



Sustainability report 2023

Act Responsibly,
Think Sustainably.

Addiko Bank

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ADDIKO

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KEY HIGHLIGHTS 2023



Environment

Addiko helped its employees & customers to become more climate neutral by:

- replacing the existing car-fleet with electric & hybrid cars — 12% electric & hybrid cars have been ordered
- reducing the car fleet — an additional 7% reduction in the number of cars
- office space optimisation — a further 2.2% reduction in office space has been achieved
- transitioning to renewable energy sources — in Addiko Bank AG Vienna (Austria), the transition to 100% renewable energy achieved, while at Addiko Group level, the renewable share is 28%
- implementing environment-friendly banking services like End-2-End online lending
- entering into new commercial partnerships focusing on green products & services, to support clients within their green transition
- promoting strategic partnerships with service providers focusing on green products and services — 18 green partnerships enabled
- lowering its carbon footprint indirectly through lending activities — additional No-go industries defined



Social

Addiko continued its commitment to support social equality on all levels by:

- strengthening our diversity policies — 56.6% women in executive and middle management positions in Addiko Group
- enabling our employees to actively participate in well-being activities, mental healthcare and health promotion activities
- focusing on work-life balance, hybrid work, family
- related benefits supporting employee development & advancement — on average 22.05 training hours per employee in 2023
- supporting communities — employees actively participate in volunteering programmes and charity work, such as afforestation initiatives and provide support during natural disasters
- incorporating sustainability aspects into incentive scheme of Addiko employees



Governance

Consolidation of sound governance principles into Addiko's DNA by:

- updating internal guidelines to include ESG related matters — first ESG Strategy published
- promoting financial literacy and education for sustainable growth — supporting programmes such as the Financial Literacy week at the Faculty of Economics in Zagreb, SME academy promoting ESG
- successfully integrating ESG risks into the decision-making process for Corporate clients, sovereign and financial institutions
- committing to initiatives that support developments within ESG areas, responsible banking and continuous learning by following the latest trends — Addiko became a partner of PCAF ("Partnership for Carbon Accounting Financials")
- enhancing compliance efforts aimed at existing and new ESG related regulatory requirements



Electricity sourced from renewable energy at Addiko Bank Austria



Replaced vehicles in the car fleet with electric or hybrid cars



Women in executive and middle management positions



Average training hours per employee

LETTER FROM THE ESG OFFICER

As we reflect on the achievements of the past year, I am delighted to present Addiko's Sustainability Report 2023. Building upon the foundation laid out in 2022, our commitment to sustainability remains steady. This report provides a comprehensive view of our initiatives in environmental, social and governance (ESG) areas.

As a specialist bank in Central and Southeast Europe, Addiko Group continues to focus on serving consumers and small and medium-sized enterprises. Our dedication to modern, digital solutions ensures that our customers can access financial products and services seamlessly. This year's positive financial results confirm that we are progressing in the right direction. Nevertheless, we recognise that every product and service come at an environmental cost, which emphasises the need for a proactive approach to ESG matters.

After formally introducing our ESG strategy in 2022, marking a pivotal moment in our sustainability journey, we have completed our first initiatives in the year 2023. Looking ahead, we are determined to further intensify our efforts in this domain, allocating more resources so that we can contribute meaningfully to our sustainable development goals. Our ESG strategy outlines specific initiatives targeting sustainable development goals, carbon foot-print reduction, climate action, gender equality, employee well-being, talent promotion and personal development.

In 2023, we launched 15 initiatives aimed at achieving our sustainable development goals. Central to our focus is the reduction of our carbon footprint and the promotion of social equality, both within and beyond our organisation.

ESG is not merely a regulatory obligation for us, it is also a responsibility we take seriously and an opportunity. We see it as a chance to care for our stakeholders, communities, investors, employees and business partners while exploring avenues for environmentally friendly development and growth. Our leadership teams are committed to embedding sustainability into our daily operations and, more importantly, into our corporate culture. The pursuit of sustainability goals and increased corporate social responsibility efforts define our ongoing commitment, with a focus on achieving meaningful, measurable and tangible results.

I would like to thank everyone who, through their dedication to sustainability and responsible corporate governance, has played a crucial role in translating our values into action. As we build upon the successes of 2023, we remain dedicated to advancing our sustainability initiatives in the years to come.

Best regards,

Tadej Krašovec

ESG Officer and Member of the Management Board (CRO) of Addiko Bank AG

ABOUT THIS REPORT [ESRS 2 – BP1-2, SBM-1]

Addiko is proud to announce the publication of its latest Sustainability Report for the year 2023, marking a significant step in aligning with evolving regulatory frameworks. The report adheres to the Corporate Sustainability Reporting Directive, effective from 5 January 2023 showcasing Addiko's proactive approach to meeting the recently adopted European Sustainability Reporting Standards ("ESRS"). Addiko has undertaken a best-effort basis to applying these standards on a voluntary basis, demonstrating its dedication to achieving a higher standard of sustainability reporting. This effort is part of Addiko's broader commitment to transparency, accountability and responsible business practices.

Notably, this Sustainability Report fulfils the criteria outlined in the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and in accordance with section 267a (6) of UGB, Addiko consolidated its non-financial information in this report, which is hereinafter referred to as "Addiko's Sustainability Report". The Sustainability Report is not subject to external assurance and has been adopted by the Management Board and Supervisory Board of Addiko Bank AG.

The report covers entities within Addiko Group, namely Addiko Bank AG as the parent bank and its six subsidiary banks operating in Central and South-Eastern European ("CSEE") countries: Addiko Bank d.d. in Slovenia, Addiko Bank d.d. in Croatia, Addiko Bank d.d. in Sarajevo/BiH, Addiko Bank a.d. in Banja Luka/BiH, Addiko Bank a.d. in Serbia and Addiko Bank AD in Montenegro. For the purpose of this report "Addiko", "it", "its" or any variations to these terms will reference to Addiko Group as listed in this paragraph. The group holds no other participations >50% and therefore, the scope of consolidation mirrors that of the IFRS consolidated financial statements.

Addiko harmonises the time horizons of this report with those integrated into Addiko's risk assessment processes (short term up to one-year, medium term up to five years, long term above five years). This alignment spans short, medium and long-term perspectives, emphasizing the integral role of sustainability considerations in strategic planning and risk-mitigation strategies.

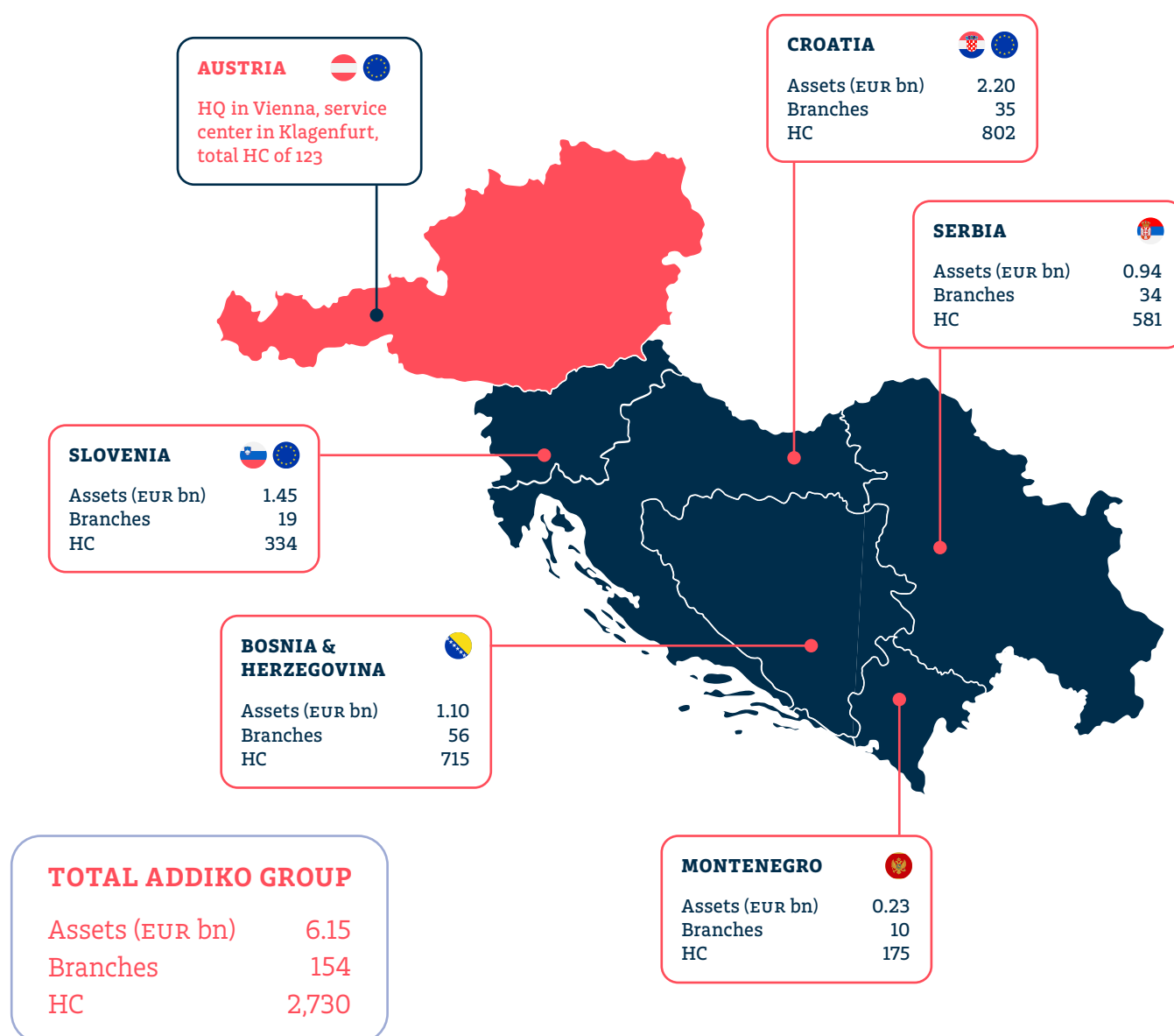
As Addiko embarks on this journey of enhanced transparency and responsibility, it acknowledges that comprehensive reporting involving upstream and downstream value chains requires diligent assessment and data gathering. Considering the recent adoption of the ESRS, Addiko's initial focus was on providing a detailed account on its own operations. This scope limitation is a strategic choice, ensuring accurate and meaningful data delivery and reflects Addiko's commitment to providing a solid foundation for future comprehensive reporting. It is important to note that effects from upstream and downstream value chains have not been disregarded entirely. Addiko has undertaken a systematic assessment to identify material impacts, and any impacts from the upstream and downstream value chain that were deemed material have also been incorporated into this report.

Addiko remains steadfast in its commitment to continuous improvement in sustainability reporting practices. As experiences are gained and methodologies refined, subsequent sustainability reports will progressively include deeper insights into the broader value chain. This ongoing evolution mirrors Addiko's dedication to transparency, accountability and sustainable business practices, positioning

the group as a responsible financial institution, actively contributing to a more sustainable future.

ADDIKO GROUP A BRIEF PORTRAIT

Addiko is a specialist banking group focusing on providing banking products and services to consumers as well as small and medium-sized enterprises ("SMEs") in CSEE. Addiko Group consists of Addiko Bank AG, a listed and fully licensed Austrian parent bank, registered in Vienna, Austria, regulated by the Austrian Financial Market Authority and the European Central Bank, and its six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates two banks), Serbia and Montenegro. Through its subsidiaries, Addiko services approximately 0.9 million customers, using a well-dispersed network of 154 branches and modern digital banking channels.



Addiko Bank AG is listed on the Vienna Stock Exchange and owned by a diversified investor base. The most recent information about the shareholder structure can be found on Addiko's website at <https://www.addiko.com/shareholder-structure/>.

BUSINESS STRATEGY [ESRS SBM – 1]

Addiko's vision is to become the best specialist bank for Consumer and SME customers in the CSEE region. Addiko's strategy is to offer modern banking with a focus on products tailored to the essential needs of customers, communicated in a simple and transparent manner and delivered efficiently using a hybrid distribution approach based on physical branches and modern digital channels. Within the Consumer segment, Addiko focuses on providing unsecured lending, account packages and deposit products. In the SME segment, the focus is on shorter-term unsecured financing, transaction banking and trade finance products complemented by deposit products. In both focus areas, the development of digital capabilities is a key pillar. By digitalising sales and services offered (Webloans, mLoans and online account opening capabilities), Addiko is able to deliver increased convenience and speed to its target customers and is therefore recognised in its markets as a digital challenger.

At the same time, Addiko is actively running down its non-focus areas Mortgages, Public Finance and Large Corporates, thereby providing liquidity and capital for further growth within the focus areas.

Addiko has a clear vision and mission to achieve its goals. To support its path towards becoming the leading specialist bank in Consumer and SME lending and to better engage with customers, Addiko introduced Oskar as its new brand character in 2022. Oskar serves as a brand ambassador and main communicator of the brand promise that Addiko stands for speed and flexibility and is there for all its customers whenever and wherever they need an extra financial boost.

ADDIKO'S MISSION AND VISION



Vision

- We will turn Addiko into leading CSEE specialist bank for Consumer & SME customers
- We are focused and offer the best digital products to challenge universal banks
- We will accelerate the bank's transformation and generate value for our shareholders
- We offer better personal customer service than pure online banks



Mission

"To make customers' life easier, to help them in unpredicted situations and to help them get things they want."

Brand Promise

"As experts in consumer and SME banking, we stand for speed and flexibility, and we promise to be there for you in all situations when you need that extra boost."

Brand Strategy

Our brand strategy establishes Addiko as the best choice for fast loans by introducing

- **The new brand character** Oskar
- **A new slogan** Your Best Choice for Fast Loans
- Communication across all channels about Addiko's specialist strategy

THE ADDIKO MARKETING APPROACH

Marketing continues to play a strong enabling role within Addiko. Its main goal is to not only to boost new customer acquisition but also improve the customer experience. Oskar is the message carrier of Addiko, both for external communication to potential and existing customers, and internally to employees to reinforce customer centricity. In his 3D animated form, Oskar is brought to life in each of the Addiko markets in CSEE by communicating in the local languages. Targeted marketing campaigns in 2023 made Oskar visible across media channels through TV ads, outdoor billboards, social media, digital and mobile advertising in all markets where Addiko operates.

A new image campaign was also rolled out, followed by loan product campaigns aligned with the Addiko brand carrying a promise to guarantee record Time-to-Decision and Time-to-Cash. In its largest market, Croatia, a market premiere was introduced by giving customers the option to have their loan documentation delivered by courier service – wherever and whenever required. In cooperation with Mastercard, shopping weekends were inaugurated in areas of Bosnia & Herzegovina to promote electronic payments and offer discounts to clients in a number of stores. In Serbia, the customer-centric approach enabled augmented developments in lending in the point of sale (PoS) sector. The Addiko partnership solution for PoS ("point of sale") loans is already available in over 500 retail stores across the country that sell electronics, house appliances and other consumer goods. The simple and fast PoS loan process enables customers to obtain a loan in just 15 minutes, if approved, by using their ID.

In product advertising, Addiko uses clear and direct messages alongside representative examples to ensure transparency and provide customers with all information they need to make an informed decision about their finances. More detailed information about products and services is available on the respective local Addiko websites.

The latest Brand Tracker measurements showed notable growth in spontaneous awareness by 10% on a year-on-year basis and a 17% rise in interest for fast cash loans. Increased recognition of Addiko's reputation positions Addiko as a leading expert in this product. The creative use of Oskar contributed to 10% average growth in advertising awareness during 2023. Customers appreciate Addiko's marketing efforts, leading to growth in brand awareness and a positive brand image, which is reflected in an expansion of desired awareness metrics across all countries of operation.

ACCELERATION TOWARDS THE MID-TERM TARGETS

In order to further drive value generation, Addiko is rolling out a group-wide programme, the "Acceleration Programme". The overall goal of the programme is to get closer to Addiko's ambition to become the best specialist bank for Consumers and SMEs in CSEE. The intention is to accelerate the Group's capabilities to create incremental value for its customers and to ensure faster achievement of the Group mid-term targets.

The program is based on three main pillars:

- business growth
- operational excellence
- best-in-class in risk management

FIRST PILLAR Business growth

The first pillar of the Acceleration programme is dedicated to enable constant, sustainable business growth within the current geography. In recent years, Addiko has significantly improved its digital platform to better serve its customers. Addiko's strategy is to further leverage, optimise and extract the maximum from the existing platform.

During 2023, in line with the programme targets, Addiko concentrated its efforts in the Consumer segment into the following main areas:

- The Group extended its partnership network to over 500 partners and its presence in over 1,200 locations.
- The Group also worked on growing non-lending product revenue streams with a particular focus on cards and insurance. In fact, the innovations in cards led to a remarkable 94% year-on-year increase in cards commission income.

In the SME segment, the following growth initiatives took place:

- Leveraging on the digital agent platform to deliver lower ticket loans and mandatory account packages to the underserved Micro and Small segments.
- The introduction of a new online channel that empowers SME clients to apply for loans online, thereby eliminating the need for direct interaction with sales staff. This innovation sets Addiko apart as the only bank offering the service in key countries in Croatia, Slovenia and most recently in Serbia.
- Product expansion, with the Group working diligently on new products that will further enhance its SME ecosystem and revenue stream.

Overall, Addiko has achieved strong growth of 51% in new customer acquisition in the Consumer segment. In the Micro business segment, Addiko has seen impressive year-on-year growth of 44%. Additionally, across the Small and Micro landscape, the Group achieved 22% growth in new business. In addition to the growth initiatives in the Consumer and SME segments, 2023 was used to evaluate a potential geographical expansion into a new CSEE market to leverage on the Group digital platform and to further increase scalability. Based on the outcome from this assessment, Addiko decided to expand its business model into the Romania market.

Addiko will continue to launch E2E digital capabilities to attract digital customers and further expand through its partnership ecosystem. Furthermore, the product offering for Consumers and SMEs will be amplified, for instance, through the card business via tailored functionalities. At the same time, unprofitable products and

services will be retired. Marketing capabilities are an essential part of this pillar and will be further improved and refined. All of this will ensure further growth of the focus business in a sustainable and profitable way, while maintaining a prudent underwriting approach.

SECOND PILLAR Operational excellence

The second pillar of the Acceleration programme is designed to address operational excellence to achieve further E2E optimisation of Addiko core processes. During 2023, Addiko established an "Operational excellence" stream, which aims to create the fastest account & loan processes in the Consumer and SME business by establishing back-office excellence and enabling fintech-oriented, highly automated and 'hands-free' processes.

Addiko's focus is on customer experience. This means a best-in-class customer experience in the focus areas and respective products – no matter which channel customers are using –, customer-first culture, innovation for key end-to-end and streamlined processes. This is complemented by the introduction of new digital solutions, the automation of back-office tasks and a strategy to enable efficiency enhancements in the years ahead.

Some of the new digital solutions introduced during 2023 relate to the following initiatives:

- A further upgrade of the existing branch-based digital solution to offer an end-to-end digital customer experience that eliminates the need for customers to visit physical branches. This upgrade has already been launched in Croatia and will soon be introduced in other countries.
- Streamlining of the loan application process, resulting in a time-to-cash reduction, as well as a corresponding increase as a unique-selling-proposition.

Furthermore, Addiko made substantial improvements to its business intelligence reporting systems. This helps the Group to better understand its customers and reap the benefits, such as the fine-tuning of products and services.

THIRD PILLAR Best-in-class risk management

The third pillar deals with the objective to become best-in-class in the area of risk management. Addiko firmly believes that it can only achieve its goal to become the best specialist bank for Consumers and SMEs in CSEE by strengthening its performance on the risk side. In the current economic climate, Addiko believes that data management and analytics in the risk management area are even more important. During 2023, the Group successfully launched a new risk reporting platform across the Group, with the goal of further improving its ability to steer and manage risks on a group-wide basis. Furthermore, Addiko launched a project on collection efficiency to explore additional enhancement potential in the collection area.

Addiko will invest further in its IT systems to establish a scalable and leading-edge automated underwriting, monitoring and reporting environment. Addiko will also continue to focus on effective NPE management to create value for the bank.

KEY AWARDS AND RECOGNITIONS

In the pursuit of excellence and a commitment to sustainable practices and a supportive work environment, Addiko is proud to showcase the various awards and recognitions earned by its entities in the years 2022 and 2023. These awards not only underscore our dedication to providing digital financial services but also highlight our commitment to promoting a positive and motivating work environment.

KEY AWARDS AND RECOGNITIONS

AWARD CATEGORY	2022	2023
"Družini prijazno podjetje" – Family friendly company certificate	ABS	ABS
Employer partner certificate by Selectio	ABSE ABM ABSA ABBL ABC	ABC
Top Employer in financial sector in Bosnia & Herzegovina	ABBL	
Wellbeing Recognition	ABSE	ABSE
Mamforce	ABSE ABC	ABSA ABC
Golden BAM award for achieved quality in the digitization of banking services		ABSA
UEPS * awards - Gold award for direct marketing and Silver award for PR campaign in the Brand PR category		ABSE
Native Advertising Institute — 4 awards for educational videos regarding the euro introduction in Croatia		ABC
Icertias, Customer Friend	ABC	ABC
Icertias, Best Buy for fast loans	ABC	ABC
Chamber of Commerce and the Government of the Republic of Srpska prize for Responsible Taxpayer in the Finance Sector		ABBL

ADDIKO'S VALUE CHAIN [ESRS SBM – 1, BP – 1]

Addiko's business momentum is founded on its efficient operating model and streamlined processes. Along Addiko's value chain, the know-how of its employees, an established physical branch network in the region, as well as investments in digital transformation and process automation were identified as primary business enablers.

Other steps along Addiko's value chain contain the following:

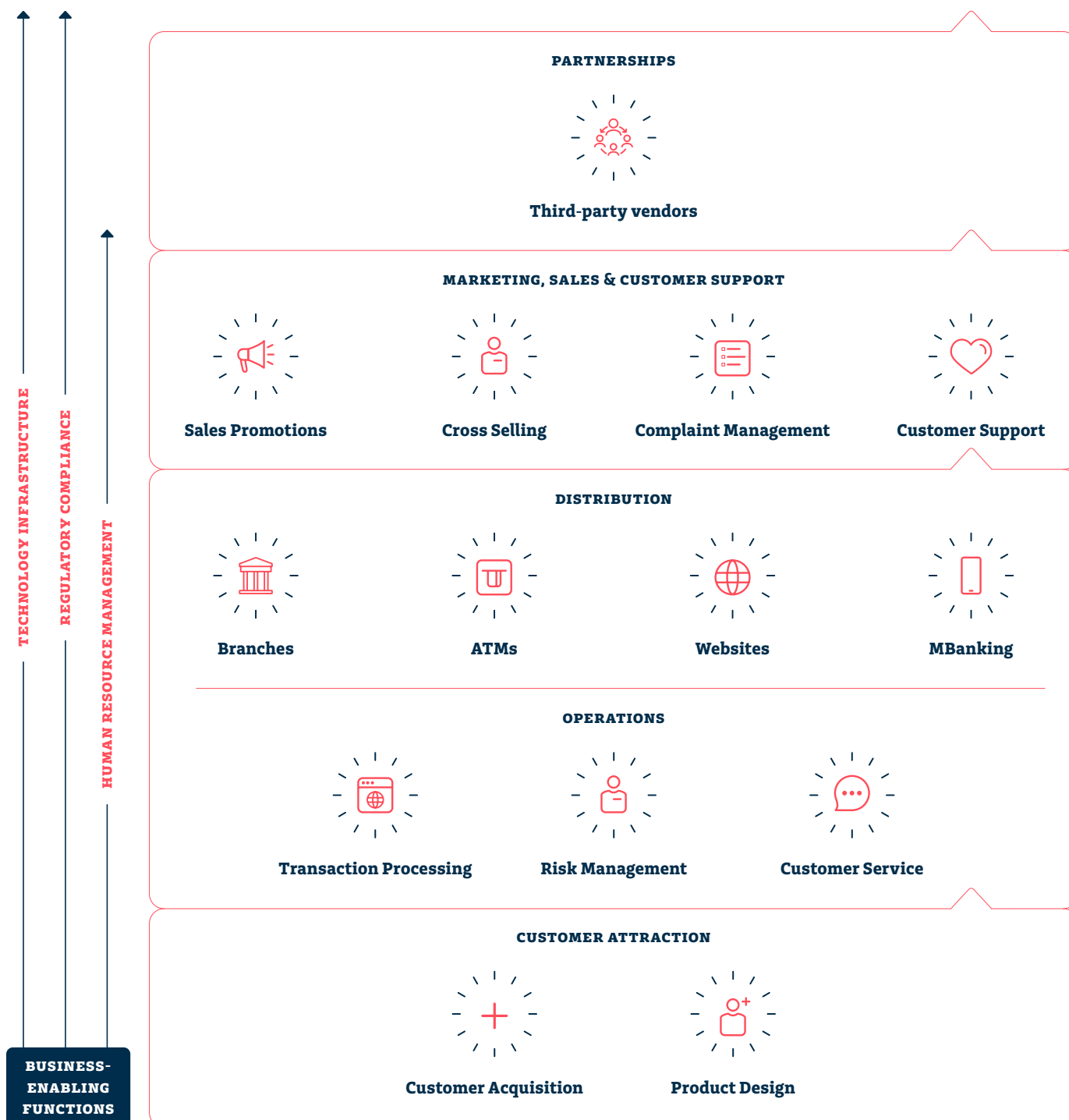
- 1. Customer attraction** At the forefront of Addiko's services is a bespoke customer acquisition strategy. This is designed to attract new customers by providing attractive products through Addiko's point of sales lending solutions at the right time to a diverse clientele. Addiko's customer-centric approach ensures that its products and services are tailored to the evolving needs of Addiko customers. It also includes a continuous feedback loop to enable product design enhancements.
- 2. Operations** Addiko's major strength lies within its efficient digital operational model. This allows for rapid execution and processing of financial transactions using the advanced risk-management tool with End-2-End underwriting and monitoring capabilities. Within these key operational services, a high level of automation along with innovative digital tools (mobile banking apps, virtual assistants) help deliver a positive customer experience.
- 3. Distribution** Thanks to established distribution channels, such as Addiko's physical branch network in the countries of operation, ATMs, online banking and mobile apps, customers can avail of Addiko's financial products and services conveniently and quickly.
- 4. Marketing, sales, customer support** Addiko's marketing and sales efforts include promoting the banks' products and services to attract and retain customers. The digital transformation in this segment supports Addiko's commitment to financial inclusion, ensuring that its products are accessible to all. Various cross-selling activities are also in place to offer additional products and services to existing customers based on their needs. A professional customer care function, providing ongoing support and assistance is tasked to address and resolve complaints, which further highlights Addiko's commitment to delivering a positive customer experience.
- 5. Partnerships** Addiko established partnerships with third-party service providers entrusted with the development of solutions for Addiko, or in cooperation with Addiko. These partnerships are established primarily for technology solutions, data analytics and business intelligence reporting systems.

Additional assignments within Addiko's value chain are supported by ongoing business enablers/business support functions. The following list shows an indicative description of the key business support functions:

- **Technology infrastructure** Designed to manage and maintain the technological backbone of Addiko, including core-banking systems, cybersecurity and IT infrastructure. This infrastructure is one of the primary business enablers within the value chain.

