



# ESG Strategy

March 2023

**Addiko Bank**

Overall Vision

**E**nvironment



- Support transition to **carbon-neutral economy**, further reduce emissions (Scope 1 & 2)
- Support **lower carbon footprint indirectly** through lending activities
- C&A **risk factors** are the integral part of existing risk types

**S**ocial



- Act as a **responsible organization** in the society
- Foster a **positive workplace culture** and employee conduct, that reflect the Addiko values
- **Support social equality and diversity** at all levels

**G**overnance



- **Facilitate sustainable behavior**, address climate change & other sustainability issues
- Ensure that **Sustainable Development Goals** are holistically promoted through the bank
- Ensure that **target-setting on Sustainable Development Goals**, are part of remuneration components
- Promote **Codes of Business Conduct and Ethics**, and set the **robust risk and compliance framework**

Strategy

- **Addiko's** comprehensive ESG strategy serves as a governance roadmap for managing the ESG agenda
- In order to follow a targeted and measurable approach to the ESG agenda, the most relevant **Sustainable Development Goals** from the perspective of Addiko were selected

## Addiko's ESG Framework

Consists of 4 strategic pillars



Addiko's Environmental, Social and Governance ("ESG") strategy is interconnected with the business and risk strategy

## Strategic Objectives



Within the ESG Strategy, Addiko also defines **specific sustainable development goals**. Based on the "Agenda 2030" adopted by the **United Nations in September 2015**, which **outlines 17 international sustainable development goals**, the following four goals were selected, as being the most crucial for Addiko Bank's business operations.

## Good Health and Well-Being (3)



Addiko supports Good Health and Well-Being. Its employees are encouraged to live a healthy, active lifestyle.

## Gender Equality (5)



Addiko has formalised a three-year Diversity & Inclusion target and action plan across all Addiko Group countries setting diversity targets.

## Decent Work and Economic Growth (8)



As part of Addiko's efforts to create well-paid quality jobs and provide employment opportunities for young professionals.

## Climate change (13)



Climate protection is an important element in Addiko's operational business. Addiko endeavours to contribute to better environmental awareness.

## ESG in Addiko - It is the little things that count



## Recap 2022

- CRO appointed as **ESG Officer** in Addiko
- Implementation further clustered into now updated **15 initiatives**
- Roll-out during 2022, for full implementation in 2023
- Addiko achieved substantial improvement in its management of C&E risks during 2022
- ECB's Thematic Review on climate and environmental risks concluded: No impact on SREP valid for the year 2023

# Environmental



Carbon footprint reduction

Reduce more than 33% already in direct CO<sub>2</sub> emissions

5 initiatives

Addiko helps its employees & customers to become more climate neutral

## Electromobility

- Replacing the car-fleet with the electric cars
- Car's usage optimization through car sharing

## Office space optimization

- Reducing office spaces and number of branches
- Supporting hybrid working model

