



Sustainability Report

January 2024



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“We take the winning of the Euromoney Award for a message that the ESG topics, which are embedded in our Bank-wide strategy, as well as the specific action we are taking in this area have the right direction. We make a difference in that ESG is not a mere marketing acronym to us, but a value anchor across the Bank. We will continue to adhere to these principles in line with our commitment to building a society that is sustainable and yet socially responsible in the widest possible context.”

Andrej Zafko
CEO of 365.bank

Euromoney Awards for Excellence: Best ESG Bank 2023

365.bank won the Best ESG Bank in Slovakia award in 2023 in the Euromoney Awards for Excellence international banking competition. The jury praised its ecological services and products, such as plastic-free account or eco-friendly mortgage loan, but also the “mobile first” principle aiming to minimise the carbon footprint and the use of paper and plastics, which the Bank has been promoting since its establishment. The experts also appreciated the Bank’s action towards achieving carbon neutrality by the end of 2025 as well as several CSR projects to reduce or recycle plastics. The committee also gave recognition to the Bank’s active approach to and education on gender equality and support for inclusion and diversity, which the Bank sealed by signing the Pontis Foundation Charter. The committee was also impressed by the wide range of ESG projects.

Let's talk about responsibility



The times we live in are full of everyday challenges stemming from an overflow of information and differences in priorities, claims, analyses and opinions that make it sometimes difficult to recognise true and real values. And to act correctly on their basis.

That's why we need to stop for a moment at this point and think about what is really important in order for us, as well as the generations to come, to live a quality life. We are talking not only about clean air, gurgling streams and singing birds, but also about decent relations between people, about respect and tolerance. If we want to remove toxicity from the world around us, it is not enough to rely on governments and international programmes: every individual and every institution, however small, has the power to make a difference.

And whoever has power also has responsibility.

Responsibility towards the natural and cultural heritage, responsibility for the presence and responsibility for a quality life of our children.

Historically, in addition to their financial function, financial institutions with their economic strength and involvement in happenings in the society also have the role of a bearer of ethical and socially significant values. We are actively committed to this responsibility.

Let's be responsible 365 days, this year and every year to come.

Zuzana Žemlová
Member of the Board
365.bank

Most importantly, we wish to translate ESG values into our business rather than merely manifesting them through marketing communication. This is why we at 365 have set for ourselves a very ambitious plan to achieve carbon neutrality by 2025. But this would not be attainable without us having the values of sustainability in our DNA and paying attention to them in our every activity. That's why we keep sustainability in mind even when designing our products and services. In addition to placing us the first in the market, our product digitalisation has since the beginning also had an environmental dimension.

Digital on-boarding for an account or loan minimises the need to visit branches, thus reducing the carbon footprint of our clients. So does the prioritisation of cashless operations. Our digital card is a full-fledged payment card which eliminates both the need for holding a plastic card and a fee. Even its virtual design was developed by recycling existing older designs to save the digital footprint. We don't subscribe to a philosophy of turning environmentally friendly services into premium ones. We take just the opposite approach: we aim to make them available to as many clients as possible and motivate our clients to use them, including by offering them free of charge.

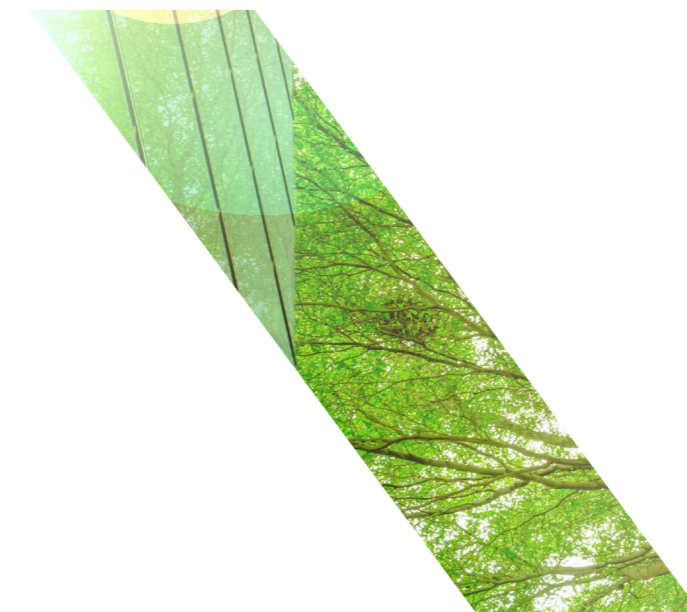
Support for meaningful activities in society is a matter of course to us. As an example of our efforts in this context, we implemented the "We Sit Well with Ecology" project in which payment cards and other plastics were recycled and turned into fashionable eco-friendly benches that we placed in school campuses all over Slovakia.

We also engage in communicating sustainability topics to our clients and to the general public to not only educate them, but, above all, inspire them to a more circular behaviour. We highlight in our campaigns the need for recycling, upcycling, responsible shopping, and an environmentally considerate approach in general. We regularly bring interesting surveys as well as practical hints. It is gratifying to see such posts among those most viewed. We participate in the organisation of swaps and inspire our employees to find new uses for things.

We also put an emphasis on responsible approach in marketing communication. We reduce paper consumption by minimising the production of marketing materials to the bare minimum. When planning our media mix, we give preference to digital formats. We constantly reduce the amount of advertising items and make sure that they are made with the use of ecological materials and offer a long life and high utility value for their users. When organising events for our employees, we prefer recyclable or compostable materials and pay attention to reasonable energy consumption and waste separation. We also consider the same criteria in the production of advertising spots and other formats. All this is among the reasons why we greatly appreciate the Euro-money award as Best ESG Bank 2023.

Tereza Molnár

Brand, Communications
and CX Executive Director



About this Report

This Sustainability Report of 365.bank (hereinafter “Report”) for the financial year 2023 summarises activities for the period from 1 January 2023 to 1 December 2023. Where relevant, appropriate and useful for comparison, information for the preceding financial year 2022 is also provided. Our Bank is referred to in this Report as “Bank” or “365.bank”. JTFG is a collective reference to the J&T Financial Group.

The Bank does not operate any foreign organisational unit and does not carry out banking operations outside the territory of the Slovak Republic.

This Report was prepared in accordance with the current standards of the Global Reporting Initiative (GRI 2021). In the future, the Bank intends to regularly publicly inform about its dedication in line with its commitment to compliance with the ten principles of the UN Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs). This Report and future editions will also serve as UNGC disclosures on progress towards the attainment of the Bank’s objectives. This Report provides a consistent, balanced and accurate representation of the key significant topics, action taken and results achieved during the reported period. Material topics were revised through internal consultations with the stakeholders, taking into account the employees’ perception and based on regular interactions with various JTFG functions. Stakeholders can contact esg@365.bank with any questions.

This Report was prepared by the responsible units under coordination by the ESG Steering Committee and was submitted to the Bank’s Board of Directors for approval.

The Report has not been assessed by an external auditor, nor has any third-party opinion been drawn up in respect of the Report.

The Report covers solely the Bank. The Bank’s subsidiaries are not included in the business information and descriptions, unless otherwise stated.

The Bank regularly reports data on sustainability for purposes other than this Report as follows:

- Disclosures required under Article 449a of Regulation (EU) 575/2013 (CRR), including the share of green assets, and other (Pillar 3) disclosures are made in a separate document on the Bank’s website on a semi-annual basis.
- Some basic ESG strategy performance disclosures are included in the Bank’s Annual Report.
- This Report is not in lieu of the reporting required under Act No 431/2002 on accounting, as amended, and the Bank fulfils its disclosure obligations under the Act through consolidated reporting by the parent company.

Vision, mission, objectives

The Bank’s **vision** in the sustainable development context is to rank among the financial sector’s inspirational leaders of support for the development of a sustainable economy and to become “the best version of itself”.

The Bank’s **mission**: “Sustainability is a business opportunity for us to help the stakeholders (clients, suppliers, shareholders, the public and the Government) to take part in the transformation into an environmentally considerate economy”.

ESG trends have increasingly been resonating among the professional and lay public around the world and the role of and preferences for environmentally and ethically relevant products are on the rise. Given their undoubted benefits, the importance of ESG criteria is gradually rising, not only for products, but also for counterparties and other entities cooperating with the Bank. These trends are gradually being incorporated into the Bank’s business objectives.

The **objectives** represent the Bank’s milestones in the pursuit of its vision which the Bank intends to fulfil, among other things, by constantly improving its policies for the management of financial risks arising from climate change, resource depletion, environmental degradation and social issues (prudent approach).

Strategic objectives for a horizon of 5 or more years:

- Embed sustainable goals in the Bank-wide “DNA”, i.e. ensure sustainable thinking and acting at every step, from the operation of buildings through a responsible conduct, business strategy and product design to risk management.

Medium-term objectives for a horizon of 3 to 5 years:

- Actively reduce CO2 emissions by increasing the use of renewable sources of electricity;
- Support, or co-finance, state investments in innovative technology and research projects

and projects that support sustainability goals;

- Invest in sustainable “green finance” projects to promote an efficient use of energy, renewable sources, energy saving, pollution reduction, low CO2 modes of transport, biodiversity loss limitation, etc.;
- Develop ESG risk calibration in relation to credit risk for both individuals and SMEs and develop more sophisticated sustainability assessment methods;
- Develop appropriate KPIs relevant to the measurement of climate and environmental risks and integrate them into the Bank’s risk appetite;
- Support more sustainable company management by making sustainability considerations a part of the employees’ awareness and of the corporate culture;
- Obtain an ESG rating;
- Promote electromobility (by purchasing hybrid or electric company vehicles).

