



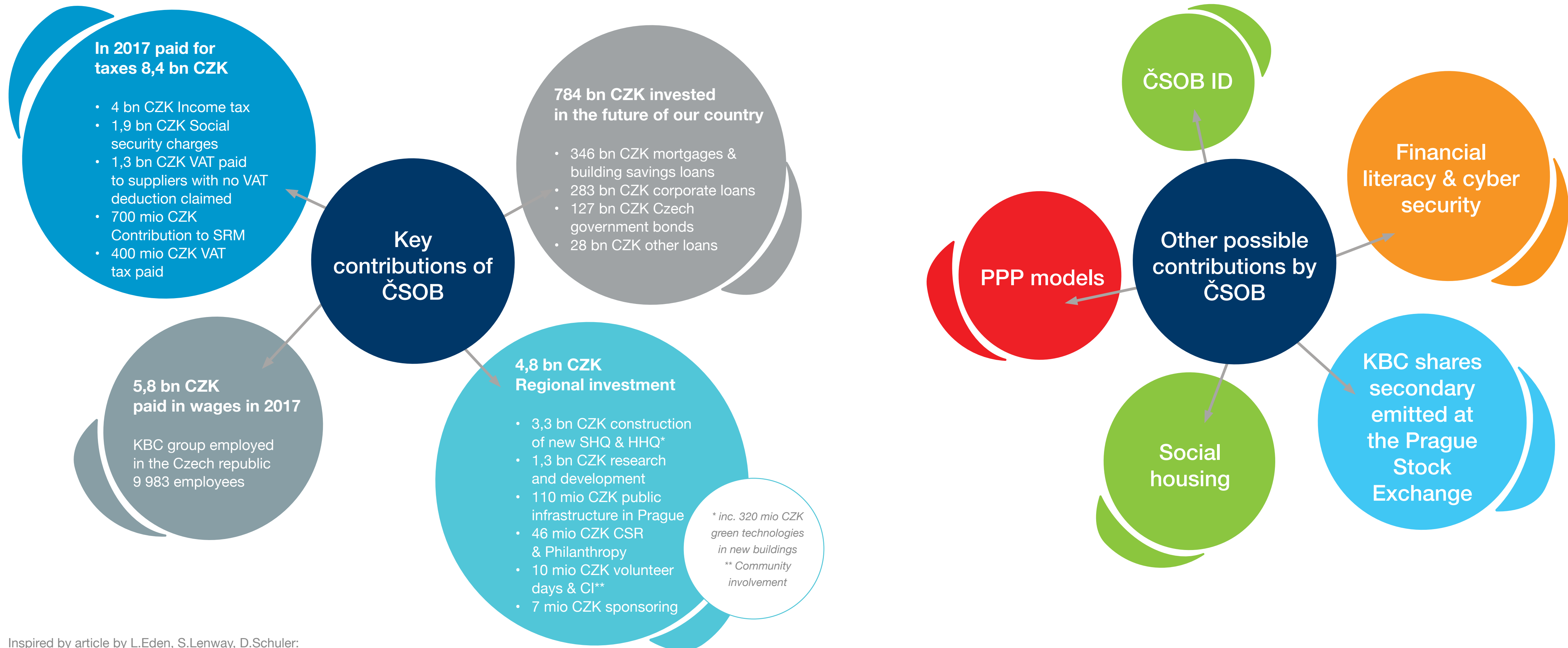
Corporate Sustainability & Responsibility Review 2018, Plans for 2019

Board of Directors session 19 December, 2018
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pro lidi*

For Board discussion #1 - broader view on CSR: What can ČSOB offer to the Czech state?



Inspired by article by L.Eden, S.Lenway, D.Schuler:
"From the obsolescing bargain to the political bargaining model"

