

PRINCIPLES OF SUSTAINABLE AND RESPONSIBLE BUSINESS OF THE ČSOB GROUP

1. VISION AND VALUES

The ČSOB Group, as part of the KBC Financial Group, is a member of the UN Global Compact platform, which operates under the auspices of the United Nations. As part of its business, the ČSOB Group strives to consistently fulfill its core values in the areas of human rights, working conditions, the environment and anti-corruption behavior.

Our key company values are RESPONSIBILITY, RESPECT and RESULT DRIVEN towards needs of our society and are transformed into a business model:

- The client and his needs always come first in everything we do.
- We offer clients a unique experience in using our bancassurance services.
- We strive for the long-term development of our company and thus pursue to achieve sustainable and profitable growth.
- We take responsibility towards society seriously.

We believe that a business strategy based on consideration as well as fairness is essential for building and maintaining trust in our company and helps us become a "reference" in domestic markets.

2. CORPORATE SUSTAINABILITY STRATEGY

For us, sustainability means that we are able to respond to the expectations of all stakeholders, not only today, but also in the future. The basic conditions for sustainability are financial stability and prudent risk management, thanks to which we are able to meet all our obligations.

As a financial institution, we are an important driver of the real economy. By contributing to economic prosperity, i.e. by offering loans, insurance and asset management, we can manage the social and environmental impact of our operations and make a significant contribution to achieving positive results. In implementing our sustainability strategy, we focus on local communities and the economy. We are aware of the impact of our operations on society and we respond to societal needs and expectations in a balanced, relevant and transparent manner.

We have aligned our sustainability strategy with the UN Sustainable Development Goals (SDG) objectives of 2015 and are implementing it through three basic positions:

- Reducing the negative impact on society by strictly adhering to binding policies and regulations in the areas of respect for human rights, environmental protection, promoting business ethics and addressing controversial societal issues, as well as reducing our own

carbon footprint (within the KBC Group of which we are a part we have committed to reducing GHG emissions by 80 % by 2030) or by offering socially responsible investments.

- Increasing the positive impact on society in areas where we can contribute to improvement through our day-to-day activities. We actively respond to societal needs and offer added value through a range of activities thematically divided into four strategic pillars, i.e. For Longevity, For Business, For Education and For Nature.
- Responsible behavior towards employees and stimulating their own responsible behavior. We offer our employees the opportunity to use their talent and experience and thus find their preferable way in a rapidly changing world.

3. RESPONSIBLE BEHAVIOR AND BUSINESS ETHICS

In carrying out our activities, we not only respect laws and regulations, but also impose other restrictions and rules, especially with regard to ethical behavior, openness, transparency, discretion and privacy - see [ČSOB Sustainability and Responsibility Policy](#).

4. SUSTAINABLE BUSINESS

We are aware that climate change is one of the greatest global challenges for the 21st century. That is why, as part of our environmental responsibility, we have taken a number of other measures to create a healthier environment and slow down the pace of global warming by moving to a low-carbon economy.

The ČSOB Group will continue to actively support the creation of energy from renewable sources, safe mobility, the circular economy, etc. On the other hand, we have tightened the conditions for business transactions regarding the principles of sustainable business.

5. UPDATED TERMS AND CONDITIONS FOR COMMERCIAL TRANSACTIONS

Absolute ban on cooperation

The ČSOB Group will not conduct any business transactions with companies involved in controversial activities (e.g. nuclear weapons, cluster bombs and biological or chemical weapons) and listed on the so-called KBC blacklist as the worst global offenders according to the UN.

Human rights

The ČSOB Group ensures respect for human rights in the sense of the UN Universal Declaration of Human Rights.

Controversial regimes

The ČSOB Group will not engage in financial activities with regimes (governments, public authorities, central banks, state-owned banks and state-owned enterprises) that fundamentally violate human rights, lack any form of good governance, the rule of law or economic freedom and are reflected in high levels of corruption and bribery. The only exception is humanitarian goods.

Energy

The energy sector is crucial for the transition to a low-carbon economy, but will face major challenges in this regard, such as securing energy supplies in the face of growing demand and further increasing the share of renewable energy. To achieve this goal, the ČSOB Group:

- supports renewable energy sources (hydro, solar and wind).
- consider funding for biomass and biofuels only under strict conditions, including careful consideration of environmental impacts.
- re-evaluates activities in the energy sector that no longer wants to support through loans, insurance or advisory. It takes into account the characteristics of available energy sources (especially their environmental acceptability), technological possibilities and limitations, expected market trends and local specifics.

Production of energy from coal, including coal mining

In general, the ČSOB Group does not want to participate in the financing, insurance or provision of consulting services in the area of coal electricity generation, district heating and coal mining.

