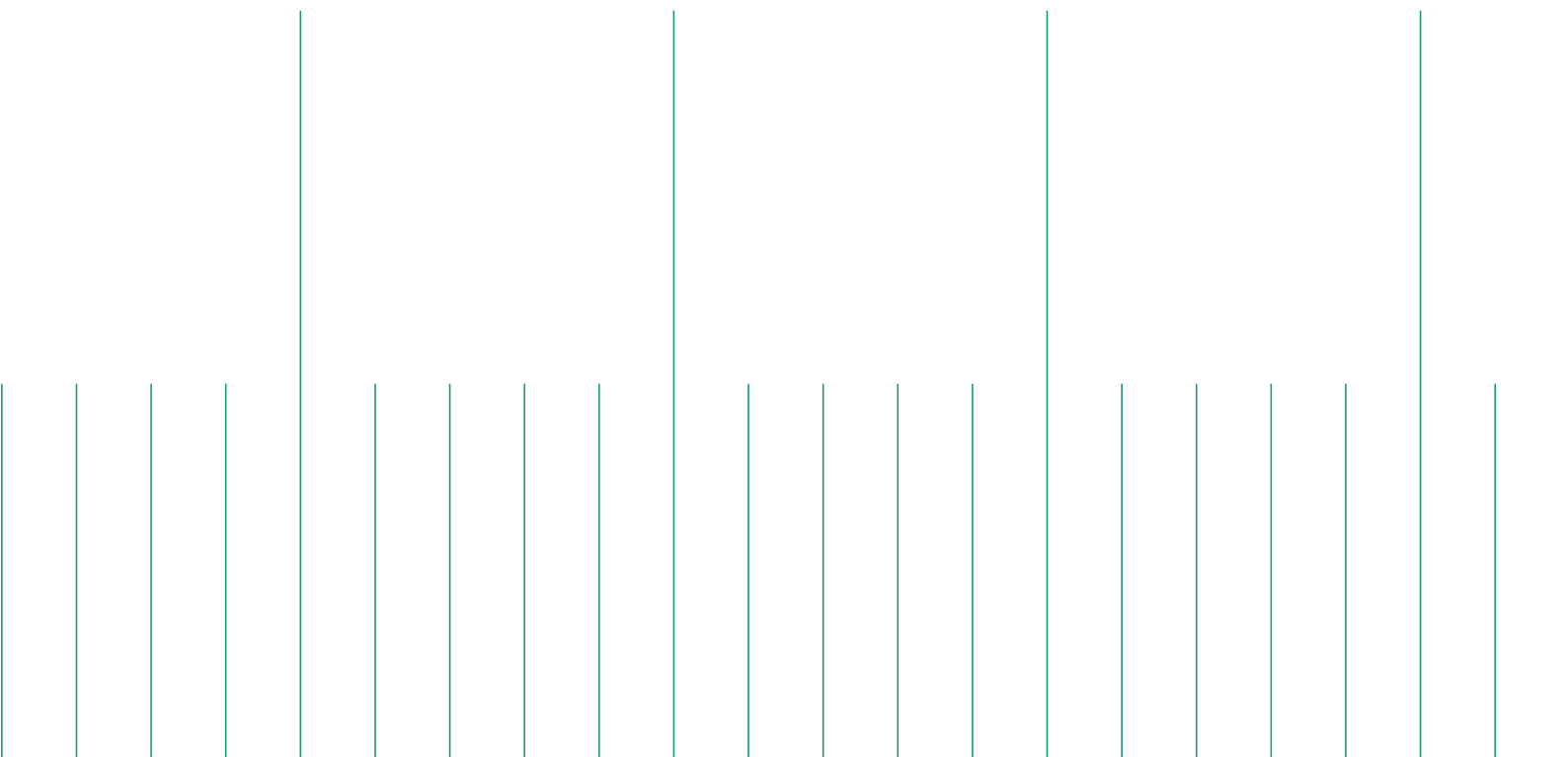


KOMMUNALKREDIT UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

Reporting and Self-Assessment



Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Kommunalkredit is a specialist for infrastructure and energy financing. Together with its customers and partners, the bank creates value to continuously improve people's lives. It facilitates the construction and operation of infrastructure facilities by balancing the financing needs of project sponsors and developers with the growing number of investors looking for sustainable investment opportunities. Main investment segments are energy & environment | communications & digitalisation | transportation | social infrastructure | natural resources