Short-term objectives for a horizon of 1 to 2 years:

- Carry out the annual carbon footprint calculation for 365.bank according to the approved action plan to make sure that the Bank will not be leaving any permanent carbon footprint after 2025;
- Embed environmentally sustainable goals in the Bank’s business strategy, the design of products and cooperation with clients and suppliers;
- Identify the ESG factors for each type of risk and develop a strategy for their measurement and management and design quantitative metrics (KPIs) and their measurement and monitoring, including developing and maintaining emergency plans and continuity plans, testing their functionality and facilitating communication flows to ensure business continuity and minimise the negative impacts of ESG risks;
- Develop policies to measure ESG risks of the Bank’s corporate credit portfolio to en-

ble the sustainability assessment of assets within the different industries, and design an extension of the data base for this assessment (scope of required data, possible data sources);

- Determine in the Bank's information disclosure policy the main aspects to be considered in the Bank's materiality assessment of climate and environmental risks as well as the frequency and means of information disclosure;

- Develop the existing and initiate new eco-friendly projects at the Bank (digitalisation, transition to ecological and recycled consumables, support for afforestation, recycling of payment cards and the like);

- Implement awareness-building initiatives and motivate employees to think ecologically (eco-friendly commuting options, products from local sources, eco-friendly company vehicles and driving techniques, responsible approach to energy and waste).

Business strategy in the context of ESG

The Bank's business strategy is to constantly monitor and analyse global trends and the geopolitical situation to ensure that the Bank's strategy corresponds to the reality of the instantly changing surrounding world and its needs. The Bank prefers the ability to respond flexibly and evaluate trends and long-term changes over a rigid approach that may lead to a loss of performance or adherence to outdated trends.

The Bank has set for itself the goal of developing a business strategy for retail and corporate banking that will define not only environmental, but also social and managerial considerations relevant to the sustainability assessment of the Bank's clients' conduct, which the Bank expects to provide an insight into the impact of climatic and environmental risks on the business environment in which it operates so that it can make properly founded strategic and business decisions. The Bank, or the Bank Group has reflected its policy of prioritising environmental principles into a number of its products.

Retail

Digitalisation trend

The Bank sees the future in the digitalisation of banking services, which it considers a way to support sustainability. Therefore, the Bank endeavours to develop a range of products that

can to the widest possible extent be sold and serviced electronically, without the need to generate paper printouts. In line with this idea, more and more new clients are served electronically.

An eco-friendlier account

The trend of digitalisation of banking products is perhaps most obvious in the opening and use of personal accounts. The Bank supports the opening of an account electronically, without visiting a point of sale and without printing any paper documentation. This product is an important part of the Bank's support for environmental responsibility and the "paperless" banking concept.

More than 50% of newly opened accounts in 2023 were provided in electronic form. Compared to the preceding year, the proportion of newly opened accounts provided electronically increased, with a potential for further growth in the future.

Digital card

The ecological dimension of a digital account lies in the option to choose a digital payment card instead of a plastic one. Digital cards help to reduce the generation of plastic waste, as well as waste from papers accompanying the delivery of a card. Accounts with 365.bank are "paperless" and "plastic-free" thanks to the availability of digital cards and the possibility to execute common banking transactions

simply via a mobile app. The Bank's goal is to further encourage clients to use digital cards instead of plastic ones. One of the ways to support this idea is by offering advantageous products or concessional fees in connection with digital cards.

In this context, the Bank started to charge a zero fee for the issuance of a plastic card for the Account for Free product. In cases where, for various reasons, the client requests the issuance of another type of card in addition to the digital one, the Bank has extended the validity of the card from 3 to 5 years, which eventually reduces the amount of plastic waste produced. Further improvement options also include the use of alternative materials from which plastic cards are made, including recycled or more easily recyclable materials.

SMARTIE banking application for children

In 2022, the Bank launched a campaign to highlight the necessity of talking with children about money. This was a follow-up to the Bank's previous efforts to promote financial literacy aiming to support it by particular products. SMARTIE is the first mobile application with a payment card and bracelet for children to help to develop their active money-handling skills under the supervision of a parent and thus build their financial literacy. Schoolchildren' achieve only average results in this topic and SMARTIE is designed to help them to gain a better understanding of money.

Support for refugees from Ukraine

The Bank continued to develop the set strategy of operating a full-format retail Bank and was bringing solutions throughout the year to help not only its clients but also people fleeing the war. The Bank abolished fees for cash transfers to Ukraine as well as for cash withdrawals with Ukrainian payment cards in the 365.bank network of ATMs. It also introduced the SKPAY prepaid payment card.

Process digitalisation

The Bank sees the further digitalisation of processes connected with the use of a personal account as a means to drive a continued development of the environmental responsibility concept. Increasing the ratio of products opened and transactions processed in electronic form, without signing paper printouts, will further foster the idea of paperless banking.

Even when it is necessary to process a transaction directly at the point of sale, the use of the client's digital signature contributes to the reduction of paper printouts.

The Bank has for a long time been promoting the idea of paperless administration by preferring the delivery of bank statements by e-mail and by reducing the number of paper statements. The Bank will continue to develop this concept by motivating seniors to switching from paper statements to electronic statements delivered by e-mail.

Greener deposit products

The Bank also makes efforts to promote the awareness of the importance of investments in green technologies in the segment of deposit products. That's why it has the Kombi deposit product in its portfolio, which combines investing in a term deposit and in the Eko Fund.

Also, aiming to increase the share of deposit products opened without the need to sign printed paper contracts (signed digitally at a point of sale) and those opened online (on-boarding) without "papers".

Eco-friendly Loan

For consumer loans, the Bank sees a room for the promotion of environmental responsibility in providing concessional special-purpose loans for investments in economical eco-friendly solutions. In line with this, the Bank brought the Eco-friendly Loan to clients in 2023. This lending product is granted for the specific purpose of investing in some of the following areas: energy saving, ecological innovation or ecological transport. If the client documents the use of funds for a "green" investment within a designated period after the granting of the loan, the Bank is ready to grant a concession to the client in the form of a reduced interest rate.

The Eco-friendly Loan is currently provided through the branches of 365.bank. However, the Bank perceives that the topic of sustainability is of a growing importance to clients and, accordingly, it plans to make this unique product also available through other channels, including online. The goal of 365.bank is to grant 100 such loans to clients per month in the following years.

Paperless consumer credit

As one of the most important providers of consumer loans, the Bank is committed to supporting the idea of digitalisation and reduction of the unnecessary printing of documents in this area as well. To contribute to this, the Bank offers “paperless”, online consumer loans, which account for approximately 50% of all consumer loans. For loans processed at branches, an option is underway for clients to choose at their own discretion whether to receive the loan documentation in a paper form or electronically.

Participation in the Renovate Your House scheme

365.bank became a cooperating bank of the Renovate Your House scheme aimed at reducing the energy consumption of older houses. This means co-financing clients' family home renovation projects under the Recovery and Resilience Plan of the Slovak Republic.

The Bank also sees an opportunity for the future in the expanding list of companies that meet ESG criteria, or engage in the production of “eco-friendly” products. Working for such a company can be perceived as a manifestation of the employee's environmental responsibility, which can be appreciated by more favourable lending terms regardless of the purpose of the loan.

Eco-friendly Mortgage Loan

In 2021, 365.bank introduced the Eco-friendly Mortgage Loan, which emphasises the environmental responsibility in relation to the Bank's portfolio. Clients that plan to procure a new home or renovate an existing one, or refinance a housing loan are offered the opportunity to take out a concessional loan if the property has an A/A1/A0 energy certificate. The concession can take the form of a reduced interest rate or a waiver of the lending fee. The proportion of such loans reaches approximately 15%.

The Bank sees an opportunity for the further development of the Eco-friendly Mortgage Loan product in supporting investments in the renovation of a financed property directly from the provided loan. The goal is to raise clients' motivation to make investments that contribute to the improvement of the energy efficiency of the financed property. The client would thus be rewarded for greener housing not only at the time when obtaining the loan, but also

after an investment that, in addition to increasing the comfort of living, also has an ecological dimension.

Easier access to energy certificates

In order to simplify clients' access to energy certificates, which are necessary for an objective evaluation of their investment in a property, the Bank has established cooperation with one of the leading companies in the field of energy certification assessment of buildings. Thanks to this, clients can obtain an energy certificate under favourable conditions, which will help to eliminate a barrier to a wider use of energy certificates.

Digitalisation of mortgage loans

Mortgage loans as a lending product continued to reflect the sustainability and eco-friendliness consideration in banking services by becoming available in the digital environment. In 2021, 365.bank was the first to offer clients the possibility to apply for a mortgage loan via the mobile application or the internet banking service. Mortgage loans thus expanded the portfolio of digital products, which until now comprised a digital account with a digital card and a digital loan. In 2023, the Bank launched a broker portal for external partners, which makes it easy to apply for a mortgage loan without unnecessary visits to the Bank's branch. To support the “paperless” approach, the Bank is preparing further modifications of the process to promote the reduction of printing documents in the online application process.

Green bonds

As a follow-up implication of the retail strategy of offering more ecological mortgage loans, the Bank is prospectively considering an issue of so-called green bonds. A prerequisite for the issue is achieving a sufficient volume of the Eco-friendly Mortgage Loans. The Bank could then obtain concessional financing on the source side to finance ecological products.

An eco-friendlier consumer loan

For consumer loans, opportunities for promoting the environmental responsibility concept lie in special-purpose loans for investing in economical eco-friendly solutions. Examples may include purchase of household appliances with a higher energy rating, “green” renovation to achieve energy savings (e.g. replacement of windows, insulation of the facade of a



family home, installation of equipment such as a heat pump, biomass boiler, photovoltaic panels, recuperation, green roof, etc.), or switch to “green” transport in the form of a new or used electric car or hybrid vehicle, or an electric scooter or bicycle. In such cases, the Bank is ready to provide the client with a loan on more favourable conditions, such as a reduced interest rate.

The goal is to achieve, from a long-term perspective, an approximately 10% proportion of special-purpose eco-friendly consumer loans in all new consumer loans granted. This share will be updated according to the specific experience with the sale of this product.

The Bank also sees an opportunity in the expanding list of companies that meet ESG criteria, or engage in the production of “eco-friendly” products. Working for such a company can be perceived as a manifestation of the employee's environmental responsibility, which can be appreciated by more favourable lending terms regardless of the purpose of the loan.

Corporate

The ESG strategy for corporate business is designed in line with the Bank's long-term business strategy which aims to gradually reduce the corporate business over the upcoming years. Despite the fact that the Bank does not plan to introduce special new products in the corporate sector, it fully respects ESG sustainability factors in this business area. This means that the Bank will continue to always assess both existing and future new products against the ESG principles and does not plan to focus on any area or category of clients, industries, products, etc. that is in conflict with the principles of ESG strategy.

