

Supplier Relations Policy



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Change date	Version	Description of changes in the version concerned
Sep 15, 2014	1.0	First draft
Oct 16, 2014	1.1	Provisions in chapters 4, 5, 6 and 8 amended. Formulations modified (no change of meaning) in chapters 13, 15 and 16
Oct 28, 2014	1.2	The term "CSOB Group" unified; procedures in chapters 3, 7 and 10 specified
Aug 30, 2024	1.3	Definition update in chapter 2. Hypertext link update in chapter 6

1. Introduction

We realise that our suppliers form a necessary and beneficial part of our business model.

This Policy defines a set of acceptable business practices and ethical principles which govern the Bank's communication with the suppliers and their representatives, and ensure that both the suppliers' representatives and Bank employees know and can comply with the ethical and business conduct standards of KBC Group.

This Policy applies directly to any companies, corporations or other entities which supply or wish to supply the Bank with equipment, goods and/or services. Supplying the Bank is a privilege rather than a right.

2. Definitions of Terms and Roles

Supplier: an entrepreneur, company or another entity which supplies or wishes to supply equipment, goods and/or services.

The Bank: all legal entities within the CSOB Group, including KBC Global Services Czech Branch.

Supplier's Representative: a representative of the Supplier who visits the Bank for business meetings.

Procurement Officer in Charge: an employee of Procurement whose job and responsibility description includes processing purchase requests and contract relationship negotiation and entering for the relevant commodity. Note: If a Supplier is a Bank Client at the same time the client relationship is managed by the business network representative.

Delivery Provider: the Supplier's Representative with responsibility for factual contract/order performance.

User of the Delivery: Head of the CSOB organisation unit, CSOB Group, for whose purposes the delivery is being made. More members of the Bank's staff may be assigned this role within a single contract (e.g. delivery straight to branches). The User is also responsible for a regular review of performance of the service/quality of products, scope and costs.

3. Supplier Registration

Data registration and updating ensures effective administration of key data necessary for procurement; this allows us to provide our Suppliers with information on the Bank's relevant purchase activities. The Supplier and every Supplier's Representative is obliged to provide contact information within the registration, and present the necessary documents to the Bank. More information, including the information registration and updating forms, is available at the supplier website at <http://www.csob.cz/procurement>.

Registration of a new Supplier takes three steps:

1. Registration of the company as a Supplier and provision of the following information and documents to the Bank:
 - Company name
 - Type of business company
 - Tax identification number (DIC)
 - The Supplier's basic business information:
 - Address
 - Expected volume of deliveries to the bank (CZK) in 12 calendar months (informative, non-binding estimate by the Supplier)
 - E-mail and telephone contact for requests sent by the Bank

- E-mail and telephone contact for orders sent by the Bank
 - E-mail and telephone contact for questions related to invoicing
 - Name, e-mail and telephone contact for the Business Manager
 - Name, e-mail and telephone contact for the CEO or similar position within the Czech Republic
 - Basic organisation diagram (e.g. a chart in xls/pdf)
 - Ownership structure
 - Certificate of insurance
 - Filled-in Corporate Social Responsibility form (Checklist – Excel)
2. The Supplier will study this Policy and train all Business Representatives and/or other staff members who will visit the Bank for business meetings with respect to the Policy.
 3. Validation of the Supplier and potential business opportunities by the Procurement Officer in charge.

4. **Conflict of Interest in Procurement Decision-Making**

The Suppliers are obliged to provide, without delay, complete information on any existing conflict of interest. No Supplier that is in conflict of interest may use it even in cases where conflict of interest is not prohibited by the law.

The Bank's employees may not be influenced, with respect to the subject matter of a delivery or to any bidder invited; they may not be involved in the preparation of any bidder's bid, may not have any personal interest in the job being awarded to any one of the bidders invited, should not have any personal or any other relationship with any of the potential bidders and consider all information obtained in relation to the bidder tender to be confidential.

Any and all costs related to food, transport, accommodation etc. during the meeting, site visit or other activities related to procurement decisions must be paid by the Bank unit, not the Supplier, unless an exception has been approved by the Procurement Manager or the Bank's top management.

5. **Suppliers as Bank Clients**

With respect to the fact that Suppliers are also (potential) Bank clients, supplier relationships are paid special attention with an emphasis on transparency and equal opportunity principles in supplier appointment:

- The business network has a right to propose potential suppliers
- Without the consent of Procurement, the business network does not enter the Supplier tendering process
- With the consent of Procurement, the business network may be involved in the communication of the results of Supplier tenders

6. **The Supplier's Code of Conduct**

- The Supplier is obliged to comply with all applicable laws and regulations.
- The Supplier is obliged to respect human rights and prohibit any harassment, physical or psychological punishments or any other forms of abuse.