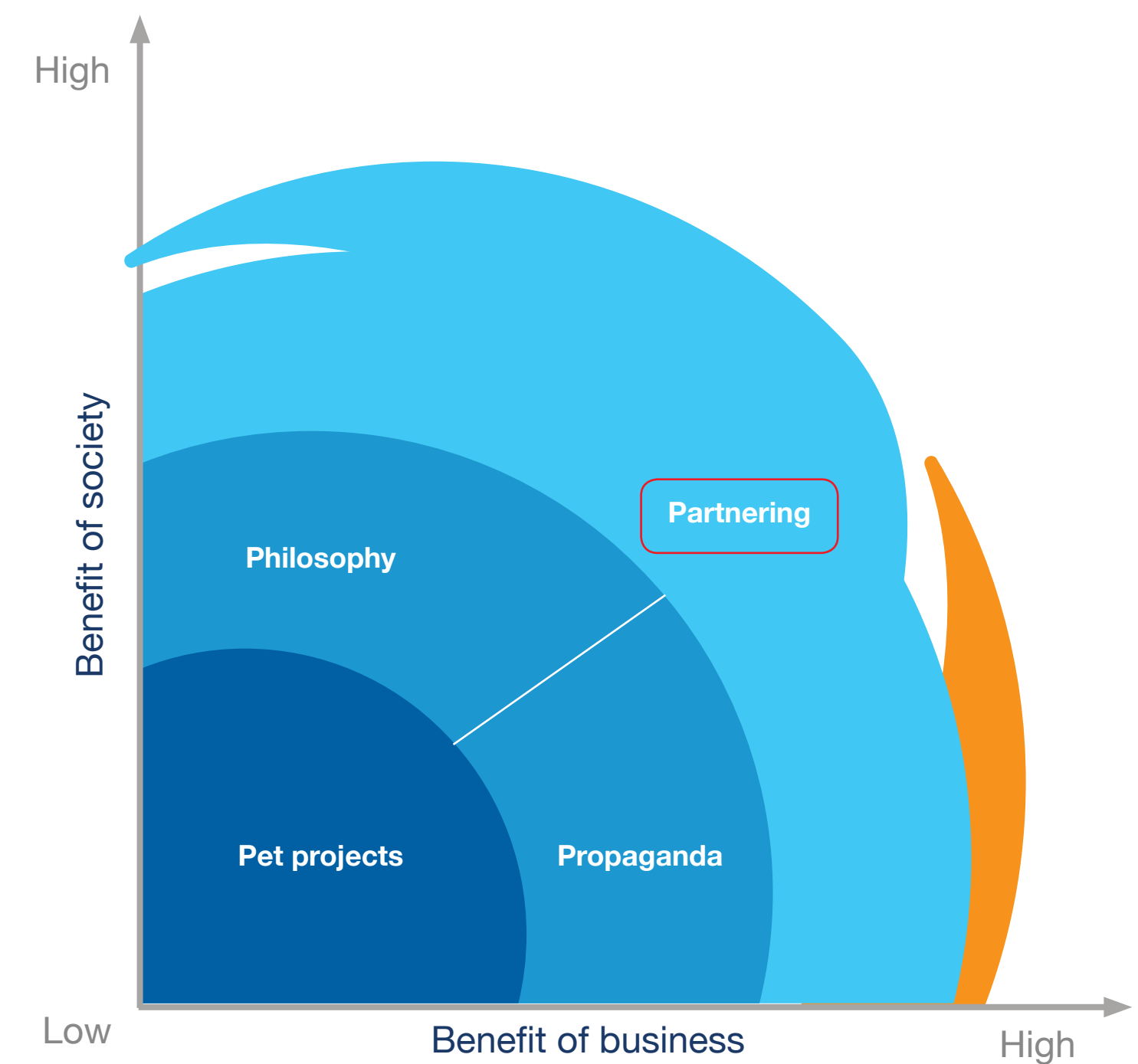
For Board discussion #2 - standard view on CSR: How can ČSOB support the Czech society (beyond its core business)



OUR CSR AMBITION

Long-term cooperation with few respected partners (preferably CSR partners being also our clients), 1-2 partners in each area, with the goal to make a positive impact on society

- A** Existing partnerships linked to 4 focus domains:
- **Cooperation with regions** – Forum dárců (Czech Donors Forum)
 - **Advisory for debtors** – Association of financial advisory centres (poradny při finanční tísní), Člověk v tísní
 - **Financial literacy** – Ministry of Education (to be confirmed), regional Science centres
 - **Longevity** – Sue Ryder
- B** New topics – how to approach them, who to partner with (NGOs, competitors, state agencies)?
- **Cyber security** – linked to financial literacy, build on sector approach through the ČBA, develop and promote ČSOB ID
 - **How to prepare for new CSR regulation** – threat (reporting burden - Sustainable Finance, reducing playing field for business), opportunity (CSOB Advisory)
 - **Environment** – what to do/not to do beyond CSR policy? How to strengthen SRI investments? How to incorporate support for renewable energy into credit policy?