- **Regulatory compliance** Critical for ensuring compliance with continuously evolving regulatory requirements and standards.
- **Human resource management** Addiko relies on its expert employees and therefore the recruiting and hiring of skilled professionals in the areas of finance, risk management and customer facing employees is deemed to be an ongoing business enabler. Together with ongoing training and development practices, this empowers Addiko employees to quickly adjust to evolving industry trends and technologies.

ADDIKO'S VALUE CHAIN



LIMITATIONS AND SCOPE OF REPORTING [ESRS 2 – BP1 - 2, SBM - 1]

In 2023, Addiko has applied ESRS reporting standards on a voluntary basis for the first time and therefore, the focus of the conducted assessment was on Addiko's own business operations. The scope of this report is intentionally limited to Addiko's core activities as stated within the value chain assessment and material impacts, identified within the double materiality assessment. It must be acknowledged that comprehensive reporting of its direct and indirect relationships in the upstream and downstream value chain requires careful assessment and data gathering. Given that these reporting standards have only recently been adopted, Addiko's initial focus was on providing a detailed account of its own operations.

Nevertheless, it is important to note that effects from direct and indirect business relationships in the upstream and downstream value chain have not been disregarded. Addiko has undertaken a thorough assessment (described in the *Double Materiality Assessment*) to identify material impacts arising from its upstream and downstream value chains. Any impacts deemed to be of a material nature have been included in this sustainability report.

Addiko remains committed to continuous improvement in its sustainability reporting practices. As experiences are gained and methodologies refined, future sustainability reports will increasingly include insights into the broader value chain, reflecting Addiko's dedication to transparency, accountability and sustainable business practices.



2.

MANAGING SUSTAINABILITY 2023

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ADDIKO BANK'S PATH TO SUSTAINABILITY

Embarking on a transformative journey, Addiko has embraced the integration of sustainability into its operations. Recognizing the crucial role financial institutions play in shaping a more sustainable future, Addiko has worked diligently to embed environmental, social and governance principles into its core values.

Addiko's commitment extends beyond mere compliance and strives to contribute proactively to positive impacts on society and the environment. Addiko has therefore enhanced its sustainability governance and anchored sustainability matters at different levels (Management Board and Supervisory Board, Committees on group and local/country level) to ensure attention at the highest decision-making levels, while also being broadly integrated in Addiko's daily operations.

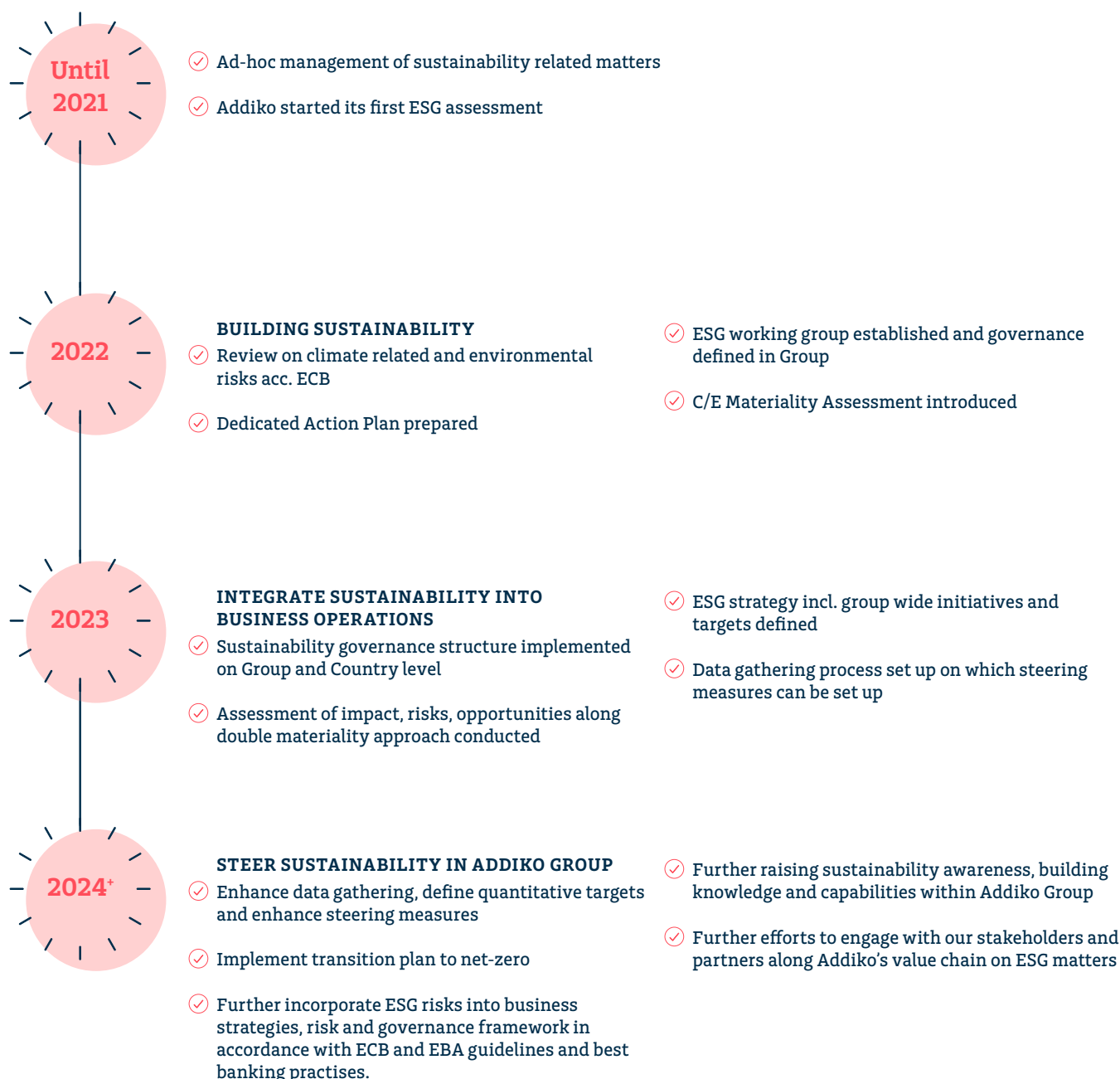
In 2023, Addiko reached major milestones in its commitment to sustainability objectives:

- Addiko has implemented a robust sustainability governance framework to define and integrate sustainable practices throughout the organisation. This framework outlines key processes and responsibilities at various levels, ensuring a comprehensive approach to sustainability governance at both country and group levels.
- Within its ESG strategy, Addiko defined group-wide sustainability initiatives, which are steered and monitored by a dedicated working group through all countries.
- Addiko has set up data-gathering processes to be able to collect quantitative data on ESG matters based on which further reporting and steering measures can be set up.
- Addiko reviewed the methodology for the assessment of its impacts, risks and opportunities according to the double materiality approach and reassessed the climate-related and environmental (C&E) risks of its credit portfolio in accordance with EBA (European Banking Authority) guidelines.
- Addiko disclosed its Sustainability Report in accordance with the Corporate Sustainability Reporting Directive (CSRD) and voluntarily applied the newly adopted European Sustainability Reporting Standards (ESRS) on a best-effort basis.
- Addiko enhanced its data-gathering process on GHG (greenhouse gas) emissions, which can be used to develop a transition plan to net zero targets in the upcoming years.
- Addiko continued to lower its carbon footprint by purchasing electric cars for its car fleet and further optimizing its office spaces.
- Addiko improved its engagement with stakeholders on ESG matters and plans to enhance these initiatives in the future with regular meetings and events. Addiko further raised the level of sustainability awareness among employees

through internal and external training measures and proactive communication of Addiko's sustainability targets.

As well as adhering to the UN Sustainable Development Goals and the OECD Due Diligence Guideline on Responsible Business Conduct and being a member of the Partnership for Carbon Accounting Financials (PCAF), Addiko supports the adoption of responsible business standards and proactively engages with industry peers on best-practice instances.

ADDIKO'S PATH TOWARDS A MORE SUSTAINABLE FUTURE



SUSTAINABILITY FRAMEWORK

Addiko defined a structured sustainability framework, which builds the cornerstone of its commitment to sustainable banking practices. This framework is rooted in a continuous due diligence process, which involves ongoing and proactive evaluations of Addiko's environmental, social and governance responsibilities. By addressing these topics with Addiko's core stakeholders, Addiko can reflect on their needs and perspectives. A thorough assessment of Addiko's impacts, risks and opportunities, following the principles of double materiality, ensures a comprehensive understanding of its influence on and vulnerability to external factors. These key elements form the basis on which Addiko's ESG strategy is built for defining targets, initiatives and establishing measures to foster a sustainable and resilient financial future. To underline this governance approach, Addiko's sustainability initiatives are monitored and steered by the management and supervisory boards, ensuring effective oversight and enabling agile decision making to adjust governance structures and business models, if needed.

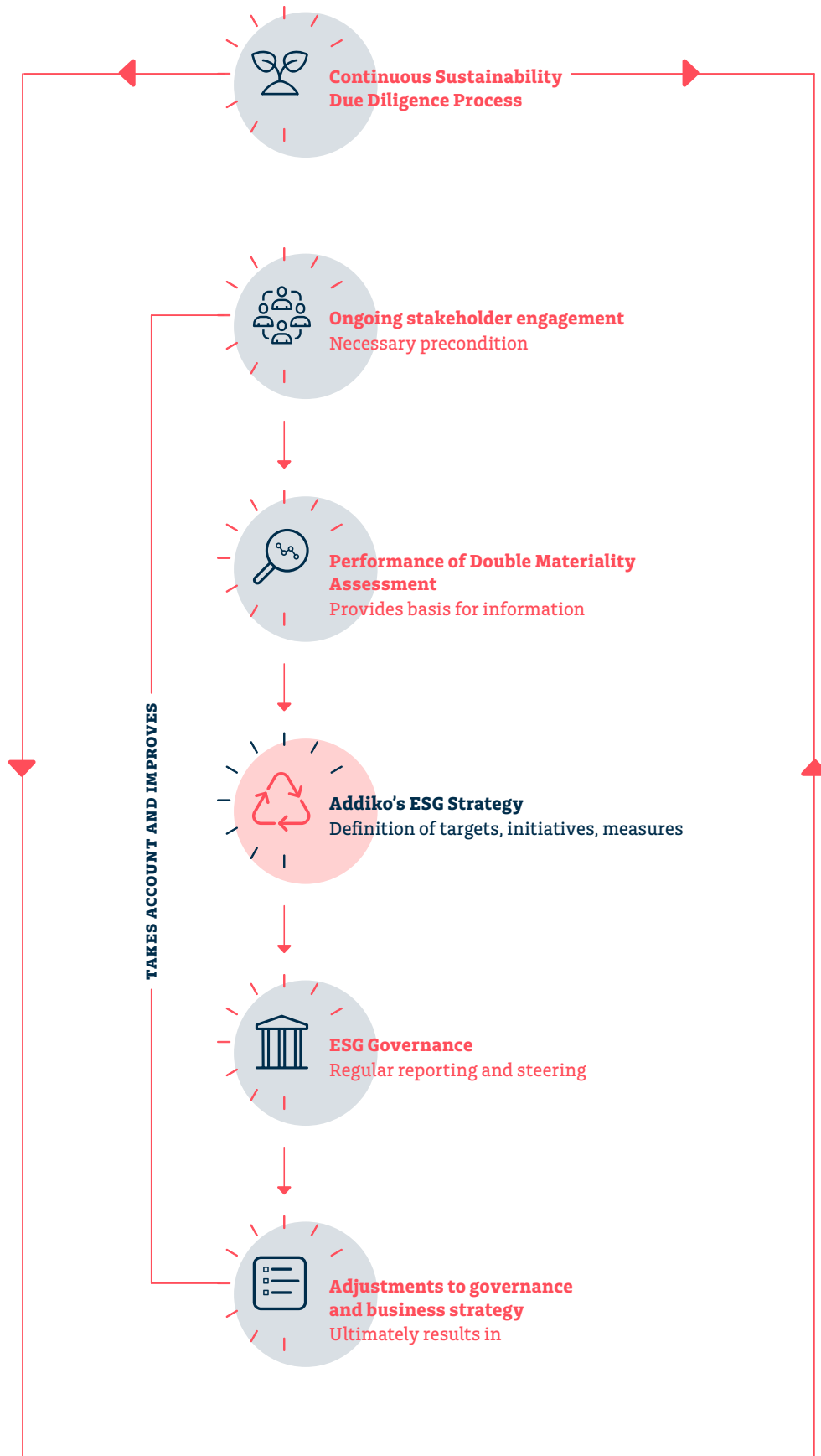
See Addiko's
ESG framework
on the next page

DUE DILIGENCE [ESRS GOV – 4]

Addiko is currently establishing a continuous sustainability due diligence process. Although Addiko is working in a business context where risk assessment frameworks are enforced by stringent regulatory frameworks and legal requirements, it considers its Due diligence process as a way to anticipate and prevent adverse impacts, adapt its business strategy and thus positively contribute to society, improve stakeholder relations and protect Addiko's reputation.

Addiko's Due Diligence process comprises the following steps:

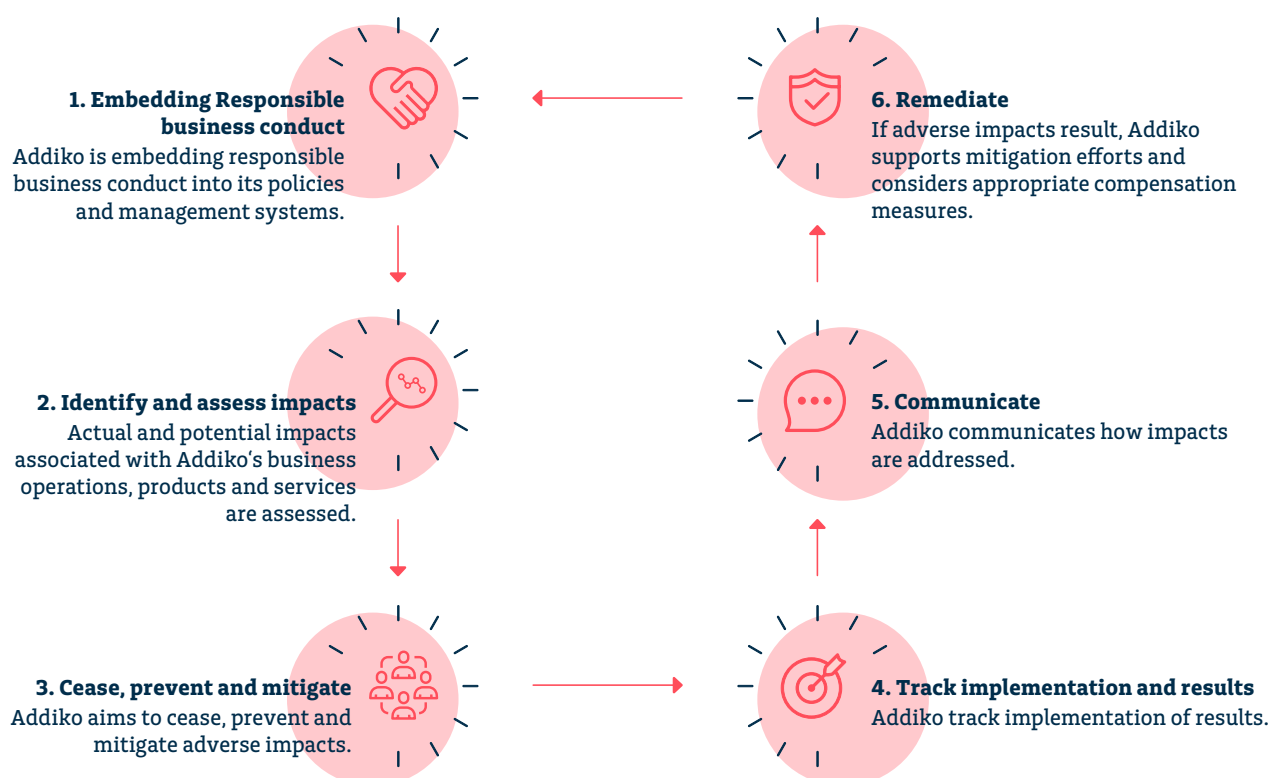
- 1. Embedding responsible business conduct into policies and management systems** Addiko is incorporating responsible business conduct principles into its policies and management systems. This involves integrating ethical, social and environmental considerations into Addiko's overarching framework, ensuring that responsible practices are woven into its organisational culture and decision-making processes.
- 2. Identify and assess actual and potential adverse impacts** Addiko is conducting a comprehensive examination of both current and potential adverse impacts associated with its business operations, products and services. This includes scrutinizing the environmental, social and governance aspects to identify any material negative effects on stakeholders, communities or the environment.
- 3. Cease, prevent, and mitigate adverse impacts** If it identifies adverse impacts, Addiko takes decisive action to cease, prevent and mitigate potential negative effects. This may involve adjusting operational practices, revising product/service offerings or implementing new risk management strategies to minimise the impact on stakeholders and the environment.
- 4. Track implementation and results** To ensure the effectiveness of its responsible business conduct initiatives, Addiko is currently establishing tracking mechanisms. This involves monitoring the implementation of mitigation measures, defining measurable targets to evaluate the results over time. Regular assessments allow Addiko to adapt its strategies based on the evolving landscape of risks and opportunities.



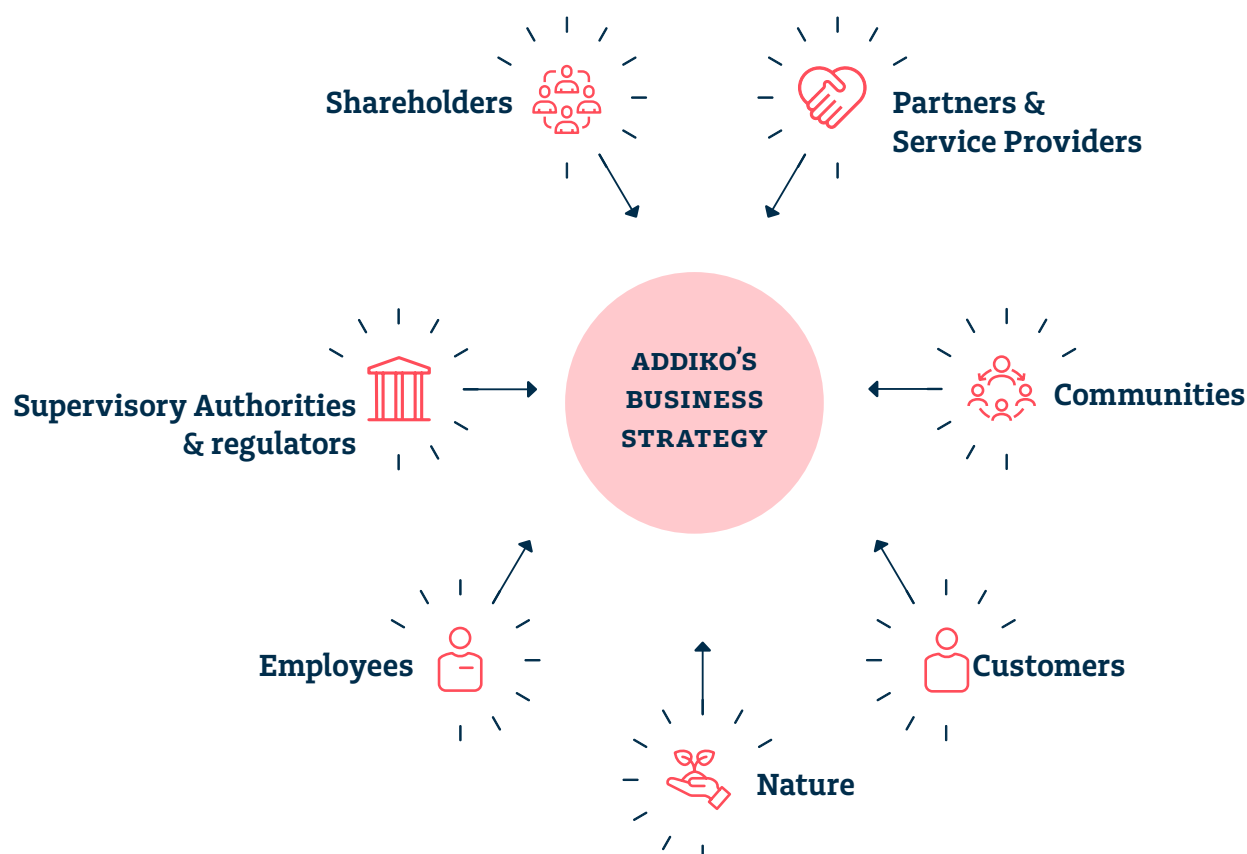
5. Communicate how impacts are addressed Transparent communication is a key component of responsible business conduct. Therefore, Addiko transparently communicates how it addresses adverse impacts to its stakeholders, employees, investors and the broader community. Clear and open communication fosters trust and demonstrates Addiko's commitment to ethical and responsible practices.

6. Cooperate in remediation when appropriate Addiko takes responsibility by cooperating in remediation efforts, which may involve participating in community development projects or collaborating with relevant stakeholders.

DUE DILIGENCE PROCESS



By following these steps, Addiko aims to uphold the principles outlined in the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD guidelines for Multinational Enterprises. As a responsible financial institution, Addiko recognises the importance of integrating ethical, social and environmental considerations into its business practices and continuously reviewing the broader impact of Addiko's activities on society and the environment.



STAKEHOLDER ENGAGEMENT [ESRS SBM – 2]

One element of Addiko's corporate behaviours evolved around the approach "actions speak louder than words." This guiding principle defines the way Addiko does business and engages with its internal and external stakeholders.

A few examples of how Addiko engages with its stakeholders:

- Addiko's customer relationship managers are engaging with customers – in advisory sessions, at events and seminars. Addiko also receives feedback through customer satisfaction and experience surveys, focus group interviews and ad-hoc qualitative market research, as well as through direct mails or complaint management processes.
- Addiko's employees have abundant opportunities to proactively participate to adjusting customer experience processes, ranging from institutionalised employee performance talks, conducted as part of Addiko's talent management programme to periodically conducted engagement surveys. Furthermore, town hall meetings are organised by the management boards of all entities on a quarterly basis to inform about the latest developments, together with bilateral meetings with the management boards held in smaller settings (e.g., Breakfast with the Board-initiatives) and special events. In addition, Addiko's intranet is an all-encompassing platform that offers employees information, articles and training. It also allows for commentary and inquiries.

- Furthermore, whistleblower reporting channels are made available by all entities, and employees receive regular information and training about these tools and applicable policies.
- Employees' interests are catered for by works council representation on the Group Supervisory Board and respective representation in conformity with local laws at subsidiary level.
- Addiko regularly communicates with shareholders at the Addiko Annual General Meeting, quarterly investor presentations, through direct engagement with Addiko's investor relations team, at roadshows or other investor events. Further details can be accessed on Addiko's website at <https://www.addiko.com/ir-events/>.
- Addiko engages proactively on an ongoing basis with national and European supervisory authorities and regulators and participates in consultation processes.
- Addiko joins in content-driven debates and proactively participates in industry specific working groups coordinated by banking associations in order to reduce GHG emissions, apply sustainability reporting standards and implement specific legislation (EU Taxonomy).
- Addiko joins in content-driven debates and proactively participates in industry specific working groups coordinated by banking associations in order to reduce GHG emissions, apply sustainability reporting standards and implement specific legislation (EU Taxonomy).

Within the double materiality assessment, those topics deemed material to Addiko's "closest stakeholders" are considered. This term includes stakeholder groups that have a tangible and direct relationship with Addiko. These also include stakeholders with the highest level of involvement in Addiko's business activities and strategies and whose interests are, or could be, affected the most by its business activities, in the short, medium or long term. The three "closest stakeholder" categories (customers, employees and shareholders) have played a central role in Addiko's materiality assessment.

Although Addiko realises that additional stakeholder groups could be affected by Addiko's business activities. The engagement process with additional stakeholders is not yet as standardised and structured as the processes related to its closest stakeholders, as outlined above, and will be formalised in the following period.

The table below outlines the engagement activities conducted by Addiko in 2023 as well as potential ESG issues of relevance to these stakeholder groups. According to the ESRS, these interests have been considered at the time of conducting the double materiality assessment.

See
Stakeholders
table on the
next page

STAKEHOLDERS TABLE

STAKEHOLDERS	ENGAGEMENT ACTIVITIES	ESG ISSUES OF INTEREST
Customers	<ul style="list-style-type: none"> • Market research – customer satisfaction and experience surveys and focus groups • Net promoter score as key performance indicator • Electronic and direct mail • Complaint management processes 	<ul style="list-style-type: none"> • Affordability of banking, fees and interest • Ethical decision making • Role of banks in protecting a strong economy • Climate change, including lending to fossil fuel and resource companies • Reduction of Carbon Footprint • Data Privacy and Information Security • Complaint Management Processes • Financial Literacy • Access to information • Personal safety • Human rights • Social inclusion (non-discrimination, access to products and services) • Responsible marketing
Employees	<ul style="list-style-type: none"> • Regular employee engagement surveys • Regular events, e.g. Townhall meetings, Breakfast with the Management Board, special events • Intranet articles and commentary • Whistleblower programs • Work council represents interests of Addiko Bank AG employees within the Group Supervisory Board 	<ul style="list-style-type: none"> • Corporate culture and business conduct • Diversity and inclusion • Health, safety and wellbeing • Capability and personal development • Fair and equal remuneration • Addressing climate change and environmental sustainability
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Investor presentations events • Road shows 	<ul style="list-style-type: none"> • Governance, conduct and culture • Transparency and disclosure • Exposure to companies with a negative environmental and social impact • Responsible lending practices • Natural disaster response • Employee engagement and well-being • Executive remuneration • Driving greater adoption of sustainable finance • Climate change adaptation • Information management and data security
Supervisory Authorities & regulators	<ul style="list-style-type: none"> • Regular meetings and briefings • Participation in consultation processes 	<ul style="list-style-type: none"> • Industry regulation • Governance processes • Disclosure of climate risk • Driving greater adoption of sustainable finance • Information management and data security • Climate change and environmental risk

Partners & Service Providers	<ul style="list-style-type: none"> • Ongoing relationship management 	<ul style="list-style-type: none"> • Information management and data security • Resource efficiency
Communities	<ul style="list-style-type: none"> • Events and workshops • Employee volunteering, donations and fundraising • Grants and sponsorships 	<ul style="list-style-type: none"> • Climate change and sustainable landscapes • Natural disasters, preparedness and resilience • Personal safety and security • Sustainability and impact investment

DOUBLE MATERIALITY ASSESSMENT [ESRS 1 – PARA. 21]

During the preparatory phase of this report, Addiko has undertaken a comprehensive impact assessment, with the intention to identify, evaluate and prioritise essential sustainability matters, as well as transparently report Addiko's impact on individuals and the environment.

In line with the methodology described in ESRS, Addiko's assessment adheres to the principle of double materiality (impact materiality and financial materiality) and evaluates a set of standardised environmental, social and governance issues (outlined within ESRS1 – Appendix A), thus clarifying the relevant sustainability themes for the Sustainability Report.

The assessment was carried out in phases, as described below:



Stakeholder and value-chain mapping Through a detailed analysis of Addiko's stakeholders, the three closest stakeholder groups (customers, employees, shareholders) and Addiko's value chain were defined according to the principles set out by the ESRS.