- The Supplier is obliged to respect the national and international labour regulations with respect to the working hours and wages.
- The Supplier is obliged to guarantee the non-existence of forced labour procedures, and that employees are free to leave the job, having filed a reasonable resignation.
- The Supplier is obliged to apply a non-discrimination policy which prohibits discrimination on the basis of sex, race, sexual preference, social or physical disability, religious faith, origin.
- The Supplier is obliged to respect the fundamental principles of the International Labour Organisation. This includes, for instance, not employing children under 14 or as defined in the national legal regulations; children have a right to education and must have the freedom to develop.
- The Supplier's employees must have a guarantee of freedom of association and a right to collective bargaining.
- The Supplier is obliged to provide to its employees and authorised persons safe and healthy working conditions.
- The Supplier is obliged to perform its activities with due respect to the environment and to adopt measures to reduce its ecological footprint.
- The Supplier is obliged to provide products and services that meet the quality and safety criteria stipulated by the relevant contractual provisions.
- The Supplier is obliged to perform its activities fairly and has in place a policy that prohibits fraud, money laundering and bribery. The Supplier is obliged to apply zero tolerance to corruption.
- The Supplier is obliged to study the CSOB Anti-Corruption Policy posted at <https://www.csob.cz/documents/10710/594543/kbc-anti-corruption-policy.pdf> The Supplier is obliged to ensure that its internal rules and procedures related to the fields of (i) elimination of corruption practices and any other unfair favouritism, (ii) protection against violation of legal regulations concerning money laundering and financing of terrorism, (iii) ethics and corporate social responsibility (CSR) including environment protection are comparable to the aforementioned. For the duration of the contractual relationship with the Bank, the Supplier is obliged to present the up-to-date versions documents and information concerning the aforementioned rules upon the Bank's request.

7. Catering, Gifts and Tips

In its internal regulations, the Bank stipulates a policy of non-acceptance of gifts and similar benefits of the basic purpose of which the Supplier is hereby informed: the Policy of non-acceptance of gifts and similar benefits aims to maintain and enhance the clients' trust in the Bank and its employees. The objective is protecting the Bank's employees, clients and business partners by setting transparent and reasonable rules of conduct. Such rules, based on the Code of Conduct of the employees of CSOB Group, member of KBC Group, and the KBC Group Anti-Corruption and Anti-Bribery Policy, should ensure that any conflict of interest is avoided; however, they take into account the importance of establishing good business relationships with the Bank and its clients and business partners. The principles apply to the giving and accepting of gifts, entertainment, hospitality etc. They cover all of the Bank's activities and apply to all employees and managers as well as all natural and legal entities, including third parties acting on behalf of the Bank on any matter.

With respect to the above, the Supplier undertakes not to provide, offer or promise any financial or non-financial performance or material or non-material advantage that would not

be in full compliance with the purpose and subject matter of the contractual relationship, to any natural entity on the part of the Bank (i.e. an employee or contractual partner). A potential provision of a gift (not cash, cheque or voucher), entertainment, hospitality to the total value of under CZK 1,000 per person and calendar year does not constitute breach of obligation according to this paragraph; it is considered undesirable but not sanctioned.

A breach of obligation under this paragraph constitutes a material violation of the principles of mutual cooperation and, at the same time, a fair reason under S 1729 (1) of the Civil Code that gives the Client a right to terminate any ongoing contract negotiations with the Supplier and/or a reason to withdraw from a Contract already in place with immediate effect.

The Policy is stringent all through Supplier appointment times. The employees involved in the appointment must not accept any gifts or invitations for the duration thereof. The Supplier appointment ends when (i) the Contract is signed or (ii) the tender is cancelled and communication with the participants has been terminated.

The Bank's employees inform the management of any possible personal gifts or invitations.

8. Instructions for Procurement and Invoice Settlement

The Bank has a responsibility to procure deliveries, equipment and services for the Bank's operation in the most economical manner possible and in compliance with all applicable legal regulations. Therefore, the Bank has implemented the following rules and defined responsibilities within the framework of procurement actions:

1. All purchasing of services, deliveries and equipment must have an Order issued by Procurement. In case of emergency, the Procurement Manager or an employee authorised by the Manager may issue an oral order with subsequent written confirmation by e-mail until a proper Order can be generated.
2. Based on the instruction by the Head of the unit, the Bank's employees may only discuss information on pricing / costs approved by Procurement with the Supplier. The Supplier may not require any planned supplier tendering procedure, expected volumes to procure or competitors' pricing information from the Bank's employees (besides, the Bank's employees may not share any plans, quantities or prices with potential suppliers).
3. Deliveries will not be accepted without an authorised order. Suppliers are not allowed to accept oral orders or start providing services, goods or equipment until a written order has been received, with the exception of item 1 above.
4. Invoices that do not correspond with the order will be returned to the Supplier and the invoice will not be paid.
5. Duplicate invoices may not be sent unless marked as duplicates. The Suppliers are obliged to inform the Bank of any duplicate payments, excess payment or uncollected credits.
6. We make every effort to maintain a fair and reasonable relationship with the Supplier and any other parties involved. Nevertheless, no goods or services that fail to meet the Bank's requirements will be accepted.
7. The Bank's general terms and conditions of contracts in the field of procurement can be downloaded from www.csob.cz/procurement

9. Tendering for Product, Goods, Equipment or Service Suppliers

Procurement is obliged to comply with the relevant internal procedures to call for bids.

Pricing information must be sent by the Supplier to Procurement which forwards the pricing information to other units in the Bank.

All contracts are regularly evaluated and possibly revised including request / tender proceedings with the participation of potential new suppliers. The bid requests are sent and any information on tender status and results is provided by Procurement exclusively.

10. Contracts and Pre-Negotiation Thereof

Contract negotiations and re-negotiations are managed by Procurement. Procurement unifies inputs from the Bank and ensures that the negotiation process and contracts comply with the Bank's rules.

11. Delivery of Procurement Jobs

The completion of procurement jobs are managed by the User of the Delivery. Within the necessary scope (with respect to the subject matter of delivery), the User makes sure the Supplier and its staff proceed in compliance with the Bank's relevant regulations all through the performance, and verifies that the Supplier's performance meets the parameters according to the Contracts or orders.

Any differences must be addressed immediately and an agreement must be reached between the Delivery Provider and User of Delivery concerning the rectification thereof; Procurement must be informed, usually by e-mail at supplier_relations@csob.cz. If the difference is significant (over CZK 100,000), the problem is escalated to Procurement to coordinate any further actions.

12. Checks and Monitoring

For all primary Suppliers, Procurement together with the User of Delivery, commodity sponsor and the Supplier organises a regular performance check and service / product quality, scope and cost check at least once a year. The Supplier also confirms / updates company and staff information (for example the list of staff members involved in cooperation with the Bank, declaration of staff training). The written report is approved by the Procurement Office in charge.

Procurement collects and analyses metrics for the evaluation of overall Supplier performance and risks. The Users of Delivery, commodity sponsors and, if necessary, Non-Financial Risk are informed of the conclusions.

13. Recognition of Suppliers; References

Any and all information shared between the Bank and the Supplier, including the existence of a business relationship, is handled as confidential information; such information may only be shared under circumstances where it is directly required.

The Bank is proud of its services and partners who support its success. The Bank allows publishing information concerning a relationship with a Supplier solely on the basis of positive previous experience and mutual written agreement with the Supplier. Such agreements must be approved by the User of Delivery, External Communications and the Procurement Officer in charge.

14. The Supplier's Visits to the Bank Premises

For a visit to the Bank's premises, the Supplier's Representatives must have a pre-arranged meeting and are obliged to report to the reception (if available) and obtain a

visitor card. The Bank's internal regulations require the visitor to be accompanied by a Bank employee both upon arrival and upon departure.

If the provision of services / products requires regular personal presence in the Bank's premises, the Supplier's appointed staff members are issued entry cards and the conditions are stipulated in the Contract.

15. Unethical Conduct

If unethical conduct is discovered, the Supplier is obliged to report such conduct to the Bank's Compliance department by e-mail at Compliance@csob.cz. Particularly the following is considered unethical conduct:

- Abuse of the Bank's assets, including incorrect use of Internet and computer systems
- Invoicing and accounting problems
- Failure to comply with the Bank's principles and procedures
- Breach of confidentiality and client privacy (including access to data in the banking systems which does not relate to the contractual cooperation with the Bank)
- Violation or safety or health protection
- Harassment by a Bank employee
- Request for a gift or another valuable item in exchange for using, or providing a positive reference to, the Supplier's products – or a gift the size of which is prohibited by the Bank's policy
- Acceptance of commissions, discounts or special discounts from another Supplier in exchange for purchasing and/or providing a positive reference to the other Supplier's products

16. Consequences of a Breach of the Principles

Measures ranging from temporary restriction of entry to permanent refusal of business dealing with the Bank will be applied to any Supplier Representatives who fail to comply with the Bank's principles.

With respect to the fact that the Bank does not wish to prevent services from being provided, the Supplier may appoint another representative to deal with the Bank. In the case of a repeated breach of the Bank's principles, the Bank will restrict and/or suspend the business cooperation.

These disciplinary measures do not replace or restrict any other agreements, sanctions, guarantees and obligations from specific contracts or orders between the Supplier and the Bank.