Source: McKinsey

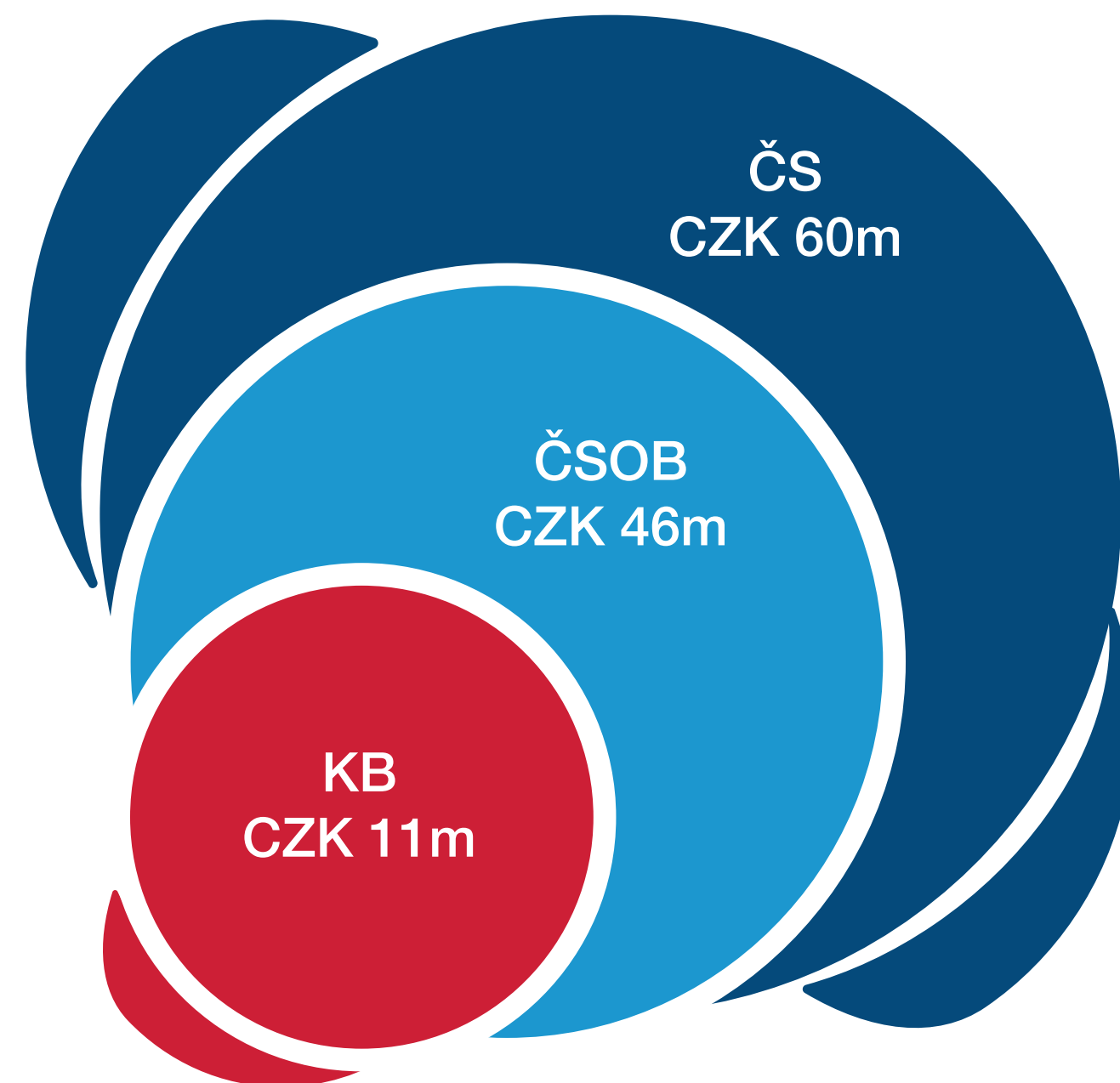
ANNEX



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ČSOB and CSR: Did you know that ...?

ČSOB spends in 2018 on CSR activities **CZK 46m** (of which CZK 12M on four focus domains), which is **0.26%** of ČSOB profit in 2017, which mirrors overall position of ČSOB in the banking market. Our CSR budget in 2019 remains the same.



ČSOB – full CSR budget, ČS and KB: only their endowments, they could spend other budgets on CSR activities.

ČSOB won 4 CSR awards in 2018

TOP zodpovědná firma : 4 awards among large companies:

- Silver medal for sustainable business



- Bronze medal for diversity (Program 55+)



