) allows us to make an informed decision on its eligibility in terms of supporting the client by way of a softer interest rate, which is subsidised from our own resources, specifically our internal ESG subsidy allocation. ESG designation is also a tool to map out our loan portfolio in terms of

meeting our strategic sustainability objectives, and also to provide the data for our bank's and SG Group's reports.

**Investment loans with a positive environmental or social impact**

In 2023, we signed new agreements on ESG investment loans totalling CZK 18.9 billion (including SLL). These loans accounted for 53.6% of new corporate investment loans. We assess the ESG benefit of investment loans employing SG Group's methodology. This methodology for transactions is called SPIF (Sustainable and Positive Impact Finance) and is partly based on the EU Taxonomy.

Most (65%) of these new ESG loan agreements are beneficial in environmental terms, one tenth (10%) are beneficial in social terms, and one quarter of these new loans (25%) concerned financing linked to sustainability targets combining both environmental and social impacts.

Looking at the loans that we have classified as those with a positive environmental impact, corporate clients most frequently borrowed for financing their energy efficient buildings, specifically in 50% of the cases. Projects for PV power plants (23%) and generally projects whose purpose can be described as renewable energy sources (16%) followed.

In the social area, most of the projects concerned infrastructure for public healthcare (53%, construction or refurbishment of hospitals and healthcare facilities) and projects in the public education system (36%, construction, refurbishment and furnishing of schools).

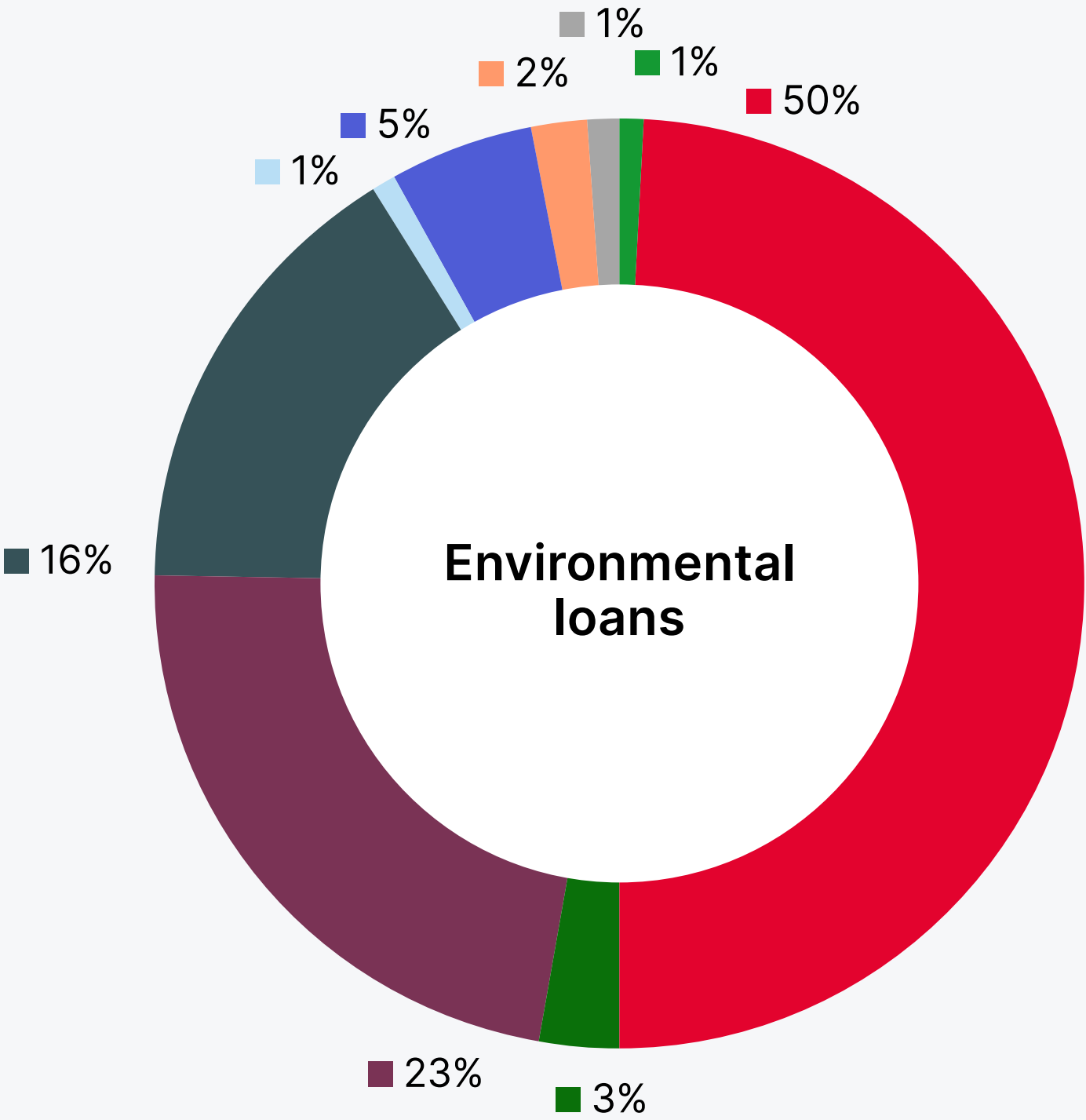
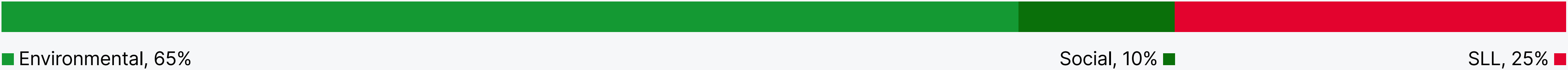




# New agreements on ESG investment loans, including SLL (2023)

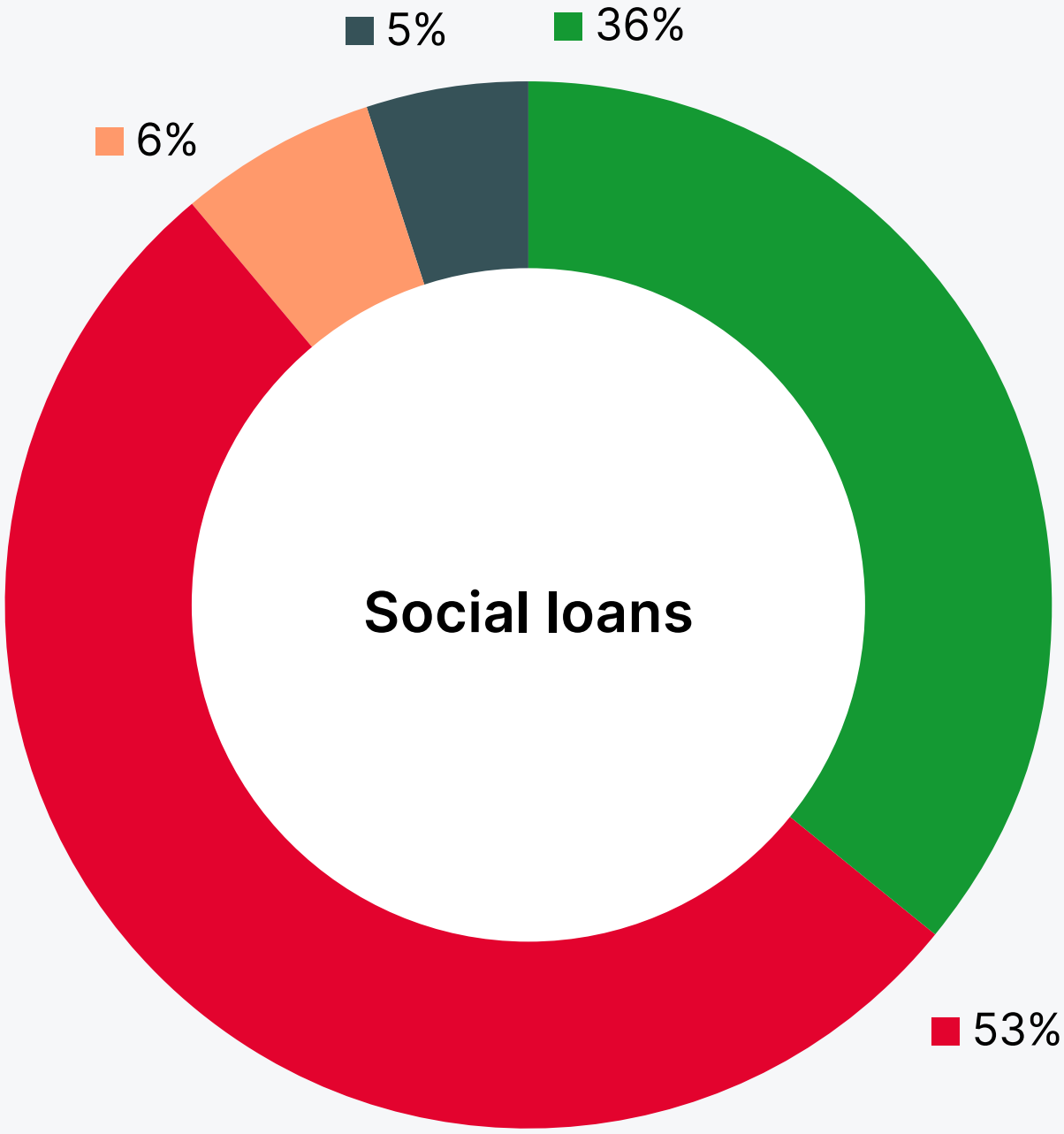


## Breakdown of ESG loans by purpose



- Circular waste management
- Energy efficient buildings
- Low emission mobility
- Photovoltaics
- Renewable energy
- Sustainable forestry
- Wastewater management
- Water management
- Landscape water management

Note: Amounts may not be equal due to rounding.



- Public education
- Public healthcare
- Retirement homes
- Social housing



## Examples of KB financed projects beneficial for sustainability:

### We granted EUROWAG the first sustainability-linked loan

In September 2022, EUROWAG obtained a new syndicated loan of EUR 565 million from a bank club. Thereupon it agreed with KB and other banks on linking the funding to ESG and in 2023, these facilities were structured as a Sustainability Linked Loan.

We designed this first Sustainability Linked Loan in line with the Sustainability Linked Loan principles issued by the Loan Market Association. The loan parameters are linked to EUROWAG achieving its sustainability performance objectives; in specifying them, we relied on our parent Société Générale's know-how. Interest rate pricing will be based on assessing the company's performance on the agreed set of KPIs.