For financing, the Bank will prioritise companies doing business in the economic sectors preferred by the Bank and putting an emphasis on socially responsible, environmental and social management. The Bank will limit its exposure to sectors that harm the environment or the climate, and loans secured by energy-inefficient real estate.

In general, the Bank **does not support activities** that:

- (a) Have a harmful environmental impact;
- (b) Threaten public order and morality (operation of gaming machines and devices, casinos, brothels, etc.);
- (c) Are contrary to good moral standards;
- (d) Support terrorism;
- (e) Could raise a suspicion of or involve money-laundering banking transactions.

Accordingly, when evaluating the sustainability of its clients' conduct and making investment decisions, the Bank will take due regard of ESG factors already at the stage of considering the client's application for financing, as well as when setting the specific contractual terms of the client's particular financing.

The Bank **will support projects** aimed at:

- (a) Protection against environmental pollution (use and management of dangerous substances);
- (b) Reduction of municipal waste generation;
- (c) Support for the recycling of production and

construction waste and other types of waste as well as PET bottle recycling;

- (d) Support for eco-friendly transport modalities, including electromobility (e.g. purchase of means of transport with electric or hybrid drive; densification of the network of fast and ultra-fast charging stations; support for companies investing in the expansion of infrastructure; improvement of IT and technical capabilities, etc.);
- (e) Reduction of the energy demand of buildings, machines, vehicles, devices;
- (f) Development of green energy (support for new renewable natural resources);
- (g) Digitalisation (e.g. investment in artificial intelligence, cyber security and advanced digital skills);
- (h) Provision of safe working environment and promotion of health.

As a part of the fee charging policy, clients' positive ESG performance will be reflected in concessional fee rates granted on the basis of individually approved exceptions.

Key performance indicators 2024

Based on the Sector Risk Atlas published by Standard & Poor's Financial Services LLC, the Bank has defined for its financed corporate

clients an E (environmental) sector score scale of 1 to 6 (where 1 represents the lowest and 6 the highest E risk).

The individual exposures were weighted by the assigned score.

Environmental Risk Score	Bank's exposure*	Share of total exposure	Weighted environmental risk score value
1	70 637	11 %	—
2	117 562	18 %	—
3	416 741	63 %	—
4	16 253	2 %	—
5	26 058	4 %	—
6	13 738	2 %	—
Spolu	660 990	100 %	2,77

* In EUR thousand; the figure represents the value of loans granted to corporate clients and financed debt securities as of 31 December 2023 that have been assigned an environmental risk score. Source for the E risk score distribution: The ESG Risk Atlas: Sector and Regional Rationales and Scores, published on 22 July 2020 by the S&P Global Rating agency.

By the end of 2023, the weighted environmental risk score of the corporate portfolio is 2.77. The KPIs for the following years are set in ac-

cordance with the Bank's strategy, which aims to maintain the score below 2.7 and improve it to 2.2 within 5 years.



Sustainable development

Sustainable development means that the present generations' needs are satisfied without jeopardising the satisfaction of future generations' needs.

The Bank realises that, given its economic role in the economy, it can significantly contribute to the fulfilment of the goals of Agenda 2050 and the related sustainable development goals and the Paris Agreement and the European Green Agreement by integrating the principles of sustainability into its daily activities, products and services it provides, financing the company's long-term needs and taking ESG factors into account when making investment decisions.

Environmental responsibility

Environmental responsibility, together with economic prosperity and social inclusion, are among the basic pillars of sustainable development. The Bank supports the EU's growth strategy, as defined in the European Green Deal, which aims to transform the EU, including the Slovak Republic, into a fair and prosperous community that will improve the quality of life of both the present and future generations by building a modern, competitive economy that effectively uses resources and has zero production of greenhouse gas emissions by 2050 so as to make Europe first climate-neutral continent. The Bank's constant ambition is to be a provider of top-level services and individual approach to its clients, partners and counterparties, which in today's world also means accommodating the changing lifestyle preferences and needs of these stakeholders. The consideration of a socially responsible approach to investing or of ESG criteria is increasingly visible even among clients when choosing their products. The Bank perceives its role as one in which it must take an active part in the shaping of our environment, while avoiding negative impacts on return. The Bank is convinced that responsible investing does not have to be at the expense of performance and considerations should take regard of not only the financial side, but also non-financial factors.

Accordingly, the Bank carefully monitors the ESG criteria in the environmental area to identify the most suitable and, at the same time, most advantageous approach for environmentally sustainable economic activities to ensu-

re compliance with the relevant regulation in the Bank's strategy, which is also reflected in product design processes. Not only the Bank's business itself is affected by the Bank's strategic steps: the implemented changes are also reflected in the set-up and management of relations with the Bank's clients and counterparties. When outlining suitable ESG strategies, the Bank plans to give preference to products that sufficiently meet environmental criteria. After a thorough assessment of the situation, the introduction of qualitative or quantitative criteria and a methodology for the assessment of the proportion of environmentally sustainable activities is also being considered.

Memorandum on Sustainable Business and Development

The Bank is aware of the necessity of close cooperation between the public and private sectors in meeting the sustainable development goals (SDGs) and is, therefore, ready to actively join the effort of the Slovak Government, general government organisations and regulators towards accomplishing the SDGs. In October 2021, the Bank signed the Slovak Banking Association's Memorandum on Sustainable Business and Development. With this commitment to sustainable business and development, the Bank sealed its environmentally considerate operation, which has been a part of the brand's DNA since its origination. In the Memorandum, the Bank undertook, among other things, to look for new ways to minimise the environmental impact of its operations. It will continue to develop the digitalisation efforts and further reduce the carbon footprint and support public sector projects, civic initiatives and volunteering. The document also foresees the development of a sector standard for the ESG certification of corporate clients, suppliers and partners. This is supposed to streamline the access to financing for companies that emphasise socially responsible, environmentally friendly and social governance.

By signing the SBA Memorandum on Sustainable Business and Development, the Bank publicly undertook to adhere to the following principles:

(a) In relation to the environment:

- Actively cooperate with the competent



authorities in the design, preparation, implementation and application of standards and procedures for achieving the goals of energy efficiency of buildings provided in the European Green Agreement;

- Look for new ways to minimise the environmental impact of operations, continue digitalisation and carry out activities to reduce the carbon footprint in line with the concept of low-carbon economy of the future;

(b) In relation to the company as a whole and its employees:

- Continue to enhance transparency regarding the impact of its business by issuing Sustainability Reports and disclosing financial information;
- Continue to assess and rate assets and the relation between the loan portfolio and the contribution of projects to the sustainability of investments and social responsibility;
- Actively approach the principles of social responsibility, support public sector projects, civic initiatives or volunteer activities;

(c) In relation to business partners:

- Apply the principles of sustainability not only in its business operations, but also in relation to its suppliers and partners;

- Initiate the creation of a sector standard for the ESG certification of corporate clients, suppliers and partners;

(d) In relation to clients:

- Continue to develop and provide modern and easily accessible financial services, while offering sustainable solutions to clients, and support and motivate them to socially responsible conduct;
- Offer services, consultancy and green financial products, investment products, credits or loans while contributing to sustainability so as to make sustainable financing available to the people of Slovakia;

(e) In relation to authorities and institutions in the Slovak Republic:

- Review and evaluate its activities against and harmonise its business with the 2050 Agenda and the related sustainable development goals, the Paris Agreement and the European Green Agreement;
- Cooperate with international and national organisations, representatives of the Slovak government, representatives of general government, regulators, particularly as regards a sound reflection of the sustainability of finance in the European and domestic financial and banking regulation.

Sustainability factors



The “S” in ESG stands for the whole of social aspects that are important to the Bank and are mainly related to the rights, well-being and interests of individuals and communities (e.g. inequality, health, labour relations, inclusion, etc.).



The “E” in ESG stands for the factors that affect the environment and climate changes perceived by the Bank.



The “G” in ESG stands for the aspect of governance to which the Bank subscribes and supports them. They primarily include appropriate company management procedures, including remuneration, internal controls, compliance with tax obligations or the fight against corruption and conflict of interests.

Environmental factors (E)	Social Factors (S)	Governance factors (G)
Emissions	Human rights	Appropriate strategy and its implementation through specific measures and procedures
Waste generation	Modern slavery	Management and control system set-up
Biodiversity	Corporate culture	Managers’ rights and obligations
Innovation	Equality of men and women	Management’s remuneration
Resource utilisation	Racial equality	Employees’ remuneration
Energy and water consumption	Minority issues	Leadership diversity and structure
Pollution	Child labour	Corporate values
Packaging and recycling	Occupational safety	Code of Ethics
–	Precarisation (precarious working conditions)	Adherence to voluntary standards
–	Employee education and development	Whistleblowing
–	Treatment of employees	Bribery and corruption
–	Privacy	Political lobbying and donations
–	Customer protection	Terrorism and money laundering support
–	Customer treatment	Rejection of unfair business practices misleading advertising, cartel deals)
–	Information of the consumer	Tax strategy
–	Cooperation with communities	–
–	Trade unions	–

Environmental activities of the Bank

The principles of ecology and sustainability are one of the integral pillars of corporate culture and market presence.

The Bank seeks to ensure that this value be embedded in the very foundations of its business and focuses on it already when designing its products and services. The Bank's goal is to build its products on a digital, i.e. paperless and plastic-free approach. The Bank's service model is set up such as to minimise cash transactions, or transactions that can easily be digitalised to eliminate the need to visit a branch. The Bank makes efforts to motivate customers to reduce their carbon footprint.

The Bank also devotes considerable effort to communicating ecological values to its customers to inspire them and achieve a positive change in society. It is purposefully working to increase the engagement of its employees in ecology related topics and encourage behaviours that are in line with these principles. The Bank develops activities for the direct support of environmental projects through 365.foundation and grant programmes.

In addition to internal commitments, it has also declared its approach by signing the Slovak Banking Association's Memorandum on Sustainable Business and Development, as well as by pledging the public to implement such measures as to ensure that the Bank does not leave any permanent carbon footprint after 2025.