## Environment friendly banking services

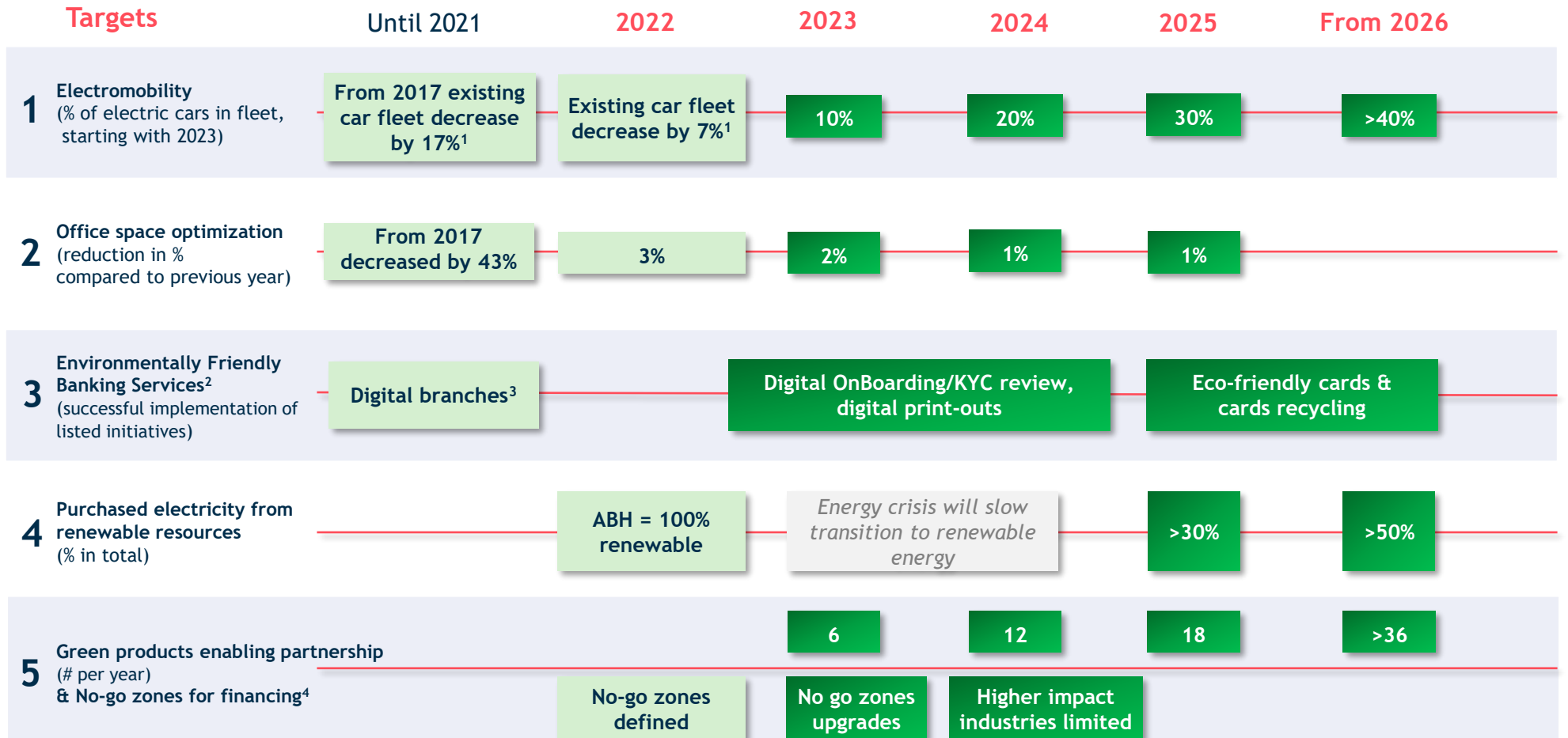
- Reduce paper consumption through digitalization
- Striving to operate paperless branches and introduce digital-first banking to the extend permitted by legislation

## Electricity from renewable resources

- Procurement of clean electricity

## Green products & no-go zones for financing

- Commercial partners focused on green products & services
- Lower carbon footprint indirectly, through lending activities



## Environmental



<sup>1</sup> Existing car fleet decrease only applies to internal combustion engines

<sup>2</sup> Results in less paper consumption

<sup>3</sup> Signature Pads implemented only in Addiko Bank Slovenia

<sup>4</sup> Industries which are specifically prone to the affects of climate and environmental change (i.e. impacted by low carbon transition)

# Social



Committed to the good

Addiko is recognized among Top Employers

5 initiatives

Addiko supports social equality on all levels

## Diversity and inclusion

- Further strengthen diversity and inclusion (gender, age and national equality)

## Future of work

- Hybrid work, celebrating kids' days at workplace
- Supporting the work-life balance of our employees
- Eco-friendly offices

## Personal progress & well-being

- Employees health checks
- Supporting employee's development & advancement through education
- Talent development and retention