In the role of its ESG Coordinator, we helped EUROWAG to select the KPIs and to calibrate the specific sustainability performance objectives that are sufficiently ambitious, material, and verifiable. The sustainability goals set by EUROWAG include reduction in GHG emissions for EUROWAG itself as a business and for its customers, and female leadership in its management. This financing commitment will further drive incentivisation across EUROWAG to ensure that it meets its targets and that EUROWAG shows its commitment to making the industry clean, fair, and efficient.

### Vodovody a kanalizace Havlíčkův Brod and biogas processing as a way to energy neutrality

Because of the rising energy prices and the legislative requirements for energy neutrality of wastewater treatment plants (WWTP), Vodovody a kanalizace Havlíčkův Brod ('VaK HB', a drinking and waste water company) decided to take several strategic steps. The latest of them is the trial operation of an installation for biogas separation in a membrane module. We provided the company with CZK 45 million for the project of upgrading its biogas to methane using membrane separation. Additional funds were received from subsidies under the Operational Programme Enterprise and Innovation for Competitiveness.

With the forthcoming recast of the EU's Urban Waste Water Treatment Directive, WWTP will be required to be energy neutral by 2040. One of the solutions appears to be renewable sources; in the case of WWTP, for example by way of using biogas produced in the wastewater treatment process. The project for biogas separation in a membrane module will help to reduce the energy intensity of the WWTP's operation, improve the economics of the company, and enhance sustainable development and environmental protection. The membrane separation technology can upgrade raw biogas to natural gas quality, biomethane, which is then injected into the gas network. VaK HB will sell its biomethane to the gas network for market prices reflecting its green origin.





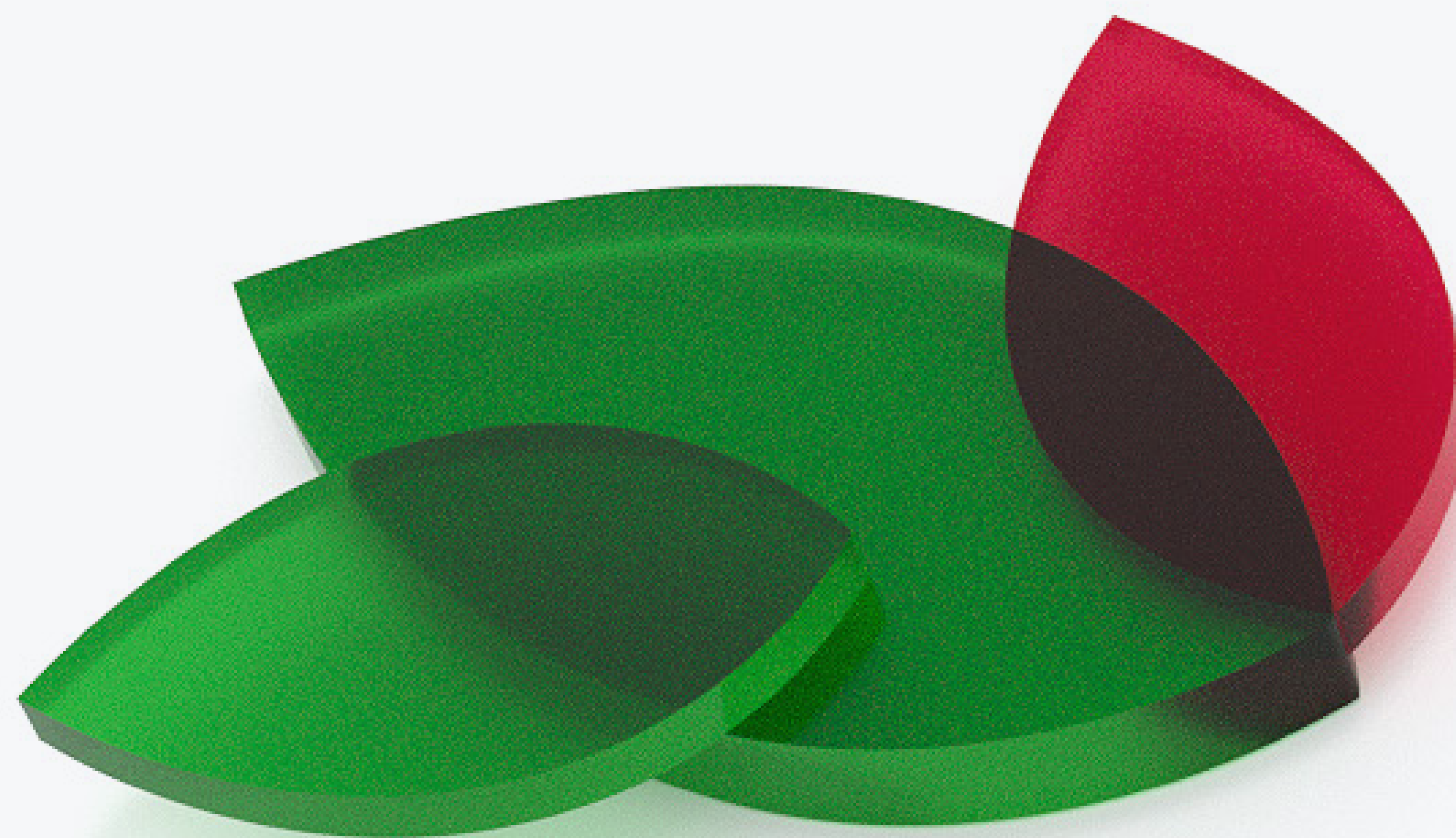
## Examples of KB financed projects beneficial for sustainability:

### Green Loan for Accolade Group to build a hall in the new industrial park near Cheb

In October 2023, Accolade Group, which focuses on investing in premium industry properties, signed a loan agreement with Komerční banka for EUR 42.5 million (around CZK 1 billion). Accolade will use these funds to finance the construction and long-term maintenance of a 60,000 sq m facility for the leading global tyre manufacturer Goodyear at the newly completed Cheb East Park.

Before granting the loan, KB subjected the project to a strict assessment process in terms of environmental sustainability. It is a green loan classified by the EU Taxonomy (standardised framework for assessing sustainable economic activities), which means that it has been structured in line with the principles of green financing and the building meets the criteria for green buildings. The project will employ an unusually high proportion of sustainable practices and modern technologies.

The facility at the newly constructed Cheb park is designed in line with the strictest sustainability indicators for industrial buildings and will strive to achieve the highest level of BREEAM New Construction certification, that of 'Outstanding', something statistics show only a handful of companies are able to achieve. Solar panels are planned for the roof, heating and air exchange will be provided by heat pumps, whilst grey water from underground tanks will be used for flushing. The site will also feature charging points for electric vehicles, a relaxation zone, and a gym.





## System for assessing environmental and social risks in corporate banking

We have joined the fulfilment of SG Group's ESG commitments regarding checks of the environmental and social risks of the clients' activities that we finance and of our clients' projects. In early 2020, we put in place an ESRM (Environmental and Social Risk Management) system in corporate banking. The system also reflects the requirements of the Equator Principle, i.e. voluntary rules for E&S (Environmental and Social) assessment of major industrial and infrastructure projects, and ensures compliance with the requirements of SG Group's sectoral policies.

In relation to SG Group's commitments in Net Zero Banking Alliance, our objective is to reduce emissions in the portfolio that we finance. This primarily involves the gradual reduction in our exposure to clients associated with coal energy and coal mining and extended help to these clients in financing their transition to non-coal economic activities. Also, reducing emissions on the oil & gas, cement, automotive, and energy sectors.

Assessing the ESG aspects in our corporate banking is part of the due diligence for all new transactions and part of screening new clients in the KYC process. In 2023, we modified the ESRM processes to the requirements of *ESG by Design*, an initiative across SG Group.

The assessment of ESG aspects includes:

- A check against the list of excluded entities;
- A check against the list of sensitive activities and projects;
- A check against the ESG excluding criteria of the sectoral policies (e.g., refraining from financing clients and transactions associated with the sector of coal mining and coal energy and from financing certain arms exports; for more details see the chapter on SG

Group's Sectoral Policies);

- A check of clients' reputational risks related to E&S aspects.

KB's ESG expert assesses the clients with the highest turnover and/or in sectors with an increased ESG risk, together with their transactions. Through relationship managers, we communicate our E&S standards to clients, primarily in sensitive sectors, and seek to support the clients in their compliance with the rules. The largest proportion of this issue concerns energy transition and our climate commitments.

In respect of clients with an above-limit annual turnover, we identify the ESG risks first of all. Where an ESG risk is identified KB's ESG experts carry out a detailed ESG evaluation. Any outcome from the ESG evaluation which indicates the client's high risk or requires corrective measures from the client is validated by Compliance staff, or escalated to Société Générale's head office. Where ESG risks potentially constitute credit risk as well KB Risk is also involved in the validation of the ESG evaluation. In 2023, we financed a project that required assessment under the Equator Principles.

Since 2020, we have been evaluating the Climate Vulnerability Indicator, CVI, in the case of rather big corporate clients in sectors exposed to climate risks (such as energy, transport, metallurgy, the extraction industry, and oil & gas). In 2023, we broadened CVI to include all industrial sectors and it is now called the Corporate Climate Vulnerability Indicator (CCVI). We employ it in assessing the credit risk of transactions in connection with the transition and physical risk caused by climate change.

### SG Group's sectoral rules

In respect of environmental and social responsibility, we primarily follow SG Group's sector-specific rules on the provision of financial products in areas that may

have a fundamental impact on the environment and society. These sector-specific rules are set out in SG Group's publicised E&S sectoral policies covering:

- thermal coal mining and use;
- thermal power;
- defence and security industry;
- nuclear energy and nuclear installations;
- dams and hydropower;
- industrial agriculture, food and forestry;
- oil & gas and petrochemicals;
- mineral mining;
- water shipping;
- tobacco industry.

Czech banks have been financing the defence industry for a long time, but are bound by banking secrecy and must not disclose the names of their clients or greater details. KB has obtained consents from some of its clients and we can therefore disclose that we have an almost CZK 11 billion exposure to the Czech defence industry. For tens of years, we have been the main bank of, e.g., AERO Vodochody, the largest aircraft manufacturer in the Czech Republic. We finance CZECHOSLOVAK GROUP, including their international expansion. We have helped Colt CZ Group with their IPO and are one of the financing banks in their international expansion.

We have a number of sectoral policies. In general, for instance defence industry companies can be financed but subject to clear-cut conditions: we do not finance, e.g., certain types of arms, we do not finance exports to certain countries. When financing clients in this area of manufacture, we assess the environmental sustainability of their activities by the same rules and criteria as in the case of similar civilian sectors. This means that we assess them the same as similar engineering or metallurgical operations, or, e.g., the automotive industry. The fact that defence industry manufacture is involved does not change anything in this approach.