365.bank won the Best ESG Bank in Slovakia award in 2023 in the Euromoney Awards for Excellence international banking competition. The jury praised its ecological services and products, such as plastic-free account or eco-friendly mortgage loan, but also the "mobile first" principle aiming to minimise the carbon footprint and the use of paper and plastics, which the Bank has been promoting since its establishment. The experts also appreciated the Bank's activities towards zero permanent carbon footprint as from 2025 as well as several CSR projects to reduce or recycle plastics. The committee also considered the active approach to and education on gender equality

and support for inclusion and diversity, which the Bank sealed by signing the of the Pontis Foundation.

Zero carbon footprint of 365.bank

In order not to achieve the zero permanent carbon footprint by 2025, 365.bank underwent in 2020/2021 a comprehensive audit of its activities at the headquarters as well as at the branches and obtained certification in the form of a Greenhouse Gas Verification Report from TÜV SÜD Slovakia. The output of the analysis was the determination of specific areas and action steps for the Bank to take to reduce its permanent carbon footprint by 2025. In addition to the CO2 emission reduction action plan as such, the Bank has also drawn up a so-called Decalogue of steps towards sustainability, which it intends to adhere to in its activities and operations to achieve its ambitious target.

The Bank has set criteria for its functioning towards the inside of its organisation in the carbon footprint reduction context. The Bank focuses on processes that support the aim of reducing the environmental impacts of operations.

The activities target several main areas, such as:

- Reducing CO2 production and waste production;
- Reducing electricity and gas consumption;
- Optimising the heating and operating arrangements in buildings;
- Reducing paper consumption;
- Using environmentally friendly coolants;
- Purchasing energy-saving appliances;
- Supporting purchases of electrical or hybrid cars;
- Preferring public transport for employees' commuting;
- Reducing business travels, including by air.

In 2021, 365.bank initiated negotiations with its electricity suppliers regarding options for the supply of renewable energy. In 2023, the Bank had installed photovoltaic panels with an installed capacity of 90 kWp on the building of its headquarters in Karlova Ves. Compared to

2020, i.e. the state as of 1 January 2021, the Bank intends to increase the proportions of both renewable electricity produced in-house and renewable electricity purchased from suppliers.

The Bank has in place long-term waste management arrangements for waste production and separation and disposal through secondary processing. For the separation of waste from electrical and electronic equipment, the Bank has implemented processes to ensure the eco-friendly disposal of 100% of all such waste. For mixed waste, a waste collection and separation system has been implemented in all the Bank's premises.

Other activities to reduce CO2 emissions include employees' commuting to and from work and business travels. Important factors in this area are the motivation and education of employees, commuting, optimisation and reduction of consumption, or a company car purchasing policy that favours reduced fuel consumption. As a result of the employee education efforts, the proportion of employees choosing public transport or bicycles, scooters and the like as the preferred mode of transport to and from work is gradually increasing. The introduction of arrangements for work from home has also actively contributed to the reduction of travelling.

As from 2022, the Bank launched an energy savings project at its headquarters and branches. To achieve savings in this area, it is necessary to collect and evaluate measurements to gradually adjust the performance of cooling, heating, illumination of exterior signs, or other light sources. To enable the collection and evaluation of measurements, the Bank has built an IoT (Internet of Things) network in all the Bank's branches, and this year, it will also gradually build an IoT network at the headquarters in Karlova Ves. Light sources are gradually being replaced with LED technologies. More than 95% of lamps in the Bank's premises will be replaced by 2025.

As regards the reduction of electricity consumption, the Bank has set for itself a target of reducing consumption from 3,151 MWh consumed in 2019 to 2,470 MWh in 2025. For gas consumption, the target is to reduce consumption from 2,973 MWh consumed in 2019 to 1,850 MWh in 2025.

For coolants, certified environmentally friendly coolants have been used for a long time. The cooling installations are subject to regular

servicing and specialist inspections to prevent leaks and a loss of efficiency of the equipment. The Bank prefers equipment with lower consumption when purchasing new or replacing old cooling equipment.

The Bank plans to detail, adjust and review its direct and indirect CO2 emission reduction measures on an annual basis. The Bank's aim was to reduce the carbon footprint from the initial level of 2,278 t CO2/year in 2019 to approx. 680 t CO2 /year by 2025, whereby the Bank will reach a state where its business operations will not leave any permanent carbon footprint.

In 2022, the Bank reduced its carbon footprint to 608.72 tCO2, which represents a reduction in CO2 emissions of more than 73% on 2019.

Based on the adopted action plan and the Greenhouse Gas Inventory Report for 2022 (carbon footprint calculation) of the Bank, a conclusion can be made that already in 2022, the Bank not only met but even highly exceeded its goal against the reference year 2019, due in 2025.

Given the natural CO2 absorption capacity of nature itself and other natural absorbents, which is generally recognised to amount to 30% of the total production of CO2 on earth, and the CO2 savings in the amount of 73% achieved by the Bank in 2022, it can be noted that **the Bank left no carbon footprint in 2022.**

Recycling of payment cards in the "We Sit Well with Ecology" project

The Bank's activities aimed at reducing plastic waste were covered by the "We Sit Well with Ecology" competition project launched in the fall of 2023. The competition was intended for primary and secondary schools. They were invited to organise the collection of plastic waste in their surroundings by their pupils. After that, they only needed to complete a short information form and send photos or a video of the joint waste collection. In the end, a total of 92 schools participated in the competition and they were enrolled in a draw for benches made from separated plastics and recycled payment cards. 12 schools from different regions of Slovakia were drawn and received four such original benches. The Bank believes that they will symbolically remind the pupils of the necessity of an environmentally considerate behaviour. The goal of this project was not only to raise awareness of the possibility of recycling payment cards, but also to make pupils to directly contribute to the culturing of

school campuses by installing benches made of recycled plastics and cleaning the immediate surroundings.

Other projects to support environmental protection

365.bank cares about the environment and ecology, which is why it has also supported other ecological projects in the past. As an example of important cooperation, the Bank participated in a project implemented by the Ružínska priehrada civil association. The Bank financed through 365.foundation the installation of a containment boom to prevent the accumulation of waste in the Ružín dam and financially supported the development of rest areas around the dam. The rest areas were created using ecological materials and arranged such as to match the nature of the site and thus improve the quality of tourists' time.

Communication of the importance of an eco-friendly approach and circularity

In addition to providing financial support for specific projects and cooperating with civic associations, the Bank also focuses on clearly communicating the need for an ecological and responsible approach to its clients. In its regular communication with clients and the wider community, the Bank not only informs about its new, but also devotes a considerable space, even at the expense of business-wise communication, to topics that aim to inspire clients to behave ecologically and responsibly. The Bank regularly communicates these topics and guidance for a responsible approach in client newsletters, on social networks, through the media and on its website. The Bank regularly brings campaigns to its supporters and the

public on the occasion Earth Day, Mobility Week and other events to increase awareness and education and emphasise the importance of a responsible approach, without pursuing business goals. The Bank's campaigns draw attention to the need for upcycling, responsible shopping, and a general eco-friendly approach. The Bank also participates in the organisation of swaps and inspires its employees to find new uses for items. It goes without saying that our employees are supported in using alternative ways of commuting to and from work, such as by bicycle. They have at their disposal bicycle stands as well as all necessary hygiene facilities. Given the high interest in precisely this type of campaigns and inputs and the high rates of their sharing and supporter activation, this type of communication is rightly deemed to have a positive impact on society.

Emphasis on a responsible approach in marketing communication

Since its inception, 365.bank has devoted considerable efforts to considering ecology and sustainability when creating its marketing materials and communications. The Bank reduces the consumption of paper by limiting the quantities of marketing materials, leaflets and notices to an inevitable minimum. When planning its media mix, the Bank gives preference to digital formats. It constantly reduces the quantities of advertising items and prefers those made of more ecological materials and offering a longer service life and a high utility value to their users. At events for its employees, the Bank prefers recyclable or compostable materials and pays due attention to energy consumption and waste separation. The same criteria are also taken into account in the production of advertising spots and other formats.



The Bank's social considerations

The Bank also pays close attention to compliance and constant improvement when it comes to working conditions and abides by the principle of zero tolerance of discrimination at any level. Social relations between employees are built and reviewed and efforts are being made to deepen the relations between employees and both junior and senior managements. The Bank considers respect for human rights to be one of its most important values. The Bank carefully monitors and complies with international sanctions in connection with the provision of services or building of relationships with specific persons and adheres to strict anti-corruption and anti-bribery principles. The Bank's projects in the social field target three key areas:

- Organisational health and culture
- Building skills for the future and developing talent
- Diversity, inclusion and support of employee communities

Organisational health and culture

Organisational health and culture are the basis of the continuous improvement of working conditions and zero tolerance for discrimination at any level. Creating a safe and motivating work environment in accordance with the Bank's values is a prerequisite for high employee satisfaction and productivity. Rapidly developing technologies and increasing demands on productivity also affect the quality of working environments. With its initiatives, the Bank emphasises the importance of creating a safe and healthy working environment not only in terms of work tools and resources, but also in terms of psychological safety and mental well-being.

A corporate culture conforming to the Bank's values is being built and developed through the Organisational Health project. The goal is to maintain an active dialogue with all employees. To that end, the Bank organises workshops with leaders of various levels and brings them together with employees who are organisational health champions to jointly design and implement activities that improve cooperation, processes, innovations and relationships. Once

a year, the Bank shares examples of good practice derived from the implemented activities. A discussion is being opened at the Bank and a Talky discussion format on diversity, inclusion and mental and financial well-being is under preparation. The Bank regularly conducts Pulse Check employee satisfaction surveys as well as other occasional surveys, such surveys focused on benefits and work well-being.

The Bank has a long-term focus on promoting awareness and care of both mental and physical health. Through the **Be Balanced** programme with mental health and well-being as the central topics, the Bank regularly publishes articles and organises lectures led by experts. It issues short challenges with the aim of drawing attention to people's own mental health. It also gives employees time and space for individual consultations with psychologists, which have proved to be a highly suitable and necessary tool even after the pandemic.