- Silver medal for environment

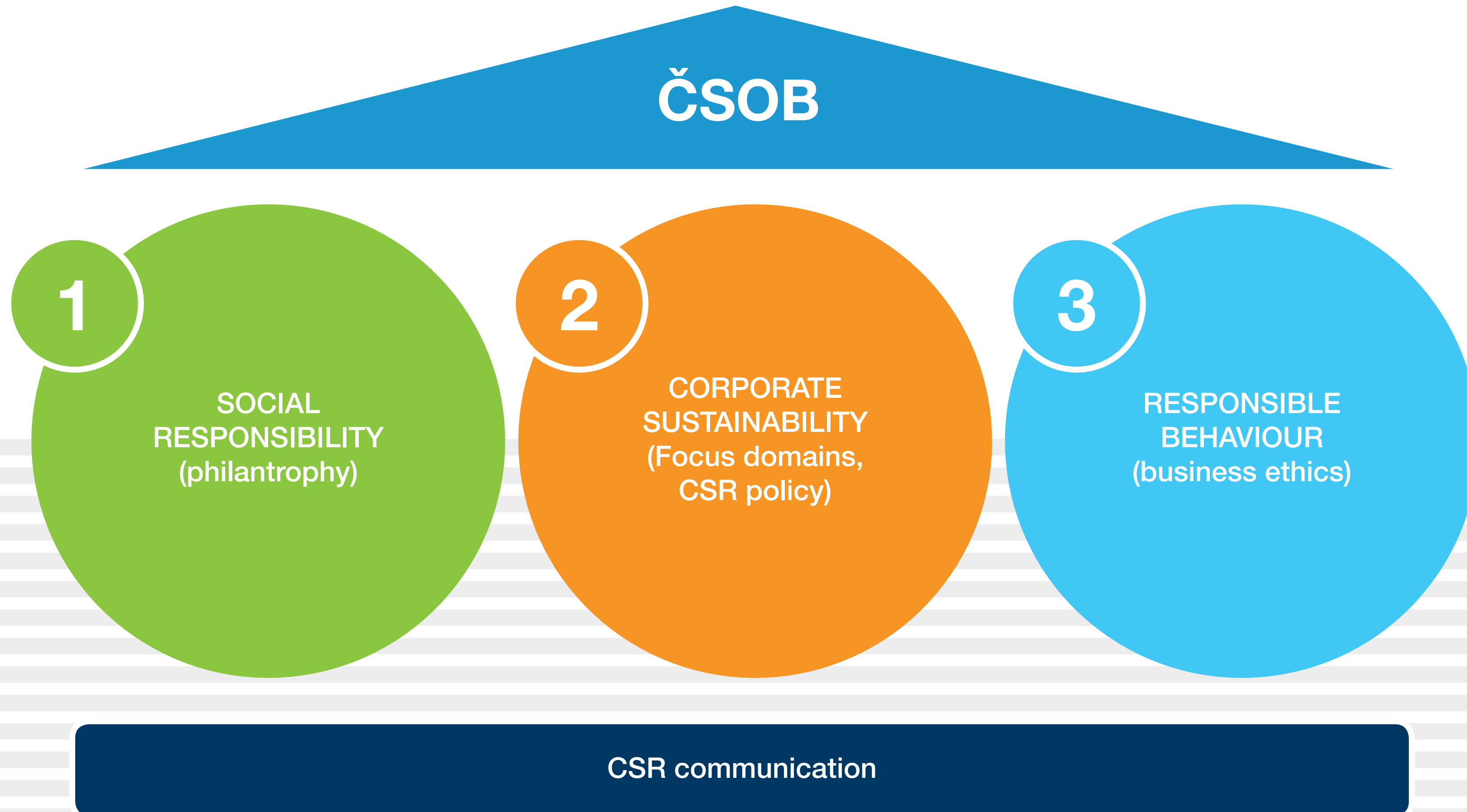


- Bronze medal for reporting (CSR 2017)



Czech Donors Forum : 3rd place for reporting (Annual report 2017)