The year 2023 saw amendments to the policies for the defence and security industry and oil & gas, and a policy for the tobacco industry was introduced. SG Group's sectoral policies are freely available on [our website](#) and SG's [website](#).

**Improving staff competency to implement environmental and social policies**

In 2023, following modifications to the ESRM processes, all relationship managers and other staff members playing a role in this process were trained. The training was organised for all segments: Corporate and Investment Banking (CIB), i.e. Corporate and Municipal Banking (CMB) and Global Banking (GLB), for KB Slovakia colleagues, and for Small Business staff in Retail. Increasing knowledge of sustainable financing products (green loans, sustainability-linked loans), which we had launched in 2022, also continued. More information about employee training is contained in Responsible Approach to Employees.



**Increasing knowledge of sustainable financing products (green loans, sustainability-linked loans) continued.**







### **Supporting the businesses affected by the war in Ukraine**

In April 2023, KB joined a scheme to support sole proprietorships and SMEs whose business was restricted due to the war in Ukraine. Under the EGAP Plus programme, exporters having more than 100 employees were eligible for guarantees from Exportní garanční a pojišťovací společnost, a.s. (i.e. EGAP). In this programme, KB supported seven exporters by loans totalling almost CZK 500 million.

### **Supporting businesses, municipalities, and projects with a positive social impact**

KB Group has long been involved in schemes supporting projects and businesses with a positive impact on society and the environment.

In 2023, KB signed guarantee agreements with the European Investment Fund (EIF) under the EU's InvestEU programmes. Together with EIF, KB provided softer loans to more than 1,600 businesses, totalling approximately CZK 1.4 billion, in 2023.

Microfinance is the most frequently used programme. It supports micro-enterprises with up to ten employees with regard to sustainable employment and social inclusion through support for business and income generating activities.

KB's other new privileged programmes for business clients include:

- EuroGreen: a softer loan with an EIF guarantee for projects such as solar energy use, manufacture and storage of products for renewable energy sources, and refurbishment of commercial buildings to ensure energy savings; investments in the manufacture of energy saving products and reduction in climate vulnerability in agriculture;
- EuroEdu for employee education; and
- EuroSocial for social enterprises.



## Digitalisation and innovation

We continued to automate and modernise cash payments not only in terms of ATMs but also, when launching the New Era of Banking, by introducing digital authorisation processes in client service in the branch network. The rollout of the latest digital tools meets clients' expectations, reduces the environmental burden mainly in paper consumption, and matches KB's sustainable development ambition.

The April launch of the New Era of Banking included the start of a number of payment services in the environment of the new system built on the latest technology and clients' fully digital access. Besides the basic payment products implemented earlier and tested in pilot operation with employees (domestic payments, standing orders, SEPA, and international payments), additional new services were introduced such as the option to set up the direct debit mandate, and direct debit and SIPO (direct debit for households' multiple outgoing) execution. The innovations launched with the New Era in 2023 also include currency exchange in a multi-currency account and a smart form for making up to five types of payment. The number of executed transactions is rising with the rising number of New Era clients. In 2023, KB processed one million outgoing and one million incoming payments for the new system's clients.

In November 2023, we launched Czech banks' and the CNB's joint project: the Pay a Contact service, whereby the participating banks' clients can send payments to the payee's registered phone number and do not have to know the payee's bank account number, which significantly simplifies paying for clients. By the end of 2023, more than 60,000 clients had registered for the Pay a Contact service at Komerční banka.

In 2023 again, the bank experienced another significant year-on-year increase in the number of payments. The growth was 4.8% in domestic payments (4.5% and 5.1% in

outgoing and incoming payments respectively). As regards international payments, the significant growth period ended. SEPA payments, which account for 87% of the total number of international payments, were stable (declining slightly by 0.2%). International payments increased by 2% on average y/y, by 1.1% and 3.0% in outgoing and incoming payments respectively.

The overall growth in the number and amount of card transactions continued in 2023. The number of transactions and the volume increased y/y by 14% and 9% respectively. Greater increases were registered in card payments at brick-and-mortar shops, by 19% in terms of number and 11% in terms of the volume. Most of these transactions were made contactless, confirming the fact that the Czech Republic is one of the leading countries globally as regards the proportion of contactless transactions. The average amount of card transactions slightly declined again (by 4%), but it increased by almost 18% in online payments. The number of clients using smart phones and watches for payment also increased.

Touch Card, a new standard of card design with unique notches, which we were the first bank in the country to begin offering, is intended for visually impaired clients.

In April 2023, KB introduced a new type of individual client service, Remote KB. A team of professional bankers provides full service to clients over a distance, including advisory video calls. At the end of the year, 29,000 clients were using this service.

Clients can easily make sure that they really talk with a KB banker over the telephone. During the conversation, the client can request the banker to send a push notification to their KB+ app. It contains the banker's name and a unique communication code, which the banker reads out upon request. Thereby the client receives assurance that they are talking to a real employee of the bank.



In the individuals segment, in 2023 digitally sold products accounted for 28% of total sales. Approximately 68% of all clients in the segment were active in the digital channels. 14% of new clients in the individuals segment became KB clients in a fully digital manner. The bank also opened 28% of current accounts and provided 42% of consumer loans (in terms of their number) fully digitally. ESSOX provided 60% of consumer finance (in terms of their number) fully digitally. More information about digitalisation and innovation (including the New Era of Banking) is available in KB Group's annual financial report for 2023.

### **KB SmartSolutions and promoting start-ups**

As early as 2019, KB set up KB SmartSolutions with a view to facilitating the development of certain new services, digitalisation and innovation within KB Group. KB SmartSolutions is KB's subsidiary that invests in modern technology and value propositions in financial services, thereby helping to transform the traditional banking institution into an innovative and technologically strong bank of a new generation. KB SmartSolutions helps the bank to cross the limits of normal banking services and become a leader, in cooperation with innovative fintechs and start-ups, also in the market of incumbent companies. It is a tool for pursuing one of KB's main visions, i.e. offer clients simple, convenient, digital products and services with an economic value.

#### **upvest**

In July 2020, KB SmartSolutions started to work with the Czech fintech [upvest](#), which operates an online crowd-funding platform for real estate. In the summer of 2022, KB increased its stake in upvest to 96%, doing so earlier than it had planned. Further to that, the company has been reorganised. The demand for upvest projects surpassed all expectations. The partnership has helped KB to intensify its activities in the segment. In 2023, eleven new capital projects emerged, totalling almost

CZK 1.2 billion. Relevant open projects were financed in record time also thanks to the option of individual investing under softer conditions for the clients.

In 2023, upvest and KB launched a major new product: investment in KB's senior loans. Through them, upvest makes it possible for its investment platform's clients to participate in real estate project financing through loans provided and managed by KB. It also started to offer its clients the option of acquiring a direct share of the real estate in 2023.

#### **Platební instituce Roger (Roger Payment Institution)**

Our equity stake in [Platební instituce Roger](#) has made it possible for us, since 2020, to offer clients the option to use digital factoring and supply chain financing, which we are running in cooperation with Factoring KB. Over the ten years of its existence, in 2023 that company exceeded the mythical limit: since its establishment, it funded CZK 25.5 billion through factoring. It also launched an app called Plus–Přímé platby (Plus–Direct Payments), which helps to directly connect bank accounts between the payer and payee. Roger is only the third non-banking company in the Czech Republic to be successful in obtaining a PSD2 licence from the Czech National Bank. The Plus app operates on this basis. Thus, it is one of the first in the Czech market to offer automatic payment matching and origination. Roger has also offered an innovation in the form of an automated investment engine that bids on behalf of the investor, i.e. selects auctions and submits bids based on specified parameters. Another in the series of innovations is the allocation of invoices to auctions with the nominal amount capped by CZK 75,000 or EUR 3,000. In 2023, Roger mainly focused on additional innovations for investors.

#### **Lemonero**

[Lemonero](#), which is a wholly-owned subsidiary of MonkeyData, is KB's other equity stake. Lemonero was set up in late 2019 and lends money to small and medium-sized e-shops using an AI model and fully digitally. Lemonero itself offers loans in several ways. A part of the financing passes through the platform directly via extensions in e-shop systems, such as Shoptet, Eshop-rychle or Upgates. The other part is embedded cooperation with, e.g., partners such as Mall and Alza. Repayment takes place through monthly instalments or through revenue-based financing whereby the instalments are paid only from actually executed transactions. Thus, repayment is directly tied to the e-shop's turnover and does not burden its performance in, for example, off-season periods.

In 2023, Lemonero was named for the third time as the Best Digital Lending Solution for SMEs in the CEE Region, organised by SME Banking Club. It was also placed second in The Bank of the Year 2023 competition in the new Fintech of the Year category. In 2023, it established a number of successful cooperation schemes, and continued to run its services provided to e-shops not only in the Czech Republic but also in the Netherlands.

In September 2023, KB SmartSolutions, s.r.o. increased its equity stake from 24.989% to 33.171% in MonkeyData s.r.o. (which is the 100% owner of the start-up Lemonero). Its cooperation with the Comgate payment gate has brought Lemonero a new product, Business Loan. E-shop operators using this payment gate can thus apply for up to CZK 1 million Business Loans.

#### **Finbricks**

The year 2023 was successful for KB SmartSolutions also in terms of in-house start-ups, which fit within KB's business model and for which it tests their market success. [Finbricks](#) is one of such projects. At the







beginning, its payment gateway was called Zaplaceno.cz and we decided to test our interface, which we had recently deployed, and test the working of the PSD2 infrastructure. Finbricks currently exists as an independent company that provides services to clients. With its PSD2 payments totalling over CZK 1 billion, Finbricks is now well established as a reliable partner that meets the strict regulatory requirements of the payments world and ensures seamless payment processes. A purely technological solution at first, PSD2 aggregation has evolved into a fully operable e-commerce payment platform. Instead of bank buttons and transfers from online banking, a single payment gateway to 12 banks in the Czech Republic from Finbricks. A major milestone was its application for CNB licensing as a payment institution. In addition to designing the fundamental corporate processes, this also required the development of a robust system of controls and provisions for security and operation. From the Czech Republic, it has expanded to Slovakia.