In the field of physical health, the Bank organises **Health Days** for employees to take part in preventative tests and consultations with specialists directly in the Bank's premises. The Bank organises the distribution of vitamins to colleagues in the branch network who are in a direct contact with customers. The specialist tests and examinations are complemented by interesting online lectures on preventative measures for sedentary jobs or work with technology.

The Bank creates opportunities for the **building of good working relationships** not only at the workplace, but also outside the work environment, at informal team-building gatherings and various employee events such as Christmas parties.

Building skills for the future and developing talent

The current rapidly developing technological and digital era places high demands on the employees' knowledge and skills that even increase every year. The development and improvement of employee qualifications is a key

to ensuring sustainable employment, productivity and motivation. To support the development of its employees' soft skills, **the Bank offers all employees the possibility of continuous learning using the Seduo online platform.** The Bank regularly measures key indicators, such as the number of completed courses per employee or the most frequent learning topics.

Managerial development is supported by the **Leadership Academy** group education concept offering educational modules on topics derived from leaders' suggestions and/or labour market trends. The topics are incorporated in educational modules that are delivered by an external supplier. The aim of the Leadership Academy is to support managers in the development of their leadership competencies and, through their leadership, improve the Bank's organisational health. The practical application of the learned knowledge is verified by means of feedback collection and, also, in discussions with members of the Board of Directors.

Today already is the Bank building the future by identifying and developing talent. The **Talent programme** aims to convey the understanding of leadership skills and test their application by the programme participants in practice with support of internal guides and mentors. The Bank's long-term goal is to fill as many positions at all management levels as possible with internal candidates, taking into account gender equality, diversity and inclusion.

The Bank involves talented employees in events and decision-making through the **Talent Accelerator** programme. This programme gives participants an opportunity to actively bring and implement ideas for improvement, along with delivering an excellent business performance. This development programme also includes intensive learning as well as project and business assignments.

In order to integrate new colleagues into work teams and help them to acquire the knowledge and skills necessary for the performance of their respective jobs, the Bank also organises **adaptation training and product skills and sales skills training** to get the newcomers to deliver the best customer experience.

Diversity, inclusion and support of employee communities

Staying at the workplace is not the only way to

foster mutual relations, cooperation and respect. The Bank connects teams with a diverse gender, age or qualification structure. The Bank believes that it is these connections that bring new innovative solutions and generate opportunities for standing out and contributing to joint activities and goals.

It actively supports awareness-building on the necessity of gender equality and erasing male-female stereotypes. Practically since its inception, the Bank has been clearly communicating its position on key social issues, including ecology, critical thinking or activities aimed at countering the spread of conspiracies, hoaxes and misinformation, vaccination support and more.

By joining the Diversity Charter of Slovakia in 2022, the Bank confirmed its direction in terms of the equal treatment of all colleagues and respect for diversity and otherness. While not everyone is the same at the Bank, everyone is equal. Three generations with diverse experiences and educational structure are connected across the Bank's workplaces. The Bank promotes getting to know each other as well as various forms of cooperation ranging from lectures, workshops, talks to informal team-building meetings. The Bank believes that it is these connections that bring new innovative solutions and generate opportunities for standing out and contributing to joint efforts and goals. In the area of inclusion and diversity, the Bank has implemented an internal guideline this year that sets out its activities and objectives focusing on three strategic areas:

Gender equality: the aim is to provide equal opportunities for development (Seduo platform) or access to benefits for all employees. The Talent programmes are designed such as to guarantee a significant representation of women and ensure that the Bank has enough talent ready to take on higher positions in the future. The Bank is in regular contact with mothers on maternity leave and parents on parental leave and this year it has published its first online newsletter to keep them informed about what's new and what's up at the Bank. The March Talks dedicated to women also welcomed male guests and speakers to promote discussion and facilitate inclusive cooperation at the Bank.

Age diversity: the Bank actively supports intergenerational cooperation with experienced employees contributing as mentors, internal

coaches, etc. They also share their knowledge and experience through lectures and workshops.

Diversity in education: the Bank has focused on supporting the crisis centre and organises educational activities in cooperation with employees on financial literacy, legal awareness, or protection against digital fraud. As an employer, the Bank cares about education, community support, volunteering and the future of the society as a whole. That's why it delivers activities that strive to make our world a better place to live. 365.bank's employees can carry out various forms of volunteering through the internal benefit **"Day for the Future"**. The Bank uses internal HR communication to promote volunteering opportunities and make them visible among its employees in order to motivate them to take up more "Days for the Future". Volunteering also helps the Bank to discover further talents among its employees. 365.bank has experts in their respective fields who share their know-how, expertise and experience to help the community and clients of the "Gateway to Life" crisis centre in Bratislava. The Bank organises a series of unique educational workshops for them that are focused on the development of financial literacy, a legal minimum as well as the prevention of fraud in the digital space. Also, the Bank listens to the needs of the centre and organises customised volunteer activities to suit the centre's clients and their children. The Bank also maintains contact with colleagues on maternity leave as it sees it as important for them to feel involved. At the end of 2023, the Bank distributed to them the first online newsletter with information about what was going on at the Bank. The newsletter included not only news about the Bank's volunteer activities and achievements, but also invitations to internal events.

Social responsibility activities of 365.bank a 365.foundation

The strategy of social responsibility and the related activities of 365.foundation are focused on support for education, community projects and volunteer activities of the Bank Group's employees.

Education

In the field of education, we resolved to launch

the 365.academy project to support, above all, organisations and activities aimed at the promotion of financial literacy and support for the education of teachers and children.

The **365.academy project** supports the educational activities of the **Zmudri civic association** and cooperates with the association in the development of educational inputs on financial topics that have been communicated to the general public via Instagram, Tik Tok, and YouTube.

In 2023, the Bank also continued its long-term cooperation with the Comenius Institute and Junior Achievement Slovakia.

Thanks to the Bank's support, the **Comenius Institute** has delivered a number of educational workshops and webinars for teachers, prepared interesting podcasts on educational topics and, last but not least, prepared an annual educational programme for teachers from all over Slovakia.

The successfully accomplished goals of the **Junior Achievement Slovakia** project included increasing the level of financial literacy of students in lower and upper secondary education; providing professional, methodical and didactic support to teachers; supporting the dissemination of proven experience in education; making the teaching process interesting and attractive, oriented to the current needs of schools, the labour market and society; teaching pupils in a practical and experiential way to orient themselves in basic terms and situations in the financial literacy area and to acquire basic skills for an effective management and planning of their financial future; and, also, popularising the importance of financial literacy among both professional and lay public.

Community support

As a part of the **365.academy project**, the Bank organised professional training workshops for clients of the "Gateway to Life" crisis centre in Bratislava. The Bank cooperates with the "Gateway to Life" centre on several levels - either in the form of material and financial assistance, or of Bank's employee's expert know-how. The training topics covered at the workshops included legal assistance, financial literacy and protection against fraud in the online space. Another area supported by the Foundation in 2023 was community activities and com-

munity projects of non-profit organisations, schools, municipalities or active individuals throughout Slovakia. The support is provided through the annual **Idea for Three Generations** programme, which is financed by 365. foundation. The goal of the three-generation grant is to support activities in which children, adults and seniors meet and participate as groups of people with different opinions and attitudes. The grant is supposed to bring them together for a good cause - to jointly generate and implement a meaningful idea for the benefit of their community, village or city. The Bank perceives the nowadays' importance of intergenerational relations and their fostering. In 2023, the Bank supported a total of 22 original community projects in the amount of EUR 40,000. Thanks to the grant support, for example, joint leisure activities will be organised in Považská Bystrica to connect two worlds: the world of children from an orphanage and the world of people from a facility for the elderly. In Sedlice, the Hedgehog Lake will be created by joint efforts of volunteers from all three generations, which will contribute to biodiversity. In Banská Bystrica, the grant funds will be used for the "Triple Fun" project aiming to bring together young people and lonely old people and the disabled, which will also help the participants to gain experience of humanitarian aid. With the grant, a nicer world will be created in Veľké Uherce where old people will read to younger ones, children will explore the traditions and folklore of the region, and all generations will also further strengthen their mutual relationships through other seasonal and family activities. An Olympiad of Three Generations will be organised in Bátovce; a more insightful education in health sciences will be provided in Bratislava; seniors will help children to explore the forest in Dolný Kubín; and people of all generations will meet in Vranov nad Topľou to learn together how to live without waste and recycle and protect the planet.

Employee engagement

365.bank and 365.foundation care about education, community support, volunteering and the future of the society as a whole. Therefore, they support activities that aim to make our world a better place to live. The Bank motivates its employees to engage in various activities throughout the year and also offers them opportunities to do good deeds in their workplace as well. Such activities include, for example, the regular **Easter** and **Christmas markets**. Their goal is to support protected workshops by buying their products with an Easter or

Christmas theme. The Foundation does not stand aside and always multiplies the protected workshops' proceeds from the sales.

When delivering its aid, the Bank does not forget about socially disadvantaged families, community centres or crisis centres. It helps them primarily by organising collections of clothes, toys, hygiene products and food. The Bank also organises two larger internal activities during a year that are always joined by many employees. One of the activities is "**Hooray to School**" with 365. foundation. The Bank realises that preparations for school pose a big financial burden to families and it has thus aimed this activity at providing aid to families that need it and delighting children with new school supplies. In 2023, the Bank helped 30 children from socially disadvantaged backgrounds and from the crisis centre in Bratislava. The second activity in which the Bank Group employees' take part is "Christmas Tree of Wishes Come True". This was the ninth time the Bank organised the event. Between 4 and 14 December 2023, the Bank's employees could take an envelope from the Christmas tree with the story and wish of a particular child. The Foundation then distributed the gifts purchased for the children before Christmas. More than 40 children from socially disadvantaged environments, Centrum Slniečko, n.o. and the "Gate to Life" crisis centre benefited from the project.