Three key areas of CSR activities, supported by CSR communication



CSR Communication



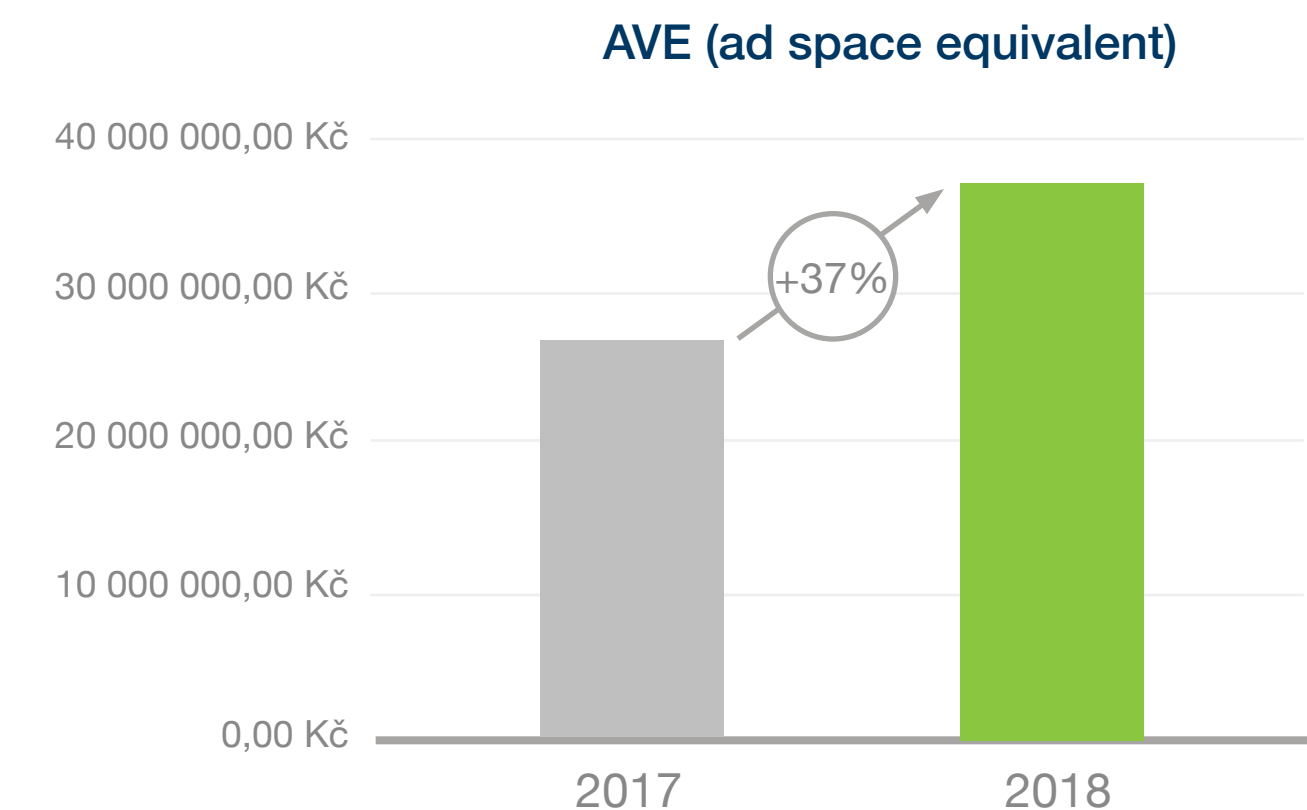
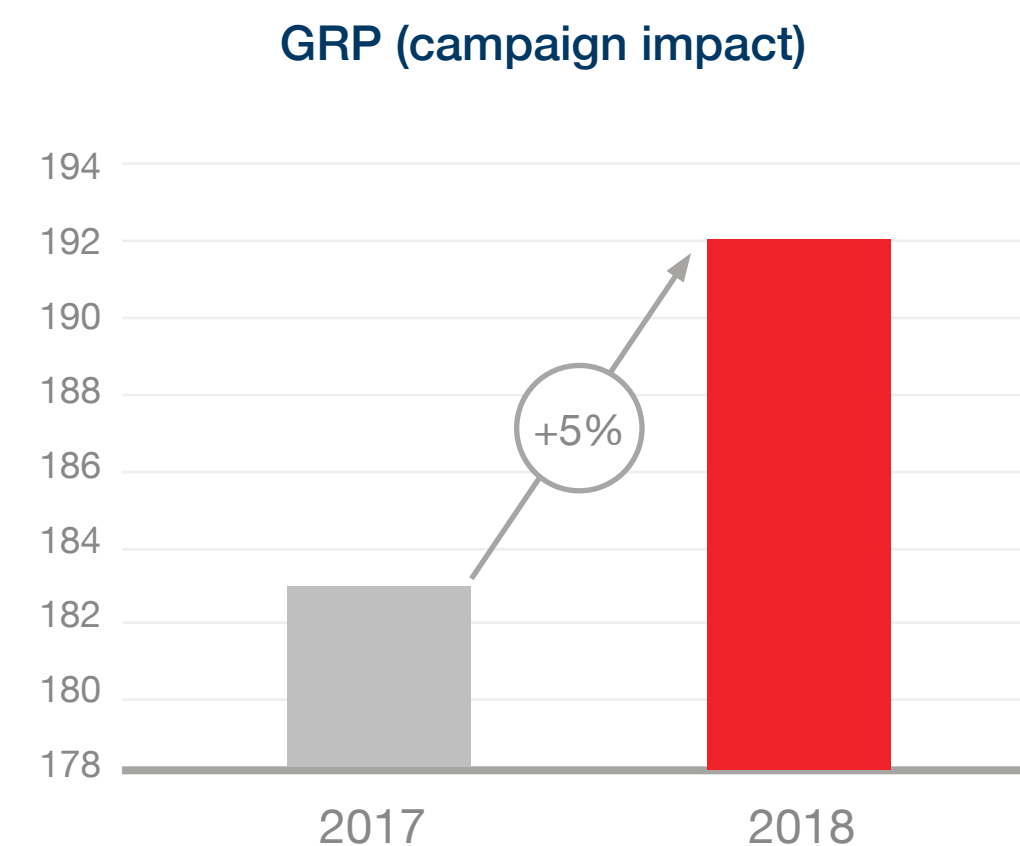
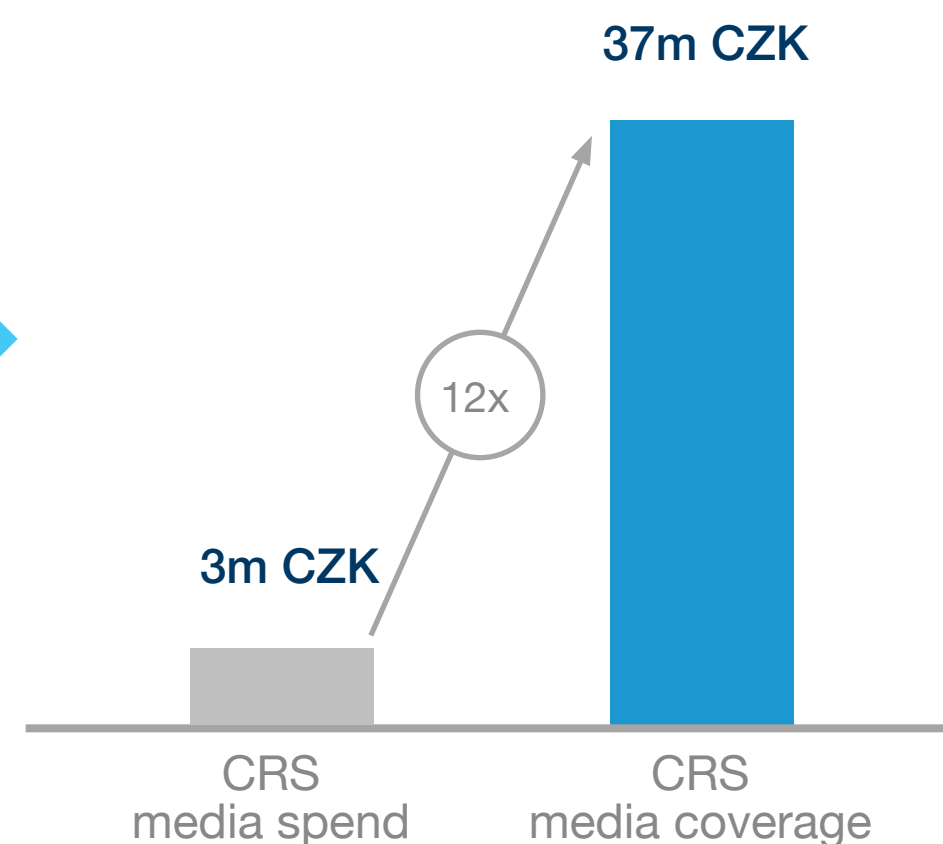
Increased CSR communication in 2018 contributes to positive image of ČSOB