Therefore, the ČSOB Group will not support direct financing of any coal-related activities, apart from energy transition projects, if these are existing customers whose production capacity for coal-fired power generation exceeds the 25% threshold and whose projects are part of a strategic credible energy transition plan.

The ČSOB Group will not provide direct financing for new projects to produce electricity and district heating; from end of 2021, ČSOB will not provide financing, insurance and consultancy for energy companies that have their activities based on the production of energy from coal.

Oil and gas

The ČSOB Group will continue to finance, insure or provide consulting services related to oil and gas activities in compliance with the conditions of sustainability and environmental protection.

Nuclear energy

The ČSOB Group will under strict conditions continue to finance, insure or provide consulting services to companies engaged in activities related to the production of nuclear energy under strict conditions, including compliance with the IAEA Nuclear Safety Action Plan and the new EURATOM safety directive.

Arms industry

The ČSOB Group is very reluctant to engage in any type of activities related to weapons and armaments. However, given the importance of the arms industry in the field of defense and security, it allows, under strict conditions, the possibility of transactions:

- arms-related activities (development, production, sale, maintenance of weapons) can be financed to a limited extent;
- Funded weapons must be delivered exclusively to NATO armies or NATO / OECD / EU police forces or their equivalents.
- no deliveries to countries under UN, EU or US embargo or to non-governmental armed groups without UN, EU or US support.

Controversial weapons

For the ČSOB Group, the following are considered to be controversial weapon systems:

- Weapon systems that are prohibited by international (and national) law.
- Weapon systems for which there is a broad consensus that they should be banned.

These systems include:

- nuclear weapons prohibited by the 2017 UN Treaty on the Prohibition of Nuclear Weapons.
- cluster bombs and ammunition, chemical or biological weapons and anti-personnel mines (including Claymore mines).
- Weapons containing depleted uranium or white phosphorus (used in incendiary munitions and weapons).

Companies that are assessed as participating in the production and / or development of controversial weapons are blacklisted by the KBC Group.

Project financing with respect to equatorial principles

The ČSOB Group does not provide financial or advisory services to projects for which the client is unwilling or unable to adhere to the so-called equator principles:

- Convention on Cluster Munitions.
- Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (Organization for the Prohibition of Chemical Weapons) and the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological Substances (Biological) and Toxin Weapons and on Their Destruction (UN Office for Disarmament Affairs).
- Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction.

Other socially sensitive sectors

The ČSOB Group has also set restrictions for other socially sensitive industries, such as:

- Growing, manufacturing, processing or marketing of addictive and intoxicating crops / products or their essential parts

The negative effects that the use of addictive and intoxicating products has on our health and the environment cannot be denied. In accordance with this, the ČSOB Group applies a strict policy of excluding the tobacco industry from its lending, insurance and investment activities. Alcoholic products are not covered by this policy.

- Gambling activities (including sports and online gambling)
- Animal welfare

The ČSOB Group undertakes to ensure that its clients comply with the relevant national and international legal regulations and best practices so as not to damage the health of animals during their breeding, sale and transport.

- Production of palm oil or soybeans
- Mining

The extractive industries face various environmental, social and administrative risks, which should be balanced against the economic potential of the sector. Therefore, the ČSOB Group expects that clients involved in mining activities will take these risks into account in their operations and work in accordance with relevant international, regional and national laws, regulations and permits (health and safety, land use, ecosystems, waste).

- Deforestation

Due to concerns about the environmental impact of logging and raw lumber production, the ČSOB Group is willing to consider financing the following activities:

o within domestic markets, if they comply with the rules laid down in European, national or local legislation;

o outside domestic markets if they comply with the rules set by the Forest Stewardship Council (FSC) or the Forest Certification Approval Program (PEFC).

- Prevent land and involuntary resettlement of indigenous peoples

Due to concerns about the environment and social impacts, especially on the rights of indigenous peoples and the protection of cultural heritage, the ČSOB Group is willing to consider financing such a land acquisition only if it complies with "free and prior informed consent". This restriction only applies to projects involving the acquisition of land with an area of more than 1000 ha outside the OECD and the EU.

- Prostitution

The ČSOB Group does not finance any activities related to prostitution.

STAKEHOLDER INVOLVEMENT

In order to know which areas to focus on, what the society considers important and how we can meet its expectations, we have an open and transparent dialogue with all relevant partners. We regularly conduct surveys, publish the results of our activities in the Annual Report of the ČSOB Group, the Corporate Social Responsibility and Sustainability Report of the ČSOB Group, manage the CSR e-mail box, the company's website and social networks that are suitable for this purpose.