A specific project to support volunteering is the "**10 Good Deeds**" internal employee grant. The grant is intended for employees of the 365. bank Group. Every year, employees have the opportunity to send the Bank proposals for public benefit projects or tips for non-profit organisations they would like to support. Based on the project suggestions submitted by employees, the Bank also supported 17 meaningful projects and activities in 2023 with a total amount of more than EUR 13,000. The funds were used, for example, to finance the organisation of a benefit concert, the purchase of costumes for a children's folklore ensemble, material equipment for volunteer fire-fighters, a sports event and assistance to children with health impairments. In addition to the long-term activities and grants, the Foundation also financially supports on an annual basis selected organisations whose activities are aligned with the Bank's public benefit efforts and target the areas in which the Foundation engages. The Foundation supports not only organisations but also individuals, primarily socially disadvantaged families, large families and single parents.

Governance and decision-making

As a part of responsible governance, the Bank sees as important and considers in its everyday operation the compliance of its conduct with legal regulations and the Code of Ethics. An emphasis is also placed on anti-corruption policies and the adequacy of the performance of the Bank's internal control functions, including Risk Management, Internal Audit and Compliance.

Internal governance

The internal governance set-up and the internal rules in place are mainly aimed at strengthening the Bank's reliable management mechanisms and reducing the risks to which the Bank is exposed, including mainly operational risk and the risk of reputational damage. These are factors that may significantly affect the Bank's profitability and long-term reliable sustainability, mainly through fines, costs of litigations, restrictions imposed by competent authorities, or other financial and criminal sanctions and the associated potential loss of goodwill, the built-up business value of the brand and clients' trust in general, as well as confidence in compliance with the Bank's good governance practices that are based mainly on a sound structure of the Bank's management.

The Bank consist of different bodies, organisational units and entities and those involved in ESG are mainly the following:

- Board of Directors
- Supervisory Board
- Executive Officers and
- Committees.

All members of the management and supervisory bodies as well as all employees concerned have the knowledge and skills in the field of sustainability that is need for them to fully and competently make decisions at all levels of management in the given area.

ESG steering

To manage the permanent sustainability area, the Bank established the ESG Steering body.

Terms of reference of ESG Steering

ESG Steering deals with ESG matters, trends and best practices as well as compliance with relevant regulations of the European Union and the legislation of the Slovak Republic, including:

- Handling and implementing risk management principles and procedures in order to be able to identify, assess and manage ESG-related risks in the Bank's operations and investments;
- Performing financial analysis and modelling in order to evaluate the financial consequences of ESG factors and integrate them into the Bank's decision-making processes;
- Effectively communicating the Bank's ESG strategy, goals and performance to the Bank's internal and external stakeholders;
- Implementing regulatory requirements related to ESG in the banking sector and ensuring that the Bank's ESG policies and procedures are in accordance with these requirements.

The Bank's Internal control system

The Bank's internal control system consists of three separate internal control functions:

- (a) Compliance function;
- (b) Internal Control and Internal Audit function;
- (c) Risk Management function.

Compliance function

The Compliance Officer is responsible for carrying out the Compliance function. The Compliance Officer is a key function holder who is elected and dismissed by the Bank's Board of Directors based on prior approval by the Supervisory Board. The Compliance Officer has an independent status and is directly accountable to the Board of Directors for the performance of their duties. The Compliance Officer performs their duties in cooperation with and with support of the Bank's relevant specialised department, Legal and Compliance.

As a part of the performance of the Compliance function, the Bank adopted the Compliance Code which represents a set of ethical standards, principles and binding rules for the Bank and its employees. The Bank's responsibility and the responsibility of its employees towards clients and of the employees towards each other is the basis for consistent compliance with the accepted rules and standards of the Code. The Code is drawn up in accordance with the requirements and guidelines of the European regulators, the European Banking Authority and the European Securities Market Authority, and of the National Bank of Slovakia as the national regulator.

The Compliance Code represents the application of legal provisions to all operations of the Bank and it addresses a possible conflict of interests, handling of confidential information, the employee's behaviour towards clients and towards each other, etc. The Bank has revealed in the Compliance Code its fundamental anti-corruption stance and, at the same time, provides methods and procedures for the reporting of possible suspicions of corruption or anti-social activity.

Internal Control and Internal Audit function

The Internal Audit Officer is a key function holder who is responsible for performing the function of internal control and internal audit and is elected and dismissed by the Bank's Board of Directors based on the proposal of and prior approval by the Supervisory Board. The Internal Audit Officer has an independent status and is directly accountable to the Board of Directors for the performance of their duties. The Internal Audit Officer performs their duties in cooperation with and with support of the Bank's relevant specialised department, Internal Audit.

The Internal Audit function is independent of all activities performed by the Bank. Its independence permeates all stages of its activities, including without limitation the identification and analysis of risks, planning and preparation of audits, the selection of control and assessment methods, preparation and delivery of audit reports and follow-up action. The performance of the Internal Audit is governed by two internal regulations, namely the Statute of Internal Control and Internal Audit and the Indirect Process Control System. Pursuant to the applicable legislation, Internal Audit is also responsible for examining and evaluating the implementation and compliance with remuneration principles and reviewing outsourced activities, IT Security, etc. Pursuant to the Guidelines of the European Banking Authority EBA/GL/2021/05 on internal management, the Internal Audit is supposed to make effectiveness and efficiency assessments of the internal control framework. Accordingly, the Internal Audit primarily reviews:

• The appropriateness of the governance framework;

• Whether the existing policies and procedures are still adequate and in line with legal and regulatory requirements, the risk management strategy and risk appetite;

• The compliance of procedures with applicable laws and regulations and the Board of Directors' decisions;

• Whether the procedures are carried out in an appropriate and effective manner (e.g. the compliance of transactions, the level of risk exposure actually incurred, etc.);

• The adequacy, quality and effectiveness of the controls carried out and reports submitted by other specialised risk management and compliance units and functions.

- The appropriateness of the governance framework;
- Whether the existing policies and procedures are still adequate and in line with legal and regulatory requirements, the risk management strategy and risk appetite;
- The compliance of procedures with applicable laws and regulations and the Board of Directors' decisions;
- Whether the procedures are carried out in an appropriate and effective manner (e.g. the compliance of transactions, the level of risk exposure actually incurred, etc.);
- The adequacy, quality and effectiveness of the controls carried out and reports submitted by other specialised risk management and compliance units and functions.

Risk Management function

The Executive Risk Officer is responsible for the performance of the risk management function.

The Executive Risk Officer is a key function holder is elected and dismissed by the Bank's Board of Directors based on the proposal of and prior approval by the Supervisory Board. The Executive Risk Officer has an independent status and is directly accountable to the Bank's Board of Directors for the performance of their duties. The Executive Risk Officer performs the function of risk management in accordance with Article 27(4) of the Banks Act.

As a members of J&T FINANCE GROUP SE, the Bank has accurately and transparently defined and implemented the Group's standards for internal control of all processes and the Group's risk management system. The basic principle of risk management is clear and effective internal control of all processes in order to eliminate deficiencies in the Bank's processes. As a part of the working procedures, all employees are required to comply with the established framework of the internal control arrangements.

In order to achieve the above objectives, the Bank has implemented in its internal management an effective management system for all risks associated with its banking activities as well as sustainability matters.

More detailed information on risk management is provided in the following sections of this Report.

Ethics

The Bank has also adopted the **Code of Ethics** the aim and purpose of which is to help all employees to act, make decisions and behave correctly and which applies equally to everyone.

Andrej Zaťko, CEO of 365.bank says: "Let's treat our Bank as if it were really ours. Let's not tolerate violations of our values and principles and let's call for change together if anything like that happens. Let's not allow behaviours that may jeopardise our work or reputation... But creating a code is far from enough. My expectation, or rather my kind asking, is that we all be role models of pursuing our values."

In addition to the Bank's four principal values, which are meaningfulness, inspiration, humanity and transparency, the Code of Ethics of 365.bank Group also considers sustainability: **"We bring products with which you can bank in an eco-friendlier way 365 days a year. Without paperwork, unnecessary plastics and carbon footprint"**.

Training

The Bank is a member of the Slovak Compliance Circle, which is a platform for sharing experience and education in the development of ethics in the business environment.

The members of the Slovak Compliance Circle have made a commitment to adhere to ethical principles and to actively promote and apply them and to strive to enhance the level of compliance standards implemented by the Slovak business community by:

- Educational activities;
- Sharing proven standards and best practices, including exploring and learning from compliance standards and best practices from other countries and applying them to Slovak market and sharing local experience among the members;
- Mutual support, including support for and sharing of knowledge with small and medium-sized enterprises;
- Leading by example, i.e. encouraging business partners to follow best practices and abide by ethical standards.

In addition to carrying out a variety of activities, the Slovak Compliance Circle also pays attention to upcoming regulatory standards

concerning the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSD-DD).

Customer care

365.bank is a client-oriented bank. All the Bank's decisions are taken with a due regard to their impact on clients and with the aim of improving customer experience as an important factor in building a strong brand.

The Bank focuses on understanding the needs of clients and getting to know their behaviours. Based on its findings, the Bank modifies its approach to clients over time to accommodate their needs and expectations.

The Bank continuously measures, analyses and evaluates feedback from clients. It is aware of the importance of understanding clients' needs and setting the right expectations. It puts questions to clients, listens to them, constantly assesses its findings and updates its approach based on them.

To gain a comprehensive understanding, the Bank regularly conducts qualitative interviews with clients that provide valuable insights for the Bank's daily work as well as innovations. At the same time, the Bank continuously measures the client's experience and satisfaction in every interaction with the Bank and its products and services by collecting immediate feedback. This helps the Bank to take immediate corrective action and make changes to process settings, when appropriate.

Client satisfaction is a part of both the Bank-wide and unit KPIs and has a bearing on the employees' financial remuneration and corresponding benefits.