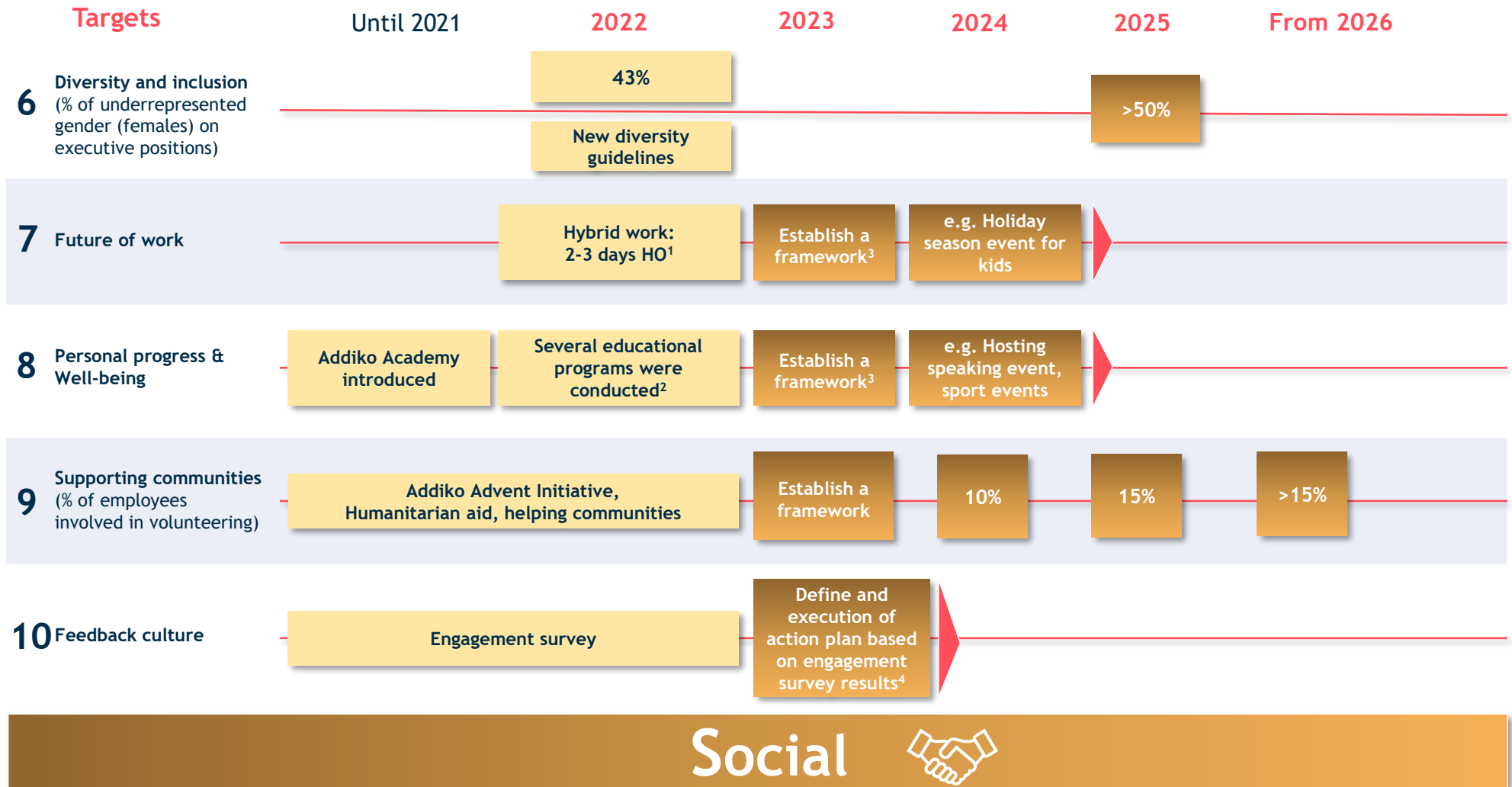
## Supporting communities

- Employee volunteering programs and charity work

## Feedback culture

- Frequent surveys to measure employee satisfaction





## Social



<sup>1</sup> HO - Home office.

<sup>2</sup> Educational program conducted: Straightforward Effective Communication, Leadership trainings, Addiko Academy programs (Risk Management, Addiko Team)

<sup>3</sup> One organized initiative per year and per entity.

<sup>4</sup> Action plan per entity

# Governance



Make ESG work through good governance

Design and implement ESG related targets and KPIs

**5**  
initiatives

Sound principles of governance are in **Addiko's DNA**

**Corporate bodies & code of conduct**

- ESG agenda regularly discussed at management board level
- Update guidelines to include ESG-related matters
- Whistleblowing & complaints to address & implement feedback directly