#### **KB Advisory**

Originally KB's internal project, KB Advisory provides comprehensive ESG advice and also operates under KB SmartSolutions. Through it, we supported the 100% equity stake in ENVIROS, one of the country's leading players among consultancies that operate in energy and environmental advice. It also addresses the funding for energy saving and RES projects for a number of major companies in the Central European market. KB Advisory and ENVIROS have carried out a number of joint projects to date. The interconnection between the two companies helps them to be more efficient and able to carry out more projects for clients. The objective is a tighter linkage between advisory services and financing, for example, in energy savings and building certification. In 2023, the two companies were going through internal organisational changes.







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## Sponsorship, Volunteering, and Komerční banka Foundation



### **We are Czech ice hockey's bank**

In 2021, we became a Main Partner of the Czech ice hockey extra league and the Czech national ice hockey team. Teamwork and fair play are the fundamental values in ice hockey matches, and for us these are also the key values in the world of banking. Our cooperation with Czech ice hockey also includes that within the entire ice hockey movement, including under-18 and under-20 Czech ice hockey representation and, starting in 2023, support for Czech para ice hockey and the national women's team. We partner the *Ice Hockey Player of the Season* poll on the best player in the Czech ice hockey extra league and the *Golden Ice Hockey Stick* poll on the best Czech ice hockey player in the past season. Thanks to our partnership with Czech ice hockey, our clients can have payment cards designs with the motif of the national team.

### **The National Gallery in Prague**

KB has been the General Partner for NGP for the tenth year. Supporting this organisation, which manages one of the largest visual art collections in the Czech Republic and central Europe, is one of our mainstay sponsorship projects. NGP's key mission is to bring art closer to the public and, through educational programmes headed by a professional team of lecturers, attract primarily young people. NGP offers a broad range of programmes, including commented tours, lectures, debates, art and other workshops, seminars, and courses. Our financial aid made it possible to organise several major displays in 2023. The most important of them included the *Josef Mánes: Man-Artist-Legend* exhibition and the *Petr Brandl: The Story of a Bohemian* exhibition. Our cooperation also includes a large number of joint projects, such as commented tours for KB clients, open days with a programme for both adults and children in the various NGP buildings and exhibition halls, and summer suburban camps for KB employees' children where they can learn more about the displayed works and also tour

the non-public facilities of this institution: depositories and conservators' workshops. We offer our clients and employees a discount on admission to NGP exhibitions. In 2023, some 4,000 of them used this opportunity.

### **PKF – Prague Philharmonia**

We have been a proud General Partner of PKF – Prague Philharmonia, an excellent Czech musical ensemble, currently one of the most acclaimed orchestras in the country and in the world, for six years. Together with PKF – Prague Philharmonia, we have joined the world of the international event called *Music Day (Fête de la Musique)*, which is held every year on 21 June to celebrate the art of music. In this harmonic partnership, in 2023 we organised a concert in the VEGEt bistro in the KB head office building, inviting also all surrounding companies' employees. Two ensembles, composed of members of PKF – Prague Philharmonia, Clarinet Factory, and a string quartet, appeared at the *Rock for People* festival in Hradec Králové in 2023. Thus, the visitors could listen to both classical music and contemporary music performed by classical music instruments. Tempestuous ovations awarded both performances. Our clients and all KB card holders as well as, naturally, our employees could enjoy this experience with a discount on admission.

### **French Film Festival**

In 2023, we celebrated a remarkable 20 years of cooperation with the French Film Festival as its proud General Partner. The November meeting was a celebration for all lovers of French film style and culture. The key purpose of the event was to offer the general public a colourful menu of French film's current and past production. The festival audiences could see 47 films at 144 screenings in Prague, Brno, Ostrava, České Budějovice, and Hradec Králové. The festival hosted guests, namely director Martin Provost who personally presented his latest film, *Bonnard, Pierre et Marthe*, during the opening ceremony, and director, producer and







writer Luc Besson, who presented his latest film, *DogMan*, to the festival visitors. Together with the festival, we organised two screenings for KB employees: an animated film for children, *Nina et le secret du hérisson*, and *Jeanne du Barry*.

### **Prague Zoological Garden and Ostrava Zoological Garden and Botanical Park**

In 2023, we intensified our long-standing ties with the Prague Zoological Garden and the Ostrava Zoological Garden and Botanical Park, and not only financially but also through our employees' volunteering: they helped in the zoological gardens, spending there quite a few workdays. They carried out various assignments and activities to contribute to the animals' and visitors' wellbeing. Our employees' involvement through volunteer days at the Prague and Ostrava gardens highlights our social responsibility commitments and our endeavour to proactively support environmental and conservationist initiatives. Our financial contributions primarily serve the purpose of supporting programmes for protecting endangered species and preserving biodiversity.

Working with the zoological gardens, we also organised several joint projects and educational events for KB clients and employees and a summer suburban camp for KB employees' children.

### **Rock for People**

The seventh *Rock for People* edition supported by Komerční banka as its General Partner and the twenty-seventh since the festival was launched took place in Hradec Králové from 8 to 11 June 2023. KB offered the visitors a unique space in the form of the KB FutureFest zone, and a show called *Rock for People through Czech Television's Eyes*, giving also TV audiences a possibility to feel the excitement at the festival. The concert given by the PKF – Prague Philharmonia orchestra met with great acclaim. KB is its General Partner and invited it to the festival.

The KB zone and Visa point were the places where visitors spent most of their time, which was also confirmed by the festival's heat map obtained on the basis of the data from the festival wristbands. The presentation of sustainable solutions and activities outlined the future of festivals and outdoor events for the visitors and confirmed the commitment of *Rock for People* to become one of the most sustainable festivals in Europe. And indeed, this was already visible from the reused materials and sustainable elements, an attractive live programme on two stages, and a space that was completely energy self-sufficient. A unique photovoltaic system powered the Solar Stage and a hydrogen generator supplied another part of the premises, including the Conference Stage. In cooperation with NFCtron, *Rock for People 2023* was again completely cashless. The NFC wristband was the only payment instrument at the festival and also served as the admission ticket. A benefit for visitors from the ranks of KB clients directly at the festival was the fast check-in by FastTrack and their own charging point in the KB zone where KB Visa card holders could top up their festival wristband, receiving a bonus of up to CZK 200.





# Komerční banka Foundation

In 2023 again, KB Foundation injected positive influence into the non-profit sector and the corporate culture throughout KB Group. In terms of the grants distributed by the Foundation and the areas into which support was channelled, 2023 was again a standard year. The Foundation paid attention to single and surrogate parents, launched a major project with the Palliative Care Centre, and supported a project seeking protection of children against violence.

A major highlight and milestone in 2023 was the Foundation's 25th anniversary in the autumn. That day also saw a change of its name and visual identity. The foundation called Nadace Komerční banky, a.s. – Jistota changed its logo and was renamed Nadace Komerční banky (KB Foundation). Over the time of its operation, KB Foundation has supported almost 1,600 projects and distributed more than CZK 250 million.

In 2023, KB Foundation distributed almost CZK 20 million. More than CZK 10 million went to aid for families and children, almost CZK 2.2 million went to palliative care, and CZK 4.7 million was distributed in support of environmental protection.



Areas supported and projects financed  
by KB Foundation in 2023

Single parents

Almost CZK 6 million was distributed in 2023 through non-profit organisations to single parents’ families who had landed in a complicated and difficult situation. The purpose of the grant scheme is to help the families to achieve positive changes in their lives, which they would be unable to accomplish from their own funds. The Foundation brings a broad range of options as regards the use of the grants by the families.

Prevention of household violence

The Foundation has long been highlighting the importance of protecting children against violence and has opened in society the issue of timely prevention. In 2023, it gave CZK 250,000 for the development of LOCIKA Centre’s specialised chat. Besides a financial contribution to this cause, the volunteering part stayed in place and KB colleagues continued to develop for LOCIKA Centre, in-house and gratis, an app called Childhood without Violence—a digital solution of immediate help for children at risk of household violence, with a feature helping to find timely assistance.

Substitute family care

In 2023, the Foundation distributed almost CZK 3.5 million in its grant scheme aiding the healthy development of children in substitute family care. Its purpose is attending to children separated from their biological families and growing up in substitute family care, and also to help the carers by way of advice and accompanying, crisis assistance, and social therapy, thereby providing for comprehensive and multidisciplinary work with the whole family.

In this area, KB Foundation’s most important partner is the organisation Dobrá rodina o.p.s. In the call for projects, it succeeded with its Multidisciplinary Team for Children at Risk project; it will receive a CZK 750,000 grant over three years. With support provided by KB Foundation and in cooperation with Dobrá rodina, earlier an interactive information portal called Family Network was put in place; it is a sought-after signpost and site with the latest information for current surrogate parents and children in foster care, and for professionals.

Hospices and palliative care

In 2023, almost CZK 2.2 million was distributed in hospice and palliative care. Cooperation with the Palliative Care Centre’s major long-term project was started; KB Foundation became the partner to the second stage of a unique project in the environment of emergency medical service. The project will provide guidance to three regional emergency medical services in respect of palliative care principles being integrated into their operations and will help to network palliative initiatives among Czech Regions.

Yields from charity activities

Year	In CZK, rounded to thousands
2019	980,000
2020	450,000
2021	2,200,000
2022	6,400,000
2023	2,390,000

Charity events  
and fundraising in 2023

Activity	In CZK
Vltava Run	72,544
Biking to Work*	110,838
Rock for People	39,520
Golf tournaments*	628,567
KB Sports Day*	77,167
KB Bike Ride*	380,560
MPSS Anniversary	107,333
Breakfast for the Foundation	215,460
Charity Christmas raffle	50,800
Christmas auction and vouchers	41,688
Single parents, crowd funding	293,348
Fundraising for Turkey, Morocco, Faculty of Arts	282,649
Cafeterie, Finbricks	90,600
Total*	2,391,074

\* Includes contributions from corporate donors and multiplication by KB





## Sustainable and green future

For the second year, KB Foundation and KB Penzijní společnost joined the Nadace Partnerství foundation's Planting Future initiative, granting more than CZK 2.2 million to it. Grants went to 17 greenery planting projects of the 71 that had signed up. Every year, KB Group employees actively join tree planting. Under the Klenice project of the Czech Union for Nature Conservation, they planted 90 fruit trees near the village of Buda close to the town of Mnichovo Hradiště in November 2023. For the CZK 300,000 grant it received, the Ostrava zoological garden built a waterfall cascade with a lake for *Trichoglossus moluccanus* parrots in its Papua aviary. Our aid also covers the Prague Zoological Garden's long-term project of education in the protection of biodiversity and endangered animal species.

KB Foundation traditionally sponsored KB Group employees' meaningful and popular volunteering. We joined the Auto\*Mat non-profit's **Biking to Work** initiative and donated CZK 350,000. **Clean Up Czechia** received CZK 600,000 in support of the nationwide cleaning event and the provision of beneficial activities in environmental protection.