Defining sustainability matters according to ESRS and relevant industry standards The assessment list was compiled based on sustainability matters listed in ESRS 1 – Appendix A and supplemented by recognised specific industry standards, e.g., SASB – International Sustainability Standards Board for Consumer Finance and Commercial Banks. In addition, reports of peers working in the same geographical and cultural areas were reviewed to validate industry considerations. Based on this, a list consisting of 97 sustainability matters was derived.



Evaluation and results The 97 identified sustainability matters were evaluated to determine their relevance to Addiko operations. In August 2023, internal stakeholders (consisting of senior management staff across Addiko Group, as well as representatives from the subsidiaries) participated in focus groups and analysed the applicable themes by considering magnitude, impact and recoverability within Addiko's business operations. The reason for consideration, localisation, time horizon and the risk of violating human rights criteria were included. Furthermore, the reusability of resources and reliance on relationships with key stakeholders was evaluated. Addiko did not include quantitative estimates of Addiko's future cash flow, and it will phase in quantitative data in the following period. Based on the initial evaluation, Addiko notified the results to external stakeholders as outlined in the respective stakeholder engagement chapter of this report.



Credit portfolio impact To comprehensively address impacts, risks and opportunities, Addiko conducted a detailed assessment to evaluate climate-related risks and opportunities within its credit portfolio. As a source concept, Addiko considered all effects that could impact Addiko's performance, whether positively or negatively.



Reporting on material impacts The result of sustainability matters relevant to Addiko's business operations and respective reporting obligations were thoroughly discussed with the management and supervisory boards. These matters define the disclosure requirements of the present report (in line with ESRS) and contribute to building the foundation for supplementing Addiko's ESG initiatives.

See *Double materiality assessment – disclosure requirements* on the next page

In conclusion, the double materiality assessment undertaken by Addiko led to the following four ESRS topics being defined as material:

- ESRS E1 – Climate change
- ESRS S1 – Own workforce
- ESRS S4 – Consumers and end-users
- ESRS G1 – Business conduct

Consequently, this Sustainability Report aims to address material standards in accordance with specified disclosure requirements and reporting guidelines, providing transparent information on relevant impacts, risks and opportunities relative to Addiko's distinctive circumstances. This ensures compliance with disclosure obligations and facilitates a clear understanding of Addiko's business operations.

Description of screening process for non-material matters [ESRS 2 – SBM-2, IRO-1, E2-11, E3-8, E4-17-19, E5-11]

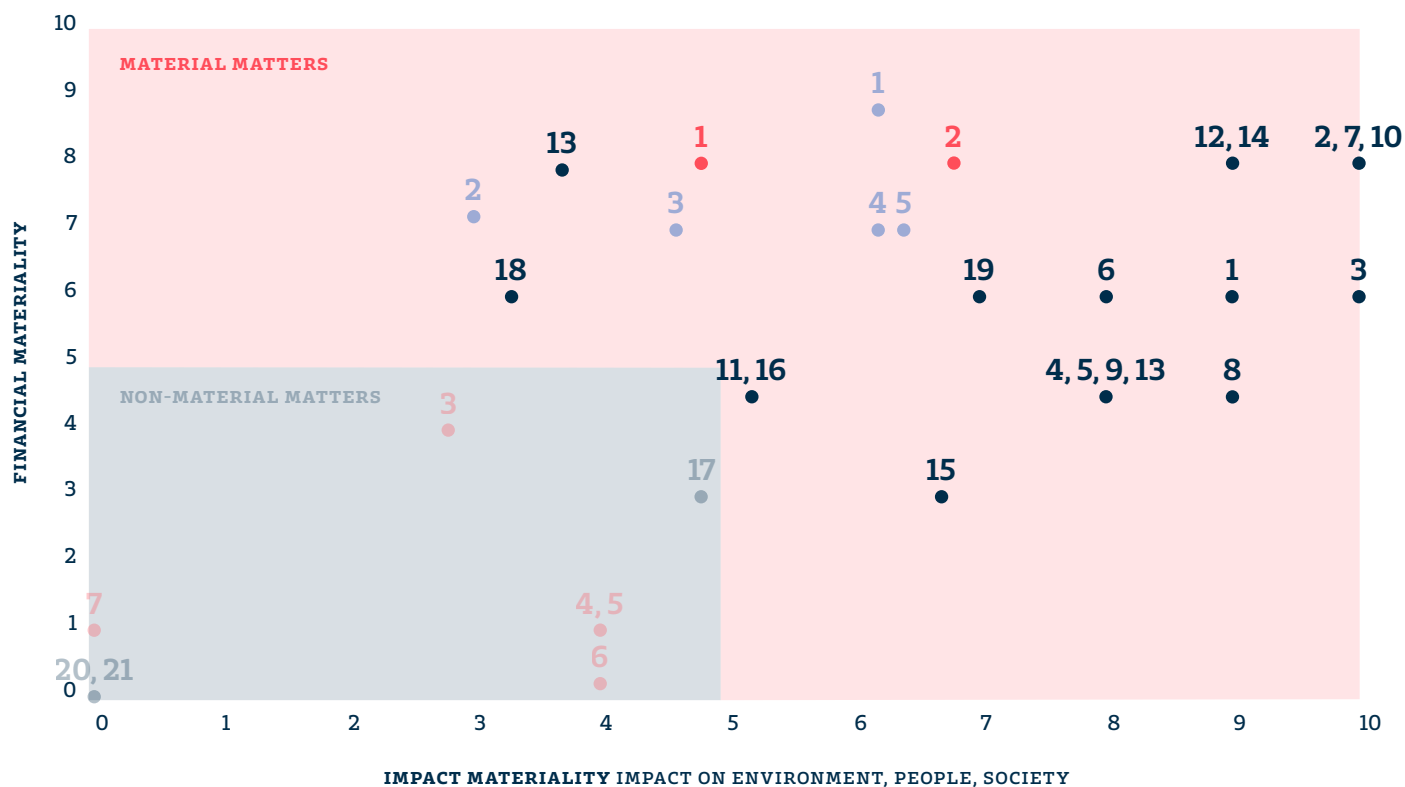
Conversely, the following topical standards were determined to be non-material for Addiko:

- ESRS E2 – Pollution
- ESRS E3 – Water and marine resources
- ESRS E4 – Biodiversity and ecosystems
- ESRS E5 – Circular economy
- ESRS S2 – Workers in the value chain
- ESRS S3 – Affected communities.

This outcome is attributed to Addiko's focus on providing financial services with minimal direct involvement in manufacturing or production of tangible goods industries. Consequently, Addiko's operations exert a lesser direct impact on environmental pollution, water and marine resources, biodiversity, ecosystems and circular economy initiatives.

Despite the non-material classification, Addiko steadfastly upholds its commitment to identifying and addressing both actual and potential impacts, risks and opportunities associated with these standards across its operations and throughout the value chain.

DOUBLE MATERIALITY ASSESSMENT – DISCLOSURE REQUIREMENTS



Environmental topics

CLIMATE CHANGE (E1)

- 1 Climate Change adaptation
- 2 Climate Change mitigation
- 3 Energy

Not material topics Addiko

- 4 POLLUTION (E2)
- 5 CIRCULAR ECONOMY RESOURCES (E5)
- 6 WATER AND MARINE RESOURCES (E3)
- 7 BIODIVERSITY AND ECOSYSTEMS (E4)



Governmental topics

BUSINESS CONDUCT (G1)

- 1 Corporate Culture
- 2 Protection of whistle-blowers
- 3 Supplier payment practices
- 4 Corruption and bribery – prevention and detection
- 5 Corruption and bribery – incidents



Social topics

OWN WORKFORCE (S1)

- 1 Secure employment
- 2 Working time
- 3 Adequate wages
- 4 Social dialogue
- 5 Freedom of work councils
- 6 Collective bargaining
- 7 Work-life balance
- 8 Health and safety
- 9 Equal treatment/gender equality and pay
- 10 Equal treatment/Training and skills develop
- 11 Employment and inclusion persons disabilities
- 12 Measures against violence and harassment
- 13 Diversity
- 14 Privacy/Data security

CONSUMER/END-USERS (S4)

- 15 Privacy/Data security
- 16 Freedom of expression/complaint mgmt
- 17 Access to quality information and financial literacy
- 18 Social inclusion/Access to product and services
- 19 Responsible marketing practices

Not material topics Addiko

- 20 WORKERS IN THE VALUE CHAIN (S2)
- 21 AFFECTED COMMUNITIES (S3)

To fulfil this commitment, Addiko has initiated a screening process, encompassing:

- **Environmental risk assessments** Addiko conducted comprehensive environmental risk assessments to evaluate the potential impact on Addiko's interest income and assess the impacts of its operations on environmental factors: pollution, flooding, biodiversity and ecosystems.
- **Compliance with regulatory standards** Addiko assessed whether its business operations comply with regulatory standards, waste management regulations and other relevant environmental laws.
- **Risk mitigation in investment** Addiko emphasises its commitment to responsible and sustainable investment practices by proactively addressing ESG risks in lending decisions. Addiko actively avoids supporting industries with high pollution potential and recognises the need for these industries to transition to more sustainable practices. This commitment is strengthened by the integration of ESG risk considerations into decision-making processes for corporate clients.
- **Potential for circular economy** Addiko has screened its assets to identify potential impacts derived from waste generation. Prevention opportunities were identified to a smaller extent and will be further explored.
- **Transparent reporting** Addiko also underlines its commitment to transparent reporting ESG related matters by regularly disclosing relevant ESG topics in Addiko's annual Sustainability Report. This practice demonstrates Addiko's accountability and openness.

THE ADDIKO ESG STRATEGY

As a significant step in its sustainability journey, Addiko has formulated an ESG Strategy to prioritise strategic areas of action, shaped by the principles of the comprehensive double materiality assessment. Addiko's ESG Strategy seeks to address not only how external environmental and social factors impact its operations but also Addiko's influence on the environment and society. Addiko's ESG strategy aligns closely with Addiko's Business and Risk Strategies, creating an integrated approach to sustainability.

The Addiko ESG Strategy is a comprehensive blend of Outside-In and Inside-Out initiatives:

Addiko's Outside-In initiatives, defined to further advance the management of C&E risks Addiko has taken significant steps to enhance the management of C&E risks. Such efforts include reinforcing the alignment between materiality assessment outcomes and their disposition to the overall business strategy. Addiko is actively engaged in initiatives that are reviewed on a yearly basis with the scope to advance the management of C&E risks, such as:

1. **Materiality Threshold Evaluation** identifying materiality thresholds and understanding when C&E risks may impact existing risk categories. This evaluation

spans short, medium and long-term perspectives, ensuring a comprehensive approach.

2. **Data Collection for Better Quantification** a data-driven approach is focused on better quantifying physical risks, providing a robust foundation for risk assessment and mitigation.

These initiatives collectively demonstrate Addiko's commitment to proactively managing C&E risks. By aligning these efforts with its business and risk strategy and by leveraging data-driven approaches, Addiko aims to enhance risk quantification and mitigation capabilities in regular increments.

Addiko's Inside-Out defines 15 initiatives committed to the UN principles

The Addiko ESG Strategy outlines specific sustainable development goals congruent with the United Nations' "Agenda 2030." In 2022, Addiko systemically analysed the 17 international sustainable development goals in order to identify those that are most relevant to Addiko's business strategy.

The steps for selection included measuring the following criteria:

1. The **global importance** of contributing to a goal
2. The **potential impact** Addiko can make in its journey to achieve each goal and
3. The **attractiveness** or relevance of each goal to Addiko

Through this methodical approach, Addiko strategically has selected and prioritised goals that are fully in line with its core values and business objectives.

According to these criteria, the following four sustainable development goals were identified as being crucial to Addiko's business operations, namely: "Good Health and Well-Being" (3), "Gender Equality" (5), "Decent Work and Economic Growth" (8) and "Climate Action" (13).

Addiko acknowledges the importance of contributing to these sustainable development goals. For this reason, the ESG working group together with the Management Board and the Supervisory Board, identified 15 initiatives that which strive to contribute to the achievement of these goals.

ADDIKO'S SUSTAINABLE DEVELOPMENT GOALS

INSIDE-OUT PERSPECTIVE



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)

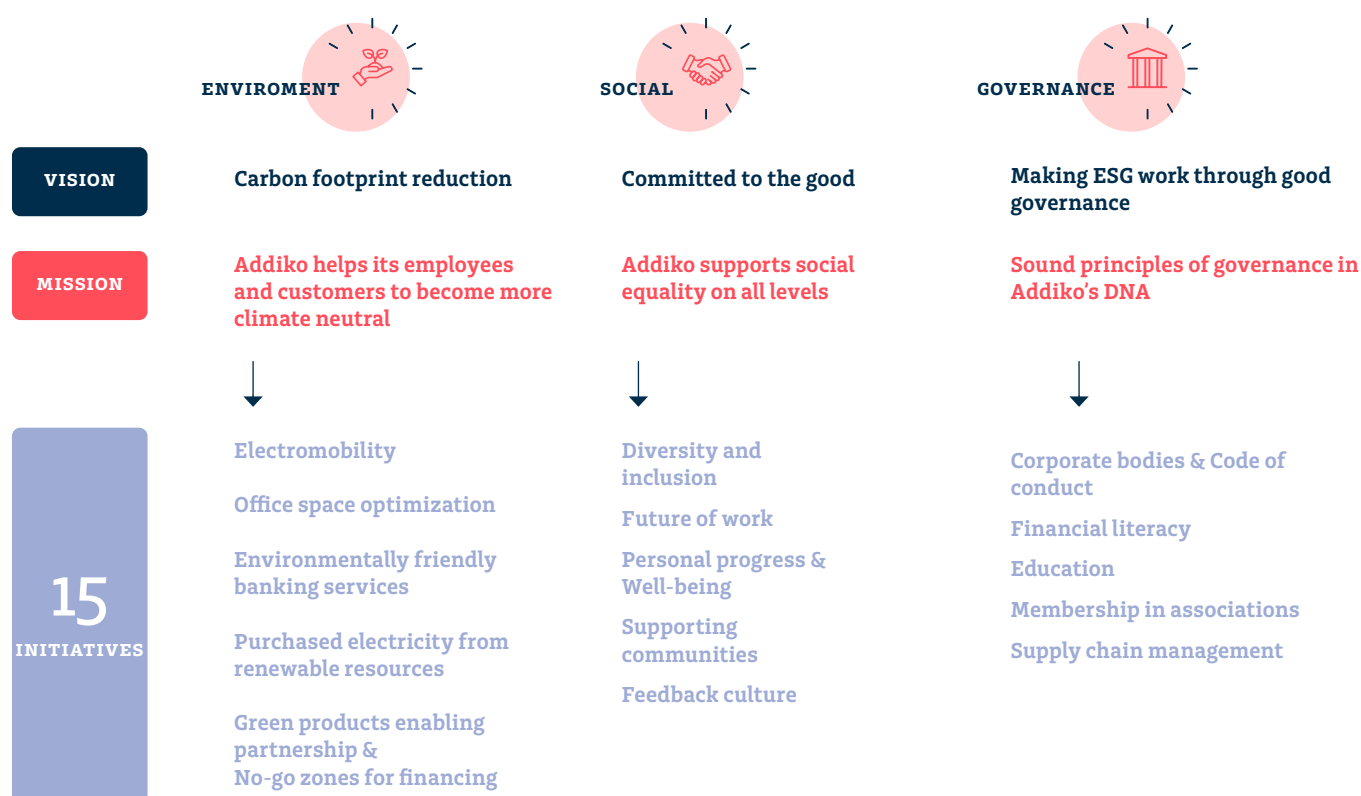
As part of Addiko's efforts to create well-paid quality jobs and provide employment opportunities for young professionals.



Climate action (13)





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







THIS IS A LITTLE THINGS THAT COUNT



The table below outlines the correlation between the internal Inside-Out initiatives with the UN Sustainable Development Goals.

INSIDE-OUT INITIATIVES & UN SUSTAINABLE DEVELOPMENT GOALS

AREA	SUSTAINABILITY MATTER	OUTLINE OF ADDIKO'S ACTIVITIES	SDG SUPPORTED
ENVIROMENTAL	Electromobility	<ul style="list-style-type: none"> Replacing vehicles in the car-fleet with EVs Optimisation of car use through car sharing 	 Climate action (13)
	Office space optimisation	<ul style="list-style-type: none"> Reducing office space and number of branches Supporting hybrid working models 	 Climate action (13)
	Environmentally friendly banking services	<ul style="list-style-type: none"> Reducing paper consumption through digitalisation Striving to operate paperless branches and introduce digital-first banking to the extent permitted by legislation 	 Climate action (13)
	Electricity from renewable resources	<ul style="list-style-type: none"> Procurement of clean electricity 	 Climate action (13)

ENVIROMENTAL	Electricity from renewable resources	<ul style="list-style-type: none"> • Procurement of clean electricity 	 Climate action (13)
	Green products & no-go zones for financing	<ul style="list-style-type: none"> • Commercial partnerships for green products & services • Lowering the carbon foot-print through indirect actions, such as lending activities 	 Climate action (13)
SOCIAL	Diversity and inclusion	<ul style="list-style-type: none"> • Further strengthen diversity and inclusion practices 	 Gender equality (5)
	Future of work	<ul style="list-style-type: none"> • Hybrid work models • Supporting the work-life balance of employees 	 Good health and Well-being (3)
	Personal progress & well-being	<ul style="list-style-type: none"> • Employee health checks • Supporting employee development & advancement through education • Talent progression and retention 	 Good health and Well-being (3)
	Supporting communities	<ul style="list-style-type: none"> • Employee volunteering programmes and charity work 	—
	Feedback culture	<ul style="list-style-type: none"> • Frequent surveys to measure employee satisfaction 	 Decent work and Economic growth (8)
GOVERNANCE	Corporate bodies & Code of Conduct	<ul style="list-style-type: none"> • ESG agenda regularly discussed at Management Board levels • Updating existing guidelines to include ESG-related matters • Whistleblowing & complaints tools to address feedback 	—
	Financial literacy	<ul style="list-style-type: none"> • Promoting financial literacy and education for sustainable growth 	—
	Education	<ul style="list-style-type: none"> • Addiko Academy, ESG internal and external courses for customers on how to reduce adverse ESG impacts 	—

	<ul style="list-style-type: none"> • Commitment to initiatives supporting sustainability and responsible business practices 	—
GOVERNANCE		
	Supplier ESG risk assessment <ul style="list-style-type: none"> • Incorporating social and environmental standards into internal procurement policies • Reviewing supplier's ESG compliance with regulations and anticorruption policies 	 Climate action (13)

ESG GOVERNANCE [ESRS 2 – GOV - 1 - 2]

Addiko has established a robust ESG governance framework to comprehensively promote strategic objectives throughout the organisation. Governed by the Group C&E Governance Policy, roles and responsibilities are clearly defined, emphasizing compliance with EU, Austrian and local legislative frameworks.

The centralised management of ESG factors for all Addiko entities is overseen by Addiko Bank AG, which is responsible for formulating principles, processes and frameworks. Local entities in Addiko's countries of operation actively contribute to the ESG risk assessment and the implementation of ESG methodologies at operational level.

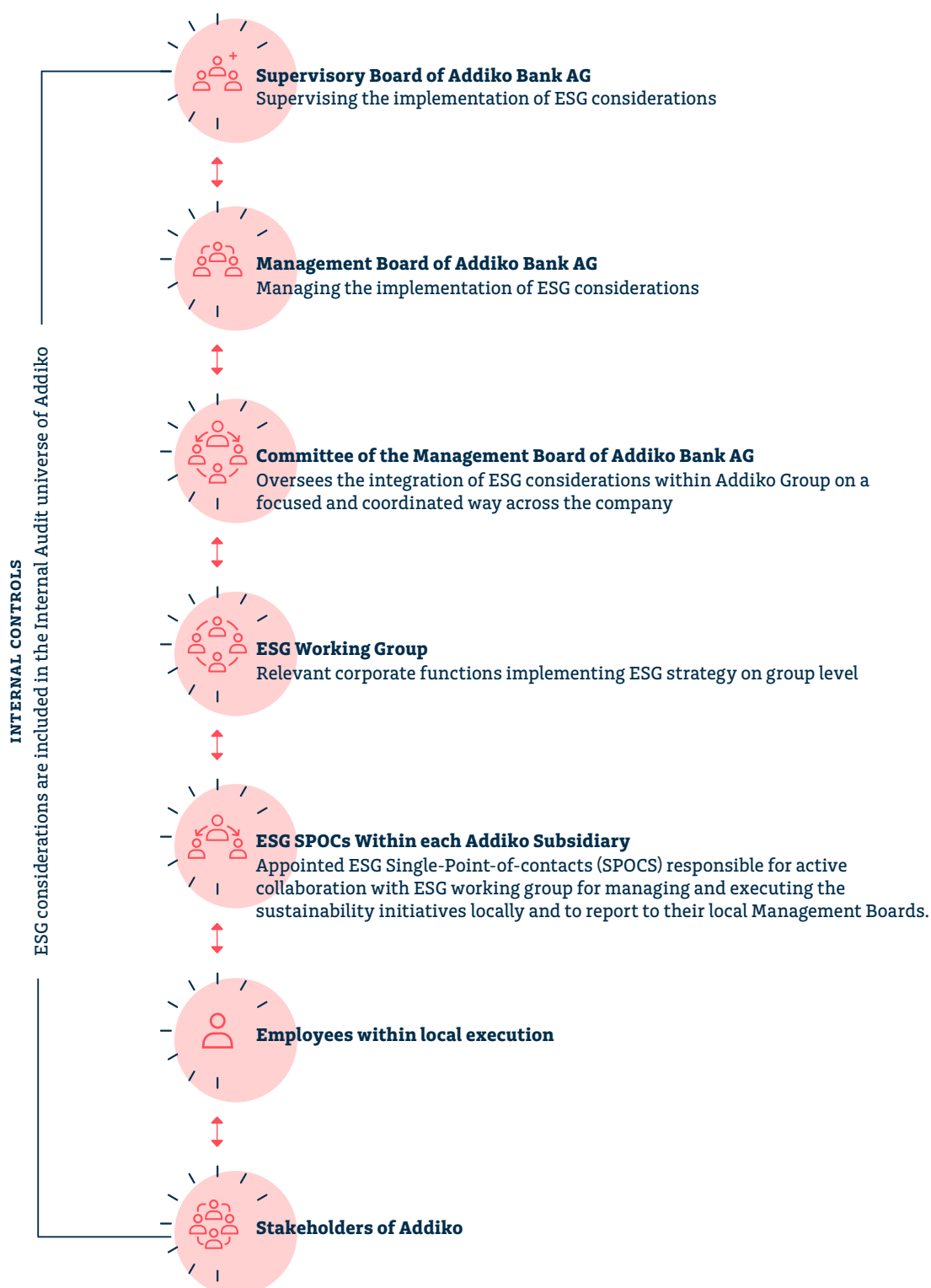
Addiko Bank is dedicated to robust sustainability governance, ensuring that its administrative, management, and supervisory bodies possess the necessary capabilities for overseeing sustainability issues. As part of the annual Fit & Proper trainings, Addiko's management bodies receive training from external consultants on the latest regulatory developments in sustainability reporting requirements and considerations related to climate and environmental risk management enabling them to reinforce Addiko's commitment to stay on top and effectively addressing sustainability challenges.

Overall responsibility for the management of ESG matters has been taken over by the Head of Risk Management (i.e., the Chief Risk Officer at Addiko Bank AG). The Management Board and its committees serve as a central platform that provides quarterly updates on the development of ESG risks, monitors respective limits and discusses the impacts of various developments to Addiko's business and ESG strategy. The Risk Stream Transformation & Development unit has been appointed to drive and oversee the implementation of ESG-related matters, initiatives by measuring results and reporting on their status. In addition, a dedicated ESG working group, consisting of representatives from various areas has been established to steer and coordinate Addiko's sustainable development initiatives, integrating ESG considerations in their respective work area and responsibilities. At subsidiary level, each Addiko entity has appointed ESG representatives, the ESG SPOCs (Single-Point-Of-Contact), who manage and execute the sustainability initiatives and report progress to the ESG working group. The ESG SPOCs also closely monitor local regulatory obligations and report overall progress to the relevant local management boards.

Furthermore, ESG considerations are an integral part of Addiko's internal audit universe, ensuring a comprehensive and cohesive approach to sustainability practices.

The Addiko governance structure ensures transparency, systematic handling of challenges and a commitment to sustainable business practices.

ADDIKO'S ESG GOVERNANCE



INTEGRATION OF SUSTAINABILITY RELATED PERFORMANCE IN INCENTIVE SCHEME [ESRS 2 – GOV 3]

To promote the significance of responsible leadership and sustainable business practices, Addiko has integrated key performance indicators (KPIs) with weightage of 5% (or more) related to sustainability objectives in the variable remuneration structure of senior management staff for the year 2023. These KPIs are carefully formulated to align with Addiko's ESG objectives and defined together with the employee during their annual performance target setting process. By incorporating sustainable KPIs into variable remuneration, Addiko aims to reinforce its commitment to responsible banking and encourage senior management to make positive impacts in both financial and sustainable areas. The essential features of these incentive schemes are detailed in the Addiko Group Remuneration Policy, overseen by Addiko's Nomination and Remuneration Committee. This committee is additionally tasked with structuring the annual bonus payments of the Management Board, remuneration of senior managers in control functions and bonus pool distribution at Group level.

For additional details regarding the identity of administrative, management and supervisory bodies or the individual(s) responsible for oversight of impacts, risks and opportunities, please refer to the Addiko's Corporate Governance Report. Reference to this report is made in accordance with the provisions of point 119 of ESRS, meeting all conditions specified in paragraph 120 for comprehensive and transparent disclosure.

RISK MANAGEMENT FRAMEWORK IN THE AREA OF C&E RISKS

Addiko strategically commits to addressing sustainability concerns by systematically incorporating C&E risks into its business strategy, risk strategy, the respective management framework and internal governance arrangements. In this context, Addiko integrates C&E risk criteria into its business and investment decisions, ensuring lasting benefits for Addiko's customers and the communities where it operates. These risks are managed in accordance with ECB (European Central Bank) and EBA guidelines to ensure comprehensive integration across all relevant processes within the established risk management framework.

INTEGRATION OF C&E RISKS IN THE RISK FRAMEWORK OF THE ADDIKO

Addiko conducts an annual risk assessment process that provides a comprehensive framework from which all potential risks Addiko may encounter in the course of operations can be proactively identified. The primary outcome of this activity is Addiko's risk inventory, which incorporates a comprehensive list of all risk types to which Addiko is or may be exposed under existing or potential economic and normative contexts. Throughout the risk identification process, Addiko analyses the materiality of risks by determining their current or potential significance.

During this risk identification process, Addiko considers C&E risks by evaluating both physical and transition risk drivers and their transmission channels across short, medium and long-term intervals. This comprehensive assessment considers potential negative impacts on Addiko's risk profile and operations, including,

inter alia, aspects such as financial losses, business disruptions, legal claims and reputational damage. While specific quantification of C&E risks is not performed individually, they are integrated into the overall quantification of existing risk types, including credit, liquidity, market and operational risks. In living up to regulatory expectations, Addiko prioritises the analysis and management of C&E risks.