External

- Usage of regional and social media, meetings with journalists
- Topics: longevity (SueRyder), financial literacy in schools, philanthropy ('ČSOB helps regions'), new restriction on financing of coal sector, new ČSOB Campus

Internal

- Internal campaign on CSR activities
- Team Blue challenges, volunteer days, employee expert volunteerism (ambassadors for financial literacy)
- Seminar for employees on sandwich generation and care for elderly (with Sue Ryder)



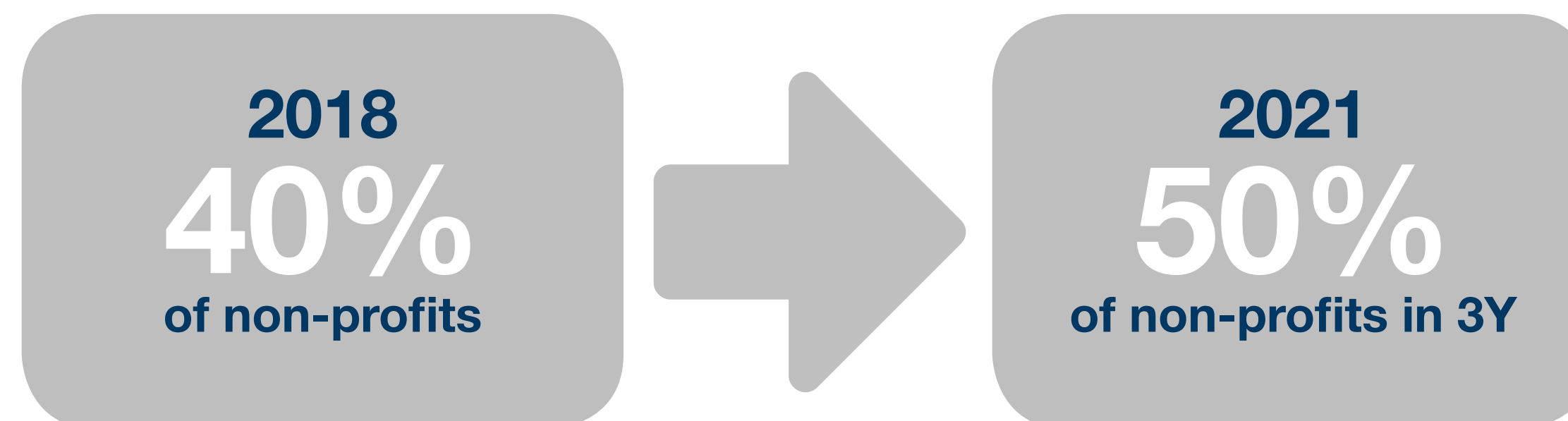
1 Social Responsibility

Philanthropy, Ambition



CSOB aims to strengthen our leadership in:

- Solutions for non-profit organisations (+ become their main bank)
- Solutions for individual fundraising



What we have

- Payment gateway (needs constant upgrading)
- Terminal for donors (new, unique)

What we need (gap)

- Transparent account (Fio has it)
- Payment cards enabling donations to charities / non-profits

1 Social Responsibility

Philanthropy 2018/2019



Activities in 2018

- Reviewed key partnerships (remove duplicities – one key partner per area: financial literacy and handicapped areas – deaf, blind and paraplegics)
- Same budget on philanthropy, but reallocated among selected partners
- Linked philanthropy activities closer to the four Focus domains
- Solutions for non-profit sector: launched terminal for donors, aligned pricing / fees for all non-profits, asked all partners to transfer their payments to CSOB
- Solutions for handicapped: helpline for deaf clients extended to the client centre
- New communication campaign