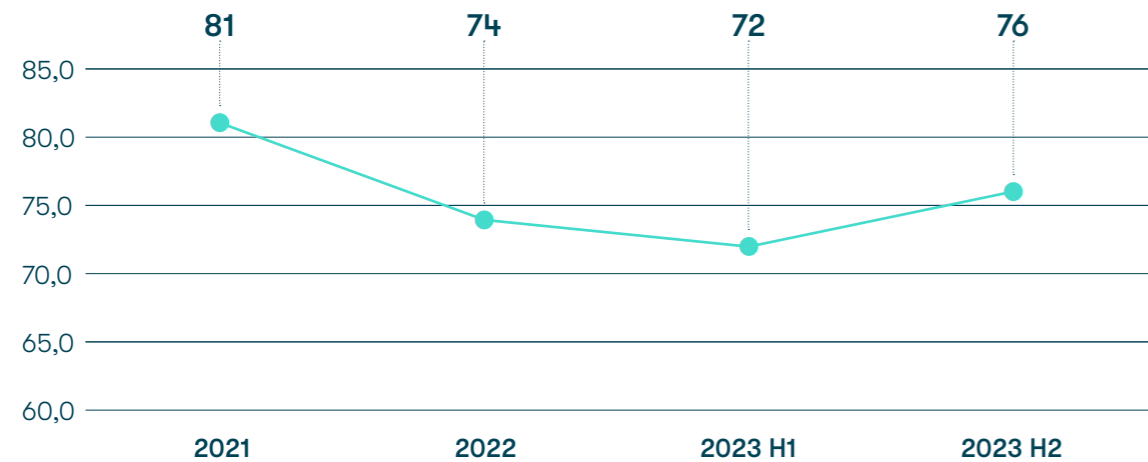
The Bank monitors and continuously assesses the satisfaction and loyalty of its clients and actively works with the findings at the level of units and specific teams. The goal of this effort is to achieve the highest possible level of client satisfaction. According to the results of the strategic satisfaction survey for the year 2023, which was carried out for the Bank by an external independent research agency in December 2023, three quarters of the Bank's clients are loyal and 365.bank is among the best banks in the market in terms of the measured metrics. 365.bank also belongs to the leaders as regards the NPS metric and in 2023, it achieved the best result within the benchmark for this parameter.

While the 365.bank application for clients continues to be the Bank's key point of contact with clients, more and more of them also use the Bank's branches. Thanks to the transformation of 365.bank from a digital bank to a full-format bank with an accessible branch network covering all territory of Slovakia. The

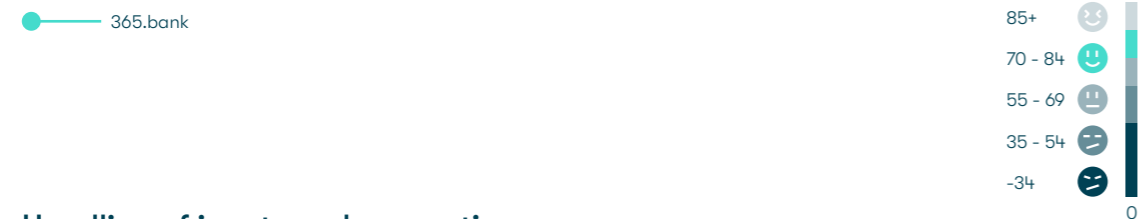
Bank's branches are among those best rated in the market* and the share of clients who visit branches in addition to using digital services is rising.

* Based on the findings of the "Satisfaction and Loyalty of Bank's Clients in 2023" survey, which was carried out for 365.bank by the 2muse agency in December 2023.

Long-term development of banks' client satisfaction, eM® index



Satisfaction and loyalty of Banks' clients 2023, 25 January 2024



Handling of inputs and suggestions

Every client's suggestion is important to and dealt with by the Bank. The Bank monitors clients' inputs from various sources on a daily basis. The Bank has set up processes for the instant monitoring and recording of suggestions, their categorisation and assignment to the competent units for immediate handling. The alert management arrangements in place guarantee speed and allow the suggestion progress monitoring to ensure that clients receive a high-quality and comprehensive response in the shortest possible time.

The Bank has also set up a uniform system to keep records of clients' complaints and their investigation and follow-up in cooperation with all units involved. By comprehensively analysing the client's situation, the Bank can objectively assess the substantiation of the submission and ensure possible correction within the control mechanisms. The most frequent reason for complaints filed by clients in 2023 was fraud, the rate of which increased across the entire financial sector.

To address this, the Bank has resolved to educate clients in this area as well. It regularly communicates this topic through newsletters, blogs, notifications in the application and on social networks. The Bank has set up the "Beware" sub-page on its website where it informs clients of various forms of financial fraud, alerts them of a detected fraud and, also, educates them to enhance their prudence and financial literacy and, ultimately, reduce the number of committed frauds.

365.bank is a bank that **a client can rely on** in every life situation. The Bank treats a client like a friend. A friend **does not mislead, is helping, has an understanding attitude and always looks for the best solution.** Both in the digital world and in the branch network.

For clients, 365.bank is a friendly Bank that combines the best of the worlds of conventional and digital banks.

The Bank's values

Humanity

The Bank always looks for the best for the client. With a friendly attitude, a good mood and a smile.

Transparency

The Bank doesn't play games, doesn't hide anything and communicates openly. It can admit its weaknesses. It is really the way people see it on TV, in their browser or in an application.

Meaningfulness

365.bank considers itself a bank that has added value and covers peoples' needs. After all, it's humans who work at 365.bank. The Bank accommodates everyday needs and delivers added value.

Inspiration

The Bank brings solutions that surprise the client and make them fall in love with the Bank. It wants to be not only a bank, but also a friend that offers inspiration beyond the world of money.

A responsible bank to the elderly, too

In its product portfolio, the Bank also reflect the specific needs of elderly citizens. The range of services for them includes, for example, the home delivery of pensions by postmen as well as other services included in current account packages. The branch network of Poštová banka and presence at the points of sale of Slovenská pošta make the Bank the most accessible bank for all clients, regardless of location.

At the same time, the Bank realises the vulnerability of this segment and the lower penetration of digital skills, which is why it also focuses on digital security awareness building and advising among older clients.

This is among the reasons that led to the Bank winning the Senior Friendly award. Poštová



ESG risk management

The Bank's ESG risk management is based on the requirements set forth in the "Guide on climate-related and environmental risks: Supervisory expectations relating to risk management and disclosure" ECB document.

The climate change and environmental degradation are a source of structural changes that affect economic activity and thus the financial system. In general, there are two main climate and environmental risks factors:

- **Physical risk**, which refers to the financial impact of climate change, including more frequent occurrences of extreme weather events and gradual climate changes as well as environmental degradation, such as air, water and soil pollution, water scarcity, loss of biodiversity and deforestation. A physical risk is referred to as "acute" if stemming from extreme phenomena, such as from droughts, floods and storms, and as "chronic" if stemming from gradual changes, such as from rising temperatures, rising sea levels, water scarcity, loss of biodiversity, changes in land use, destruction of habitats and resource scarcity. These factors can lead directly to damage to property or to a reduction in productivity, or indirectly to subsequent effect, such as the disruption of supply chains.
- **Transition risks** refers to the financial loss of an institution which may arise, directly or indirectly, from the process of adapting to a low-carbon and more environmentally sustainable economy. The reason could be, for example, a relatively sudden adoption of climate and environmental policies, technological progress or changes in market attitudes and preferences.

Physical risks and transition risks affect economic activities, which in turn have an impact on the financial system. This impact can be direct, for example, due to lower profitability of companies or a decrease in the value of assets, or indirect, due to macro-financial changes.

At the same time, in a medium to long-term horizon, these risks threaten the resilience of institutions' business models, especially those based on sectors and markets that are more exposed to climate and environmental risks. In addition, physical risks and transition risks can lead to further losses resulting directly or indirectly from legal claims (so-called liability risk) and loss of reputation as a result of the public and/or the institutions' counterparties or investors associating the institution with adverse effects to the environment (reputational damage risk).

Physical risks and transition risks are thus factors of the existing risks, primarily credit, operational, market and liquidity risk, as well as non-pillar 1 risks, such as migration risk, credit spread risk in the banking book, real estate risk and strategic risk (see the Table "Examples of climate and environmental risk factors"). Climate and environmental risks as risk factors may concurrently fall in multiple risk categories, or sub-categories of existing risk categories.

The ECB classifies climate and environmental risks in the "Guide on climate-related and environmental risks" document as follows :

Examples of climatic and environmental risk factors

Relevant risks	Physical risks		Transition risks	
	Climate	Environmental	Climate	Environmental
	<ul style="list-style-type: none"> • Extreme weather phenomena • Chronic manifestations of the weather 	<ul style="list-style-type: none"> • Water scarcity • Resource scarcity • Loss of biodiversity • Pollution • Other 	<ul style="list-style-type: none"> • Policies and regulation • Technology • Market attitude 	<ul style="list-style-type: none"> • Policies and regulation • Technology • Market attitude
Credit risk	The probability of default (PD) and loss given default (LGD) for exposures to sectors or geographical areas exposed to physical risk may be affected, for example, by an impairment of collaterals in real estate portfolios due to increased flood risk.		Energy efficiency standards can lead to significant adaptation costs and lower profitability of enterprises, which can result in a higher PD and collateral value impairment.	
Market risk	Extraordinary physical phenomena can lead to shifts in market expectations and cause sudden revaluations, a higher volatility and asset impairment in some markets.		Transition risk factors can cause sudden revaluations of securities and derivatives, for example, in products linked to industries affected by asset impairment.	
Operational risk	Extreme weather phenomena may result in a physical damage to banks' assets, branches and data centres of banks and, consequently, the disruption of their operations.		Scandals caused by the financing of environmentally controversial operations may lead to the risk of liability and risk of reputation damage to a bank due to consumers' changing attitudes to climate issues.	
Other types of risk (liquidity risk, business model risk)	Banks may face a liquidity risk if clients start withdrawing funds from their accounts to finance the elimination of damage.		Without the adoption of necessary adaptation or diversification measures, transition risk factors can affect the viability of some business lines and give rise to strategic risk in certain business models. A sudden revaluation of securities due, for example, to asset impairment may lead to a decrease in the value of high-quality liquid assets of banks and thereby affect liquidity reserves.	

Source: ECB

The EU Taxonomy presents a view of risk classification through the time dimension. It categorises climate risks into chronic/long-term and acute/ short-term.