Integration of C&E risk into the established risk management framework key processes:

- **Risk Appetite Framework** Addiko's Risk Appetite Framework ensures alignment between the business and risk strategy, guiding the execution of strategic plans within acceptable risk limits. Since 2022, quantitative limits have been added to prevent concentration in borrowers highly impacted by C&E risks. These limits, which are regularly monitored, prevent cumulative risk in affected industries. Limits at operational level include exposure concentration to vulnerable industries and average financed greenhouse gas emissions, reflecting the commitment to reduce exposure to high-risk sectors.

As an integral part of the Risk Appetite monitoring process, C&E risks-related limits are subject to an escalation process if risk tolerance thresholds are breached, with related corrective/mitigation actions to be defined as needed.

- **Credit risk management** Addiko has implemented a robust approach to integrating C&E risks into its credit risk management. This involves a dedicated methodology and process to ensure the identification and assessment of C&E risks during the credit approval process. Addiko employs a comprehensive strategy, regularly evaluating the credit portfolio's industry distribution using the Nomenclature of Economic Activities (NACE) classification and assessing greenhouse gas intensity. The ongoing risk assessment categorises industries and clients into "not affected", "affected" and "highly affected" C&E risk categories, primarily identifying idiosyncratic risks in corporate segments. Addiko identifies industries that are vulnerable to climate change and designates them as "no-go industries" to mitigate credit risk.

In 2023, the credit lending process was enhanced by the incorporation of C&E risk assessments for corporate clients. This involved utilizing a questionnaire and categorizing clients based on self-assessments. The assessment outcomes may lead to various decisions, including the rejection or approval of financing requests in light of identified C&E risks.

- **Operational and reputational risk** Addiko carefully considers potential reputational and liability risks that could arise from sustainability-related matters, with a particular focus on Addiko's business activities and communicated initiatives. Addiko's business activities evaluation considers the current portfolio allocation to highly affected industries and a forward-looking perspective on business activities. Furthermore, Addiko evaluates communicated initiatives (its 15 sustainable development goals) to actively reduce the negative impact of banking operations on the environment, people and society.

Addiko continues to upgrade its operational risk and outsourcing risk management framework by focusing on the physical impacts of climate change on the business continuity of Addiko's operations and incorporating the ESG risks assessment into the outsourcing risk assessment questionnaire.

- **Collateral management** While collateral loans do not play a vital role in Addiko's business strategy, Addiko still integrates C&E risks into collateral valuation, prioritizing factors like location and energy efficiency. Addiko favours environmentally sustainable properties due to their resilience to transitional and physical risks. Addiko addresses transitional risks by evaluating energy-efficient features, such as thermal insulation, double/triple-glazed windows and heat pumps. For physical risks like floods, it assesses potential reduction measures and integrates associated costs into the valuation.
- **Stress testing** Addiko conducted an internal C&E stress test simulated under an adverse climate scenario that reflects the manifestation of severe transition risk. The results of the climate stress test revealed material impacts on its capital, primarily stemming from the sensitivity of the consumer portfolio.
- **Data availability** Improving data availability to better quantify physical and transition risks in the regions where Addiko operates remains a challenge. Addiko has initiated efforts to collect GHG financed emissions data from the PCAF organisation. This data is then applied to the existing credit portfolio to measure GHG intensity.

In 2023, Addiko made significant progress in obtaining essential ESG-related data, particularly concerning residential mortgages which are part of the non-focus portfolio. This data plays a crucial role in collateral valuations, encompassing energy performance certificates, CO₂ emissions (kg/m²a) and considerations relating to flood areas.



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ENVIRONMENTAL INFORMATION

CLIMATE CHANGE – E1

1.



STRATEGY

Building on its dedication to environmental responsibility, Addiko has conducted a thorough assessment of climate-related and environmental impacts, risks and opportunities. This highlights its dedication to understanding and mitigating its environmental footprint. Acknowledging the urgent need to address climate change, Addiko actively supports sustainable initiatives.

Key actions taken include imposing restrictions on transactions associated with high-risk industries, integrating C&E risks criteria into client assessments and providing clients with environmentally friendly banking services and solutions to reduce their environmental impact. Looking ahead, Addiko aims to define additional no-go industries, enhance data quantification for physical risks and reduce its own emissions.

These initiatives demonstrate an enduring dedication to continuous improvement. In essence, Addiko's strategy embodies a proactive approach to environmental risks, seizes opportunities for sustainable finance by enabling green partnerships and actively contributes to the global effort to address climate change.

While Addiko currently does not possess a formal Transition Plan for Climate Change Mitigation and Adaptation, it recognises the importance of this matter and is dedicated to developing and implementing a comprehensive plan in alignment with the net-zero emissions target.

2.



IMPACT, RISK AND OPPORTUNITY MANAGEMENT

Given its ubiquitous nature, the urgency of climate change will affect all debtors of Addiko to some extent, resulting in additional costs. This will, in turn, impact debtors' repayment capacity. Consequently, the need for change, adaptation and mitigation measures due to climate considerations is recognised as a concern for Addiko that influences credit risk over short, medium and long-term horizons. Since the lending business is the primary source of income for Addiko, the resulting impact could be substantial.

In compliance with the ESRS E1 standard, this chapter addresses the mitigation measures related to impact, risks and opportunities in the context of climate change. In the process of determining the material environmental themes through the double materiality approach, the solvency materiality threshold was applied (EUR 12.5 million impact on CET1, calibrated as of 30 June 2023), equivalent to a negative impact on Addiko's interest income exceeding 5%¹.

In assessing the impact of climate change on Addiko's lending activities and credit portfolio, an analysis focused on industries classified under the NACE classification to assess their impact on Addiko's interest income was conducted.

¹ The interest income approximation is derived as follows, (client contracted interest rate* client exposure) *12 months.

Due to the broad relevance of climate change across diverse industries, adopting a more detailed sub-industry approach posed challenges. As a result, an entire industry approach was considered. The industries impacted by climate change include Agriculture, Forestry and Fishing (A); Mining (B); Manufacturing (C); Electricity, Gas, Steam and Air Conditioning Supply (D); and Construction (F). These generate up to 23% of Addiko's interest income, thus emphasizing the importance of integrating climate change themes into risk management processes.

MATERIAL TOPIC CLIMATE CHANGE – 1

Impact, risk and opportunity management The graph below illustrates impacts, risk and opportunities, identified as material for Addiko, based on ESRS sustainability matters, determined by the double materiality assessment conducted. Notably, impacts within "own business operations" pertain to effects originating directly from Addiko's operational endeavours. On the other hand, impacts related to "business relationships" refer to outside-in impacts originating either from Addiko's loan portfolio or from relationships within the upstream or downstream segments of the value chain.

This distinction ensures a comprehensive understanding of the diverse sources and nature of impacts, facilitating a distinct approach to risk management and opportunity identification within Addiko's operations and broader business interactions.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT	
Negative impact	<p>OWN ACTIVITIES</p> <ul style="list-style-type: none"> Financing debtors engaged in industries incompatible with the transition to a sustainable economy may impede efforts to adapt to climate change.
	<p>BUSINESS RELATIONSHIPS</p> <ul style="list-style-type: none"> Reputational risk The debt service capacity of individual debtors may be negatively affected, potentially elevating credit risk. The severity of this impact over the medium to long term is highly dependent on the measures taken to curb climate change. Consequently, this could influence the overall profitability of Addiko.
Positive impact	<p>OWN ACTIVITIES</p> <ul style="list-style-type: none"> In addressing environmental concerns, Addiko has implemented five initiatives to reduce its emissions and foster sustainable transitions through green partnerships.
	<p>BUSINESS RELATIONSHIPS</p> <ul style="list-style-type: none"> Addiko acknowledges its responsibility to support clients in their green transition journeys. Addiko introduced green partnerships to facilitate the purchase of green products & services. Furthermore, meeting environmental standards could enable the continuation of business relationships with existing clients. Additionally, when exploring new partnerships, Addiko may identify specific target segments that align with environmental standards and can be supported in the future. Enhancing the risk identification process by integrating climate risks into lending and investment decisions for corporate clients, sovereign and financial institutions, allows for prompt responses and necessary adjustments, such as strengthening policies to address credit risk issues.

POLICIES AND COMMITMENTS

Policy	Third party standard respected	Responsibility
Group credit policy	—	Group Credit Risk Management
Group Monitoring Policy for Legal Entities	—	Group Credit Risk Management
Group Stress Test Policy	—	Group Integrated Risk Management
Group Travel, Car and Hospitality Policy	—	Group Human Resources
Group Outsourcing Policy	—	Group Integrated Risk Management
Group Collateral Management Policy	—	Group Credit Risk Management
Group Financial Institutions/Sovereigns/ Sub-Sovereigns/Intra-group limits Policy	—	Group Credit Risk Management

ACTIONS TAKEN

- Current restrictions are implemented for transactions originating from industries that contribute significantly to climate change. The current list of restricted transactions encompasses industries involved in or supporting activities of crude petroleum and natural gas extraction, manufacturing of coal and refined petroleum products, mining of chemicals and manufacturing fertiliser minerals. This list is regularly reassessed and may be expanded if specific risks emerge.
- In the loan origination and monitoring process, an assessment of C&E criteria has been implemented in the corporate client assessment process using a dedicated questionnaire. The assessment is reflected in the rating of the respective clients and, thus, also in the quantification of its credit risk.
- Implementation of a dedicated ESG questionnaire for sovereign and financial institutions, covering the potential impact to the Addiko bond and derivative portfolio.
- Dedicated quantitative C&E risk-related limits have been included in the Risk Appetite Statement to address transitional C&E risks with the goal of preventing concentration in borrowers that are highly affected by transition risk.
- Integrating C&E risks into the Addiko Collateral Management Policy by considering key factors such as location and energy efficiency during the collateral valuation process.
- Considering C&E risks in the projection of the downside of macroeconomic scenarios affects the quantification of credit risk.
- The process of assessing the quantitative materiality thresholds of climate risks and determining the level of materiality within specific risk categories, along with establishing the applicable timeframe (short, medium, long), is now complete.
- Enhancing outsourcing risk assessment by incorporating C&E risks to evaluate potential transmission of associated risks from outsourcing providers.
- Transitioning to an electric car fleet, 12% electric & hybrid cars ordered in 2023.
- Procuring electricity from renewable sources, Addiko Bank AG Vienna (Austria) transitioned to 100% renewable energy.
- 18 green partnerships enabled.

2.1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Addiko has conducted a comprehensive assessment of climate-related and environmental impacts, risks and opportunities that the company, the environment, people and society may encounter.

- **In the first part** covered in chapters 2.2 and 2.3, the assessment summarises risk and opportunities (Outside-In) and specifically C&E risks. This section outlines the impact of transition and physical risks on existing risk types (e.g., Credit Risk, Market Risk, Operational Risk, etc.), evaluating their materiality and considering their implications for Addiko's business model.
- **The second part** covered in chapter 2.4, outlines how Addiko identifies actual and potential positive and negative impact (Inside-Out) on environment, people and society.
- **In the third part** covered by chapter 2.5, Addiko has included an additional assessment of ESRS material environmental themes driven by transition risk and their impact on Addiko's interest income.

2.2 Assessment of risks

Addiko carries out the materiality assessment of C&E risks in consecutive steps:

1. **In the first step** the impact of climate and environmental change in the countries of operation is assessed, considering various scenarios for short-, medium- and long-term intervals. As a results, the C&E risk drivers are identified.
2. **In the second steps** analyses how C&E risk drivers can impact the Addiko business model and how transmission channels are defined.
3. **In the third step** the results of the materiality assessment are reviewed.

2.2.1 FIRST STEP Assessing the impact of climate and environmental change, and defining risk factors

Addiko is expected to assess materiality of C&E risks under various scenarios in order to generate an overview of relevant risk drivers. In this regard, Addiko selected a set of climate scenarios to assess and quantify potential vulnerabilities. This involved conducting analyses under stressed conditions for short, medium and long-term intervals.

The climate scenarios considered are based on NGFS ("Network for Greening the Financial System") and RCP ("Representative Concentration Pathways") assumptions to ensure consistency with scientific climate change pathways to properly assess the impact of physical and transition risk drivers.

1. **RCP climate scenarios** developed by the Intergovernmental Panel on Climate Change ("IPCC"): The RCP pathways describe different climate outcomes, all of which are considered possible depending on GHG emitted in the years to come.
2. **NGFS climate scenarios** developed by the "Network of Central Banks and Supervisors for Greening the Financial System": The NGFS Climate Scenarios explore the transition and physical impacts of climate change over a long-term horizon under varying assumptions.

REPRESENTATIVE CONCENTRATION PATHWAY

RCP 2.6

RCP 2.6 necessitates a reduction in carbon dioxide (CO₂) emissions, starting a decline by 2020 and reaching zero by 2100. This scenario is projected to limit the global temperature rise to below 2°C by 2100

RCP 4.5

Under RCP 4.5, it is mandated that carbon dioxide (CO₂) emissions commence a decline around 2045, aiming to achieve roughly half of the 2050 levels by 2100. The scenario suggests a probability of global temperature rising between 2°C and 3°C by 2100, accompanied by a mean sea level rise 35% higher than that projected under RCP 2.6.

RCP 6

RCP6 aims to stabilize greenhouse gas emissions, reaching a peak around 2060, followed by a gradual decline thereafter.

RCP 8.5

In the RCP 8.5 scenario, emissions continue to rise throughout the 21st century, and this scenario is commonly used as the basis for worstcase climate change scenarios.

NGFS – CLIMATE SCENARIOS

NET ZERO 2050

"Net Zero 2050" scenario aims to limit global warming to 1.5°C through stringent climate policies and innovation, ultimately achieving net-zero CO₂ emissions around 2050. Physical risks are relatively low, transition risks are high.

DELAYED TRANSITION

"Delayed Transition" assumes that global annual emissions will not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. This results in both higher transition and physical risks compared to the "Net Zero 2050" scenario.

CURRENT POLICIES

"Current Policies" assumes that only presently implemented policies are maintained, thereby resulting in high physical risks.

Physical risks refer to the risks related to the physical impact of climate change. These risks can manifest as either event-driven (acute) occurrences or as long-term shifts (chronic) in climate patterns. Consequently, their impacts could be expected in short, medium and long-term time horizons.

- Acute physical risks are event-driven, including increased severity of extreme weather events (e.g., droughts, floods, etc.).
- Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures).

Additionally, after identifying physical risks, Addiko classifies these into two categories: climate-related risk factors and other environmental risk factors.

In the Climate Change 2023 Synthesis Report, the Intergovernmental Panel on Climate Change (IPCC) identified the following key risk factors related to climate change for the European area:

- Increased damage caused by river and coastal floods, increased water restrictions, increased damage from extreme heat events and
- ecosystem disruptions leading to losses in crop production.

These climate-related risks factors were taken into account when the materiality assessment of Addiko was conducted.

As for other environmental risk factors, Addiko considers water scarcity, resource scarcity, loss of biodiversity and pollution. These coincide with the key environmental risks assessed by the World Economic Forum and guidelines published by other institutions, such as the European Central Bank.

Transition risks arise from the shift toward a lower-carbon economy, involving significant policy, legal, technology and market changes to address climate change mitigation and adaptation requirements. Depending on the nature, pace and emphasis of these changes, organisations may face varying degrees of financial and reputational risk. Addiko considers climate policy changes, technological and behavioural changes as important risk factors derived from transition risks.

2.2.2 SECOND STEP Analyses how C&E risk drivers can impact Addiko's business model and defines transmission channels

Understanding transmission channels is crucial for assessing the impact of C&E risk drivers in Addiko's risk management framework for short, medium and long-term intervals. The figure below illustrates the risk drivers, relevant transmission channels and existing risk types that may be affected.

Overview of physical risks drivers and their transmission channels:

C&E RISK DRIVERS	TRANSMISSION CHANNELS	TIME FRAME	HOW COULD BE TRANSMITTED	RISK TYPE POTENTIALLY IMPACTED
Climate related risks (1) Heatwaves, heat events (2) River floods (3) Coastal floods (4) Droughts and changing rainfall patterns	The inability of borrowers (affected by natural events) to repay their debts. Service debt can elevate the credit risk for a bank, property damage, devaluation of financial assets or disruption bank operations.	Short to long term	Microeconomic channels The impact of C&E risks may, in particular, transmit to Addiko via their influence on financial or tangible assets. For example, the risk factors may be transmitted through debtors in the agriculture industry or impacting collateral value by causing damage through severe weather events or chronic flooding. Macroeconomic channels The impact of C&E risks on the macroeconomic environment (e.g., lower GDP or increased unemployment) will indirectly impact Addiko. This could lead to elevated risk costs and, subsequently, impact the profitability of the business model.	<ul style="list-style-type: none"> • Credit risk • Market risk • Liquidity risk • Operational risk • Reputational risk • Business risk

Overview of transition risks drivers and their transmission channels:

C&E RISK DRIVERS	TRANSMISSION CHANNELS	TIME FRAME	HOW COULD BE TRANSMITTED	RISK TYPE POTENTIALLY IMPACTED
Climate policy	Cost of CO ₂ emissions	Short term	Microeconomic channels The impact of C&E transition risks will especially transmit via credit risk, by inducing higher risk costs linked to specific counterparties not aligning with evolving policies or experiencing income loss. Furthermore, the transition to green financing, while beneficial, introduces complexity and concentration challenges that may impact the volume of loan origination.	<ul style="list-style-type: none"> • Credit risk • Market risk • Liquidity risk • Operational risk • Reputational risk • Business risk
	Environmental lawsuits			
	Regulations of product and services	Medium term		
Technology	Failed investments	Medium term	Macroeconomic channels Considering the world economy's reliance on fossil fuels, it is reasonable to expect that the influence of C&E risks on the macroeconomic environment (e.g., lower GDP, increased unemployment) will indirectly affect Addiko. This could lead to elevated risk costs and, subsequently, impact the profitability of the business model.	
	Costs of transitioning			
Market sentiments	Behavioural changes of consumers, suppliers, employees	Short term to long term		
	Funding costs			

CONCLUSION

Given the granularity and diversification of Addiko's loan portfolio, it is anticipated that the main impact will be through macroeconomic channels. The C&E risks are currently affecting macroeconomic indicators negatively, and the extent of this impact over the medium to long term will rely heavily on the measures implemented to mitigate climate change.

2.2.3 THIRD STEP Results of materiality assessment

The materiality assessment concluded that Addiko's credit risk will be materially influenced by C&E risks, while other risk types are only affected to a lesser extent. Thus, the upcoming section provides a detailed overview of the materiality assessment results with regard to credit risk. The outcome will specifically focus on both transitional and physical risks, highlighting their association with credit risk.

Transition risk, results of materiality assessment in relation to credit risk

The analysis assesses vulnerability from two perspectives:

- Industry quantification, identifying concentration risk.
- Macroeconomic quantification using stress tests to identify elevated sensitivity to systemic risk factors.

Industry quantification This perspective relies on quantifying criteria related to affected industries and analyse how these could influence diversification. In conclusion Addiko, with a highly diversified portfolio, has a minimal idiosyncratic impact from transitional risks. Based on industry segmentation of the portfolio and corresponding emissions, Addiko has relatively low exposure to emission-intensive sectors.

Considering the potential impact of climate and environmental changes on corporate clients' ability to meet obligations and the resulting increase in credit risk, Addiko applies several mitigation measures, such as:

- Classifying industries and clients into risk categories (not affected, affected and highly affected),
- Utilizing the risk categories in the credit approval process for corporate, sovereign and financial institution clients, including the use of a dedicated questionnaire to assess C&E risks,
- Implementing processes like regular annual review and monitoring, which are detecting further developments related to C&E topics, both at credit portfolio and individual client level,
- Mitigating concentration risk in borrowers highly affected by climate and environmental risks, thereby establishing thresholds in the Risk Appetite Statement.

Macroeconomic quantification This perspective relies on climate stress tests conducted to identify heightened sensitivity to systemic risk factors. Selecting an adverse climate scenario reflecting severe transition risks in the next 12 months, a climate stress test was conducted. The results indicated the impact of transition risks under this perspective as material.

CONCLUSION

Transition risks are already visible in the short term due to the EU's determination to reduce carbon emissions in accordance with its ambitious net-zero targets for 2050. Given the fundamental change required to mitigate transition risk drivers over the medium to long term, it is highly unlikely that transition risks will materially reduce in the future. Despite Addiko's robust portfolio diversification and proactive measures to limit exposure to emission-intensive sectors, the role of transitional risk is more prevalent. Consequently, the climate change topical standard (E1) is deemed material in the context of credit risk across short, medium and long-term intervals.

Physical risk, results of materiality assessment in relation to credit risk

The analysis assesses vulnerability through geographical quantifications and by identifying concentration risks in areas highly affected by climate-related physical risks.

Geographical quantification The primary natural disasters in the regions where Addiko operates include droughts, river floods and coastal floods. Wildfires and windstorms are also frequent but have less material impact. Other events are not

considered material in these regions. Climate-related physical risks are the most relevant in those regions, while other environmental physical risks are of lesser concern.

The residential real estate pledged to Addiko is mainly situated in metropolitan areas of capital cities and is not concentrated in areas with high exposure to climate-related physical risks. In 2023, Slovenia experienced devastating and widespread floods. However, this particular flood event did not have a material impact on Addiko's portfolio in terms of exposure and risk costs. This indicates that the Addiko credit portfolio is well-diversified from a geographical perspective, reducing the impact of such events in the context of physical risks.



CONCLUSION

The assessment reveals that the impact of climate scenarios may result in a high physical risk over longer-term intervals starting from 2040 if adequate policy changes are not implemented promptly. Hence, the impact on credit risk is assessed as material in the long term. This indicates that the climate change topical standard (E1) is deemed material in the context of credit risk in the long term.

2.3 Assessment of opportunities

Recognizing climate-related changes not just as risks but as business opportunities, Addiko acknowledges its responsibility to support clients in their green transition journeys. In 2023, Addiko introduced green partnerships tailored to enable the purchase of green products and services.

Addiko perceives an opportunity to enhance its risk identification process by integrating C&E risks into non-retail lending and investment decisions. To achieve this, Addiko has developed processes to detect C&E risks and opportunities, which are regularly adjusted. This assessment is integrated into the regular credit approval process, including an ESG-related questionnaire and an evaluation of the client's approach to ESG topics, as part of the credit application exercise. Moreover, this evaluation is reinforced through ongoing review and monitoring processes. These comprehensive undertakings not only help identify risks but also uncover potential opportunities to support more sustainable businesses ventures. They empower Addiko to respond promptly and make necessary calibrations, such as augmenting policies to address credit risk issues or by imposing restrictions in case of any noticeable deterioration.

2.4 Assessment of impacts

Addiko is actively supporting the transition towards a sustainable economy by aligning with key Sustainable Development Goals (SDGs) in accordance with UN principles. Our commitment extends to environmental aspects, focusing on reducing emissions, developing environmentally friendly banking services and fostering green partnerships to facilitate the purchase of sustainable products and services. Through these efforts, Addiko aims to play a vital role in promoting a more sustainable and responsible financial ecosystem.

Positive impacts of Addiko's sustainability initiatives to reduce emissions and assist customers in achieving climate neutrality include:

- Replacing vehicles in the existing car-fleet with the electric & hybrid cars
- Reducing office space and number of branches
- Supporting clients in their green transition journeys by providing them with environmentally friendly banking services and solutions for reducing their carbon footprint and promoting digitalisation to reduce paper consumption
- Procuring electricity from renewable sources
- Supporting clients in their green transition through green lending initiatives by introducing green partnerships to facilitate the purchase of green products and services.

Moreover, Addiko acknowledges the potential adverse effects associated with adopting measures to mitigate climate change. Specifically, financing debtors engaged in industries incompatible with the transition to a sustainable economy may impede efforts to adapt to climate change targets. While the overall portfolio of Addiko is relatively small, only a modest portion is tied to industries highly affected by C&E risks. Consequently, the identified negative impact related to climate change is currently considered to be only marginal.

2.5 Identifying ESRS material environmental topics driven by transition risk

The climate change standard (E1) is recognised as a material concern for Addiko, influencing credit risk over short, medium and long-term intervals. This recognition is driven by its global implications, prompting Addiko to understand the urgency of addressing climate change and actively supporting initiatives to achieve net-zero goals in the following period.

A comprehensive assessment has been conducted, analysing all industries affecting climate change according to ESRS. This assessment evaluates concentration of interest income in response to emerging transition risks.

In the process of defining the relevant industries listed under the NACE classification, the guidelines were considered according to the standards defined by the ESRS (E1 – E5).

The table below demonstrates the distribution of estimated interest income² and gross exposure across NACE classifications for Addiko Group per end of year 2023. The financing provided to financial institutions was excluded from the estimation.

As a result of the assessment, it was observed that the highest share of Addiko's interest income is associated with the category E1 – Climate change and two sub-categories of E4 – Biodiversity ecosystems (E4-1 and E4-10), constituting up to 23% of Addiko's interest income. Followed by a share in the area of E3 Water and marine resources (specifically, E3-1 and E3-2), accounting for up to 13% of interest income.

2 The interest income approximation is derived as follows: (client contracted interest rate* client exposure) *12 months.

See table *Split by industries* on the next page.

Upon closer examination, the higher interest income shares were influenced by the diversity of industries considered. For instance, in categories (E1 – Climate change, E3-1, E3-2, E3-3, E4-1, E4-10,), the entire industry classes were taken into account. This choice was necessitated by the complexity of these industries, preventing a more granular approach in selecting sub-NACE sectors. In all other categories, no significant share was identified.

SPLIT BY INDUSTRIES	INTEREST INCOME (%)	GROSS EXPOSURE (%)
Consumer & Mortgage loans	65%	51%
T – Activities of households	65%	51%
Corporate loans	35%	49%
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	9%	12%
C – Manufacturing	9%	10%
C20 – <i>Manufacture of chemicals and chemical products</i>	0%	0%
F – Construction	5%	10%
H – Transporting and storage	3%	4%
M – Professional, scientific and technical activities	2%	3%
I – Accommodation and food service activities	2%	2%
A – Agriculture, forestry and fishing	1%	1%
N – Administrative and support service activities	1%	1%
J – Information and communication	1%	1%
L – Real estate activities	1%	1%
D – Electricity, gas, steam and air conditioning supply	1%	1%
K – Financial and insurance activities	0%	1%
E – Water supply; sewerage; waste management and remediation activities	0%	1%
O – Public administration and defence; compulsory social security	0%	0%
P – Education	0%	0%
Q – Human health and social work activities	0%	0%
B – Mining and quarrying	0%	0%
S – Other services activities	0%	0%
R – Arts, entertainment and recreation	0%	0%
T – Activities of households as employers	0%	0%
U – Activities of extraterritorial organisations and bodies	0%	0%
Grand Total	100%	100%

E1 – Climate change

This category has the highest impact on the interest income accounting for up to 23% and represents a material environmental theme for Addiko. The industries considered through this standard are those involved with the emission of Greenhouse Gases (GHG), including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro-fluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). In this assessment, entire industry categories were considered: A-Agriculture, forestry and fishing, B-Mining, C-Manufacturing, D-Electricity, gas, steam and air conditioning supply and F-Construction. Potential risks were evaluated over short and mid-term horizons.