## Soft Spot

Soft Spot is KB Foundation's grant scheme intended for KB Group employees who engage in volunteering in the non-profit sector in their free time. These employees' projects, geared towards the development of civil society, primarily in respect of families and children, could be supported by as much as CZK 100,000. During summer, KB Foundation received 22 requests from non-profit organisations. The assessment commission composed of KB Foundation's employees and long-standing well-wishers recommended 12 of them for support, which was subsequently approved by KB Foundation's Board of Trustees. More detailed information about selected projects is posted on KB Foundation's website in the *Aktuality* (Current Events) section.

## Help for KB Group's employees

KB Foundation is also ready to aid KB Group's employees who land in dire straits. In 2023, it supported five employees, granting a total of CZK 450,000.

## Emergency aid in 2023

The year 2023 did not evade unexpected tragic events. Together with Société Générale Group, KB Foundation organised an internal fundraising drive to help the regions affected by the disastrous earthquake that hit Turkey and Syria in February. KB Foundation doubled the funds raised through this internal campaign from employees and granted CZK 250,000 to Czech Red Cross for humanitarian aid. Through Czech Red Cross, it later also granted CZK 50,000 to Morocco, which was hit by an earthquake in September.

We responded to the tragic event at Charles University's Faculty of Arts a few days before Christmas with deep sorrow. Together with funds raised from employees internally and direct financial help, in early 2024 we granted, through Charles University, almost CZK 800,000 to the victims and the families affected by this tragic event.

## Employees' fundraising, benefits, and volunteering in 2023

### Volunteering at KB

We are happy to see that KB Foundation repeatedly inspires KB Group's employees and other donors to good deeds. For the sixth year, KB Group's employees can take one paid day off to boost socially responsible activities in the non-profit sector and help where help is needed. In 2023, 739 KB employees and on the whole 810 KB Group's employees took the volunteering day.

Every year, the Clean Up Czechia and help at the Prague and Ostrava zoological gardens are popular volunteering activities at KB Group. Colleagues very often also apply their skills in food banks, where they prepare packages for people in need, or dedicate their time to lonely people in cooperation with ADRA. They pass on what they know best through the Bankers to Schools project run by the Czech Banking Association. In 2023, Komerční banka was the umbrella under which 83 employees delivered the finance lectures; many of them spoke more than once. In 2023, KB premises saw five blood giving occasions in cooperation with the Mobile Blood Transfusion Station operated by the General University Hospital in Prague. More than 250 employees participated in the blood giving exercise to donate the invaluable liquid.

Colleagues can connect their volunteering day with KB Foundation's projects or any other non-profit organisation. Including company contributions and multiplication by KB, the amount collected through fundraising and benefit events totalled almost CZK 2.4 million. Our heartfelt thanks go to them for their volunteering, and in-kind and financial help!





### Sports benefits and activities of KB Group's employees

In May, two sports events took place. Two 12-member teams covered 360 kilometres from the river Vltava spring to Prague in 33 hours in the Vltava Run team relay race. By their contributions and by motivating people around them, the runners contributed CZK 72,544 to KB Foundation for help to single parents.

Biking to work under the Biking to Work challenge in May, 392 employees supported the Foundation and between them covered a record 110,839 km in 130 teams across the country. KB granted the same amount in crowns in support of help to single parents.

On 12 June, the 12th charity golf tournament took place with KB affiliated companies' employees and representatives. Several other golf tournaments attended by KB clients also had a charity dimension. A total of more than CZK 600,000 was raised.

An unusual involvement of KB Foundation's partner organisations could be seen at the *Rock for People* festival in June. Festival visitors were inspired to volunteering and good deeds by the ADRA, Auto\*Mat, Clean Up Czechia, INCIEN, and People in Need organisations. At the same time, visitors contributed a total of CZK 39,520 to single parents from every purchase they made at the cafe and bar in KB's sustainable zone.

September saw the traditional KB Bike Ride. 105 employees set out on a two-day journey to Brno. Thanks to QR code sharing via social media, the event yielded more than CZK 380,000 for single parents. Employees donated one half of this amount, while KB Communication granted the other half.

Thanks to the 40 teams of KB Group employees who joined the Move for Youth challenge, KB Foundation raised CZK 461,700 from the parent Société Générale. The funds went to support for LOCIKA Centre's projects. In September, KB Foundation was involved in the employees' sports day at the Žluté lázně riverside recreational grounds in Prague, which yielded more than CZK 70,000 for the Foundation.

### The anniversary Week with the Foundation 2023

In the week from 2 to 6 October, KB Foundation organised the traditional Week with the Foundation for KB employees. Every year, the purpose of the Week is to spread information about the activities and areas that KB Foundation supports. The year 2023 was exceptional in that the Foundation celebrated its 25th anniversary, and introduced its new logo and its new name, Nadace Komerční banky (KB Foundation). The Week with the Foundation saw traditional charity Breakfasts for the Foundation at more than 15 places in the Czech Republic. The breakfasts yielded a total of CZK 215,460, thus supporting 28 families of single parents. KB Foundation raised CZK 41,688 from employees participating in the traditional Christmas auction and sale of Christmas vouchers. The charity raffle, held during the Christmas party for KB Group's employees, yielded CZK 50,800. The yield from both events was provided in financial assistance to single parents' families.

### KB Foundation acknowledges its donors

Our heartfelt gratitude for financial support goes to all our donors. We appreciate every contribution that we receive for our activities. It is donors who provide for the substance of the Foundation's mission.

In 2023, Komerční banka contributed almost CZK 14 million and was the principal donor to KB Foundation, as in the years before.

SG Equipment Finance contributed CZK 500,000, MPSS contributed CZK 300,000, and ESSOX contributed CZK 150,000 to support for single parents. Amundi sent CZK 124,000 to a Pallium Institute project. CZK 500,000 from Factoring KB went to the Alzheimer Endowment Fund and other palliative care projects. Komerční pojišťovna donated CZK 1 million, among other things to support the Patron long-term project run by the League of Open Men. ALD Automotive provided a total of CZK 453,000 to projects of the Mobile Hospice Forum and the Palliative Care Centre. KB Smart and Worldline Czech Republic donated CZK 150,000 to the Skleněnka (Glass Marble) non-profit organisation.

KB Group's employees, who regularly join benefits and internal fundraising campaigns, are very important donors for us. Our thanks go to all 1,456 individual donors who financially contributed to projects supported by KB Foundation in 2023, and for their volunteering involvement and in-kind help. Thanks to beneficial fundraising drives and events, KB Foundation raised almost CZK 2.4 million in 2023.

**Thank you for helping with us.**







In 2023, we won The MasterCard Bank of the Year award again. We also retained The Corporate Bank of the Year and The Bank without Barriers titles.



We are the first bank in the country to install rooftop photovoltaic.



We granted the first sustainability loan to EUROWAG.



The New Era of Banking is more open. We reach out to disadvantaged clients with the help of KB+, eScribe and Touch Card.



We Bike to Work and organise a charity bike ride. Our collective biking in 2023 contributed almost half a million crowns to KB Foundation.



The #FinŽeny project brings together 131 most inspirational women in the Czech world of finances, and six of them are our colleagues at KB.







We have been supporting the Rock for People festival for seven years. Last year, we offered a new unique space, the KB FutureFest sustainable zone, to the visitors.



Together with LAFORMELA we have created a unique collection of sustainable clothes from CO2.



We continue to support the Bankers to Schools project. Last year, 83 volunteers for KB were involved.



We retained the previous year's awards in The Top Responsible Large Corporation category and as The Top Responsible Company in Reporting.



Jitka Haubová (middle), on KB Board of Directors, placed second in the prestigious Top Women of the Czech Republic poll.



We organised an employee event geared towards sustainability. It included lectures, workshops, film screenings, and a clothes swap.





## Other KB Group Companies

This chapter summarises Komerční pojišťovna's responsible approach to business. Komerční pojišťovna, a.s. is an associated company in which KB holds a 49% equity stake, and as such is not included in consolidated disclosures for KB Group.

Information about major subsidiaries included in consolidation is set out in other chapters of this KB Sustainability Report. You can find more information about smaller companies in which KB Group holds equity stakes through KB Smart Solutions in the chapter on digitalisation, innovations, and support for start-ups on pages [92](#) and [93](#).



# Komerční pojišťovna

Société Générale Group, of which Komerční pojišťovna is part, wants to be a responsible insurer, investor, and employer. These three interdependent pillars form the structure of all its CSR initiatives and contribute to the meeting of the UN's sustainable development goals. Environmental and social factors are part of its financial, business and investment decisions. Komerční pojišťovna formulated its responsible approach in its ESG strategy, which was approved in 2023.

**Responsible insurer:** Komerční pojišťovna creates products and services for its clients, which are maximally adjusted to their expectations while integrating elements of environmental and social sustainability.

**Responsible investor:** Komerční pojišťovna's investment policy also includes a dimension of environmental and social risk management. Socially responsible investing is at the forefront of its interest. In this context, it applies the ESG criteria, which govern the selection, holding in portfolio, and disposal of securities.

**Responsible employer:** Komerční pojišťovna pays special attention to support for the development of its employees, in particular through education, quality of life at the workplace, support for work-life balance, support for diversity, and equal approach.

## Environmental sustainability

In 2015, Société Générale Group confirmed its commitment to fight against the climate change by formulating a climate strategy aligned with the objectives of the Paris Agreement. Since then, by joining United Nations Environment Programme Finance Initiative and its Net-Zero Banking Alliance in 2021 as a founding member, SG Group has

committed to align its portfolios with trajectories aiming at reducing global warming to 1.5° C. Besides the measures and services that the company offers its clients, it also wants to set an example by acting in favour of reducing its own carbon footprint. It has therefore pledged to reduce its CO2 emissions by 50% between 2019 and 2030 through measures concerning energy performance of its premises, IT, and vehicle fleet management. Komerční pojišťovna is actively involved in the carbon footprint calculations, and the preparations for Scope 3 calculations under the GHG Protocol methodology and the decarbonisation strategy.

## Governance and responsible investing

Komerční pojišťovna dedicates special consideration to issues related to socially responsible investing. In this context it applies the ESG criteria to control the selection, holding, and disposal of its securities.

Monitoring, exclusion, and sectoral policies that have been implemented in Société Générale Group and at Société Générale Assurances:

- A watch list for projects, companies or sectors that are under criticism for environmental or social reasons;
- An exclusion list for companies in the defence sector that are involved in controversial weapons (anti-personnel mines, cluster bombs, nuclear weapons, biological and chemical weapons, depleted uranium munitions);
- Policies covering sensitive sectors of activity and biodiversity.