**Financial literacy**

- Promote financial literacy and education for sustainable growth

**Education**

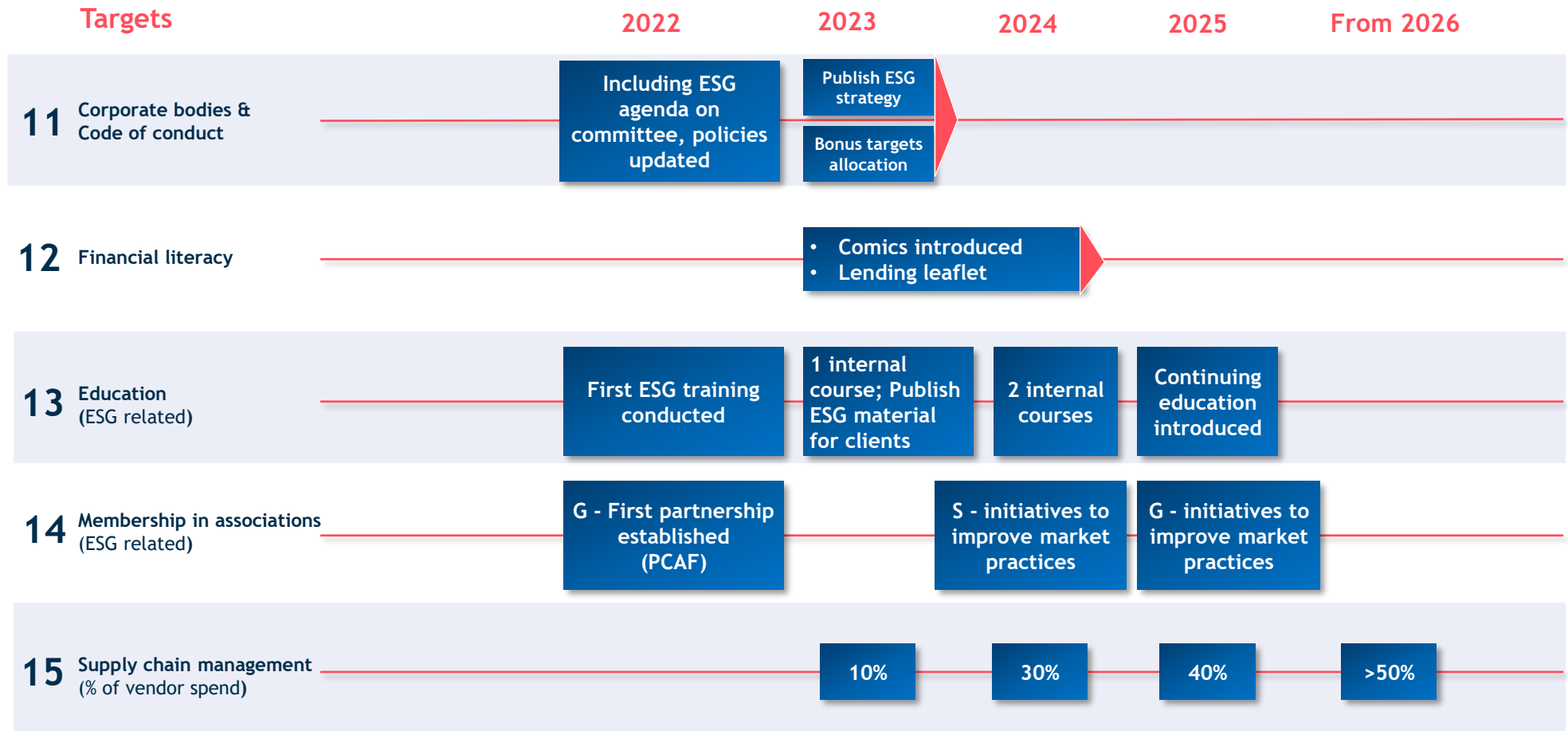
- Addiko Academy, ESG internal and external courses for clients how to reduce negative impacts on the environment

**Membership in associations**

- Commit to initiatives that support development ESG and enable to constantly learn and follow latest trends

**Supply chain management**

- Regular update of ESG rules for external partners



## Governance

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Addiko Group's Investor Relations website <https://www.addiko.com/investor-relations/> contains further information, including financial and other information for investors.

## About Addiko Group

Addiko Group is a specialist banking group focusing on providing banking products and services to Consumer and Small and Medium-sized Enterprises (SME) in Central and South-Eastern Europe (CSEE). The Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 31 December 2022 approximately 0.8 million customers in CSEE using a well-dispersed network of 154 branches and modern digital banking channels.

Based on its strategy, Addiko Group has repositioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities as well as payment services (its "focus areas"). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers and is largely funded by retail deposits. Addiko Group's Mortgage business, Public and Large Corporate lending portfolios (its "non-focus areas") are subject of an accelerated run-down process, thereby providing liquidity and capital for the growth in its Consumer and SME lending.