	Classification of climate hazards			
	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	Changing temperature (air, fresh water, marine water)	Changing wind patterns	Changing precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion
	Heat stress		Precipitation and/or hydrological variability	Soil degradation
	Temperature variability		Ocean acidification	Soil erosion
	Permafrost thawing		Saline intrusion	Solifluction
		Sea level rise		
		Water scarcity		
Acute	Heat wave	Cyclone, hurricane, typhoon	Drought	Avalanche
	Cold wave/ frost	Storm/windstorm (including snow, dust and sand-storm)	Heavy precipitation (rain, hail, snow/ice)	Landslide
	Wildfire	Tornado	Flood (coastal, fluvial, pluvial, ground water)	Subsidence
			Glacial lake outburst	

Source: EU Taxonomy

Credit risks

In connection with the management of climate and environmental risk components of credit risk, the Bank primarily distinguishes two segments: Retail and Corporate.

Retail secured

As regards the acceptance of properties for loans secured by real estate, the Bank considers primarily the climate risk in the form of possible floods that may cause the impairment of the collateral. In this context, the Bank takes into account risk mitigation by way of mandatory insurance under insurers' schemes that cover these risks.

Retail unsecured

The Bank has not currently identified correlations of its credit risk exposures from retail consumer loans with climate and environmental risks.

Corporate

The implementation of ESG legislation in the corporate financing process will be reflected in a new requirement for corporate clients (SMEs and Large) to complete an "ESG questionnaire". Its purpose is to provide the Bank with detailed information about the client company's environmental, social and governance matters, which the Bank will then process to identify and thoroughly assess the related risks.

The result will be an "ESG score", which can be taken into account in the comprehensive assessment of the client's creditworthiness and reflected in the internal interest rate determination model (IR calculator) for a loan, or in setting specific terms and conditions of a loan.

A plausible ESG score may thus lead to a reduced interest rate of the loan, which may also be further modified in the course of the contractual relationship with regard to the attainment of sustainability goals and mitigation of the climate and environmental risks resulting from the client's business strategy.

Market risks

The Bank has presently not identified correlations of its market risk exposures with climate and environmental risks.

Operational risk

The Bank presently does not register record any realised operational ESG risks. ESG risks are for now not considered material to operational risks.

As a matter of course, the Bank's business continuity plans provide for various situations, including flooding, fire, pandemic and other effects that are correlated with climate and environmental risks.

ICAAP and other risks

The Bank has adopted the EU Taxonomy categorisation of ESG risks and gradually develops procedures for the inclusion of ESG risks in all risk management categories. Based on regulatory guidelines, it also gradually implements qualitative and quantitative management procedures relevant to the ICAAP concept.

365.invest

Eco-friendly investing at 365.invest

365.invest, an asset management subsidiary, has made a commitment to advance the implementation of ESG risk monitoring and implement sustainability factors in investment decisions.

365.invest has decided not to apply ESG criteria in the selection of investments for all managed funds across the board and to leave the choice up to clients and their preferences and approach in relation to ESG. At the same time, 365.invest has introduced products that take ESG criteria into account in the selection of investments.

365.invest is currently focusing more on eco-friendly investments as an ESG sub-topic. It will consider a further expansion of ESG products in the future..

As a part of its new strategic direction, 365.invest launched in October an offer of new equity funds for advanced investors which aim to follow global trends and, also, bring them to the Slovak market. Further, the company offered clients the opportunity to invest in socially responsible businesses through the Eko Fund, which contains shares of carefully selected companies with a strong ESG position within their sector. This mutual fund thus expands the

Group's range of products based on the principle of sustainability. 365.invest has incorporated ESG issues into its regulations and processes and information about whether or not the company takes into account the EU criteria for environmentally sustainable economic activity in the investment management and risk management processes of the individual mutual funds managed by the company is provided in the sales prospectuses of each fund, which is subject to approval by the company's Board of Directors.

365.invest has presently only one ESG product (Eko Fund) which, however, is not a "sustainable" investment, but takes into account sustainability (ESG scoring), in addition to the fundamental parameters, when making investment decisions. The strategy is taken as "ESG light", which means that the portfolio managers evaluate the relative position of a given company in its sector in ESG terms. The objective of the portfolio in the context of individual shares is to maintain in the portfolio at least a 65% proportion of shares of companies that are considered to be ESG leaders in their comparative sector. The long-term aim is to reach a level of 80%. The total proportion of individual shares with a significantly above-average ESG rating in their comparative sector must reach at least 75%, with a long-term target of 90%. Another factor considered in the selection of company shares is their domicile and the relevant country's progress on its SDGs (Sustainable Development Goals). The SDG score limit is set at 70. Another factor in the Fund's decision-making is the application of the principle of exclusion. By applying the exclusion policy, the Fund limits investments in financial instruments of issuers that supply, manufacture and/or operate gambling, tobacco or weapons, or operate in the fossil fuel sector.

The strategic effort of the portfolio management of this Fund will be to achieve a portfolio composition in which no such issuers will be represented. For companies whose business mix includes an excluded industry, the excluded industry must not account for more than 15% of the company's total revenues. The total proportion in the portfolio of companies with a mixed business including an excluded sector must not exceed 10%.

Analytical approach to the ESG scoring of companies in the context of fundamental analysis

The management company applies external ESG assessments, relying primarily on databases such as Bloomberg ESG Data, MSCI ESG Research, JPMorgan ESG Discovery and Sustainalytics. While the fact that the management company has not developed its own ESG rating criteria, it relies in its portfolio selection procedures on external ESG ratings and their relative trend changes within the particular sectors. Methodology:

- 1. Definition of an ESG peer group of the sector:** The sector's peer groups are identified on the basis of sector classifications and other relevant parameters.
- 2. Aggregation of ESG data:** Information and ESG ratings of companies are collected for each peer group from trusted ESG rating agencies, database providers (such as Bloomberg) or other relevant sources.
- 3. Comparative analysis of ESG ratings:** The ESG ratings of the individual entities in a peer group are compared against the median rating of the given group.
- 4. ESG preferential selection:** Preferred entities are those that exceed the median ESG rating of their peers, which indicates above-standard ESG practices within the given sector.
- 5. Financial evaluation:** Other financial metrics such as profitability, growth potential or valuation are integrated in order to ensure all-encompassing investment decision-making based on a combination of ESG and fundamental analyses.
- 6. Portfolio structuring:** The company creates a diversified portfolio model in which capital is allocated towards entities with an excellent ESG performance and financial parameters.
- 7. Continuous monitoring:** The company implements a systematic supervision of the ESG performance of portfolio positions and regularly implements adjustments in order to maintain a cohesive strategy (ESG performance monitoring is carried out at least semi-annually).

The EU Taxonomy presents a view of risk classification through the time dimension. It categorises climate risks into chronic/long-term and acute/ short-term.

	ESG score percentile	Environmental pillar percentile	Social pillar percentile	Governance pillar percentile
Laggards	0,00 %	0,00 %	1,26 %	0,71 %
Under median	0,00 %	0,00 %	0,00 %	2,87 %
Above median	5,34 %	3,85 %	24,51 %	10,89 %
Leaders	92,91 %	94,40 %	72,48 %	83,78 %
Leaders + above median	98,25 %	98,25 %	96,99 %	94,67 %

Breakdown of Eko Fund investments according to their ranking in the "peer group" (% of the portfolio) as of 31 December 2023

SDG score by country		Sector	
Switzerland – 81	3 %	Information Technology	27 %
Ireland – 80	1 %	Consumer Discretionary	13 %
USA – 76	72 %	Consumer Staples	7 %
France – 82	9 %	Health Care	15 %
Netherlands – 79	3 %	Financials	11 %
Germany – 83	4 %	Materials	4 %
United Kingdom – 82	2 %	Industrials	12 %
Spain – 80	2 %	Utilities	3 %
Sweden – 86	1 %	Communication Services	8 %
Denmark – 86	2 %		
Canada – 78	0 %		
Italy – 79	2 %		

Eko Fund investments by country (plus SDG score) and sector (% of portfolio) as of 31 December 2023

The portfolio assessment is carried out on a monthly basis taking into account the fundamental analysis as well as analysis of the sustainability development of a given company.

Greenwashing

The company has also incorporated the greenwashing issue in its internal processes and procedures. Greenwashing refers to a situation where companies invest more money in the promotion of their green activities than in the actual implementation of environmentally positive changes. Where it is possible in terms of availability of information and appropriate in terms of the size and the disclosed investment strategy of the funds, the company endeavours to manage and reduce the risk of greenwashing, for example, by:

- Considering multiple ESG risk monitoring indicators;
- Considering multiple sources of information on ESG risk monitoring indicators;

- Avoiding the application of only some or aggregate ESG risk indicators, which are often used to hide the negative impact of certain characteristics of a product/company behind more positive effects of other characteristics and mislead the customer as to the real main impact of the product/company;
- Considering both direct and indirect, short-term and long-term ESG impacts using methods based on benchmarking and a transparent comparison of only products and companies that are comparable in terms of the economic sector, geographical region or product life cycle.

Methodological framework

365.bank takes into consideration a wide range of information, regulations and guidelines on ESG matters that are at various stages of development.

This framework and its implementation as well as the ESG management as such at the Bank are primarily based on the following documents:

- Guide on climate-related and environmental risks: Supervisory expectations relating to risk management and disclosure, ECB (11/2020).
- Climate and environmental risks, NBS (04/2023): a presentation of the NBS on the current state of implementation and expectations of the NBS in the horizon of 2023/24.
- EU Taxonomy: the EU classification system listing environmentally sustainable economic activities; it provides companies, investors and policy makers with appropriate definitions of the economic activities deemed to be environmentally sustainable.
- Sustainable Finance Disclosure Regulation (SFDR): Disclosure of sustainability related information in the financial services industry.
- Non-Financial Reporting Directive (NFDR)/ Corporate Sustainability Reporting Directive (CSRD): Reporting of non-financial information related to sustainable development and ESG; mandatory verification and the xbrl/html format.
- Implementing Technical Standards (ITS) on prudential disclosures on ESG risks in accordance with Article 449a CRR/EBA (01/2022).
- Green Deal/Paris Agreement/Agenda 2050: The commitments of the EU states and joint declarations and plans do not constitute a mandatory legislation for banks, but provide a basis for regulation.



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