At present, the main pillar of Komerční pojišťovna's approach to reducing the principal adverse impacts of

investment decisions on sustainability factors is the fact that companies whose activities are considered to be incompatible with a sustainable future have been excluded from the pool of approved investment instruments. In respect of its investments in bonds and of direct equity investments, Komerční pojišťovna applies SG Group's recommendations and does not allow investments in the following sectors:

- **Tobacco:** Issuers that produce tobacco and have at least 10% of their revenue derived from the distribution, supply and licensing of tobacco products;
- **Defence:** Companies engaged in activities related to the manufacture of banned weapons;
- **Coal:** Companies active in coal mining, and energy companies where more than 30% of their electricity generation comes from coal; companies pursuing new coal mining and processing projects; companies that have not made public commitment to phase out coal mining by 2030 (EU/OECD) or 2040 (the rest of the world);
- **Oil & Gas:** Companies whose revenues are linked to the exploration and production of oil sands, Arctic oil or gas, shale oil or gas or deep-water oil and gas more than 5% (for new investments), or more than 10% (for existing investments) of revenue (with the exception of green bonds and subsidiaries focused on renewable energy sources);
- **Biodiversity:** Producers and distributors deriving more than 25% of their revenues from palm oil, which are tackling major outstanding disputes over land; companies (in any sector) that face grave controversies related to land use planning and biodiversity.





Komerční pojišťovna manages its assets in cooperation with Amundi Czech Republic Asset Management, a.s. ('Amundi'). This cooperation can also be seen in the application of ESG principles/methodology, whereby in its investment process, Komerční pojišťovna employs the ESG methodology developed by Amundi.

Amundi's analysis framework has been designed to assess companies' behaviour in three areas: the environment (E), social (S), and governance (G). Amundi looks at companies to see their exposure to ESG risks and opportunities, including sustainability factors and risks, and how they cope with these challenges in the various sectors. As regards issuers of listed securities, Amundi generates scores for these issuers regardless of the type of the instruments, be it equity or debt.

Amundi bases its ESG analysis of corporates based on a best-in-class approach. Each issuer is assigned a quantitative score assessed around the average of the issuer's sector, which separates what Amundi believe are best practices from worst practices at the sector level.

Amundi's assessment relies on a combination of the following factors: extra financial data from third parties and qualitative analysis of associated sector and sustainability themes. The quantitative score is translated into a letter rating, using a seven point scale from A to G, whereby A is for the best practices, and G for the worst ones. Amundi ESG analysis framework is comprised of 38 criteria, which are either cross-sector criteria (common to all companies regardless of their activity) or sector specific, which are weighted for the sector and considered in terms of their impact on reputation, operational efficiency and regulations in respect of every issuer. The resulting ESG rating of an issuer is a weighted average of the scoring for E, S and G dimensions, each dimension being itself the weighted average of the internal reference values. There is only one ESG rating for

each issuer, regardless of the chosen reference universe. The ESG rating is thus 'sector neutral', that is to say that no sector is privileged or, on the opposite, disadvantaged.

Following the prudential principle, in its investment process Komerční pojišťovna places great emphasis on an individualised approach to investment selection in cooperation with Amundi's and Société Générale Group's specialists. Its investment process therefore reflects the above sectoral exclusions and the ESG criteria that, together with credit ratings, serve as guidance for selecting, holding in portfolio, or excluding securities. All securities held in the portfolio are subject to ESG filters using the Amundi methodology and/or third party ESG information (such as from Sustainalytics).

In line with the above companies, Komerční pojišťovna excludes any new investments for issuers whose ESG rating is F or G based on Amundi's ESG rating methodology; in respect of its investment in bonds and direct equity investments, Komerční pojišťovna does not allow investment in the above sectors.

Komerční pojišťovna recognises the importance of the sustainability issues. In this context it has set a target for its investment policy as follows: in its GIR portfolio (guaranteed fund) it wants to have more than 75% of investments aligned with E or S rating and sustainable investments should account for more than 15%. Another target is that the average ESG rating of the GIR portfolio be not lower than D under Amundi's ESG rating methodology.

The portfolio, and the process for monitoring its quality, includes regular screenings for assessing the portfolio, which consist of the regular monitoring of the various issuers' ratings and watching the factors that might result in its impairment, and also assessment of the portfolio's quality against the ESG criteria (monitoring

the various issuers' ESG ratings) based on Amundi's ESG methodology.

Additional information about ESG assessment and criteria is contained in Amundi ESG Statement posted at [www.amundi.cz](http://www.amundi.cz) and in the Statement on the Principal Adverse Impacts on Sustainability for 2022 at [address](#). On its website, Komerční pojišťovna transparently posts information concerning sustainability in the financial sector. It has pledged to follow all Société Générale Group standards in environmental and social risk management and respect for and promotion of human rights.

### Social sustainability

Komerční pojišťovna is involved in major and smaller charitable and socially beneficial activities. **It contributes to non-profit organisations** and holds **charity breakfasts and Charity Days** (i.e. volunteer days when every employee can take a paid day off to support an activity of their choice); nor does it forget about their colleagues and therefore provides the maximum support to **diversity and work-life balance**.

In social help, Komerční pojišťovna works with several organisations on a long-term basis. In cooperation with **KB Foundation** it contributed **CZK 750,000 to Liga otevřených mužů (The Open Men League)** for its *Patron* project. The objective is to help young men aged 17 to 21 who grow up in substitute care institutions to integrate within society, including job acquisition and retention. **CZK 250,000** went to **ADRA, o.p.s.** for volunteering in foster families.

On their volunteer days, Komerční pojišťovna's employees helped at the Prague - Malá Chuchle zoological corner, at the Kamýk zoological corner, at the ForDogs rescue and at the Wheelchair Sports Club. In May, Komerční pojišťovna first joined the nationwide Cancer Day fundraising drive organised by Liga proti rakovině (Cancer





League). In the offices of the Prague-Stodůlky building, the employees were selling *calendula officinalis* flowers and raised a handsome CZK 20,462.

The proceeds from the **charity breakfast** went to support the **Ambulance of Fulfilled Wishes** project of the Rescue Service of the Association of Samaritans of the Czech Republic; the employees donated a record amount of **CZK 22,919** and Komerční pojišťovna topped it up to whole **CZK 50,000**.

Our employees also regularly join the traditional blood giving event organised by Komerční banka and other activities organised by KB Foundation. In cooperation with the Central Bohemian Region's Rescue Service we trained almost 60 employees in a **basic first aid course**. The employees learned the key rules for providing first aid, including practical exercises, and could try and use an AED (automated external defibrillator).

As part of climate protection, November saw an interactive **training course on climate change, called the Climate Fresk Workshop**, at Komerční pojišťovna. The purpose was to clarify **how the climate change affects our planet and how we ourselves can help in this respect**.

In employee care, we also accommodate the needs and latest **trends in work-life balance**. **Teleworking, smart office**, and part-time employment are very natural for us and we also offer flexible distribution of working hours. We do our best to support **diversity** in teams. In 2023, Komerční pojišťovna employed 60% women and their share in managerial positions was 43%.

In 2023, Komerční pojišťovna continued in its successful tradition and for the tenth time was awarded in *Hospodářské noviny's* competition *The Best Bank* and *The Best Insurance Company*, which evaluates a large amount of statistical data on the offering, standard of services,

and financial results. In 2023, it won the **first place in *The Best Life Insurer 2023* category and second place in *The Most Client Friendly Life Insurer 2023* category**, again confirming its consolidated position in the Czech insurance market.

### Products

In 2023, Komerční pojišťovna intensively worked with its existing products to make sure that they were comparable with competitors' offer in the insurance market and covered its clients' risks and needs as best as possible.

To support Komerční banka's distribution network, marketing campaigns were run. The *Month of Insurance* campaign was running from April to June and in October and November 2023. In the springtime campaign, the MojeJistota term assurance policy offered clients doubled benefits in the case of serious illnesses and the MojePojištění property insurance policy an up to 30% discount on the premiums. In the autumn campaign, the special offer of the MojePojištění policy was adjusted. Komerční pojišťovna will not require the deductible for the first claim from clients who took out this policy during the campaign. In 2023, Komerční pojišťovna also supported sales of its children's term assurance policies through offering double benefits in the event of the insured child's hospitalisation.

In non-life products, before the beginning of the summer season Komerční pojišťovna launched a new, and unique in many respects, short-term travel insurance product called MojeCestování. Compared with the travel insurance offered until then, the coverage was extended to include three packages: Mini, Komplet, and Excelent, with higher settlement limits (for medical outlays up to CZK 250 million, for liability up to CZK 20 million) and additional new risks insured and broadened assistance services. An absolutely unique product is a rider covering risky sports, whereby each of the insured persons can elect whether

or not they want to have extra cover for these sports and for what days. This 100% online product has been developed in-house in a new digital innovation platform (JAVA) and has been built completely on API services in the agile mode.

In respect of unit-linked life policies, Komerční pojišťovna focused on expanding the range of the funds offered as part of the Vital Invest unit-linked policies. In 2023, it presented additional secured funds: Stabilita 3, Stabilita 4 and Stabilita 5.

In May 2023, Komerční pojišťovna took over the Mutumutu life policy that rewards its clients for a healthy lifestyle. Mutumutu was launched in 2018 as an exclusive Komerční pojišťovna product distributed exclusively by Mutumutu s.r.o. as a tied agent. Now, Komerční pojišťovna is fully responsible for its distribution, management, claim settlement, customer care, and marketing communication.



### Risk management

**Komerční pojišťovna's investment policy also entails an aspect of environmental and social risk management. Socially responsible investing is at the forefront of its interest.**







## Profile of this Report

Komerční banka has been publishing its sustainability report since 2015. The 2017 report was the first report compiled under the Act on Accounting. The 2019 report was the first to use the GRI indicators, and for 2020 we also worked with SDGs and extended the GRI indicators to include the financial sector (FS). The report for 2023 was prepared in accordance with the revised GRI standards (2021), under which we have been reporting since 2021.

Since 2022, this Sustainability Report has been consolidated at the KB Group level. The purpose of consolidating our non-financial disclosures is to enhance the transparency of KB Group's activities and to provide the audiences with a more comprehensive picture of our sustainability endeavours. This Report for 2023 discloses indicators that illustrate the economic, social and environmental impacts directly caused by our business activities. KB Group also contributes to some impacts through its financing or its supply chain. The relevant chapters describe our approach to managing those.

In relation to the topics that we regard as material for us and our stakeholders, we continuously enhance the comprehensive nature of the content of these Reports. For 2023, we do not report any new indicators but have improved data collection and consolidation across and for KB Group. We continue

to show the human rights indicators 408-1, 409-1, 411-1 and 412-1, 2, 3 in order to fully cover those topics, which are important for our stakeholders; nevertheless, from the perspective of the nature of KB Group's business, they do not constitute any risk and are provided for in the Czech Republic's legal and ethics frameworks.

This Report reflects the alignment of our methodology for calculating the equal pay gap with that of our parent Société Générale. Further to this alignment, we have also adjusted the data for preceding years. The methodology change is described in more detail in Remuneration in the chapter on Social Sustainability. As regards the carbon footprint indicators, in the preceding Reports we disclosed the audited results of measurement, which, however, related to the year before the reported year. Newly in this Report, we disclose the calculation of the carbon footprint already for 2023, i.e. the current reporting period rather than with a one-year lag. However, the calculation of the carbon footprint for 2023 was completed just before the release of this Report, which prevented us from auditing the calculation before the release. The audited results will be posted somewhat later at [website](#).

As in the case of KB Group's annual financial report, our Reports are released on an annual basis for the

past calendar year. The preceding Sustainability Report was released in March 2023. Following the development of mandatory reporting under the CSRD Directive, we seek a better incorporation into this Report of non-financial information about KB's subsidiaries. The management approach and the indicators described in this non-financial report concern KB Group.

This Sustainability Report has not been audited by an independent auditor, since we are not subject to the obligation of external audit. An independent auditor audits KB Annual Financial Report, from which some disclosures contained herein have been accepted. Further to the tightening regulation, we envisage the auditing of our non-financial disclosures by an external auditor going forward.

We also report selected non-financial indicators contained herein to our parent company for their consolidation in the [report of Société Générale](#), where they are subject to external audit at SG Group.

This non-financial report has been compiled within KB's Brand Strategy and Communication in close cooperation with other parts of the bank. In the case of interest please feel free to mail us at [udrzitelnost@kb.cz](mailto:udrzitelnost@kb.cz).



# GRI Index

Sustainability Report 2022 ([download here](#))  
KB Annual Financial Report 2023 ([download here](#))  
Annual report SG 2023 ([download here](#))



Statement of use  
GRI 1 used  
Applicable GRI Sector Standard(s)

Komerční banka a.s. has prepared a consolidated report in accordance with the GRI Standards for the period 1 January 2023 - 31 December 2023.  
GRI 1: Foundation 2021  
N/A. Until the new Sector Standard is available, the GRI G4 Sector Disclosures for Financial Services are used in the report.

GRI Standard	Disclosure Name	Location of Disclosure (AFR - Annual Financial Report, NFR – Non-Financial Report)
GENERAL DISCLOSURES (GRI 2: General Disclosures 2021)		
2-1	Organizational details	NFR - Profile of this report, front page
2-2	Entities included in the organization’s sustainability reporting	NFR - Profile of this report + NFR Introduction - KB Group
2-3	Reporting period, frequency and contact point	NFR - Profile of this report
2-4	Restatements of information	NFR - Profile of this report
2-5	External assurance	NFR - Profile of this report
2-6	Activities, value chain, and other business relationships	NFR - Introduction - KB Group + NFR Governance (Relations with suppliers, and the supplier chain) + NFR - Governance (Implementation of sustainability principles in sourcing) + NFR Sustainable financing + AFR - Business model and client service organisation
2-7	Employees	NFR - Social sustainability
2-8	Workers who are not employees	NFR - Social sustainability ( <a href="#">page 47</a> )
2-9	Governance structure and composition	NFR - Strategic Approach to Sustainability (Governance at KB Group) + NFR Governance + AFR Corporate Governance Statement (Composition of the Board of Directors in 2023, Composition of the Supervisory Board, Organisational Chart of Komerční banka)
2-10	Nomination and selection of the highest governance body	AFR - Corporate Governance Statement
2-11	Chair of the highest governance body	AFR - Composition of the Board of Directors in 2023
2-12	Role of the highest governance body in overseeing the management of impacts	NFR - Strategic Approach to Sustainability (Governance at KB Group) + AFR Activity Report of the Board of Directors
2-13	Delegation of responsibility for managing impacts	NFR - Strategic Approach to Sustainability (Governance at KB Group), AFR Committees Established by the Board of Directors
2-14	Role of the highest governance body in sustainability reporting	NFR - Strategic Approach to Sustainability (Governance at KB Group)
2-15	Conflicts of interest	AFR - Corporate Governance Statement
2-16	Communication of critical concerns	AFR - Activity Report of the Board of Directors
2-17	Collective knowledge of the highest governance body	AFR - Board of Directors + AFR Supervisory Board
2-18	Evaluation of the performance of the highest governance body	NFR - Social sustainability (Remuneration) + NFR Strategic approach to sustainability (Governance at KB Group) + <a href="#">Report of Remuneration</a>
2-19	Remuneration policies	NFR - Social sustainability (Remuneration) + <a href="#">Report of Remuneration</a>
2-20	Process to determine remuneration	NFR - Social sustainability (Remuneration) + <a href="#">Report of Remuneration</a>
2-21	Annual total compensation ratio	We regard this information as confidential and hence we do not disclose it





2-22	Statement on sustainable development strategy	NFR - Introductory words + NFR Strategic approach to sustainability
2-23	Policy commitments	NFR - Governance (Rules of Conduct + Code of Conduct + the Commitments to SG's and KB's external initiatives table) + AFR Report of the Supervisory Board
2-24	Embedding policy commitments	NFR - Governance (Relations to suppliers and the supply chain + the Commitments to SG's and KB's external initiatives table)
2-25	Processes to remediate negative impacts	NFR - Social sustainability (Complaints + Ombudsman ) + NFR Governance (AML), terrorism financing, and circumvention of international sanctions
2-26	Mechanisms for seeking advice and raising concerns	NFR - Governance (Proactive identification and notification of potential risks, whistleblowing)
2-27	Compliance with laws and regulations	NFR - Governance (Protection of competition) + AFR Compliance risk + AFR Legislation
2-28	Membership associations	NFR - Annex
2-29	Approach to stakeholder engagement	NFR - Strategic Approach to Sustainability (Engagement with stakeholders)
2-30	Collective bargaining agreements	NFR - Social sustainability (Right to information and social bargaining)
<b>MATERIAL TOPICS</b> (GRI 3: Material Topics 2021)		
3-1	Process to determine material topics	NFR - Strategic Approach to Sustainability (Determining topic materiality)
3-2	List of material topics	NFR - Strategic Approach to Sustainability (Engagement with stakeholders + table + Materiality analysis outcome in 2023)
3-3	Management of material topics	NFR - Strategic Approach to Sustainability (Determining topic materiality) + NFR Environmental Sustainability + NFR Social Sustainability + NFR Governance + NFR Sustainable financing
<b>ECONOMIC</b> (GRI 200)		
<b>ECONOMIC PERFORMANCE</b> (GRI 201: ECONOMIC PERFORMANCE 2016)		
201-1	Direct economic value generated and distributed	AFR - Financial Performance + AFR Survey of Results 2019–2023 + AFR Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the year ended 31 December 2023
201-2	Financial implications and other risks and opportunities due to climate change	NFR - Strategic Approach to Sustainability (Our approach to climate change) + NFR Sustainable financing (Methodology for monitoring and measuring clients' transaction sustainability)
<b>MARKET PRESENCE</b> (GRI 202: Market Presence 2016)		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	NFR - Social sustainability (Remuneration)
202-2	Proportion of senior management hired from the local community	At the first and second management level, KB has 91% of employees from the Czech Republic.
<b>INDIRECT ECONOMIC IMPACTS</b> (GRI 203: Indirect Economic Impacts 2016)		
203-1	Infrastructure investments and services supported	NFR - Sustainable financing (Investment loans with a positive environmental or social impact)
203-2	Significant indirect economic impacts	NFR - Sustainable financing (Investment loans with a positive environmental or social impact) + NFR KB Foundation
<b>PROCUREMENT PRACTICES</b> (GRI 204: Procurement Practices 2016)		
204-1	Proportion of spending on local suppliers	NFR - Governance (Relations with suppliers, and the supply chain)





<b>ANTI-CORRUPTION MEASURES</b> (GRI 205: Anti-corruption 2016)		
205-1	Operations assessed for risks related to corruption	NFR - Governance (Anti-corruption measures)
205-2	Communication and training about anti-corruption policies and procedures	NFR - Governance (Code of Conduct) + NFR Governance (Employee training)
205-3	Confirmed incidents of corruption and actions taken	NFR - Governance (Anti-corruption measures)
<b>ANTI-COMPETITIVE BEHAVIOUR</b> (GRI 206: Anti-competitive Behavior 2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	NFR - Governance (Protection of competition)
<b>ENVIRONMENT</b> (GRI 300)		
<b>ENERGY</b> (GRI 302: Energy 2016)		
302-1	Energy consumption within the organization	NFR - Environmental sustainability (Energy consumption and production). KB monitors and reports energy consumption in kWh.
302-3	Energy intensity	NFR - Environmental sustainability (Energy consumption and production)
302-4	Reduction of energy consumption	NFR - Environmental sustainability (Energy consumption and production)
<b>WATER</b> (GRI 303: Water and Effluents 2018)		
303-3	Water withdrawal	NFR - Environmental sustainability (Water consumption, the energy consumption table) + We take drinking water from the public supply network through third parties. This water does not come from areas affected by drought.
303-5	Water consumption	NFR - Environmental sustainability (Water consumption). In our case, water consumed equals water taken.
<b>EMISSIONS</b> (GRI 305: Emissions 2016)		
305-1	Direct (Scope 1) GHG emissions	NFR - Environmental sustainability (Carbon footprint)
305-2	Energy indirect (Scope 2) GHG emissions	NFR - Environmental sustainability (Carbon footprint)
305-3	Other indirect (Scope 3) GHG emissions	NFR - Environmental sustainability (Carbon footprint)
305-4	GHG emissions intensity	NFR - Environmental sustainability (Carbon footprint)
305-5	Reduction of GHG emissions	NFR - Environmental sustainability (Carbon footprint)
<b>WASTE</b> (GRI 306: Waste 2020)		
306-1	Waste generation and significant waste-related impacts	NFR - Environmental sustainability (Waste management)
306-2	Management of significant waste-related impacts	NFR - Environmental sustainability (Waste management)
306-3	Waste generated	NFR - Environmental sustainability (Waste management)
<b>SUPPLIER ASSESSMENT IN TERMS OF ENVIRONMENTAL IMPACTS</b> (GRI 308: Supplier Environmental Assessment 2016)		
308	Management approach	NFR - Governance (Relations with suppliers, and the supply chain) + NFR Governance (Implementation of sustainability principles in sourcing)