Further details are disclosed in the integrated Annual Report 2023:

- *Business model: Page 18-23*
- *Sustainability integration into Business model: page 26-32*
- *Loan portfolio segments: page 72-73*

Links and references

[Integrated Annual Report 2023](#)

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact

- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: *applicable Austrian and EU law; implementation of reporting requirements set out in the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards (ESRS) and EU Taxonomy is in preparation*
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: *applicable Austrian and EU law*
- None of the above

Response	Links and references
<p><i>Sustainability is an integral part of Kommunalkredit's strategy. ESG agendas are incorporated into business processes and the bank's business focus on infrastructure and energy is naturally aligned with sustainability. In 2022, the focus was strengthened with the adoption of an updated sustainability strategy featuring specific targets.</i></p> <p><i>Kommunalkredit's sustainability strategy is closely correlated to its core business and has two cornerstones: Accelerating the energy transition by facilitating and driving forward the decarbonisation of the economy. Our financing activities focus on renewable energies, hydrogen and new, innovative technologies that are of crucial importance if the energy transition is to succeed.</i></p> <p><i>The second cornerstone of Kommunalkredit sustainability strategy has a social focus to Help improve people's lives: a large part of our Infrastructure & Energy and Public Finance activities is dedicated to financing social infrastructure and connectivity.</i></p> <p><i>To operationalise the strategy, we have set ourselves targets for the annual volume of new infrastructure financing by 2025.</i></p> <ul style="list-style-type: none"> <i>• At least 40% will be directed towards the energy transition and environmental protection.</i> <i>• Up to 10% will be allocated to state-of-the-art green solutions to accelerate their commercialisation and expansion.</i> <i>• At least 30% will be channelled into social infrastructure and/or digitalisation and communication projects.</i> <p><i>Underpinning our commitment to the Paris Agreement is our goal to calculate and disclose the indirect GHG emissions associated with our portfolio applying best-in-class methodology, and to use them to set Net Zero targets.</i></p> <p><i>Our commitment to the UN SDGs is reflected by the requirement that every investment and financing project must contribute to at least one of the 17 UN SDGs. We designed a sustainability impact assessment tool ("Sustainability Check") that shall be applied to Infrastructure and Energy transactions to screen their impact on E S and G aspects, and to identify their contribution to the SDGs.</i></p> <p><i>[Page 31-33 of the Integrated Annual Report 2023]</i></p>	<p><i>Links and references</i></p> <p><u>Integrated Annual Report 2023 Sustainability Strategy</u></p>

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly² and fulfil the following requirements/elements (a-d)³:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

Kommunalkredit performed a Materiality Analysis including the requirements from GRI as well as the European Sustainability Reporting Standards covering all entities of Kommunalkredit Group.

[Page 35-36 of the Integrated Annual Report 2023]

As next milestone on our PRB journey we plan to perform an impact analysis applying the Portfolio Impact Analysis tool to identify significant positive and negative impacts on society and the environment.

Links and reference

[Integrated Annual Report 2023 | Sustainability Strategy](#)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries⁴ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Links and references

² That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

³ Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

⁴ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁵ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

<i>Response</i>	<i>Links and references</i>
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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁶? Please disclose.