2018 in numbers

- Employee engagement:
 - **1.600 employees participated in volunteer days** (cca **20% of employee base**, YoY increase by **42%**)
 - Matching Fund (fundraising by employees matched by the bank)
 - Support Fund (for people in need recommended by employees)
- **CSOB Helps Regions: CZK 14 mil. fundraised in regions** through CSOB grant programs, CSOB added another CZK 16 mil.
- **16.000 people in financial distress** were helped through Association of financial advisory centres (Poradny při finanční tísni)
- **20.000 children** helped by the help line Linka Bezpečí (out of 100.000 calls/year)

Plans for 2019

1. Re-set cooperation with **reviewed portfolio of partners**
2. **CSOB Helps Regions** – expand in regions, new media partners (Czech Radio, Radio Impuls)
3. Launch **transparent account** (to close the gap for serving non-profits) and **payment cards enabling donations** to charities / non-profits
4. Promote **expert volunteerism** among employees (financial & cyber literacy, Start It @ CSOB)



2 Corporate Sustainability

Sustainability policy restrictions on business

2018 ► Modification of the KBC Sustainability policy

- Two areas:
 - 1- Update of coal threshold for integrated energy companies (further specification of the Czech coal exception)
 - 2- Extension of scope of CSR policies to advisory services
- Agreed based on a dialogue between Group & CSOB CSR and CSOB Corporate. Approved by the CSOB Board on 21/11 and by GEXCO
- Dilemmas: inherent conflict sustainability vs. business needs



2019 ► New challenges – expected for review

Gas energy ►



Nuclear energy ►



Gambling ►



2 Corporate Sustainability

Focus domains: Mid-term ambition



Entrepreneurship

PROGRAM FOR STARTING ENTREPRENEURS

- **Become a reference in support for starting entrepreneurs, built around new FOP strategy**
- Metrics:
 - Nr. of companies in Bus. Academy
 - Nr. of companies using portal for entrepreneurs

START IT @ CSOB

- **Become a leading Czech incubator for start-ups**
- Metrics:
 - Total nr. of start-ups in program
 - Nr. of successful start-ups



Environment & Energy

- **Leading provider of green financing in CR**
- Metrics:
 - Increase share of renewables on our total financed energy portfolio to x%
 - Impact of our green solutions (total energy saved by clients, etc.)
 - Nr. of companies using our green programs
 - Total volume of green financing / grants



Financial Literacy

- **The best financial literacy program for children and students in CR**
- Metrics:
 - Total nr. of participating schools, teachers and trained children
 - Measurable impact on trained children ??
 - Employee engagement – nr. of ambassadors
- Extend scope to cyber security
- Etend to the Czech post employees
- Extend target group to senior citizens



Longevity

- **Become a reference in support and solutions for elderly & handicapped and their families**
- Metrics:
 - Nr. of visitors to the website „Do not get lost in old age“
 - Nr.of requests, activities



2 Corporate Sustainability

Focus domains: Action plans 2018/2019

New in 2019



Entrepreneurship

Roll-out accelerator **Start It @ CSOB.**

- 20 start-ups (2 waves: 10 start-ups in 1Q and 10 in 3Q)

Advisory for starting entrepreneurs:

- Promote web portal „Guide for Entrepreneurs“ (launched in 09/2018) – regulatory news, tools, interviews, webinars
- Launch **Business Academy**

Launch the Czech version of start-up accelerator **Start It @ CSOB.**

- Project team and premises ready, enroll employees as expert mentors, pilot with 3 start-ups
- Advisory for starting entrepreneurs:
- Launched **web portal „Guide for Entrepreneurs“**
- New product for starting companies based on subsidized payments.



Environment

- **Advisory on energy efficiency projects** in order to secure co-funding from EU Structural funds.
- **Green grants** (subsidized energy audits): CZK 1 mio. to be signed in 2018, sign several CZK mio. in 2019
- Increase the **share of renewable projects financing** on total portfolio.
- Fully exploit newly signed exclusive partnership with the **Association of Modern Energy Industry.**

- Stricter coal policy for CR agreed with the Group CSR
- CSOB EU SMART ENERGY CREDIT: first tranche - EUR 18.5 mio. in COR and EUR 1 mln in SME. The second tranche of the same amount is pre-approved with EIB.
- Green Grants program for subsidizing fees for energy audit was piloted at cca 10 companies



Financial Literacy

- Reach in total **more schools (~250) and pupils (~20ths.), involve more employees (~400)**
- Start cooperation with the Ministry of Education: obtain certification to **train the teachers**
- Extend the program to the **Czech Post employees**
- **Extend the scope** of lectures from financial literacy **to cyber security**

- Program extended to 170 schools and 14.000 pupils, involved 350 employees / ambassadors and 50% of branches.
- Launched cooperation with regional Science Centres. Prepared 4 new animated videos in cooperation with NGO „Advisory for financial distress“.
- Started discussion with the Ministry of Education and the Czech Post.



Longevity

- Focus on advice and services for elderly people and their children (sandwich generation) – aligned around **web portal ‘Don’t get lost in old age‘.** Counselling for CSOB and Czech Post employees. Involve CSOB subsidiaries.
- Promote support **services for handicapped clients:** eScribe and VoiceBanking.

- Cooperation with Sue Ryder on web portal “Don’t get lost in old age”
- New bank account for elderly and disabled people (now used by 280 ths elderly and 21 ths disabled)
- New onboarding process for clients 58+
- Extended section for elderly clients on the the PSB website
- New product Voicebanking for blind prepared; launch in 1Q/2019

2019

2018

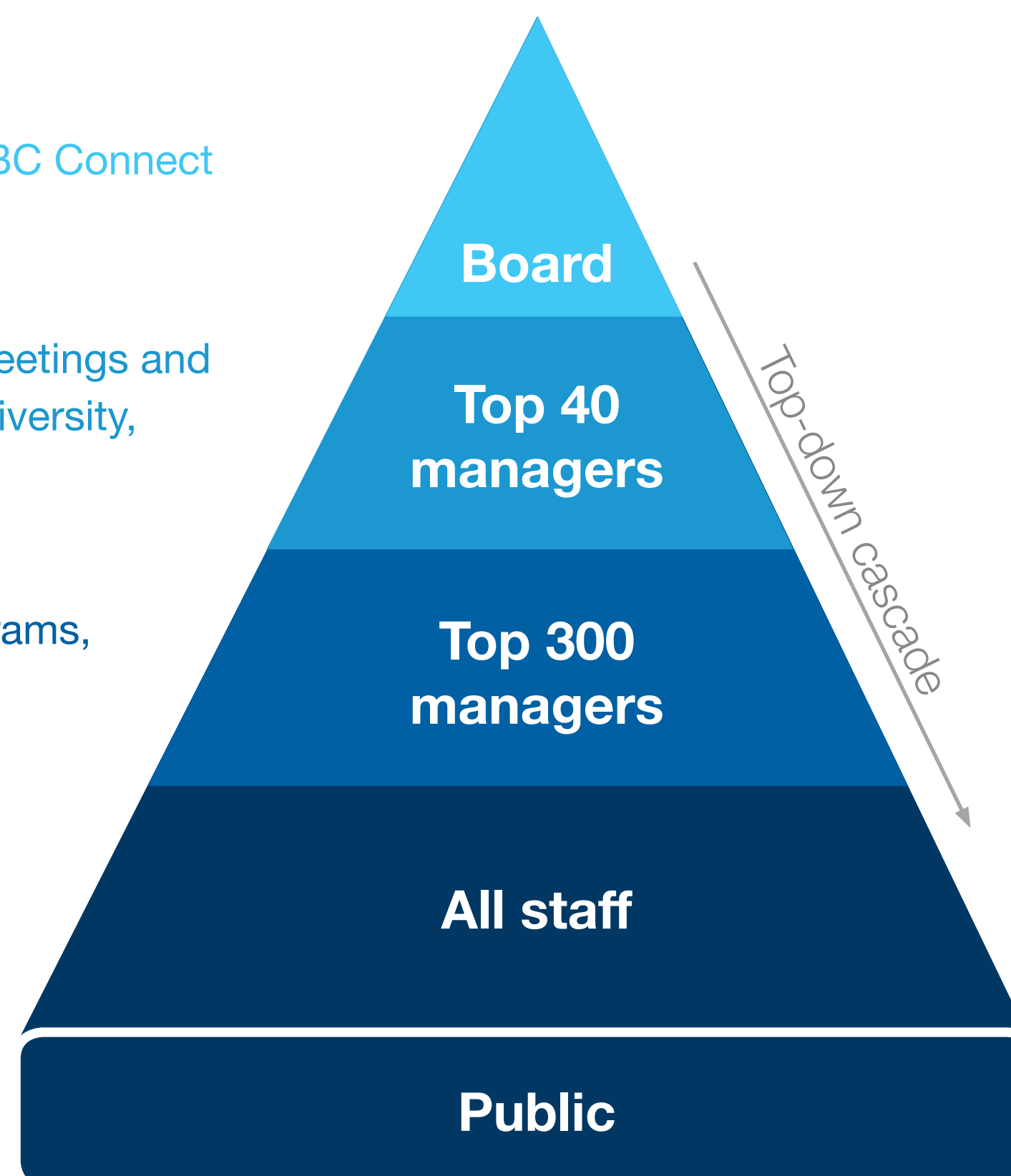
3 Responsible Behaviour

We aim to raise awareness and incorporate regular discussion on RB dilemmas into corporate culture



► Communication cascade

- BoD discussion on dilemmas, KBC Connect
- Top40 sessions, management meetings and development programs, KBC University, KBC Connect
- Management development programs, KBC University, KBC Connect
- Magazine e-PERLA, blogs on intranet, e-learning, local CSR web
- Annual report, CSR report to society



► Regular discussion on dilemmas

Process

- Discussions organized by all managers
- Process coordinated by CSR unit
- The most important dilemmas submitted to the BoD and shared across the company

Approach

- Asses potential impact on different stakeholders
- Take into account potential future interpretations
- Go beyond legal interpretation and formal compliance