SOCIAL (GRI 400)		
<b>EMPLOYMENT</b> (GRI 401: Employment 2016)		
401-1	New employee hires and employee turnover	NFR - Social sustainability ( <a href="#">page 62, 63</a> )
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	NFR - Social sustainability (Remuneration, including - employee benefits)
401-3	Parental leave	NFR - Social sustainability ( <a href="#">page 54</a> )
<b>LABOUR / MANAGEMENT RELATIONS</b> (GRI 402: Labor/Management Relations 2016)		
402-1	Minimum notice periods regarding operational changes	NFR - Social sustainability (Right to information and social bargaining)
<b>OCCUPATIONAL HEALTH AND SAFETY</b> (GRI 403: Occupational Health and Safety 2018)		
403-1	Occupational health and safety management system	NFR - Social sustainability (Occupational health and safety and working conditions)
403-2	Hazard identification, risk assessment, and incident investigation	NFR - Social sustainability (Occupational health and safety and working conditions)
403-3	Occupational health services	NFR - Social sustainability (Occupational health and safety and working conditions)
403-4	Worker participation, consultation, and communication on occupational health and safety	NFR - Social sustainability (Occupational health and safety and working conditions)
403-5	Worker training on occupational health and safety	NFR - Social sustainability (Occupational health and safety and working conditions)
403-6	Promotion of worker health	NFR - Social sustainability (Health promotion and support in hardship)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFR - Social sustainability (Occupational health and safety and working conditions)
403-8	Workers covered by an occupational health and safety management system	NFR - Social sustainability (Occupational health and safety and working conditions)
403-9	Work-related injuries	NFR - Social sustainability (Occupational health and safety and working conditions)
403-10	Work-related ill health	NFR - Social sustainability (Occupational health and safety and working conditions)
<b>TRAINING AND EDUCATION</b> (GRI 404: Training and Education 2016)		
404-1	Average hours of training per year per employee	NFR - Social sustainability (Employee training and development + table)
404-2	Programs for upgrading employee skills and transition assistance programs	NFR - Social sustainability (Employee training and development)
404-3	Percentage of employees receiving regular performance and career development reviews	NFR - Social sustainability (Performance evaluation and feedback)
<b>DIVERSITY AND EQUAL OPPORTUNITY</b> (GRI 405: Diversity and Equal Opportunity 2016)		
405-1	Diversity of governance bodies and employees	NFR - Social sustainability (Diversity and inclusion) + NFR Social sustainability ( <a href="#">page 57</a> )
405-2	Ratio of basic salary and remuneration of women to men	NFR - Social sustainability (Diversity and inclusion) + NFR Social sustainability (Remuneration)
<b>NON-DISCRIMINATION</b> (GRI 406: Non-discrimination 2016)		
406-1	Incidents of discrimination and corrective actions taken	NFR - Social sustainability (Prevention and sanctioning of any form of undesirable conduct)
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b> (GRI 407: Freedom of Association and Collective Bargaining 2016)		





407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk <b>CHILD LABOUR</b> (GRI 408: Child labor 2016)	KB does not have any such operations, i.e. no such risk can occur
408-1	Operations and suppliers at significant risk for incidents of child labor <b>FORCED OR COMPULSORY LABOUR</b> (GRI 409: Forced or compulsory labor 2016)	NFR - Governance (Relations with suppliers and the supply chain)
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor <b>SECURITY PRACTICES</b> (GRI 410: Security Practices 2016)	NFR - Governance (Relations with suppliers and the supply chain)
410-1	Security personnel trained in human rights policies or procedures <b>RIGHTS OF INDIGENOUS PEOPLE</b> (GRI 411: Rights of Indigenous People 2016)	NFR - Social sustainability (Employee training and development)
411-1	Incidents of violations involving rights of indigenous peoples <b>HUMAN RIGHTS</b> (GRI 412: Human Rights Assessment 2016)	NFR - Governance (Relations with suppliers and the supply chain)
412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights are governed by Czech law as such, and therefore, human rights cannot be violated owing to the very substance of the functioning of the State; i.e., we have no such operations, there is no need for specific training in this area, and there is no need for contracts and agreements to be assessed from this point of view
412-2	Employee training on human rights policies or procedures	Human rights are governed by Czech law as such, and therefore, human rights cannot be violated owing to the very substance of the functioning of the State; i.e., we have no such operations, there is no need for specific training in this area, and there is no need for contracts and agreements to be assessed from this point of view
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human rights are governed by Czech law as such, and therefore, human rights cannot be violated owing to the very substance of the functioning of the State; i.e., we have no such operations, there is no need for specific training in this area, and there is no need for contracts and agreements to be assessed from this point of view
413-1	<b>LOCAL COMMUNITIES</b> (GRI 413: Local Communities 2016) Operations with local community engagement, impact assessments, and development programs	KB does not have any such operations
413-2	Operations with significant actual and potential negative impacts on local communities	KB does not have any such operations
414	<b>SUPPLIER ASSESSMENT IN TERMS OF SOCIAL IMPACTS</b> (GRI 414: Supplier Social Assessment 2016) Management approach	NFR - Governance (Relations with suppliers, and the supply chain) + NFR Governance (Implementation of sustainability principles in sourcing)
415-1	<b>POLITICAL CONTRIBUTIONS</b> (GRI 415: Political Contributions 2016) Political contributions	NFR - Governance (Interest representation)
416-1	<b>CUSTOMER HEALTH AND SAFETY</b> (GRI 416: Customer Health and Safety 2016) 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</b> (GRI 417: Marketing and Labeling 2016)		
417-1	Requirements for product and service information and labeling	NFR - Social sustainability (Complaints)
417-2	Incidents of non-compliance concerning product and service information and labeling	NFR - Social sustainability (Client data security)
417-3	Incidents of non-compliance concerning marketing communications	NFR - Social sustainability (Complaints)
<b>CUSTOMER PRIVACY</b> (GRI 418: Customer Privacy 2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	NFR - Social sustainability (Complaints) + NFR Social sustainability (Client data security)
<b>ADDITIONAL SECTOR DISCLOSURES: FINANCIAL SERVICES</b> (G4 Sector disclosure: Financial Services)		
FS1	Policies with specific environmental and social components applied to business lines	NFR - Governance (Environmental and social risk management)
FS2	Procedures for assessing and screening environmental and social risks in business lines	NFR - Sustainable financing (Methodology for monitoring and measuring clients' transaction sustainability) + NFR Sustainable financing (System for assessing environmental and social risks in corporate banking)
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	NFR - Sustainable financing (System for assessing environmental and social risks in corporate banking)
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	NFR - Sustainable financing (Improving staff competency to implement the environmental and social policies)
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	NFR - Governance (Relations with suppliers, and the supply chain) + NFR Governance (Regulation in financial services)
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	NFR - Sustainable financing (Investment loans with a positive environmental or social impact)
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	NFR - Sustainable financing (Investment loans with a positive environmental or social impact)
FS14	Initiatives to improve access to financial services for disadvantaged people	NFR - Social sustainability (Service accessibility for disadvantaged people)
FS16	Initiatives to enhance financial literacy by type of beneficiary	NFR - Social sustainability (Financial education and literacy)

AFR – Annual Financial Report, NFR – Non-Financial Report





## Annex: Membership of organisations

### KB

Alliance for Emission-free Future  
American Chamber of Commerce in the Slovak Republic  
Association of Chartered Certified Accountants (ACCA)  
Association for Energy Storage and Batteries  
Association for Electronic Commerce (APEK)  
Czech Capital Market Association (AKAT)  
Association for Property Market Development  
Association of Social Responsibility  
Association of Business Service Leaders in the Czech Republic  
Association of Certified Fraud Examiners (ACFE)  
Business for Society  
CGI - Corporate Governance Institute  
Circular Slovakia  
COGEN Czech  
Comite National des conseillers du commerce exterieur de la France (CNCCEF)  
CZ Biom, Czech Biomass Association  
Czech Institute of Directors  
Czech Banking Association (ČBA)  
Czech Compliance Association  
Czech Management Association  
Business Council for Sustainable Development (CBCSD)  
Czech-German Chamber of Trade and Industry  
Czech Institute of Internal Auditors (ČIIA)  
European Banking Federation (Payment System Committee)  
French-Czech Chamber of Commerce in the Czech Republic  
French-Slovak Chamber of Commerce in Slovakia (FSOK)  
Netherlands-Slovakia Chamber of Commerce (HOK)  
Czech Chamber of Commerce  
INCIEN (Institute of Circular Economy)  
International Swap and Derivatives Association (ISDA)  
Japanese Chamber of Commerce and Industry in the Czech Republic  
CFO Club  
Chamber of Certified Accountants  
Chamber of Tax Advisors of the Czech Republic  
Korean Chamber of Commerce in the Czech Republic  
Marketing Institute (MKTi)  
MasterCard International (MCI)  
Mountfield HK Business Club  
SWIFT Members National Association in Slovakia

National Committee of the International Chamber of Commerce in the Czech Republic (ICC)  
Odyssea  
People Management Forum  
PMF - HR FORUM  
Financial Distress Advisory Centre  
Czech Advertising Standards Council  
Bank Card Association (SBK)  
COMMON Czech Republic association  
Slovak Compliance Circle (SCC)  
Slovak Banking Association  
Slovak-German Chamber of Trade and Industry (DSIHK)  
Czech-Chinese Chamber of Mutual Cooperation  
Society for Worldwide Interbank Financial Telecommunication (SWIFT)  
Solar Association  
Union of Banks and Insurance Companies  
The Czech Private Equity and Venture Capital Association (CVCA)  
The Financial Markets Association of the Czech Republic (A.C.I.) – Forex Club  
Turnaround Management Association, Czech Republic  
Visa Europe, Czech Republic and Slovakia

### MPSS

The Association of Czech Building Societies

### SGEF

Slovak Association of Lease Companies  
Czech Lease and Financial Association  
French-Czech Chamber of Commerce

### Factoring KB

Association of Factoring Companies in the Czech Republic  
Czech Lease and Financial Association  
Factors Chain International (FCI)

### KB Penzijní společnost

Association of Pension Companies

### ESSOX

SOLUS  
Czech Lease and Financial Association

Note: When we are deciding on joining an organisation we also take into account whether and how the organisation treats the ESG issue. KB is a member of organisations with which we share the same values in sustainable development.