<i>Response</i>	<i>Links and references</i>
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d) For these (min. two prioritized impact areas): Performance measurement. Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

<i>Response</i>	<i>Links and references</i>
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⁵ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

⁶ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

Scope:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No
Context:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input checked="" type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁷ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁹ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

<i>Response</i>	<i>Links and references</i>
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b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Climate change mitigation</i>	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health & inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<i>Response</i>	<i>Links and references</i>
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⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

c) SMART targets (incl. key performance indicators (KPIs)¹⁰): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<i>Response</i>	<i>Links and references</i>
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d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<i>Response</i>	<i>Links and references</i>
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Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Baseline	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

¹⁰ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

<i>Response</i>	<i>Links and references</i>
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Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹¹ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹²). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Responsible business management is the basis for our long-term success. Professional standards and ethics are the norm in our day-to-day business and codified in our Code of Conduct.

The Code of Conduct is binding for all bodies, staff and other employees of the Kommunalkredit Group vis-à-vis all stakeholders and in every business context.

[Code of Conduct]

To avoid the highest potential negative impacts from its activities, Kommunalkredit has defined a list of exclusion criteria that are applicable for all new business (financing and investment), and rolled out via dedicated policies.

[Page 42 of the Integrated Annual Report 2023]

Additionally, via our subsidiary Kommunalkredit Public Consulting we support companies in their climate mitigation efforts by offering voluntary carbon offsetting projects within the Climate Austria initiative.

[Page 50 of the Integrated Annual Report 2023]

Links and references

[Code of Conduct](#)

[Integrated Annual Report 2023 | Sustainability Topics in the Spotlight](#)

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

We help to tackle key challenges such as economic growth, regional development, job creation, social cohesion and climate protection. We enable the implementation and operation of infrastructure assets by matching the financing needs of project sponsors and developers with the growing number of investors seeking sustainable investment opportunities (such as insurance companies, pension funds and asset managers). We have strong relationships with international clients and investors as well as local authorities.

[Page 20 of the Integrated Annual Report 2023]

In 2023, the bank developed a Kommunalkredit-specific Environmental Sustainability Ratio (KA ESR) as set out in the 2025 sustainability commitments. The KA Environmental Sustainability Ratio includes commitments that have been classified as green or social based on the Sustainable Funding Framework or the framework for further sustainable activities. As of Year End 2023, 39.5% of on balance sheet assets (EUR 1.9bn) were classified as green or social based on these criteria.

[Page 44 & 45 of the Integrated Annual Report 2023]

In 2023, a Sustainable Funding Framework was established, a prerequisite for issuing green bonds.

[Page 33 of the Integrated Annual Report 2023]

Links and references

[Integrated Annual Report 2023](#) | [Building Bridges](#) | [Sustainability Topics in the Spotlight](#) | [Sustainability Strategy](#)

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

¹¹ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹³) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Our sustainability commitments for our own business activities and our loan portfolio are based on a materiality analysis and are geared towards international standards, as well as what our stakeholders expect of us.

After analysing Kommunalkredit Group's value chain and portfolio, workshops were used to evaluate the granularity of the sustainability topics and a list of all topics that could potentially have an impact on the company, society or the environment was drawn up. A survey was conducted on selected sustainability topics to gain an idea of stakeholders' views on these issues. Relevant stakeholders were invited to rate each sustainability topic on a scale. They were also given the opportunity to select the five most important topics and use qualitative comments to express what would be important to them in terms of sustainability

[Page 29 – 35 of the Integrated Annual Report 2023]

Links and references

[Integrated Annual Report 2023 | Sustainability Strategy](#)

¹³ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Kommunalkredit has established a clear Sustainability governance structure. Main bodies are the Sustainability Board, the Sustainability Team and the Sustainability Platform.

Overall responsibility for sustainability lies with the Executive Board, which has delegated this remit to the Sustainability Board.