E4 – Biodiversity ecosystems

As part of Biodiversity standards, only two categories E4-1 and E4-10 were triggered (out of the total of 11). This occurred due to their close connection to climate change, requiring a comprehensive analysis of industries influencing climate change (A-Agriculture, forestry and fishing; B-Mining; C-Manufacturing; D-Electricity, gas, steam and air conditioning supply; and F-Construction), contributing to up to 23% of interest income. Upon detailed examination of these triggered categories, it was determined that the theme should be observed during a long-term interval. Potential risks may emerge in the future if corporate debtors, particularly those impacting climate change, fail to comply with environmental regulations and elevate the reputational risk of Addiko. Information about their influence on biodiversity ecosystems, alignment with environmental standards and business model assessments is analysed during regular reviews and monitoring processes. Overall, an increasing awareness among clients about these standards is anticipated in the following period. No material impact has been detected (assessed effect up to max. 5% of the Bank's interest income) in relation to other sub-categories of E4 – Biodiversity (E4-2 to 9 and E4-11).

Furthermore, there is no loan exposure allocated to activities involving the manufacture of tobacco products or weapons and ammunition.

CONCLUSION

The assessment highlights E1 – Climate change as a significant environmental theme for Addiko, especially considering a broader diversity of industries and its impact on interest income generation. This material topic is closely connected to the E4 – Biodiversity ecosystems and E3 Water and marine resources because they affect the same industries. Due to their close association with E1 – Climate change, the topics E4 – Biodiversity ecosystems and E3 Water and marine resources are assessed as non-material. However, the full potential impact of climate change may be mitigated by the Addiko strategy, which emphasizes small exposure tickets to prevent concentration, and the restrictions set by the credit policy. To further minimise the influence of climate change on the Addiko business strategy, the Group is proactively addressing actions outlined in the "Actions taken" and "Targets related to climate change mitigation and adaptation" sections.

3.

METRICS AND TARGETS

3.1 Targets related to climate change mitigation and adaptation [ESRS E1 – 4]

TARGETS			
Description	Owner	Due date	Status
Further no-go industries defined	Group Credit Risk Management	2024	Ongoing
Initiate the collection of relevant data points to improve the quantification of physical risks	Group Risk Transformation and Development unit	2024	Ongoing
Evaluate the adequacy of IT systems, processes and data requirements	Group Risk Transformation and Development unit	2024	Ongoing

Enhance the analysis of operational risk, by incorporating further quantitative data to support the materiality assessment	Group Integrated Risk Management	2024	Not started yet
Transitioning to an electric car fleet – 20% EVs	Group Banking Operations	2024	Ongoing
Continue efforts to further enable and strengthen green partnerships	Group Consumer	2024	Ongoing
Further office optimisation where possible	Group Consumer & Group Banking Operations	2024	Ongoing
Integrate climate risks assessment into the procurement process	Group Banking Operations	2024	Not started yet
Increase the proportion of electricity derived from renewable resources to above 30%	Group Banking Operations	2025	Ongoing

3 All-in rent covers all utility expenses, including electricity, water, heating and more, which are bundled into the rental price

3.2 Energy consumption and mix [ESRS E1 – 5]

Since Addiko launched an initiative to save energy and natural resources, the awareness of the need for the responsible use and conservation of resources is at a high level in all Addiko entities. The last three years have seen a declining trend in total energy consumption at Addiko Group level, resulting in a reduction of 11.6%, as shown in the table below.

It is important to note that repossessed assets, investment properties and "all-in rent"³ have not been included in the calculation of energy consumption. Energy consumption per employee was calculated based on average headcount numbers.

Total energy consumption

Addiko promotes the reduction of energy consumption also by applying energy efficient solutions in case of renovations and new investments. In the procurement of electricity, Addiko places an increasing emphasis upon purchasing renewable energy.

DESCRIPTION	2021	2022	2023
Total energy consumption (in kWh)	13.654,177	12.447,007	12.065,575
Energy consumption per employee (in kWh)	4,906	4,724	4,506
Energy consumption per m² (in kWh)	211	207	208

In 2023, total energy consumption (in kWh) amounted to 12.065,575 (o/w 65% share of fossil sources, o/w 28% share of renewable sources, o/w 4% share of nuclear sources, o/w 3% unknown sources). In some of the Addiko entities, the share of renewable sources in total energy consumption already exceeds 30%.

This includes Addiko Bank d.d. Zagreb (Croatia), Addiko Bank d.d. Banja Luka (BiH), Addiko Bank d.d. Podgorica (Montenegro) and Addiko Bank AG Vienna (Austria), as presented in the table below.

Energy consumption in Addiko Entities by source type for the year 2023

ENERGY CONSUMPTION	ADDIKO BANK D.O.							
Energy consumption source type (in kWh)	Ljubljana (Slovenia)	Zagreb (Croatia)	Beograd (Serbia)	Sarajevo (BiH)	Banja Luka (BiH)	AD Podgorica (MNG)	Vienna (Austria)	Total
Total fossil energy consumption	604,126	2.503,030	1.906,613	2.075,063	576,983	148,970	0	7.814,785
Share of fossil sources in total energy consumption (%)	56%	55%	82%	82%	52%	39%	0%	65%
Consumption from nuclear sources	289,626	138,678	46,179	0	0	0	0	474,483
Share of consumption from nuclear sources in total energy consumption (%)	27%	3%	2%	0%	0%	0%	0%	4%
<i>Fuel consumption for renewable sources, including biomass</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources</i>	<i>188,693</i>	<i>1.519,348</i>	<i>366,193</i>	<i>451,790</i>	<i>535,001</i>	<i>237,463</i>	<i>47,716</i>	<i>3.346,204</i>
<i>The consumption of self-generated non-fuel renewable energy</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>	<i>0</i>
Total renewable energy consumption	188,693	1.519,348	366,193	451,790	535,001	237,463	47,716	3.346,204
Share of renewable sources in total energy consumption (%)	17%	33%	16%	18%	48%	61%	100%	28%
Consumption from unknown sources	0	430,103	0	0	0	0	0	430,103
Total energy consumption	1.082,445	4.591,158	2.318,985	2.526,853	1.111,984	386,433	47,716	12.065,575

Vehicle fleet and sustainable mobility

Addiko is actively working to reduce its carbon footprint by transitioning to a newer, more eco-friendly fleet of vehicles. As of 2023, the company's carpool consists of 130 vehicles, with a notable decrease compared to previous years. Specifically, there are 122 diesel or gasoline-powered cars, 2 hybrid cars (PHEV) and 6 battery electric cars (BEV).

Efforts to promote responsible fuel consumption are ongoing across Addiko Group. However, the company is further committed to reducing CO₂ emissions by replacing fossil-fuel-powered vehicles with PHEV or BEV models starting in 2024. In fact, in the fourth quarter of 2023, Addiko ordered 5 PHEV and 1 BEV vehicles, although they have not yet been delivered and thus are not reflected in the 2023 car fleet numbers.

Additionally, Addiko's Travel, Car and Hospitality policy actively supports the reduction of CO₂ emissions and places significant emphasis on increasing the adoption of PHEV/BEV/HEV vehicles. Clear targets have been set, as outlined in chapter 3.1, to ensure continued progress in this regard.

VEHICLE FLEET AND SUSTAINABLE MOBILITY	2021	2022	2023
Total fuel consumption by the vehicle fleet (in litres)	170,923	184,877	185,396
Total energy consumption by the EV (in kWh)	0	0	1,288
Number of company cars	161	140	130
• Diesel or petrol powered cars (incl. HEV)	161	140	122
• Hybrid cars (PHEV)	0	0	2
• Fuel cell electric vehicle (FCEV)	0	0	0
• Battery electric vehicle (BEV)	0	0	6
Share of EV (incl. HEV, PHEV, FCEV, BEV) in our car fleet	0%	0%	8%
Fuel consumption per employee (in litres)	61	70	69

3.3 Gross scope 1,2,3 and total GHG emissions [ESRS E1 – 6]

To better understand and control the impact of the bank's operations on climate change, the first step involves monitoring carbon emissions. This chapter presents the results and methodology of assessing the operational carbon footprint, which includes Scope 1, Scope 2 and a limited inclusion of Scope 3 emissions (with a focus on Category 15: Investments – financed emissions). This helps provide insights into the bank's carbon footprint and its contribution to climate change.

To calculate Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, Addiko Group followed the guidelines outlined in the Greenhouse Gas Protocol (GHG Protocol) and in the ESRS reporting standards. Here's a breakdown of each scope:

4 Location
based method
calculates
Scope 2 GHG
emissions
by using
average energy
generation
emissions
for specific
locations.

5 Market
based method
calculates
Scope 2 GHG
emissions
based on the
emissions
generated by
the electricity
providers from
which the
organisation
purchases
electricity
under
contractual
agreements.

- Scope 1 GHG emissions represent direct emissions released by the bank into the atmosphere as a result of its operational activities, including emissions from its facilities and vehicle fleet.
- Scope 2 GHG emissions consist of indirect emissions associated with the generation of purchased energy used by the bank, typically sourced from utility providers.

Additionally, when quantifying Scope 2 GHG emissions (in tCO₂) from energy consumption, there are two main methods, the location-based method⁴ and the market-based method⁵. In the case of Addiko Group, the location-based method has been used to quantify Scope 2 emissions.

- Scope 3 GHG emissions encompass all indirect emissions occurring throughout the bank's value chain, excluding those covered in Scope 2. These emissions include both upstream and downstream activities. According to the GHG Protocol, Scope 3 emissions are classified into 15 categories.

The table below provides detailed data on the GHG emissions at Addiko Group level for the years 2022 and 2023:

TOTAL GHG EMISSIONS (SCOPE 1, 2 AND 3)	2022	2023
Scope 1 GHG emissions		
Scope 1 GHG emissions (tCO ₂ eq)	866	835
Scope 2 GHG emissions		
Location-based Scope 2 GHG emissions (tCO ₂ eq)	2,888	2,858
Scope 3 GHG emissions		
Total Scope 3 GHG emissions (tCO ₂ eq)	577,446	582,349
15 Investments (financed emissions)	577,446	582,349
Total GHG emissions (Scope 1, 2 and 3)		
Total GHG emissions (location-based) (tCO ₂ eq)	581,200	586,042

The following categories and sub-categories of Scope 1, Scope 2 and Scope 3 are being reported:

In Scope 1 all types of emissions were measured: direct emissions from combustion of fuels form internal heating system and direct emissions from use of fuels in car fleet.

In Scope 2 all types of emissions were measured: indirect emissions due to electricity consumption and indirect emissions due to district heating consumption.

Scope 3 for Addiko Group places particular emphasis on the "Investments (financed emissions)" category as the most significant contributor to total GHG emissions. This category encompasses emissions associated with the activities of Non-Financial Corporations financed by Addiko Group. The financing provided to households and private individuals was excluded from the estimation. While other categories within Scope 3 emissions exist, they are not currently assessed in detail (i.e. Business travel, Employee commuting, Waste generated in operations), as their contribution to overall GHG emissions is relatively low.

In 2023, Total GHG emissions (Scope 1, 2 and 3 with limited inclusion) of Addiko Group accounted for 586,042 tCO₂eq, a modest increase compared to 2022.

EU TAXONOMY REGULATION

The Environmental Taxonomy Regulation (EU) 2020/852 ("Taxonomy Regulation") adopted by the EU Commission is the centerpiece of the EU Action Plan on Financing Sustainable Growth of March 2018, which was incorporated into the European Green Deal. The taxonomy is a system for classifying economic activities according to their contribution to the six environmental objectives defined by the EU Commission, which have been published in various regulations and delegated acts since June 2020. The six environmental objectives are

1. Climate change mitigation
2. Adaptation to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Prevention and reduction of pollution
6. Protection and restoration of biodiversity and ecosystems

In accordance with Article 8 Taxonomy Regulation in conjunction with the Delegated Act (EU) 2021/2178 Art. 10 para. 3, financial market participants that fall within the personal scope of the Non-Financial Reporting Directive (NFRD, since 2024 the Corporate Sustainability Reporting Directive / CSRD) are obliged to publish information on how and to what extent their economic activities are to be classified as environmentally sustainable within the meaning of the Taxonomy Regulation.

As a credit institution in Austria, Addiko Bank AG is subject to the NFRD as the superordinate institution for the Addiko Group and complies with the disclosure obligation at consolidated level.

The taxonomy disclosures to be published are defined in Article 8 of the Taxonomy Regulation and specified by Delegated Regulation (EU) 2021/2178 ("Delegated Regulation on Disclosure"), which was last amended in June 2023. Financial companies must publish business model-specific taxonomy information, which must be provided in standardised form in disclosure templates in accordance with Annex V of the Delegated Regulation on Disclosure. These set out the figures used to determine the Green Asset Ratio (GAR).

In addition, the information in the communications of the EU Commission on the interpretation of certain legal provisions of the Delegated Act on Disclosure, in particular the FAQ on the interpretation of Article 8 of the Taxonomy Regulation for the reporting of taxonomy-eligible economic activities and assets (2022/C 385/01) and the draft Commission communication of 21 December 2023 (C/2023/305), were taken into account.

In addition, the Taxonomy Regulation contains special reporting requirements for financial products, such as the Green Bond Regulation, which are not relevant for Addiko due to the lack of an application case.

The Taxonomy Regulation is based on two central concepts that are associated with the economic activities of companies:

- Taxonomy eligibility
- Taxonomy alignment

Taxonomy eligibility

The proportion of assets that can be categorised as taxonomy-eligible relates to assets and activities outlined in the Delegated Acts of the Taxonomy Regulation, but gives no indication of which activities are truly environmentally sustainable. The first step in determining environmental sustainability is to establish whether a technical assessment criterion in the Delegated Acts is met that can be applied to the activity in question.

With regard to the reporting date of 31 December 2023, credit institutions must report on how their financing activities impact the first two climate targets specified in Delegated Regulation (EU) 2021/2139, namely

1. Climate change mitigation and
2. Adaptation to climate change.

For credit institutions, an economic activity is taxonomy-eligible if it can be assigned to one of these two environmental objectives, regardless of whether it fulfils this objective. This includes, for example:

- **Financing to private individuals** Housing loans, renovation loans and vehicle financing,
- **Financing to local authorities** Housing construction financing and special purpose financing (financing whose purpose is known and which relates to an activity eligible for the taxonomy),
- **Credit exposures to credit institutions** that are subject to the NFRD and that have published the required KPIs (with the exception of funds repayable on demand),
- **Credit exposures to financial and non-financial NFRD companies** that have published the required KPIs,
- **Commercial and private real estate collected** and held for sale due to non-payment of the loan instalment (repossessed assets)

Although the Taxonomy Regulation covers a total of six environmental objectives and the remaining four environmental objectives mentioned at the beginning have already entered into force in the EU through Delegated Regulations (EU)

2023/2486 and 2023/2485, non-financial companies subject to the NFRD will report on them for the first time as at 31 December 2023. Due to the lack of available data (availability of KPI's) on the taxonomy capability for environmental objectives 3 to 6, credit institutions are therefore not yet in a position to report on these environmental objectives as at 31 December 2023, meaning that the reporting forms used do not contain any data on this.

Taxonomy alignment

For an eligible economic activity to be considered environmentally sustainable and therefore taxonomy-aligned, it must fulfil the following conditions cumulatively:

1. Meets the technical assessment criteria specified in the Delegated Regulations Act
 - it contributes substantially to at least one climate or environmental objective
 - while also doing no significant harm to the remaining objectives (DNSH principle),
2. Meets Minimum Safeguard Standards (on human rights and labour standards).

Green Asset Ratio (GAR)

The Taxonomy Regulation requires credit institutions to report on their GAR as a key performance indicator (KPI). The GAR shows the proportion of the credit institution's assets that are financed and invested in taxonomy-aligned economic sectors in relation to total covered assets, excluding exposures to central governments, central banks and supranational issuers.

The GAR is disclosed for the first time for publications from 2024 onwards, including those reports relating to the financial year 2023.

Reporting as at 31 December 2023

For credit institutions, the disclosure requirements for the year 2023 continue to relate to the first two environmental objectives, with taxonomy alignment being reported for the first time in addition to taxonomy eligibility.

The compliance analysis will be carried out on the basis of information published by non-financial entities (publication of their taxonomy-compliant turnover and capital expenditure from 2023) and by financial entities subject to the NFRD on non-financial corporate reporting (publication of their GAR in 2024) and on the basis of the technical screening criteria of the Delegated Regulation "Climate" under the rules applicable to retail customers and local authorities for special purpose financing.

In addition, from 1 January 2024, credit institutions must provide indicators for the adjustment of the taxonomy of their off-balance sheet assets in the form of guarantees for third-party financing and assets under management. Addiko has no such transactions / business.

The disclosures on the trading book to be made from 1 January 2024 relate to institutions that maintain a "large trading book" as defined by the CRR. As Addiko only maintains a "small trading book", no quantitative disclosures are required. The trading portfolio only includes derivative transactions (volume as at 31 December 2023: EUR 288.0 million) and – to a very small extent – bonds issued exclusively by public-sector issuers (carrying amount as at 31 December 2023: EUR 24.6 million); accordingly, Addiko does not have any targets for the portfolio in terms of taxonomy eligibility or alignment.

Information on fees and commissions received does not have to be published for all institutions until 1 January 2026 (based on data as at 31 December 2025).

This phased approach is necessary as financial institutions rely on the taxonomy KPIs disclosed by their clients.

Restrictions on reporting

In accordance with the Taxonomy Regulation, the disclosures are based on the KPIs most recently published by the counterparties. Due to the fact that this report for 2023 was already completed in February 2024, the counterparty-relevant KPIs are based entirely on those from 31 December 2022 and therefore only reflect the taxonomy eligibility for financial institutions.

The reasons why the proportion of taxonomy-eligible or taxonomy-compliant financing and thus the GAR for the Addiko Group is relatively low are as follows:

- **Holding company with limited business activities** The holding company in Austria, Addiko Bank AG, does not conduct any domestic lending business of its own, but essentially maintains a securities book for liquidity management on behalf of the Group members, investing exclusively in bonds issued by central governments. These exposures are not considered taxonomy-eligible or taxonomy aligned in accordance with Article 8 and therefore have no impact on the GAR.
- **High non-EU share of subsidiary business** The Addiko Group is represented by legally independent credit institutions in the CSEE countries Slovenia and Croatia (both EU) as well as Serbia, Bosnia & Herzegovina and Montenegro (non EU countries). In terms of total assets, the business conducted by the subsidiaries in non-EU countries amounted to around 40% as at 31 December 2023. This also restricts the group of companies that are subject to the NFRD.
- **Consumer business model "non-purpose" financing** Addiko's main distinguishing feature from its competitors is its focus on providing non-purpose loans. Consequently, the Group lacks information regarding the specific use of the loan.
- **SME business model "non-purpose" financing** In the business segment of small and medium-sized enterprises, these are generally granted credit lines to be used for their business operations. From Addiko's perspective, the specific expenditure or investment made with these funds constitutes non-purpose financing. The EU Commission plans to make a decision by 30 June 2024 on how to proceed with non-NFRD companies, but it is currently not possible to estimate what form

a possible inclusion might take (possibly permissibility of including estimates regarding SME business)

- **No new business in the area of mortgage financing** this business area has been a "non-focus area" for years and the portfolio is being reduced due to business policy reasons. No EPCs (energy performance certificates) were obtained when the financing was granted and EPC's cannot be obtained subsequently by the borrower due to the lack of contractual regulations at the time. The precondition of presenting an EPC for the granting of a loan, which is generally possible in new business, is therefore not applicable to Addiko. In addition, the EPC could only be used for the EU countries Slovenia and Croatia.
- **No new business in the "Large Corporates" segment** The financing of major projects or large corporations is not part of Addiko's business model due to the inherent credit risks. As such large companies are often also subject to the NFRD, the exclusion of these transactions with these companies means that the group of borrowers who have to report on their taxonomy-compliant sales and investments is small.

Outlook

Addiko assumes that data collection and analysis will be continuously improved over the next few years. The more experience companies gain with reporting, the clearer it becomes how meaningful the KPIs can be.

The technical screening criteria will also prove useful in the future when examining green financing. In future, Addiko plans to offer green financing as a separate product in which – in contrast to the current form of non-purpose financing – the purpose of the loan is clearly defined (e.g. photovoltaic systems, wall boxes for e-mobility, etc.) and which fulfil the technical screening criteria of the Taxonomy Regulation.

The Group will follow all developments in connection with the Taxonomy Regulation and take them into account on its path to sustainability.

SOCIAL INFORMATION

OWN WORKFORCE – S1

1.



STRATEGY

Addiko champions employee success through accountability, collaboration, execution and upholding fundamental principles of integrity and performance. The focus on transformation underscores Addiko's organisational strength, fostering high agility in cohesive, innovative teams. The revised corporate values, guided by Oskar, promote customer focus, an entrepreneurial mindset and a policy of leading by example.

Addiko is proud of its "Unconventional Bankers" culture code, which has been defined and consolidated by its employees. The Human Resources (HR) team plays a crucial role in supporting people and processes. It collaborates closely with all other departments to collectively implement Addiko's unique strategy and involve its employees in the process. Key areas of focus in 2023 were selection, recruitment, training and development, as well as fair compensation and managing performance rewards.

Addiko's journey is guided not only by our corporate values but also by the foundational principles enshrined in the Universal Declaration of Human Rights through our commitment to inclusivity, fairness and respect for the diverse perspectives and backgrounds that enrich our community.

2.



IMPACT, RISK AND OPPORTUNITY MANAGEMENT

In the context of the double materiality analysis, Addiko conducted an evaluation of its impact, risks and opportunities with respect to all aspects of the standard S1 – Own workforce as described by the ESRS, which is outlined in detail in the following chapter. Addiko hereby makes reference to the characteristics of the Addiko employees, *collective bargaining and freedom of association, health and safety issues and work-life balance metrics*. The following chapter further outlines Addiko's targets for *diversity and inclusion* and makes reference to *training and personal development opportunities and compensation*.

The themes most relevant to Addiko's stakeholders are those revolving around employment conditions (*secure employment, working time and adequate wages, work-life balance*) and considerations within the ambit of equal treatment and opportunities for all (training & skills development, measures against violence and harassment). Given the broad impact of these themes on the majority of Addiko's population, detailed assessments have been conducted to evaluate associated risks and opportunities. The results of these assessments have been notably successful, with a majority of risks effectively mitigated and a concerted effort made to capitalise on recognised opportunities. This success serves as a robust motivation for Addiko to persist in identifying additional opportunities in the future, ensuring an even more favourable working environment for its employees.

2.1 Process for engaging with own workforce and worker's representatives [ESRS S1 – 2]

Addiko maintains a close relationship with employees through various platforms. Employee interests are represented by the works council of Addiko Bank AG, which according to the law has seats and voting rights in the Group Supervisory Board. Regular meetings are held with the members of the works council in Austria and Croatia, where they are entrusted to exchange opinions, concerns and proposals for important subject matters. Addiko conducts regular employee engagement surveys, which result in detailed action plans based on proposals received. The feedback culture is one of the key principles of Addiko, giving employees a voice and scope for exchanging thoughts, ideas, concerns and plans for the future. In addition to periodic employee feedback reviews conducted as part of Addiko's talent management programme, its employees have various opportunities to engage as outlined in the previous chapter Stakeholder Engagement, ranging from regular performance talks and employee surveys to special events.

2.2 Processes to remediate negative impacts and channels for own employees to raise concerns [ESRS S1 – 3]

Negative impacts in the arena of employment conditions could result from exploitation, unsafe working conditions, or human rights violations. To prevent such cases, Addiko focuses on implementing fair wages, safe working conditions and anti-discriminatory policies, together with strong internal process controls. When considering the principle of equal treatment and opportunities for all, a lack of diversity may result in negative impacts on organisational culture and innovation. Consequently, Addiko has implemented diversity programmes to promote equal opportunities and ensure inclusive workplaces.

Specially designed feedback sessions conducted at regular intervals serve as a platform for employees to voice their thoughts, concerns and suggestions. Addiko is committed to supporting a culture where all employees are encouraged to raise concerns about unacceptable business practices and misconduct. As part of its reporting and escalation mechanisms, Addiko has implemented a whistleblowing tool, which serves as an early warning system for employees to raise concerns about potential risks concerning serious wrongdoing (including unethical, illegal, corrupt or other inappropriate conduct). Through e-learning materials, within internal policies and through regular internal information, employees are made aware of these whistleblowing provisions, processes and tools and how to use them should the need arise.

2.3 Policies relating to the own workforce

Addiko is dedicated to eradicating discrimination and fostering an inclusive workplace culture. Addiko's policies are designed to eliminate discrimination, prevent harassment and champion equal opportunities for all employees. The Addiko Group Code of Business Conduct and Ethics, together with the handbook "How we work in Addiko" serve as a foundational policies that articulate the values and behaviours at Addiko. Addiko's Remuneration Policy establishes transparent guidelines for fair compensation, rewarding practices, target-setting and promotion principles. In addition, the Addiko Group Recruitment Policy, the Addiko

Group Talent Management and Succession Policy, together with the Addiko Group Diversity and Inclusion Policy, are integral pillars supporting promotion of equal treatment and opportunities for all employees of the organisation.

3.

METRICS AND TARGETS

MATERIAL TOPIC SOCIAL – EMPLOYMENT CONDITIONS

Addiko is focused on establishing and maintaining outstanding working conditions for its employees and at the highest standards, as they are considered its most valuable asset. Having a safe, secure and well-organised working environment is the baseline for all further development.

The working conditions section covers areas of *secure employment, working time, adequate wages, social dialogue, freedom of associations, the existence of works councils and the information, consultation and participation rights of workers, collective bargaining, work life balance and personal security*, as well as *health and safety*.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

OWN ACTIVITIES

- Potential wage and social dumping, inequality and worse treatment of individuals
- Non-compliance with labour standards
- Higher recruitment costs
- Higher turnover rate and thus, higher recruiting costs
- Not complying with employee safety act and labour standards can lead to an increase of potential accidents, harming mental and physical health

Negative impact

BUSINESS RELATIONSHIPS

- Potential individual and/or collective labour disputes, penalties and regulatory risks
- Reputational risk
- Risk of not meeting regulatory requirements regarding gender equality

OWN ACTIVITIES

- Ensure social dialogue and transparent information policies, regulated working conditions and a stable relationship between Addiko and its employees
- Increase trust of employees
- Better employer branding to attract highly professional, motivated employees
- Upholding working conditions through company agreements, higher employee participation and satisfaction, creation of internal mediation instances
- Promoting work-life balance, supporting family needs, resulting in higher employee satisfaction, employee retention, increased efficiency
- Supporting employees in their mental and physical wellbeing both individually and collectively, higher employee satisfaction and thus having a lower turnover rate

Positive impact

POLICIES AND COMMITMENTS		
Policy	Third party standard respected	Responsibility
Group credit policy	<ul style="list-style-type: none"> • Austrian Labor Constitution Act, General Data Protection Regulation 2022/2041 – Adequate minimum wages in EU 	Group Human Resources
Group Code of Business Conduct and Ethics	<ul style="list-style-type: none"> • Employee Safety Act • Collective Agreement for banks 	Group Compliance

3.1 Characteristics of Addiko's employees and non-employees [ESRS S1 – 6/7]

Employee related data in this document is illustrated based on headcount at the end of the reporting period. Most Addiko employees are hired on the basis of a permanent employment relationship. Only approximately 7.5% of employees had an active limited contract as of the year-end 2023. Addiko aims to offer permanent employment contracts to all employees whenever possible, taking into account business needs. Addiko does not engage non-guaranteed hours employees, nor non-employee workers, therefore these are not part of disclosure. The total number of employees having left Addiko in 2023 is 426 and the rate of total employee turnover is 15.9%.

FIGURE 1 GENDER DISTRIBUTION – ADDIKO GROUP TOTAL



■ FEMALE
 ■ MALE
 ■ OTHER
 ■ NOT REPORTED

GENDER DISTRIBUTION					
GENDER	TOTAL	FEMALE Headcount	MALE Headcount	OTHER Headcount	NOT REPORTED Headcount
ADDIKO GROUP TOTAL	100%	70.9%	29.1%	0%	0%
HEADCOUNT TOTAL	2,730	1,935	795	0	0
Addiko Bank AG Vienna (Austria)	123	51	72	0	0
Addiko Bank d.d. Zagreb (Croatia)	802	574	228	0	0
Addiko Bank d.d. Ljubljana (Slovenia)	334	218	116	0	0

Addiko Bank d.d. Sarajevo (Bosnia & Herzegovina)	350	268	82	0	0
Addiko Bank a.d. Banja Luka (Bosnia & Herzegovina)	365	285	80	0	0
Addiko Bank a.d. Beograd (Serbia)	581	417	164	0	0
Addiko Bank AD Podgorica (Montenegro)	175	122	53	0	0

FIGURE 2 TYPE OF CONTRACT – ADDIKO GROUP TOTAL

PERMANENT



TEMPORARY



■ FEMALE
 ■ MALE
 ■ OTHER
 ■ NOT REPORTED

TYPE OF CONTRACT						
TYPE OF CONTRACT	PERMANENT	FEMALE Headcount	MALE Headcount	TEMPORARY	FEMALE Headcount	MALE Headcount
ADDIKO GROUP TOTAL (%)	92,5%	70,4%	29,6%	7,5%	76,7%	23,3%
HEADCOUNT TOTAL	2,524	1,777	747	206	158	48
Addiko Bank AG Vienna (Austria)	114	47	67	9	4	5
Addiko Bank d.d. Zagreb (Croatia)	777	555	222	25	19	6
Addiko Bank d.d. Ljubljana (Slovenia)	309	199	110	25	19	6
Addiko Bank d.d. Sarajevo (Bosnia & Herzegovina)	306	232	74	44	36	8
Addiko Bank a.d. Banja Luka (Bosnia & Herzegovina)	324	249	75	41	36	5
Addiko Bank a.d. Beograd (Serbia)	536	385	151	45	32	13
Addiko Bank AD Podgorica (Montenegro)	158	110	48	17	12	5

FIGURE 3 WORKING TIME – ADDIKO GROUP TOTAL

FULL-TIME



PART-TIME



■ FEMALE
 ■ MALE
 ■ OTHER
 ■ NOT REPORTED

WORKING TIME						
WORKING TIME	FULL-TIME	FEMALE Headcount	MALE Headcount	PART-TIME	FEMALE Headcount	MALE Headcount
ADDIKO GROUP TOTAL (%)	97,8%	70,7%	29,3%	2,2%	78%	22%
HEADCOUNT TOTAL	2,671	1,889	782	59	46	13
Addiko Bank AG Vienna (Austria)	104	34	70	19	17	2
Addiko Bank d.d. Zagreb (Croatia)	799	571	228	3	3	0
Addiko Bank d.d. Ljubljana (Slovenia)	323	209	114	11	9	2
Addiko Bank d.d. Sarajevo (Bosnia & Herzegovina)	349	267	82	1	1	0
Addiko Bank a.d. Banja Luka (Bosnia & Herzegovina)	364	284	80	1	1	0
Addiko Bank a.d. Beograd (Serbia)	558	403	155	23	14	9
Addiko Bank AD Podgorica (Montenegro)	174	121	53	1	1	0

Addiko prohibits all forms of forced labour, including child labour, within its operations and does not endorse practices that exploit or employ children in any manner that is contradictory to ILO conventions and the OECD Guidelines. All Addiko's employment relationships are based on the principle of mutual consent.

All Addiko employees are covered by social protection measures [ESRS S1-11] in every Addiko entity through public programmes. Such programmes protect against loss of income due to any of the following major life events: sickness, unemployment (except in cases of mutual agreements), work-related injury and acquired disability, parental leave and retirement.

3.2 Collective bargaining, freedom of association and social dialogue

[ESRS S1 – 8]

Addiko affirms its commitment to respecting and upholding the principles of freedom of association and the effective recognition of the right to collective bargaining. Addiko does not support any actions or practices that hinder employees from exercising their rights. Addiko believes in open communication, fair negotiations and the empowerment of employees to voice their concerns and interests.

In accordance with the Austrian Labor Constitution Act, representatives of the Addiko Bank AG works council have seats and voting rights on the Supervisory Board of Addiko Bank AG.

Trade unions representatives are entrusted to express the concerns of the workforce (GPA trade union, Sindikat bankarskih djelatnika (SBF-SP), Sindikat Slavonske banke (SBO), Sindikat bančništva Slovenije) in Slovenia.

Status for Addiko EU countries:

- **Austria** Collective bargaining agreement for employees of banks and bankers and works council representation (84.55%), not covering board members and senior executives according to the Austria Labour Constitution Act; works council representatives are union members; 6.3% of employees in the union.
- **Croatia** No bargaining agreement; works council is covering all employees' rights, 21% of employees are in the trade union.
- **Slovenia** 93.7% covered by bargaining agreement, no works council, trade union active.

FIGURE 4 EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS			
ADDIKO BANK IN EU	TOTAL	COVERED Headcount	UNCOVERED Headcount
Addiko Bank AG Vienna (Austria)	123	104	19
Addiko Bank d.d. Zagreb (Croatia)	802	0	802
Addiko Bank d.d. Ljubljana (Slovenia)	334	313	21

3.3 Health and safety metrics [ESRS S1 – 14]

Addiko is bound by specific employee health and safety legislation mandating it to apply detailed procedures and systems to workplace practices and to always make these available to its employees. Specifically, the relevant leg-

islation constituting the legal standards for health and safety practices in Austria is as follows: Arbeitnehmer-Innenschutzgesetz ASchG (Employee Protection Act), Angestelltengesetz AngG (Salaried Employees Act) and the Entgeltfortzahlungsgesetz EFZG (Continued Remuneration Act).

In its efforts to promote a secure and fair work environment, Addiko also observes the UN Human Right Declaration, OECD Labor Standards and the ILO Five fundamental principles and rights at work in addition to its local legal obligations. Addiko does not endorse or tolerate practices that compromise the safety and health of its employees. Addiko is committed to providing a work environment that meets or exceeds safety and health standards as outlined by the ILO and OECD Guidelines. Addiko considers the well-being of its employees as paramount and strives to maintain a safe and healthy workplace that safeguards physical and mental health.

As a general rule, information about health and safety provisions is publicly available to all Addiko employees on the Addiko intranet, Lists of Health, Safety and Environment (HSE) contact persons and contact details for police, fire and medical emergency services are published in visible and accessible areas around Addiko offices.

Addiko has further implemented internal safety functions, held by employees appointed as a special officer in the area of first aid, occupational safety and health. They are responsible for signalling deficiencies and hazards within the workplace at Addiko that may affect safety and health protections and propose solutions to eliminate them. The safety officers have an important control function and appropriate rights. Addiko must grant the safety officers access to operational information and records related to occupational health and safety.

Section 11 of the Employee Protection Act also regulates participation rights for safety representatives (Sicherheitsvertrauenspersonen). According to this law, the safety representatives are entitled to demand the necessary measures from employers and the bodies responsible for all matters related to safety and health protection, make proposals for the improvement of working conditions and demand the elimination of deficiencies identified and seek consultation with the works council if applicable. Addiko's management is obliged to listen to the proposals of safety representatives and works council, to involve them in all matters related to safety and health issues and to remedy any shortcomings.

Safety representatives are not bound by instructions issued by Addiko. They must cooperate with the appointed prevention specialists according to Sections 79 – 82 but are not subordinated to them.

All Employees are encouraged to contact the safety representatives to:

- discuss safety and health issues,
- report all incidents and near misses,
- forward inquiries to the prevention specialists.

REPORTING CRITERIA	TARGET	RESULTS 2023
Percentage of people in own workforce who are covered by health and safety management system based on legal requirements	100%	100%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	0	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0	0
Number of recordable work-related accidents for own workforce	0	9
Rate of recordable work-related accidents for own workforce	0%	0%
Number of cases of recordable work-related ill health of employees	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees	0	440

3.4 Work-life balance metrics [ESRS S1 – 15]

Addiko supports good health and well-being. Its employees are encouraged to live a healthy and active lifestyle.

Employees of Addiko entities are encouraged to join local gyms as well as participate in business runs and local marathons. In addition, there are frequent in-office health checks, free vaccination programmes and health-awareness guest speakers at Addiko.

As Addiko understands the significance of both physical and mental well-being, numerous initiatives and programmes were organised by Addiko in 2023: e.g., well-being days "U zdravom tijelu zdrav duh", including mental health resources and workshops ensuring that employees have the tools and support needed to maintain a healthy work-life balance.

All Addiko employees are entitled to family-related leave through local legislation, social policies and/or collective bargaining agreements. Addiko especially fosters a smooth return to work, so we are proud to have established on-ramping in Addiko Bank Serbia, a support programme for parents returning to work after maternity/paternity leave. Recognizing the significance of family-related responsibilities, numerous family-related days off are available to employees (family day, first day of school etc, marriage, childbirth, moving, death of a family member, etc.)

Flexible work arrangements and remote work opportunities are enhancing flexibility, allowing employees to adjust their working schedule and office attendance

to their own needs within the framework provided. The policy empowers individuals to better manage their professional and personal responsibilities to achieve a healthier work-life balance.

Addiko is especially proud to receive the "Rezilijent" well-being award for Addiko Bank in Serbia for its resilience support programme. Now in its third successive year, the Addiko programme cares for and supports the health and well-being of employees but also provides resources to help them cope with various challenges both in their working and personal lives. The goal of Addiko's resilience programme is to preserve and improve mental health by increasing resistance to stress and improving satisfaction with work and life as a whole.

ACTIONS TAKEN

- Constant reduction of limited contracts in favour of unlimited contracts
- Eye-to-eye partnering with trade unions, works council and other workforce representatives
- Regular market benchmarks to maintain fair compensations and benefits
- Calculations based on Directive 2022/2041 instructions showed that Addiko is paying employees above adequate wage in all entities
- Integrating minimum of 5% ESG KPI targets in performance management evaluations enabling all managers to actively participate in the development of the ESG strategy
- Structured employee engagement surveys conducted and action plans activated
- Flexible and hybrid working arrangements for work-life balance

TARGETS

Description	Owner	Due date	Status
Future of work - hybrid work – establishing a Framework 2–3-day home office in 2023; events for kids in 2024 and forward looking	Group Human Resources	2024	2023 target achieved and ongoing
Personal progress & well-being – establishing a framework in 2023; sports events and hosting speaking events in 2024 and forward looking	Group Human Resources	2024	2023 target achieved and ongoing
Feedback culture – execution of action plan based on engagement survey results in 2023 and forward looking	Group Human Resources	2023	2023 target achieved and ongoing

MATERIAL TOPIC SOCIAL – EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

The following section on equal treatment and opportunities covers the sustainability themes defined under ESRS on *gender equality and equal pay for work of equal value, training and skills development, inclusion of persons with disabilities, measures against violence and harassment in the workplace* as well as *diversity metrics*.

Through the lens of social responsibility, Addiko can showcase initiatives that promote diversity, equity and inclusion in line with evolving societal expectations. Addiko is committed to establishing a diverse and inclusive work-force that provides equal opportunities for employment, learning and development irrespective of gender, race, nationality, religion, national origin, ethnicity, LGBTQ+ sexual orientation, age, colour, marital status and parental status.

The principles of diversity and inclusion ("D&I") are embedded in Addiko's corporate culture and are reflected in the way selection, recruitment, development, financial equity, talent discussions and internal promotions are conducted.

In January 2022, a three-year plan called the Addiko Group D&I Strategic Action Targets and Action Plan 2022 – 2024 was implemented. This is due to be completed by year-end 2024. The goal of this initiative is to further expand the talent pool of the underrepresented gender and to enhance workplace benefits, policies, processes and practices to continually improve and ensure a culture of D&I.

The plan focuses on the following topics:

- Gender balance targets
- Recruitment and selection
- Career management
- Learning and development
- Remuneration
- Benchmark and implementation of best practices

In 2023, the majority of the D&I Action Plan was completed. The Addiko Group successfully launched two development programmes: Addiko Lead WISE programme for development and inclusion of Senior leadership together with Diversity & inclusion training programme as part of the Addiko academy (joint groups from all Addiko entities). Gender succession analysis by stream is also conducted. Recruitment & internal mobility across the Group – internal promotion of employees to vacant positions throughout Addiko entities regardless of race, nationality, religion, national origin, ethnicity, sexual orientation, gender, age, citizenship, colour, marital status or pregnancy. Active Employer branding communication fostering the value of Collaboration and Diversity is implemented across the Group (successful stories of unconventional bankers, Diversity & Inclusion). A total of 30 activities and initiatives are due to be implemented by year-end 2024, ensuring that all HR processes support high standards of D&I.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

Negative impact	OWN ACTIVITIES <ul style="list-style-type: none"> • Employee insecurity • Higher retention risk, higher turnover rate and thus, higher recruiting costs • Poor performance and poor satisfaction, risk of losing ability to build up internal succession, less motivation • Lack of transparency in internal processes (selection and recruitment processes or succession), employees feel unfairly treated
	BUSINESS RELATIONSHIPS <ul style="list-style-type: none"> • Risk of discrimination and other possible negative impact on human rights • Risk of failing to attract future talent or losing employees due to a lack of initiatives on diversity and inclusion • Potential regulatory and reputational risk

Positive impact	OWN ACTIVITIES <ul style="list-style-type: none"> • Increased employee satisfaction, recognition of work efforts • Diversity and inclusion increase cooperation and understanding among staff • Respectful working environment • Reputable employer brand

POLICIES AND COMMITMENTS

Policy	Third party standard respected	Responsibility
Group Code of Business Conduct and Ethics		Group Human Resources
Group Recruitment Policy Group Remuneration Policy Group Talent Management & Succession Policy Group Training Policy Group Diversity and Inclusion Policy	GDPR, EBA Guidelines, National Labour Laws, Salaried Employees Act and General Federal Code, Equal Treatment Act, Disability Employment Act	Group Human Resources

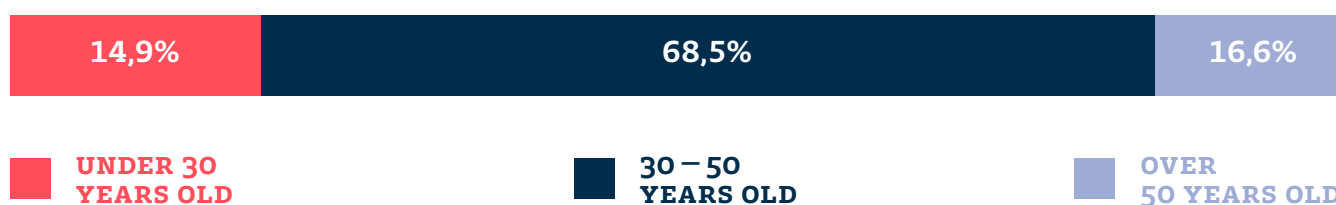
ACTIONS TAKEN

- Gender pay gap analysis
- Succession map established to mentor underrepresented gender towards managerial positions
- Regional initiatives for diversity and inclusion
- Training
- Launch of two development programmes: Addiko Lead WISE and Diversity & Inclusion training programme

TARGETS			
Description	Owner	Due date	Status
Diversity and inclusion – % underrepresented gender in executive positions >50%	Group Human Resources	2025	Ongoing
Supporting communities – % of employees involved in volunteering, establishing a framework in 2023; >15% by 2026	Group Human Resources	2026	2023 target achieved and ongoing

3.5 Diversity metrics [ESRS S1–9]

FIGURE 5 AGE DISTRIBUTION – ADDIKO GROUP TOTAL



YEAR 2023					
AGE DISTRIBUTION					
GENDER	AVERAGE AGE	TOTAL	UNDER 30 YEARS OLD	30-50 YEARS OLD	OVER 50 YEARS OLD
ADDIKO GROUP TOTAL	41.22	2.730	14.9%	68.5%	16.6%
Addiko Bank AG Vienna (Austria)	42.00	123	5	104	14
Addiko Bank d.d. Zagreb (Croatia)	42.13	802	103	538	161
Addiko Bank d.d. Ljubljana (Slovenia)	41.39	334	42	245	47
Addiko Bank d.d. Sarajevo (Bosnia & Herzegovina)	39.78	350	71	232	47
Addiko Bank a.d. Banja Luka (Bosnia & Herzegovina)	42.00	365	67	224	74
Addiko Bank a.d. Beograd (Serbia)	41.24	581	86	407	88
Addiko Bank AD Podgorica (Montenegro)	40.00	175	33	120	22

FIGURE 6 GENDER DISTRIBUTION BY TOP MANAGEMENT LEVEL

SUPERVISORY BOARD MEMBERS



MANAGEMENT BOARD MEMBERS



DIRECTORS B1 LEVEL



MAGANERS B2 LEVEL



TEAM LEADERS B3 LEVEL



EMPLOYEES



TOTAL ABG



■ **FEMALE** ■ **MALE**

The D&I action plan sets Addiko Group's diversity targets for the Addiko Management and Supervisory Boards, and all leadership training programmes have been revised to embrace D&I.

Addiko continues to focus on identifying internal talent in the underrepresented gender and bringing them to board positions at Management and Supervisory level across all Addiko entities. As a results, two new female Supervisory Board members were appointed in 2023 to the Supervisory Boards of Addiko Bank Croatia and Addiko Bank Banja Luka.

Addiko has consistently and systematically strengthened its talent management and succession policies, as demonstrated by its internal talent pool. Annually, leadership development and talent discussions continue to identify successors and future talent. This is best seen through the internal fill rate for managerial positions of almost 80% during last three years.

Addiko also continues to support a 'learning culture' demonstrated by the Addiko mentoring programme, which continues to offer talented individuals a trusted senior mentor to support their professional development. In 2023, Addiko Bank Sarajevo together with Deloitte continued the 'Women's Mentoring Network', a community project started in 2021. The programme invites women from across Bosnia & Herzegovina (BiH) who are interested in strengthening their leadership and managerial skills to participate in a five-month programme. The project is organised by Addiko's Corporate Communications and HR teams and is sponsored by the CEOs of Addiko Bank Sarajevo and Deloitte in BiH. It is important to mention that 'Mentoring' as a talent development tool started in Addiko Bank Sarajevo five years ago, in 2018, and over 20% of the workforce (female and male) participated in the programme in recent years. From 2021, the Women's Mentoring Programme sponsored by Addiko Bank Sarajevo, has engaged 52 female mentors from the business community in Bosnia & Herzegovina. It has trained over 150 women in the last three years, 5% of which have been female employees of Addiko Bank Sarajevo. Additionally, Addiko Bank Serbia joined Empower HER initiative of American Chamber of Commerce for the initiative to advance women's economic empowerment and gender equality in international trade. Addiko bank Croatia actively participates in the "Financial Literacy" project.

MAMFORCE awards have been presented to Addiko Bank Croatia, Serbia and Sarajevo. During 2023 Addiko Bank Croatia went for the upgraded MAMFORCE certificate (Mamforce Grow), confirming Addiko's competence in implementing corporate family responsibility and ensuring gender equality. Companies that have introduced the MAMFORCE standard are continuously working on improving working conditions. They record improved employee engagement and increased productivity. At the same time, thanks to the diversity of their employees, they offer better products and services to the market and make thoughtful, sustainable business decisions. By participating in the MAMFORCE project, Addiko Group intends to gain an even more objective and deeper insight into its practices. It also intends to actively listen to suggestions and adopt best practices in order to further improve its profile based on this renowned certification.

3.6 Persons with disabilities [ESRS S1 – 12]

Addiko currently employs a total of 39 staff with disabilities, constituting 1.43% of the overall workforce. Due to data privacy considerations and out of respect for the rights of Addiko employees, no further details will be disclosed.

3.7 Training and skills development metrics [ESRS S1 – 13]

Addiko's employees have access to numerous learning and development opportunities throughout their careers, including on-the-job training, classroom sessions and digital learning options. Addiko encourages employees to apply for jobs internally and supports cross-departmental transfers. Participation in transformation and group projects also enhances career experiences.

Addiko believes in:

- life-long learning and a 'can do'-attitude

- the 10-20-70 development rule which means 10% in class training, 20% mentoring and feedback and 70% on the job development
- every employee taking ownership and proactively managing their career

Addiko's intranet is one of the main sources of leadership development materials. Interactive business lectures are also organised in the form of master classes with guest speakers. Individual development is especially highlighted for those in key roles, as well as for other staff members.

The Addiko Academy offers leadership, banking, risk management, sales and compliance training opportunities. Addiko's focus is to ensure effective leadership skills, regulatory compliance, strengthened competencies for serving customers, the establishment of analytics and data competencies. Addiko also highlights a prudent risk approach through e-learning, as well as other internal and external training opportunities. The average number of training hours per employee of 22.05 hours demonstrates our ongoing focus on employee development. Newly appointed senior management is continuously provided with extensive internal and external onboarding support to help them integrate into the culture and working practices at Addiko. In addition, coaching and mentoring opportunities are consistently offered, ensuring effective employee competencies and capabilities.

Addiko conducts regular training courses on compliance, antimoney laundering, information security, data protection, operational risk and fraud, etc. Once the areas of focus have been identified, specialists define which training courses apply to all employees or target groups for each course content category. They then determine which employees require which type of training.

Addiko expressly encourages its employees to openly address any concerns they may have about proper conduct in business situations. It also encourages them to solicit advice and inform all employees about who they can contact if they have doubts or questions.

See *Training and skills development metrics table* on the next page

Training and skills development metrics Employees participating in regular performance reviews per employee are shown based on a full headcount basis, including employees who joined Addiko in the last quarter of 2023 or were absent due to health-related reasons for the majority of the year, resulting in omission of appraisal of annual targets. In addition to gender-based training hours analysis, Addiko also monitors data by other categories. The process was established during 2023 but is not yet fully operational across all entities. Data will be available for the next reporting period.

3.8 Compensation metrics [ESRS S1–10, S1–15]

The remuneration strategy rewards performance and contribution by way of an appropriate mix of fixed and variable remuneration. This is market-based and prevents Addiko from taking excessive risk while rewarding sustainability and long-term results. The remuneration policy is governed by the provisions of the applicable legislation, guidelines issued by the European Banking Authority

(EBA) and the Local National Bank's decisions. These regulations set out criteria and conditions for the payment of variable compensation to managerial staff and employees. The key functions that can significantly affect Addiko's risk profile within their duties, tasks and activities include members of the Management Board and B1 directors of individual departments, including persons with AML responsibility and the holders of control functions – risk management, compliance and internal audit. Addiko's variable compensation is awarded according to a variable pay framework and is closely linked to target-oriented performance metrics. The inclusion of variable compensation in the remuneration package allows outstanding individual as well as operational team performance to be recognised.

TRAINING AND SKILLS DEVELOPMENT METRICS

TRAINING AND SKILLS DEVELOPMENT METRICS	% OF EMPLOYEES PARTICIPATING IN REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS			AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE		
	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE
ADDIKO GROUP TOTAL	94.2%	70.7%	29.3%	22.05 h	21.64 h	22.13 h
Addiko Bank AG Vienna (Austria)	119	48	71	32.9	34.5	31.8
Addiko Bank d.d. Zagreb (Croatia)	738	536	202	25.0	26.0	21.0
Addiko Bank d.d. Ljubljana (Slovenia)	333	218	115	26.0	24.0	28.0
Addiko Bank d.d. Sarajevo (Bosnia & Herzegovina)	320	242	78	11.6	11.6	12.4
Addiko Bank a.d. Banja Luka (Bosnia & Herzegovina)	346	267	79	26.0	26.2	25.6
Addiko Bank a.d. Beograd (Serbia)	540	385	155	13.0	12.0	14.0
Addiko Bank AD Podgorica (Montenegro)	175	122	53	36.0	36.0	36.0

Reviewing the compensation matrix of 2023, Addiko can confirm that the wages of its employees in all countries can be considered adequate. The minimum wage is set in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council concerning adequate minimum wages in the European Union. For both EU and non-EU countries, all forms of national legislation and existing collective bargaining agreements have been considered. Only in Austria, the minimum wage is defined by the Collective Agreement of Bank Employees and

Bankers. For all other Addiko entities, local legislation (national laws or government decisions) defines minimum wage levels on an annual basis.

The EBA has published its revised guidelines on internal governance, which requires all institutions to monitor the development of the gender pay gap. In addition, the EBA published formal "Guidelines on the remuneration, gender pay gap and approved higher ratio benchmarking exercises" under the Capital Requirements Directive 2013/36/EU where, amongst other provisions, a method of reporting the gender pay gap was defined. Data analysis of all Addiko employees' wages, carried out for the previous period in accordance with the methodology defined by the regulatory framework prescribed by EBA, shows that no structural deficiencies and/or discriminatory practices can be determined in terms of the remuneration practices at Addiko, meaning that there are no significant deviations between comparable positions. Total remuneration data will be available by the end of the second quarter 2024 and will be the basis for the Gender Pay Gap Report.



For the benefit of the calculation of the gender pay gap, defined in the ESRS requirements, target bonus values for the variable part of the remuneration were used. Results are shown at Addiko entity level due to significant salary level differences between the respective jurisdictions.

GENDER PAY GAP	(97A) THE GENDER PAY GAP, DEFINED AS THE DIFFERENCE OF AVERAGE PAY LEVELS BETWEEN FEMALE AND MALE EMPLOYEES EMPLOYEES, EXPRESSED AS PERCENTAGE OF THE AVERAGE PAY LEVEL OF MALE	(97B) THE ANNUAL TOTAL REMUNERATION RATIO OF THE HIGHEST PAID INDIVIDUAL TO THE MEDIAN ANNUAL TOTAL REMUNERATION FOR ALL EMPLOYEES (EXCLUDING THE HIGHEST-PAID INDIVIDUAL)
Addiko Bank AG Vienna (Austria)	62.9%	1,087.1%
Addiko Bank d.d. Zagreb (Croatia)	67.7%	2,949.9%
Addiko Bank d.d. Ljubljana (Slovenia)	72.1%	1,080.9%
Addiko Bank d.d. Sarajevo (Bosnia & Herzegovina)	54.4%	1,617.2%
Addiko Bank a.d. Banja Luka (Bosnia & Herzegovina)	54.4%	1,752.0%
Addiko Bank a.d. Beograd (Serbia)	57.6%	1,990.9%
Addiko Bank AD Podgorica (Montenegro)	58.4%	1,431.1%

Within the calculation, all positions belonging to the same pay grade in Addiko's job structure were treated as comparable positions. The Addiko job structure consists of 13 job grades with two different career paths defined (managerial and non-managerial positions). The results of the analysis per job grade are represented as a ratio of the median remuneration of women and the median remuneration of men, expressed as a percentage.

FIGURE 7 GENDER PAY GAP

ADDIKO GROUP	PAY GAP Median
OFFICERS level 1	87.42%
OFFICERS level 2	100.67%
OFFICERS level 3 & TEAM LEADERS level 1	85.08%
SPECIALISTS level 1 & TEAM LEADERS level 2	77.94%
SPECIALISTS level 2 & TEAM LEADERS level 3	83.89%
SPECIALISTS level 3 & MANAGERS level 1	92.34%
EXPERTS level 1 & MANAGERS level 2	88.07%
EXPERTS level 2 & DIRECTORS level 1	75.16%
ADVISORS level 1 & DIRECTORS level 2	93.16%
ADVISORS level 2 & DIRECTORS level 3	87.43%
MANAGING DIRECTORS level 1	94.63%
MANAGING DIRECTORS level 2	106.37%

 NON-MANAGERIAL POSITIONS
 MANAGERIAL POSITIONS

A ratio over 100% means that the median remuneration of women is higher than the median remuneration of men.
A ratio below 100% means that the median remuneration of women is lower than the median remuneration of men.

3.9 Incidents, complaints and severe human rights impacts [ESRS S1 – 15]

Addiko respects the protection of internationally proclaimed human rights. Addiko is committed to upholding the fundamental human rights of its employees and expects vendors, business partners and others who provide services on behalf of Addiko to adhere to the same standards.

Addiko is committed to a workplace that is free from sexual, racial and other unlawful harassment and from threats or acts of violence or physical intimidation. Abusive, harassing or other offensive conduct, whether verbal, physical or visual, is not tolerated.

Addiko's values and workplace behaviours are built on trust, respect and integrity. Addiko is an equal opportunity employer and bases its recruitment, employment, development and promotion decisions solely on a person's ability and potential in relation to the needs of the job.

In 2023, no incidents of discrimination were reported nor were any such incidents identified.

INCIDENTS OF DISCRIMINATION IN 2023	TOTAL
Work related incidents of discrimination	0
<ul style="list-style-type: none"> • Incidents of harassment • Number of complaints filed of Addiko's own workforce • Total amount of fines, penalties and compensation of damages as a result of these incidents • Number of identified cases of severe human rights incidents 	0
Total amount of fines, penalties and compensation of damages as a result of human rights incidents	0

CONSUMERS AND END-USERS – S4

1.



STRATEGY [ESRS S4 – 1]

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. It offers unsecured personal loan products for Consumers and working capital loans for its SME customers.

To meet the expectations of its customers in the future, Addiko is constantly working to improve its products and services and has invested heavily in the digital transformation in recent years. Through digital channels, Addiko intends to enhance efficiency to promote greater financial literacy and transparency that will allow its customers to enjoy better access to products and services. At the same time, Addiko is carefully optimising its security measures, especially given the rapid pace of change in the digital environment. However, it is doing so without restricting access for its current and potential new customers or the reassurance of speaking to bank representatives in person in its established physical branch network in the region.

Addiko is pursuing a process-driven transformation with the clear vision to grow and extend its financial platform into a larger ecosystem that offers customers simple and quick lending solutions to meet their evolving lifestyle needs.

2.



IMPACT, RISK AND OPPORTUNITY MANAGEMENT

Within the double materiality assessment, Addiko analysed its impact, risk and opportunities among the sustainability themes defined by the ESRS, in the areas of information-related impacts on its customers (*privacy, complaint management, access to information*), as well as *physical security and social inclusion (access to products and services, responsible marketing practices)*. Moreover, having aligned its practices with financial industry guidance and widely adopted standards (sustainable accounting standards (SASB standards) published by the International Sustainability Standards Board) as well as stakeholder consultation and lessons learned from practical applications, Addiko has identified further sustainability topics (digital transformation, data security and financial literacy) of relevance to its business operations, which are outlined in detail in the following section. The themes most relevant to Addiko's stakeholders are information-related events, referring to *privacy and information security*, as well as *social inclusion for consumers (giving access to products and services)* and *responsible marketing practices and financial literacy*, included in the ongoing digital transformation process, these themes engulf potential for business in the future.

See Impact, risk and opportunity management on the next page

2.1 Engagement with customers [ESRS S4 – 2]

For Addiko, "focusing on customers" is a key value that underscores its commitment to promote regular and open communication with customers. By gaining deeper insights into the impacts that matter most to its customers, Addiko believes it can enhance its product design and better align its services with its customers' needs.

OWN ACTIVITIES

- Digital transformation might also impact Addiko's traditional customers and their ability to access products and services
- Security of a person – physical security of customers, as well as risks of environmental hazards and disasters

Negative impact

BUSINESS RELATIONSHIPS

- Privacy and data security along the value chain relevant to data processing by service providers and partners
- Digital transformation increases exposure to cybersecurity risks and risks of data breaches, which must be addressed on a frequent basis due to fast-changing dynamics in this sector

OWN ACTIVITIES

- Foster responsible marketing practice and develop financial literacy programs among existing customers, increased customer trust will also attract new customers
- Digital transformation will also increase social inclusion, expanding access to products and services by also considering special customer needs
- Access to quality information in a simple communication style will elevate customer trust

Positive impact

Communication channels Addiko employs various strategies for engaging with customers. This multifaceted approach includes feedback mechanisms, research endeavours and surveys, all aimed at fostering a continuous dialogue with clients. This commitment goes beyond mere transactional relationships, emphasizing the importance of understanding customer perspectives and evolving accordingly.

Addiko's customer engagement strategy also includes continuous communication through its branch network, digital channels and comprehensive contact centre, offering clients a multitude of channels to connect with the bank. Whether through traditional phone conversations, contemporary media such as email, a seamless digital experience and the efficiency of real-time support, Addiko ensures clients can reach out in a manner that suits their preferences and needs.

This omnichannel approach not only enhances accessibility but also reflects Addiko's commitment to meeting customers where they are, embracing the diversity of communication preferences in today's interconnected world. By facilitating easy and seamless communication, Addiko strives to uphold its promise of simplicity and convenience in customer interactions.

Seamless digital experience:

- **Webpage** Addiko provides basic information about its products and services on its webpages, communicating in a simple customer-friendly manner. Apart from basic information, customers can apply for cash loans and support tools are available through chat bots and contact forms on the webpages.
- **E-banking and M-banking** Addiko developed a simple, secure and convenient digital self-service platform, which is available for online and mobile channels and offers key features such as fund transfers, bill payments, account and card

monitoring, card blocking, splitting card transactions into instalments, etc. Selling options for basic products for eligible customers include term deposits, fast cash loans and account overdrafts available via E-banking and M-banking solutions. For SME clients, Addiko offers a seamless digital experience via the E-banking application. It has also successfully rolled out a cutting-edge mobile banking application tailored for SME clients in some of Addiko's subsidiaries, thus enhancing accessibility and convenience.

Personalisation:

- Addiko engages with its customers regularly through targeted campaigns that not only provide information about updates, new products or features but also advice about financial products and services. Targeted campaigns are personalised to reflect customer preference and take account of age, product ownership and preferred communication channel (emails, SMS/Viber messages, phone calls, notifications on mobile phones, etc.) criteria.
- Addiko's tailored campaigns for SME clients are meticulously designed, taking into account key factors such as creditworthiness, industry type, company size, establishment date, qualitative credit risk management. This ensures that each campaign is finely tailored to meet the specific needs and characteristics of valued SME partners.

Branch network integration:

- Addiko adopted a hybrid approach to servicing its customers by integrating its branch network and digital sales and services. This allows customers to access services via the digital channel and continue onboarding or confirmation processes during face-to-face interactions with Addiko's professional branch employees, thus benefiting from a personalised advisory service. Branches are designed to create a modern and inviting atmosphere. Branch employees serve as digital ambassadors for M-banking solutions, which promote simple digital products to customers in the comfort of their own home via the M-banking channel.

Market research initiatives and Net Promoter Score Addiko uses the Net Promoter Score ("NPS") as a tool in its comprehensive market research strategy, which effectively blends qualitative and quantitative insights. NPS, a widely recognised metric, allows Addiko to gauge customer satisfaction and loyalty by assessing the likelihood of customers recommending Addiko's services. Through systematic surveys, Addiko collects valuable feedback, both in terms of numerical scores and qualitative comments. This dual approach enables a nuanced understanding of customer sentiment and can identify strengths and areas for improvement.

For Addiko's largest market, Croatia, the tool has been further enhanced to collect data about customer satisfaction with Addiko's sales and services representatives through different channels – digital, contact centre and in branches on a quarterly basis. In addition, these tools allow for customisation and the launching of surveys as well as the measurement of responses. The NPS is used to gauge customer satisfaction with Addiko's main products – cash loans, credit cards and packages.

On a quarterly basis, local Customer Experience Committees are convened at entity level (without the holding) to evaluate the results of NPS surveys and assessments and provide insights that can drive the continuous improvement of products, processes and services.

Furthermore, market research is occasionally conducted if an in-depth understanding is required for new product implementation or adaptations to existing products. As part of its new segmentation project, Addiko conducts focus group interviews in its main markets.

For SME clients, Addiko relies on a comprehensive approach to measure customer satisfaction and gather valuable insights. To better understand what customers want, what they care about and what brings them value, Addiko subsidiaries perform and capture Voice of Customers (VOC) feedback in conjunction with market research initiatives. This robust strategy allows Addiko to continuously enhance its services and better meet the diverse needs of SME and Consumer clients across Addiko's markets.

3.

METRICS AND TARGETS

MATERIAL TOPIC CONSUMER – INFORMATION RELATED IMPACTS

3.1 Data privacy and information security

Addiko recognises that the trust of its customers in everything it does when providing products and services to them is one of the key pillars of the bank's success in the market. One of the building blocks of this trust is also protecting customers so that only authorised persons have access to their personal data and that they are protected against unlawful disclosures to third parties and organisations. Guaranteeing the availability and integrity of customer data at all times, so that they can trust that what is shown in the mobile application or in the accounting records corresponds to the factual status, plays an equally important role in achieving this trust.

Addiko has achieved the above by developing and deploying the Addiko Data Protection Programme across all subsidiaries. GDPR is set as the benchmark, in addition to local legislation, regardless of whether the national law in a particular country where Addiko operates is fully aligned with the regulation.

The Addiko Data Protection Programme consists of several building blocks. The most important of these is the team. Every Addiko subsidiary has a Data Protection Officer (DPO), who carries out the tasks prescribed by GDPR (monitoring compliance with data protection obligations, advising and consulting all departments whenever personal data is processed). In other words, the DPO is responsible for promoting the Data Protection Programme locally.

The Data Protection Programme is steered by the Group Data Protection function, where the Group DPO operates. This function is responsible for overseeing the implementation of the programme at Addiko level and guides the activities of local DPOs.



See *Impact, risk and opportunity management* on the next page

OWN ACTIVITIES

- From an organisation's perspective, a personal data breach can lead to regulatory sanctions (failure to comply with data protection regulations can result in significant fines, audits and reputational damage) and loss of trust and customer loyalty (data breaches can severely undermine trust in an organisation, leading to customer churn and negative publicity).
- From the perspective of Addiko's customers, data breaches can cause financial losses (personal data can be used for identity theft, leading to fraudulent financial activities and significant financial loss) and psychological distress (experiencing a data breach can be emotionally upsetting, causing feelings of anxiety, fear and loss of control over personal information).

Negative impact

- Poorly managed and unresolved complaints can result in reputational damage for Addiko, leading to customer dissatisfaction and potential attrition.
- Insufficient financial literacy among customers may lead to misinformed decisions, dissatisfaction and potential reputational damage.

BUSINESS RELATIONSHIPS

- Non-compliance with evolving and stringent data protection regulations could lead to compliance issues and potential penalties.
- Inadequate complaint management processes may lead to regulatory non-compliance and legal consequences.

OWN ACTIVITIES

- By safeguarding customer data and ensuring the confidentiality of financial information, Addiko can continue to build a reputation for reliability and trustworthiness. This heightened trust can result in increased customer loyalty, positive word-of-mouth referrals and a competitive advantage in the market.
- Strengthening data protection practices can enhance Addiko's overall security standing. Staying ahead of regulatory requirements not only reduces the risk of legal consequences but also positions Addiko as a responsible and compliant institution, attracting customers who prioritise data protection.
- Well-trained staff and sophisticated complaint management systems to support the swift and satisfactory resolution of issues can salvage customer relationships and underline Addiko's commitment to customer satisfaction.
- Establishing a robust compliance framework, holding regular reviews and updates of complaint-handling processes and providing training on relevant regulations to staff can be seen as opportunities to strengthen the bank's overall governance and risk management practices.
- Improving financial literacy and access to quality information can empower Addiko's customers. Informed customers are more likely to make sound financial decisions, manage debt responsibly and utilise banking products effectively. This, in turn, can lead to a more financially stable customer base and foster long-term relationships between Addiko and its clients. In addition, a financially literate customer base may be more receptive to a wider range of financial products and services. Addiko can seize this opportunity to develop innovative solutions that cater to the evolving needs of informed customers.

Positive impact

One key building block is a set of internal policies that set out work procedures for all tasks for which DPOs are responsible. The General Data Protection Policy sets the main rules, such as what needs to be done to comply with GDPR and other legislation, what is allowed and what is not. The Information Security Incident and Data Breach Management Policy sets out clearly defined steps in case of such a security event, so that affected systems can be quickly brought back into operation, the consequences contained and taken care of and regulators notified if thresholds are met. Addiko notes that most data breaches occur because customers fail to update their contact data. To address this risk, Addiko has launched initiatives whereby customer contact data is automatically updated.

Addiko trains all employees about basic data protection requirements and raises awareness of how to recognise and prevent data breaches. DPOs receive extensive training internally within the DPO forum, a yearly event where all DPOs gather to learn about new developments in the regulatory landscape and projects. All DPOs meet weekly to discuss current topics.

Another key building block of the Addiko Data Protection Programme is the organisational and technical security measures deployed to ensure secure processing of personal data. As with personal data protection, subsidiaries have a local Chief Information Security Officer (CISO) who is responsible for monitoring the organisational and, above all, technical measures deployed and the effectiveness of the IT systems designed to protect them. The CISOs devote a great deal of time to raising awareness among all employees about the importance of self-protection measures. CISOs are managed by the Group CISO. The Group CISO and Group DPO meet regularly. Both of these individuals report regularly to the Group Management and Supervisory Boards.

POLICIES AND COMMITMENTS		
Policy	Third party standard respected	Responsibility
Data Protection & Information Security Policy	GDPR	Group Legal/Group Data Protection
Group Data Governance Policy		Group Models & Data

ACTIONS TAKEN	
<ul style="list-style-type: none"> Implementation and continuous improvement of the Addiko Data Protection Programme Implementation and continuous improvement of all technical and organisational measures that guarantee the safe processing of data and the protection of other assets 	<ul style="list-style-type: none"> GAP analysis for implementation of Digital Operational Resilience Act

TARGETS			
Description	Owner	Due date	Status
Implementation of new IT system	Data Security officer	2024	Ongoing
Harmonisation with Digital Operational Resilience Act (DORA)		2024	Ongoing

3.2 Complaint management [ESRS S4 – 3]

Addiko has created a complaint management system outlined in the Addiko Group Complaint Management Policy. This process encompasses grievances from various sources, such as customers, suppliers, business partners, investors and other stakeholders, received through multiple channels. The metrics for customer complaints adhere to local and international standards and EU Directives and are communicated by Addiko Bank AG to its subsidiaries.

The definition of a complaint includes any expression of dissatisfaction, verbal or written, justified or not, related to Addiko, its products, services, employees, or customer interactions. Complaints may manifest as disputes, refund claims, compensation requests, clarification needs, or grievances resulting from alleged events causing financial loss or inconvenience.

Addiko expects employees at all levels to be committed to fair and effective complaint handling. The importance of a broad capture of complaints, efficient complaint handling and regular analysis of complaints data should be understood and supported at all levels throughout the organisation.

Within Addiko, complaints offer valuable insights that can be used to identify errors, weaknesses and operational processes.

COMPLAINT MANAGEMENT PROCESS



The current set-up of the complaint management system enables Addiko to react promptly, in a focused and professional manner to ensure excellent service for its customers. All complaints received are recorded and processed in a way that allows for content analysis of the volume, structure and resolution path of complaints. This in turn helps avoid a large numbers of complaints relating to the same concern and enhances the overall customer experience.

All customer-facing employees receive customised training according to their job function and are familiarised with Addiko internal policies and operations including conflict resolution, complaint handling and management, mediation

and crisis negotiation courses. Employees responsible for the overall complaint management and resolution process undergo regular training in line with relevant Addiko policies and processes and the Addiko escalation and resolution path frameworks.

All Addiko entities compile quarterly reports, which are consolidated by the Compliance team and distributed to the Management Board at Addiko Bank AG, the local Management Boards, Head of Sales, Heads of Product and all other relevant stakeholders. Moreover, local Management Boards are regularly notified (in accordance with the local regulatory obligations of the respective entity) of current complaint trends and are informed about proposed improvement scenarios defined by the Customer Experience Committees at each respective entity.

Annual reports are prepared according to defined metrics by all Addiko entities and submitted to the Supervisory Boards and local regulators in line with local obligations.

In 2023, all complaints received by the relevant departments were dealt with in accordance with Addiko's internal policies and processes.

Addiko Bank Croatia has successfully implemented a pilot system designed to measure customer satisfaction with complaints handling and resolution. This system has led to greater customer engagement and the ongoing programme is considered to be a very useful tool for handling customer grievances and enabling more selective targeting of specific complaint categories.

Addiko is committed to its strategy of ensuring customer satisfaction, protection and security and is therefore continuously considering new and innovative ways to improve its existing complaint management systems. The system introduced by Addiko Bank Croatia is also being considered for implementation in other subsidiaries and efforts are being made internally to improve and update existing complaint management systems in the Addiko countries of operation.

POLICIES AND COMMITMENTS

Policy	Third party standard respected	Responsibility
Group Complaint Management Policy	—	Group Compliance & AML

ACTIONS TAKEN

- A customer feedback system integrating a customer complaint component was successfully put in place in Croatia.
- The customer management recording and reporting system in Croatia has been fully revamped and is expected to be fully operational in 1Q24.
- The customer management recording and reporting system in Montenegro has been completely revised and is fully operational as of 3Q23. This is currently being updated to integrate additional features such as automated document upload and dispatch to customers.
- Customer Experience Committees have been mandated to consider solutions and resolutions derived from the analysis of monthly complaint management reports.

METRICS AND TARGETS

- Addiko aims to improve closing rates of complaints older than 2 weeks in 2024.
- In accordance with the metrics set out by the Complaint Management Policy, all complaints received by any Addiko entity must be handled within the following timelines:
 - Acknowledgement of receipt of written complaints – within 1 working day
 - 20% of complaints resolved on the spot
 - 60% of complaints resolved and response to be sent to customer – within 5 working days
 - 15% of complaints resolved and response to be sent to customer – within 2 weeks
 - 5% of complaints are to be escalated in accordance with the internal escalation framework and are expected to be resolved as soon as reasonably possible. Only exceptional and complicated cases are expected to be resolved and a response to be sent to the customer within longer than 2 weeks.

3.3 Access to quality information and financial literacy

Addiko recognises the important role of access to quality information and financial literacy plays in empowering individuals to make informed decisions and achieve financial well-being. Addiko's commitment extends beyond traditional banking services to actively promoting financial education and transparency. Addiko appreciates that informed customers are not only better positioned to manage their finances effectively but will also contribute to a more resilient and stable financial community. In recognizing the importance of financial literacy, Addiko tailors its communication strategies to ensure clarity and accessibility. Addiko provides comprehensive information about its products and services, terms and conditions as well as financial planning tips to facilitate a deeper understanding among its diverse customer base.

Through various channels, including online resources, workshops and tailored consultations, Addiko strives to equip customers with the knowledge and skills required to navigate the complexities of personal finance. In this context, Addiko also embraces digital innovation by offering user-friendly online platforms that facilitate seamless access to account information, educational content and interactive tools. By championing financial literacy, Addiko aims to foster a financially literate clientele and empower individuals to make sound financial decisions, build a secure future and participate actively in the evolving landscape of personal finance.

Addiko intends to increase the frequency and substance of these programmes to target all categories of clients in all its countries of operations. Information about these programmes can be found on the respective websites of the local Addiko banks.

POLICIES AND COMMITMENTS

Policy	Third party standard respected	Responsibility
Financial Literacy Programmes	Action 7 of the EU Capital markets union action plan	Group Marketing & Communications and Group Consumer

ACTIONS TAKEN

- Customised programmes already implemented by Addiko Bank Croatia and Addiko Bank Sarajevo aimed at increasing customer proficiency and knowledge about financial and banking products of interest to them.
- Addiko plans to enhance existing efforts and develop additional and more customised financial literacy programmes tailored to address the specific needs of its customers in all jurisdictions of operation.

METRICS AND TARGETS

- Relevant metrics and targets will be defined at the time of implementation of Addiko customer training and financial literacy programmes.

3.4 Personal safety of customers

Addiko recognises that the safety and well-being of its customers extends beyond financial security to encompass every aspect of their banking experience. As a responsible financial institution, Addiko recognises the importance of personal safety, including physical security and the protection of children. In the following section, Addiko's commitment to creating a secure environment for its customers is outlined, addressing comprehensive measures to safeguard physical well-being and prioritise the welfare of the youngest members of our community. Addiko's dedication to these principles underscores its mission to provide not only financial stability but also a secure banking experience for all.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

OWN ACTIVITIES

- Security breaches, such as robberies or unauthorised access to sensitive areas can cause significant financial, reputational and legal harm to Addiko.
- Environmental hazards or external disasters affecting Addiko's customers or the inability to deploy existing Business Continuity and Disaster Recovery Plans on business premises should such events occur, can negatively impact operations and customer safety.
- Reputational and financial losses incurred due to events related to the physical safety of customers or the misselling of banking products to specific categories of customers (children, minors, individuals with reduced mental capacity, etc.).

Negative impact

BUSINESS RELATIONSHIPS

- Inadvertent or accidental occurrences of events related to physical security, environmental and natural disasters at Addiko premises (whether controlled directly or not by Addiko) can cause significant financial losses.
- Inability to deploy existing Business Continuity and Disaster Recovery Plans thus hindering access to banking products and services by customers and business partners can cause significant financial, reputational and legal losses for Addiko Bank.
- Non-compliance with industry standards and regulations related to physical security may expose Addiko to legal consequences and regulatory penalties.

OWN ACTIVITIES

- Adequate security measures, such as surveillance systems, access controls and disaster preparedness to safeguard Addiko's physical assets from theft, vandalism, or natural disasters are implemented. Such measures not only protect the financial well-being of the institution but also ensure that customers can access banking services without disruption, contributing to overall operational resilience.
- Prioritizing physical security measures contributes to the safety of both customers and employees at Addiko locations.
- Business Continuity and Disaster Recovery Plans are activated and deployed successfully at the time of occurrence of environmental or natural disasters and create safe havens or trigger the creation of specific communication channels for customers (and other stakeholders).
- By exceeding minimum regulatory requirements, Addiko not only ensures compliance but also demonstrates its commitment to the highest standards of physical security.

Positive impact

3.4.1 Security of a person

Addiko adheres to strict security and safety standards in all its locations of operations, be they office locations or branches that are open to the public. Due to the specific purpose of the locations open to the public, risks associated with physical security and the safety of customers are deemed to be low. Nevertheless, Addiko has prepared assurances and protections for both its customers and employees present at locations open to public access where various events can occur at any time. Addiko has deployed specially trained security officers, first-aid responders and access routes for emergency services to complement the dynamic technical communication and monitoring technologies active at all locations.

To reflect this, Addiko implemented the Local Physical Security Policy to define minimum requirements for work-place security (in line with the Austrian Employee Protection Act) and standardised physical security approaches for the Addiko headquarters and branch offices. These approaches include physical access controls to prevent unauthorised individuals from entering the Addiko's business premises as well as the creation of secure areas and physical security devices.

See *Metrics and targets* on the next page

This policy also addresses preventive measures for environmental hazards. In addition, Physical Security and Safety Officers appointed for each business premises are responsible for the day-to-day physical security and effective functioning of the organisation's security management system on the ground.

POLICIES AND COMMITMENTS

Policy	Third party standard respected	Responsibility
Group Physical Security Policy	—	Group Banking Operations
Group Business Continuity Management & Disaster Recovery Policy		Group Integrated Risk Management

ACTIONS TAKEN

- Implementation of the Local Physical Security Policy for Addiko headquarters and branch offices
- Enhancement of Addiko's Security Management System

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.

3.4.2 Protection of children

Addiko is dedicated to catering to the specific needs of all its customers. It is therefore committed to offer its services and products to categories of disadvantaged individuals or those considered unfit to make financial decisions on their own in accordance with ethical, moral and legal considerations.

Addiko actively supports the enhancement of the financial capabilities of its customers by focusing on the youth population in the countries where Addiko operates and providing secure financial products for children and youth. Addiko offers integrated financial products predominantly in the form of savings and/or current accounts operated by children or adolescents under certain degrees of supervision. Secure financial products also require the beneficiary to acquire financial literacy skills while utilizing the product, which is made available through tailored child/youth-adapted sales channels, dedicated product management and communication platforms.

ACTIONS TAKEN

- Continuous enhancements of internal programmes and policies concerning financial literacy and consumer protection

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.

3.5 Social inclusion of customers

Addiko believes that promoting social inclusion within the banking industry is the key to enabling equal access to financial services and opportunities. By implementing inclusive policies, diverse representation and tailored services that cater to the needs of all individuals, regardless of socio-economic background, ethnicity, or other factors, Addiko can help build a more equitable and accessible financial landscape that will ultimately empower a broader spectrum of customer types.

See *Impact, Risk, Opportunity management* on the next page

3.5.1 Non-discrimination

In this context, Addiko considers non-discrimination as an imperative when it comes to treating all individuals fairly and impartially, irrespective of their diverse backgrounds, demographics, or characteristics. A fundamental aspect of achieving social inclusion involves dismantling barriers that may lead to discriminatory practices.

Negative impact	<p>OWN ACTIVITIES</p> <ul style="list-style-type: none"> • Neglecting social inclusion can lead to a decline in customer trust and loyalty. The erosion of trust may lead to customers seeking alternative financial institutions that demonstrate a stronger commitment to social inclusion, ultimately affecting Addiko's customer retention and market share. • In today's socially conscious environment, customers and the public expect businesses to be socially responsible. Failing to prioritise social inclusion can lead to negative media coverage, social media backlash and public criticism.
	<p>BUSINESS RELATIONSHIPS</p> <ul style="list-style-type: none"> • Reputational harm can have long-lasting effects, influencing not only customer perceptions but also potential partnerships, collaborations and the ability to attract top talent. • Non-compliance with evolving social inclusion regulations may lead to legal consequences and damage Addiko's reputation.
Positive impact	<p>OWN ACTIVITIES</p> <ul style="list-style-type: none"> • Prioritizing social inclusion can enhance Addiko's reputation and foster positive relationships with a diverse customer base.
	<ul style="list-style-type: none"> • Embracing social inclusion and understanding the unique needs of diverse customer groups may inspire the development of innovative financial solutions and service offerings. • Digital transformation and artificial intelligence can help identify and responsibly rectify potential biases in decision-making processes. • Services that cater to the need of all individuals empower a broader spectrum of society.

Addiko is committed to building a diverse and inclusive environment, regardless of race, nationality, religion or belief, political or any other opinion, disability, national origin, ethnicity, membership of a national minority, genetic features, sexual orientation, gender identity and expression, age, citizenship, colour, marital status, pregnancy or any other characteristics protected by law. This is also stated in its Group Code of Business Conduct and Ethics. Addiko is therefore committed to creating an environment where everyone feels welcome and valued.

Addiko firmly believes that technology can also play an important role in promoting non-discrimination within the banking industry. Leveraging advanced analytics and artificial intelligence responsibly can help identify and rectify potential biases in decision-making processes, such as loan approvals or credit assessments. By embracing technology as a tool for fairness, Addiko sees its potential to contribute to a more inclusive financial landscape where opportunities are distributed equitably.

POLICIES AND COMMITMENTS		
Policy	Third party standard respected	Responsibility
Group Code of Business Conduct and Ethics	—	Group Compliance & AML

ACTIONS TAKEN

- Establish channels for regular feedback from customers, employees and community stakeholders on non-discrimination efforts

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.

3.5.2 Access to products and services

To ensure the broadest possible access to its products and services, Addiko uses a hybrid distribution approach consisting of physical branches, modern digital channels and partnerships with merchants. Addiko Bank AG and Addiko's banking entities in CSEE are fully compliant with local laws and regulations in terms of enabling access to people with disabilities. In addition to fulfilling its legal obligations, Addiko is steadily improving the accessibility of its branches (e.g., via wheelchair ramps, etc.).

ACTIONS TAKEN

- Implementation of recently published regulatory decision on social inclusion in Addiko Bank Sarajevo and Addiko Bank Banja Luka to local policies and practices

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.

3.5.3 Responsible marketing practices

Addiko's dedication to being a responsible lender is particularly evident in its product design, as well as its communication and advertisements, which address product characteristics in a direct and transparent manner in complete alignment with sales and prudent risk management.

In its product advertisements, Addiko uses clear and direct messages along with representative examples to ensure full transparency and provide customers with the information they need to make an informed decision regarding their finances. More detailed information about products and services is available on the local websites of Addiko subsidiaries.

These efforts have been recognised by independent authorities and rewarded with customer service certificates, such as the "Customers' Friend Certificate" awarded by the International Certification Association ("ICERTIAS") to Addiko Bank Banja Luka and Addiko Bank Sarajevo. The "Best Buy 2022/2023" award

was presented to Addiko Bank Croatia. Addiko representatives are members of national banking associations and are therefore closely involved in setting and implementing professional industry standards that are aligned with the highest ethical principles.

ACTIONS TAKEN

- Addiko deems its existing practices to be fully compliant with ESRS, local and international highest standards.

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.



GOVERNANCE – G1

Within the double materiality assessment, Addiko has analysed its impacts, risks and opportunities along the sustainability themes defined by the ESRS along the standard G1, on corporate culture and business conduct policies, prevention and detection of corruption and bribery, whistleblowing, political influence and lobbying activities, as well as management of Addiko's relationships with suppliers.

Themes most relevant to Addiko's stakeholders include corporate culture and corruption and bribery, whereas prevention, detection and training and are considered to be as important for stakeholders as statistical insights into potential incidents.

3.1 Corporate culture and business conduct policies [ESRS G1 – 1]

The Addiko Code of Business Ethics and the handbook "How we work in Addiko" collectively form the basic framework that defines and informs Addiko's distinctive business culture. These guiding documents serve as beacons, shaping a culture within Addiko that is rooted in integrity, accountability and a shared commitment to ethical business practices.

As a responsible international banking group, Addiko understands that its impact extends beyond its internal operations. In this sense, Addiko extends its commitment to include the principles set forth by the International Labor Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. Addiko has a strong focus on ensuring that its actions and practices are harmonised with the principles that underscore the dignity, rights and well-being of every individual in the Addiko value chain.

POLICIES AND COMMITMENTS		
Policy	Third party standard respected	Responsibility
Group Code of Business Conduct and Ethics	<ul style="list-style-type: none">• ILO Declaration on Fundamental Principles and Rights at Work• OECD Guidelines for Multinational Enterprises	Group Compliance & AML

3.2 Prevention and detection of corruption and bribery [ESRS G1 – 3, G1 – 4]

Addiko has a zero-tolerance approach when it comes to bribery and corruption. Addiko does not and will not pay bribes or offer improper inducements to anyone for any purpose. Addiko (through its employees and representatives) does not and will not accept bribes or improper inducements or anything that could be perceived as such. Addiko expects the same from its customers, business partners, Addiko employees, consultants, advisors and third parties that perform services or deliver business on its behalf.

Bribery and corruption are not tolerated by Addiko in any form and under any circumstances Anti-bribery and corruption practices within Addiko are defined in detail in the Group Compliance Policy. This policy aims to provide sufficient and relevant information for all employees on how to recognise red flags, deal with suspicious situations and report any incidences that have been identified as non-compliant with Addiko internal policies or give rise to suspicions of irregularity.

Furthermore, the policy clarifies the role and mandate of the appointed Compliance Officer responsible for monitoring reported or suspected instances of bribery and/or corruption and goes on to clarify the consequences of non-compliance in such cases.

To ensure comprehensive coverage and limitation of liability for Addiko in matters of bribery and corruption, the Addiko Legal Department requires all third-party agreements concluded by Addiko and its subsidiaries to integrate a specifically formulated Anti-Bribery and Corruption clause requiring the respective third party to abide by all Anti-Bribery and Corruption legal and regulatory obligations adhered to by Addiko.

Anti-corruption and bribery training within Addiko In 2023, Addiko conducted dedicated Anti-Bribery and Corruption training for all Addiko Bank AG employees. Customised training courses on this topic will be delivered in local languages in 1Q24 in all Addiko countries of operation.

	ALL FUNCTIONS	MEMBERS OF THE MANAGEMENT BOARD	MEMBER OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES
Training coverage			
Total active employees	115	4	5
Total receiving training	108	4	0
Delivery method and duration			
Classroom training	1 hour		
Frequency			
How often training is required	annually	bi-annually	annually
Topics covered			
Definition of corruption & legal provisions in the Addiko countries of operation	X	X	X
Addiko Bribery & Corruption practices	X	X	X
Procedures on suspicion/detection/red flags	X	X	X
Industry use-cases (local & international)	X	X	X
Available reporting channels	X	X	X

Incidents of corruption and bribery To date, Addiko has not recorded any bribery and corruption incidents. Addiko has not been party to any legal cases concerning bribery and corruption cases.

POLICIES AND COMMITMENTS		
Policy	Third party standard respected	Responsibility
Group Compliance Policy	<ul style="list-style-type: none"> • Convention drawn up on the basis of Article K.3 (2) (c) of the Treaty on European Union on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union (1997) 	Group Compliance & AML
	<ul style="list-style-type: none"> • Council Framework Decision on combating corruption in the private sector (2003) • Council Decision 2008/852/JHA (2008) • Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on combating corruption, replacing Council Framework Decision 2003/568/JHA (2023) 	

ACTIONS TAKEN

- Addiko has not yet set actions in this area.

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.

3.3 Whistleblowing

Addiko is committed to maintaining an open culture with the highest standards of honesty, transparency, integrity and accountability, where all members of the Addiko community can report any legitimate concerns in any area of operation in confidence and at any time they deem appropriate but preferably as soon as such an event occurs.

Addiko has defined specific whistleblowing provisions within its internal policies with appropriate guidelines to allow all employees to disclose information that is interpreted to imply malpractice, unethical conduct or illegal practices within the workplace, without fear of prosecution or repercussions of any kind for the reporting individual provided that the notification is made in good faith and with reasonable intent.

Addiko will not retaliate against any whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or detriment dismissal or alteration of an employee's position/duties to their disadvantage, or negative performance feedback that is not reflective of actual performance or harassment, intimidation or bullying as well as threats made with malicious intent.

Any whistleblower who believes they are being retaliated against is encouraged to contact HR and/or the works council immediately. The right of a whistleblower to protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

At Addiko, whistleblowers who raise concerns openly in accordance with its internal policies are protected. All disclosures made by whistleblowers are guaranteed to be treated in a confidential and sensitive manner. In this sense, the identity of any member of the Addiko community making a disclosure will be kept confidential. In instances where maintaining the confidentiality of the source hinders an ongoing investigation, certain disclosures will be made to individuals specifically appointed to assist with the investigation.

Addiko encourages whistleblowers to disclose their identity whenever possible. While we treat both anonymous and non-anonymous complaints equally, if the identity of the whistleblower remains unknown it may further complicate the investigation process, and this could imply an inability to protect the best interests of the whistleblower and/or give proper feedback. In any instance, all reports will be evaluated with the same level of seriousness and the factors that will be taken into account to review the reported instance will include:

- (i) the seriousness of the issue raised
- (ii) the credibility of the concern and
- (iii) the likelihood of confirming the allegation from other sources

Due to the sensitive nature of the reported matters, all communication between the whistleblower and the investigators will be recorded and stored in accordance with the employee privacy protections and the Addiko Group Data Protection Policy and will be treated as strictly confidential.

Upon receiving a Whistleblowing Report, a Whistleblowing Office, consisting of members from the works council, the data protection office and an appointed compliance officer will be immediately convened. The Whistleblowing Office examines the information reported, conducts an investigation and forwards its conclusions and recommendations to the Addiko Management Board.

The Whistleblowing Office at the respective subsidiary will always treat matters of this nature in a confidential and sensitive manner.

The Whistleblowing Office will respond to all reports as quickly as reasonably possible. To ensure that all eligible whistleblowers are treated fairly, including to those who may be wrongly or mistakenly accused, initial enquiries will be made to determine whether an investigation is appropriate in line with the provisions set out in this section and, if so, what course it should take.

All cases relating to suspected criminal activity, including but not limited to fraud, sexual harassment or abuse, will be reviewed by the relevant stakeholders and legal team to decide whether they should be referred to the police or other relevant government authority.

The Compliance Department will maintain and review a Whistleblowing Register containing all the whistleblower reports received and will submit an annual report to the Management Board.

The report will not include any employee names and will not reveal any personal data that could identify the persons concerned unless it is of legitimate public interest.

The Whistleblowing Register together with the annual reports will be available for inspection by internal and external audit only after any confidential details have been removed.

POLICIES AND COMMITMENTS		
Policy	Third party standard respected	Responsibility
Group Compliance Policy	EU Whistleblowing Directive	Group Compliance & AML

ACTIONS TAKEN

An internal whistleblowing reporting tool has been put in place and made available to:

- employees via the internal intranet resource and
- customers via the Addiko bank website at <https://www.addiko.com/whistleblowing>

METRICS AND TARGETS

- All whistleblowing reports received must be treated with the utmost confidence and must be investigated and addressed in accordance with relevant internal policies and guidelines.

3.4 Political influence and lobbying activities [ESRS G1 – 5]

Addiko Group is a politically neutral organisation and neither engages in party political campaigning nor makes political party donations.

3.5 Management of relationships with suppliers [ESRS G1 – 2, G1 – 6]

Addiko engages in standard banking operations, relying on its suppliers for various services and goods. With the exception of software and IT service providers, most of the suppliers are SMEs. The supplier selection process is conducted transparently, neutrally, and without discrimination.

Under Addiko's standard contract payment terms, invoices from suppliers are typically settled within 30 days of receipt. During this period, invoices undergo scrutiny for accuracy and proper documentation of the goods or services received, with internal approvals obtained for payment authorization. For ongoing services such as telecommunications and leases, payment upon receipt of the invoice is often stipulated in the standard contract terms. The average time required by the company to pay an invoice from the date on which the contractual or statutory payment period begins could not be analysed due to a lack of data fields in the IT systems of the local companies.

Addiko's payment policy emphasizes timely settlement of invoices, with delays occurring only in exceptional and rare circumstances. Instances of late payment are in nearly all cases attributed to factors beyond Addiko's control, including:

- Invoice not being sent in time
- Content of the invoice is not compliant with minimum specifications in local tax law
- No proper documentation
- Goods or services provided were not provided in the pre-agreed quality/quantity

As of 31 December 2023 there are no open law suits initiated by suppliers claiming late payment by Addiko.

ACTIONS TAKEN

- Addiko has not yet set actions in this area.

METRICS AND TARGETS

- Addiko has not yet set quantitative targets in this area.

APPENDIX

1. List of Datapoints in cross-cutting and topical standards that derive from other EU legislation

The appendix below forms an integral part of this report and illustrates the datapoints in ESRS2 and topical ESRS that derive from other EU legislation.

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	
ESRS 2 GOV-1 Board's gender diversity para. 21 (d)	Page 71 – 73
ESRS 2 GOV-1 Percentage of board members who are independent para. 21 (e)	Cross-reference Corporate Governance Report, Page 9
ESRS 2 GOV-4 Statement on due diligence para. 30	Page 19, 21
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities para. 40 (d) i	Page 48 – 50
ESRS 2 SBM-1 Involvement in activities related to chemical production para. 40 (d) ii	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons para. 40 (d) iii	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco para. 40 (d) iv	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 para. 14	Phase-in
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks para. 16 (g)	Phase-in
ESRS E1-4 GHG emission reduction targets para. 34	Phase-in
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) para. 38	Page 51
ESRS E1-5 Energy consumption and mix para. 37	Page 50 – 52
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors para. 40 – 43	Not applicable for Addiko
ESRS E1-6 Gross Scope 1,2,3, and Total GHG emissions para. 44	Page 53 – 55
ESRS E1-6 Gross GHG emissions intensity para. 53 – 55	Page 55
ESRS E1-7 GHG removals and carbon credits para. 56	Not material for Addiko
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks para. 66	Not disclosed
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk para. 66 (a)	Not disclosed
ESRS E1-9 Location of significant assets at material physical risk para. 66 (c)	

ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes para. 67 (c)	Not disclosed
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities para. 69	Not disclosed
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, soil, para. 28	Not applicable for Addiko
ESRS E3-1 Water and marine resources para. 9	
ESRS E3-1 Dedicated policy para. 13	
ESRS E3-1 Sustainable oceans and seas para. 14	Not material for Addiko
ESRS E3-4 Total water recycled and reused para. 28 (c)	
ESRS E3-4 Total water consumption in m³ per net revenue on own operations para. 29	
ESRS 2-IRO 1 E4 para 16 (a) i	Phase-in
ESRS 2-IRO 1 E4 para 16 (b)	Phase-in
ESRS 2-IRO 1 E4 para 16 (c)	Phase-in
ESRS E4-2 Sustainable land /agriculture practices or policies para 22 (c)	Not material for Addiko
ESRS E4-2 Sustainable ocean/seas practices or policies para. 24 (c)	Not material for Addiko
ESRS E4-2 Policies to address deforestation para 24 (d)	Not material for Addiko
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Not material for Addiko
ESRS E5-5 Hazardous waste and radioactive waste para. 39	Not material for Addiko
ESRS 2-SBM3 S1 Risk of incidents of forced labour para. 14 (f)	Page 62
ESRS 2-SBM3 S1 Risk of incidents of child labour para. 14 (g)	Page 64
ESRS S1-1 Human rights policy commitments para. 20	Page 58
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, para. 21	Page 64
ESRS S1-1 Processes and measures for preventing trafficking in human beings para. 22	Not disclosed
ESRS S1-1 Workplace accident prevention policy or management system para. 23	Page 64
ESRS S1-3 Grievance/complaints handling mechanisms para. 32 (c)	Page 60
ESRS S1-14 Number of fatalities and number and rate of work-related accidents para. 88 (b) and (c)	Page 66
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness para. 88 (e)	Page 66
ESRS S1-16 Unadjusted gender pay gap para. 97 (a)	Page 75

ESRS S1-16 Excessive CEO pay ratio para. 97 (b)	Page 75
ESRS S1-17 Incidents of discrimination para. 103 (a)	Page 76
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD para. 104 (a)	Page 76
ESRS 2 – SBM3 – S2 Significant risk of child labour or forced labour in the value chain para. 11 (b)	Not material for Addiko
ESRS S2-1 Human rights policy commitments para. 17	Not material for Addiko
ESRS S2-1 Policies related to value chain workers para. 18	Not material for Addiko
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines para. 19	Not material for Addiko
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, para. 19	Not material for Addiko
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain para. 36	Not material for Addiko
ESRS S3-1 Human rights policy commitments para. 16	Not material for Addiko
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines para. 17	Not material for Addiko
ESRS S3-4 Human rights issues and incidents para. 36	Not material for Addiko
ESRS S4-1 Policies related to consumers and end-users para. 16	Page 83, 85, 86
ESRS S4-1 Non-respect of UNGPs on Business and Human rights and OECD guidelines para. 17	Page 93
ESRS S4-4 Human rights issues and incidents para. 35	Page 78
ESRS G1-1 United Nations Convention against corruption para. 10	Page 93
ESRS G1-1 Protection of whistleblowers para. 10 (d)	Page 95
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws para. 24 (a)	Page 96
ESRS G1-4 Standards of anti-corruption and anti-bribery para. 24 (b)	Page 93

2. Forms to be disclosed by credit institutions under Article 8 Taxonomy Regulation

Template number	Name
0	Summary of KPIs
1	Assets for the calculation of GAR
	A) basis = turnover KPI
	B) basis = capex KPI
2	GAR sector information
	A) basis = turnover KPI
	B) basis = capex KPI
3	GAR KPI stock
	A) basis = turnover KPI
	B) basis = capex KPI
4	GAR KPI flow
	A) basis = turnover KPI
	B) basis = capex KPI
5	KPI off-balance sheet exposures
	A) basis = stock + turnover KPI
	B) basis = stock + capex KPI
	C) basis = flow + turnover KPI
	D) basis = Flow + capex KPI
	Standard templates for the disclosure referred to in Article 8(6) and (7) [(EU) 2022/1214 - Annex III]

		Total environmentally sustainable assets in Mn EUR	KPI turnover	KPI Capex	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	0,20	0,005%	0,004%	6,6%	59,1%	34,2%

		Total environmentally sustainable activities in Mn EUR	KPI turnover	KPI Capex	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	0,00	0,000%	0,000%	not meaningful	not meaningful	not meaningful
	Trading book*		n/a	n/a			
	Financial guarantees		n/a	n/a			
	Assets under management		n/a	n/a			
	Fees and commissions income**		-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

**Fees and commissions income from services other than lending and AuM

*** % of assets covered by the KPI over banks’ total assets

Breakdown by sector - NACE 4 digits level (code and label)		a	b	c	d	e	f	g	h	i	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	D35.12 Transmission and distribution of electricity	0,2	0,2																							0,2	0,2		
...																													

Breakdown by sector - NACE 4 digits level (code and label)		a	b	c	d	e	f	g	h	i	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	D35.12 Transmission and distribution of electricity	0,2	0,2																							0,2	0,2		
...																													

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	
		Disclosure reference date 31 December 2023																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling				
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																																
2	Financial undertakings																																
3	Credit institutions																																
4	Loans and advances																																
5	Debt securities, including UoP	22,2%																									22,2%						2,26%
6	Equity instruments																																
7	Other financial corporations																																
8	of which investment firms																																
9	Loans and advances																																
10	Debt securities, including UoP																																
11	Equity instruments																																
12	of which management companies																																
13	Loans and advances																																
14	Debt securities, including UoP																																
15	Equity instruments																																
16	of which insurance undertakings																																
17	Loans and advances																																
18	Debt securities, including UoP																																
19	Equity instruments																																
20	Non-financial undertakings																																
21	Loans and advances																																
22	Debt securities, including UoP	98,4%	98,4%			98,4%																					98,4%	98,4%			98,4%	0,005%	
23	Equity instruments																																
24	Households																																
25	of which loans collateralised by residential immovable property	100,0%																									100,0%						7,74%
26	of which building renovation loans																																
27	of which motor vehicle loans																																
28	Local governments financing																																
29	Housing financing																																
30	Other local government financing																																
31	Collateral obtained by taking possession: residential and commercial immovable properties	100,0%																									100,0%						0,10%
32	Total GAR assets	8,3%	0,005%			0,005%																					8,3%	0,005%			0,005%	10,10%	

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31 December 2023																														
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)											
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total assets covered							
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)														
			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling								
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation																															
2	Financial undertakings																															
3	Credit institutions																															
4	Loans and advances																															
5	Debt securities, including UoP	22,4%																								22,4%					2,26%	
6	Equity instruments																															
7	Other financial corporations																															
8	of which investment firms																															
9	Loans and advances																															
10	Debt securities, including UoP																															
11	Equity instruments																															
12	of which management companies																															
13	Loans and advances																															
14	Debt securities, including UoP																															
15	Equity instruments																															
16	of which insurance undertakings																															
17	Loans and advances																															
18	Debt securities, including UoP																															
19	Equity instruments																															
20	Non-financial undertakings																															
21	Loans and advances																															
22	Debt securities, including UoP	78,2%	78,2%		78,2%																					78,2%	78,2%				78,2%	0,005%
23	Equity instruments																															
24	Households																															
25	of which loans collateralised by residential immovable property	100,0%																								100,0%					7,74%	
26	of which building renovation loans																															
27	of which motor vehicle loans																															
28	Local governments financing																															
29	Housing financing																															
30	Other local government financing																															
31	Collateral obtained by taking possession: residential and commercial immovable properties	100,0%																								100,0%					0,10%	
32	Total GAR assets	8,3%	0,004%		0,0038%																					8,3%	0,004%			0,004%	10,105%	

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af					
		Disclosure reference date 31 December 2023																																			
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
%		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling						
	GAR - Covered assets in both numerator and denominator																																				
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation																																				
2	Financial undertakings																																				
3	Credit institutions																																				
4	Loans and advances																																				
5	Debt securities, including UoP	20,2%																									20,2%						0,048%				
6	Equity instruments																																				
7	Other financial corporations																																				
8	of which investment firms																																				
9	Loans and advances																																				
10	Debt securities, including UoP																																				
11	Equity instruments																																				
12	of which management companies																																				
13	Loans and advances																																				
14	Debt securities, including UoP																																				
15	Equity instruments																																				
16	of which insurance undertakings																																				
17	Loans and advances																																				
18	Debt securities, including UoP																																				
19	Equity instruments																																				
20	Non-financial undertakings																																				
21	Loans and advances																																				
22	Debt securities, including UoP																																				
23	Equity instruments																																				
24	Households																																				
25	of which loans collateralised by residential immovable property																																				
26	of which building renovation loans																																				
27	of which motor vehicle loans																																				
28	Local governments financing																																				
29	Housing financing																																				
30	Other local government financing																																				
31	Collateral obtained by taking possession: residential and commercial immovable properties																																				
32	Total GAR assets	0,048%																									0,048%						0,048%				

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	
% (compared to flow of total eligible assets)		Disclosure reference date 31 December 2023																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)								
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling			
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation																																
2	Financial undertakings																																
3	Credit institutions																																
4	Loans and advances																																
5	Debt securities, including UoP	20,5%																									20,5%					0,049%	
6	Equity instruments																																
7	Other financial corporations																																
8	of which investment firms																																
9	Loans and advances																																
10	Debt securities, including UoP																																
11	Equity instruments																																
12	of which management companies																																
13	Loans and advances																																
14	Debt securities, including UoP																																
15	Equity instruments																																
16	of which insurance undertakings																																
17	Loans and advances																																
18	Debt securities, including UoP																																
19	Equity instruments																																
20	Non-financial undertakings																																
21	Loans and advances																																
22	Debt securities, including UoP																																
23	Equity instruments																																
24	Households																																
25	of which loans collateralised by residential immovable property																																
26	of which building renovation loans																																
27	of which motor vehicle loans																																
28	Local governments financing																																
29	Housing financing																																
30	Other local government financing																																

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date 31 December 2023																													
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0,0%				0,0%																				0,0%					
2	Assets under management (AuM KPI)	0,0%				0,0%																				0,0%					

Note: Addiko does not conduct such business

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date 31 December 2023																													
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which enabling				Of which Use of Proceeds	Of which transitional	Of which enabling	
1	Financial guarantees (FinGuar KPI)	0,0%				0,0%																				0,0%					
2	Assets under management (AuM KPI)	0,0%				0,0%																				0,0%					

Note: Addiko does not conduct such business

5. KPI off-balance sheet exposures

C) Basis: FLOW + TURNOVER KPI

Addiko Group, 31.12.2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae					
% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31 December 2023																																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						
Of which Use of ProceedsOf which transitionalOf which enabling					Of which Use of ProceedsOf which transitionalOf which enabling					Of which Use of ProceedsOf which transitionalOf which enabling					Of which Use of ProceedsOf which transitionalOf which enabling					Of which Use of ProceedsOf which transitionalOf which enabling					Of which Use of ProceedsOf which transitionalOf which enabling					Of which Use of ProceedsOf which transitionalOf which enabling						
1	Financial guarantees (FinGuar KPI)	0,0%					0,0%																				0,0%									
2	Assets under management (AuM KPI)	0,0%					0,0%																				0,0%									
		Note: Addiko does not conduct such business																																		

5. KPI off-balance sheet exposures

D) Basis: FLOW + CAPEX KPI

Addiko Group, 31.12.2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae					
% (compared to total eligible off-balance sheet assets)		Disclosure reference date 31 December 2023																																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						
Of which Use of Proceeds					Of which Use of Proceeds					Of which Use of Proceeds					Of which Use of Proceeds					Of which Use of Proceeds					Of which Use of Proceeds					Of which Use of Proceeds						
Of which transitional					Of which transitional					Of which transitional					Of which transitional					Of which transitional					Of which transitional					Of which transitional						
Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling					Of which enabling						
1	Financial guarantees (FinGuar KPI)	0,0%					0,0%																				0,0%									
2	Assets under management (AuM KPI)	0,0%					0,0%																				0,0%									
Note: Addiko does not conduct such business																																				

COMMISSION DELEGATED REGULATION (EU) 2022/1214 of 9 March 2022 - ANNEX III

ANNEX XII

Standard templates for the disclosure referred to in Article 8(6) and (7)

The information referred to in Article 8(6) and (7) shall be presented as follows, for each applicable key performance indicator (KPI).

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

GLOSSARY

C&E risks	Climate and environmental risks
CET1	Common Equity Tier 1 Ratio
CISO	Chief Information Security Officer
CRO	Chief Risk Officer
CO2	Carbon Dioxide
Consumer	The segment Consumer includes private individuals, who do not represent a group, company, or organisation
CSEE	Central and South-Eastern Europe
CSRD	Corporate Sustainability Reporting Directive
D&I	Diversity & Inclusion
DPO	Data Protection Officer
E2E	End-to-End
EBA	European Banking Authority
ECB	European Central Bank
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
etc.	et cetera
e.g.,	example given
GDPR	General Data Protection Regulation
HC	Headcount
HR	Human Resources
HSE	Health, Safety and Environment
ICERTIAS	International Certification Association
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
Large corporates	The segment Large Corporates includes legal entities and entrepreneurs with annual gross revenues of more than EUR 40 million
LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer and additional sexual identities
NACE	Nomenclature of Economic Activities Classification
NaDiVeG	Austrian Sustainability and Diversity Improvement Act
NGFS	Network for Greening the Financial System
NPS	Net Promoter Score
SASB	International Sustainability Standards Board
SPOC	Single point of Contact
PCAF	Partnership for Carbon Accounting Financials
PoS	Point of Sales

RCP	Representative Concentration Pathways
SME	Small and Medium Sized Enterprises, this segment also includes micro-enterprises
tCO ₂ eq/EUR	Total GHG emissions (market-based) per net revenue
VOC	Voice of Customers
YE	Year End

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