- *The Sustainability Board meets on a regular basis and comprises the Executive Board, the sustainability team and experts from various divisions. Working hand-in-hand with the sustainability Board, the Sustainability Team is responsible for implementing and ensuring compliance with Kommunalkredit's sustainability policy and strategy in all areas of the Group. The Executive Board provides the Supervisory Board with information on key sustainability issues.*
- *The Sustainability Team reports to the Sustainability Board. Its main tasks include the management of Kommunalkredit Group's Sustainability Board and Sustainability Platform, the development of the sustainability framework and strategy and management of its strategic implementation, as well as the lead of sustainability reporting*
- *The Sustainability Platform is a dialogue platform for sustainability topics and improvements. Each area has appointed at least one sustainability coordinator. They act as the main points of contact for the Sustainability Team, coordinate ESG/sustainability issues within their area of*

Links and references

[Integrated Annual Report 2023 | Sustainability Strategy](#)

<p><i>responsibility, serve as sustainability ambassadors within these areas and have relevant ESG/sustainability knowledge.</i> [Page 33-35 of the Integrated Annual Report 2023]</p>	
<p>5.2 Promoting a culture of responsible banking: Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).</p>	
<p><i>Response</i> <i>Our focus on sustainability capacity building is underpinned by our commitments to achieve:</i></p> <ul style="list-style-type: none"> <i>At least 95% of our employees will undergo sustainable development training.</i> <i>An impact curriculum is used to train our banking/client facing staff on impact maximisation. By 2025, at least 95% will have been trained accordingly.</i> <p><i>Besides broad based sustainability training, ESG topics were included in the Fit & Proper training for members of the Executive Board and the Supervisory Board.</i> [Page 32-33 of Integrated Annual Report 2023]</p>	<p><i>Links and references</i></p> <p><u>Integrated Annual Report 2023 Sustainability Strategy</u></p>
<p>5.3 Policies and due diligence processes Does your bank have policies in place that address environmental and social risks within your portfolio?¹⁴ Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p><i>Response</i> <i>Environmental and Social risks are managed via 2 processes:</i> <i>-) inside-out risks are managed via a mandatory Sustainability Check for all projects in Kommunalkredit infrastructure and energy portfolio. This check must be carried out prior to the credit application and includes:</i></p> <ul style="list-style-type: none"> <i>exclusion criteria (see our Annual Report 2023 for the full list)</i> <i>contribution towards Sustainable Development Goals: each new transaction must also, at a minimum, make a positive contribution to a UN Sustainable Development Goal.</i> 	<p><i>Links and references</i></p> <p><u>Integrated Annual Report 2023 Sustainability Topics in the Spotlight</u></p>

¹⁴ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

- *ESG impact assessment: each project in the portfolio is evaluated with regard to its impact on specific ESG criteria. The result of this evaluation is categorised as “positive”, “neutral” or “negative”. If all criteria are classed as either “positive” or “neutral”, the asset is deemed ESG-compliant. If one criterion is classed as “negative”, corrective action must be initiated upon consultation with the client, if necessary.*

-) Outside-in risks are managed via the ESG risk score: In 2022, a risk classification of Kommunalkredit’s infrastructure and energy portfolio was implemented using a five-tier ESG scale (“category 1 to 5”) at the level of financed industry sectors and sub-sectors.

[Page 42-43 of Integrated Annual Report 2023]

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

<i>Response</i>	<i>Links and references</i>
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6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

<p><i>Response</i></p> <p><i>Since 2017 Kommunalkredit's sustainability reporting has been based on the Global Reporting Initiative (GRI) Standards.</i></p> <p><i>The implementation of reporting requirements set out in the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards (ESRS) and EU Taxonomy is in preparation.</i></p> <p><i>[Page 33-35; 202-210 of the Integrated Annual Report 2023]</i></p>	<p><i>Links and references</i></p> <p><u>Integrated Annual Report 2023 Sustainability Strategy GRI indicators</u></p>
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6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁵, target setting¹⁶ and governance structure for implementing the PRB)? Please describe briefly.

Response

In 2023 Kommunalkredit signed up to the UN Principles for Responsible Banking (UN PRB) to further emphasise its commitment to sustainable business.

[Page 28 of the Integrated Annual Report 2023]

We are at the beginning of our PRB journey. As next milestone we plan to perform an impact analysis applying the Portfolio Impact Analysis tool to identify significant positive and negative impacts on society and the environment pursuant to Step 1 of the PRB process.

Links and references

[Integrated Annual Report 2023 / Sustainability Framework](#)

¹⁵ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁶ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|---|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input checked="" type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: