



Addiko Bank

Consolidated Non-Financial Report 2020

Table of contents

Introduction	3
1. Addiko Bank	4
1.1. Addiko Group's Strategy	5
1.2. Addiko's Role in Society	6
1.3. Selling Practices & Product Labelling	8
1.4. Access & Affordability of Products	9
1.5. Addiko Group's People Strategy - mission and vision	11
1.5.1. Number of Employees	11
1.5.2. Age Structure and Seniority at Addiko Bank	11
1.5.3. Educational Level	12
1.5.4. Inactive employees	13
1.5.5. Headcount Development	13
1.5.6. Employee Health & Safety	14
1.5.7. Diversity and Equal Opportunities	15
1.5.8. Recruitment	15
1.5.9. Learning and Personal Growth	15
1.5.10. Performance Culture	16
1.5.11. Remuneration	16
1.5.12. Employee Satisfaction	16
1.5.13. Employer Branding Awards	17
1.6. Group-Wide Compliance	18
1.6.1. Code of Business Conduct and Ethics	18
1.6.2. Human Rights	18
1.6.3. Anti-Corruption, Anti-Bribery	18
1.6.4. Whistleblowing	19
1.6.5. Transparency	19
1.6.6. Conflict of Interest	19
1.6.7. Compliance Management	19
1.6.8. Training	20
1.6.9. Customer Privacy	20
1.6.10. Information Security	20
1.7. Environmental Matters	21
1.7.1. Space Optimisation	21
1.7.2. Energy Saving	22
1.7.3. Reduction of CO ₂ emissions	22
1.7.4. Travel Management	23
1.7.5. Document Management System	23
1.7.6. Effects of Digital Banking	23
1.7.7. Paper Reduction and Sustainable Printing	23
1.7.8. General Awareness Raising	23
2. GRI Content Index	24
3. Glossary	26
4. Imprint	27

Introduction

Addiko Bank is a large corporation of public interest, which fulfils the criteria set out in sections 243b and 267a of the Austrian Commercial Code and may therefore employ an annual average of more than 500 employees on a consolidated basis. Since it fulfils these specific criteria, Addiko Group draws up a Consolidated Non-Financial Report pursuant to applicable law.

Addiko Group formed a systematic panel of experts from various departments to carry out a materiality check to define and specify the relevant non-financial topics. The aim was, inter alia, to collect information about the economic, social and environmental impact of Addiko Group's business operations. This impact was examined in terms of extent, probability and influence. Sections 243b and 267a of the Austrian Commercial Code focusing on environmental, social and labour topics, human rights, combating corruption and bribery were taken into consideration in the decision-making process, along with the Sustainability Accounting Standards Board's Materiality Map¹.

Based on the panel of experts' findings and following appropriate analysis, Addiko Group identified its most important stakeholders. These include customers, employees, the Works Council, the Supervisory Board, shareholders, regulators, suppliers and service providers, interest groups, competitors, and rating agencies. Furthermore, the topics listed in this Non-Financial Report were deemed to be significant. It was also determined that Addiko Group, its business relationships, products and services neither pose any significant risks nor cause negative effects in connection with product design & lifecycle management, as Addiko Group simply offers products associated with daily banking activities, which require little to no advisory support and are suitable for standardisation.

The main topics covered in this Non-Financial Report include Addiko's Role in Society, Selling Practices & Product Labelling, Access & Affordability of Products, Addiko Group's People Strategy - mission and vision (including equality, fair working conditions, remuneration and development) and Group-Wide Compliance (including the Code of Business Conduct and Ethics, Anti-Corruption, Anti-Bribery, Customer Privacy and Information Security).

Furthermore, Addiko Group has considered some of the 17 Global Sustainable Development Goals (SDGs) adopted by the United Nations General Assembly at the core of its 2030 Agenda in 2015.

As part of its business activities, Addiko Group is able to play a part by implementing the following SDGs: "Good Health and Well-Being" (3), "Gender Equality" (5), "Decent Work and Economic Growth" (8) and "Climate Action" (13).

Good Health and Well-Being (3)



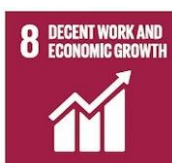
Addiko Group supports Good Health and Well-Being. Its employees are encouraged to live a healthy, active lifestyle. Office kitchens promote healthy eating habits. Employees are also encouraged to join local gyms as well as participate in business runs and local marathons. In addition, there are frequent in-office health checks and health-awareness guest speakers at Addiko Group. For further details please see chapter 1.5.12.

Gender Equality (5)



Addiko Group has formalised and implemented its Group Diversity and Inclusion Policy across all Addiko Group countries, setting group-wide diversity targets for its Management and Supervisory Boards. All leadership training programmes have been revised to embrace diversity and inclusion. A "Diversity Forum" has been organised for two years in a row to discuss and brainstorm initiatives that would encourage an inclusive working environment. One of the resulting targets is to achieve top employer recognition in all Addiko Group's entities by 2022. Such certificates of recognition confirm that equality exists in the workplace, and inclusion practices and policies have been implemented. For further details please see chapter 0.

Decent Work and Economic Growth (8)



As part of Addiko Group's efforts to create well-paid, quality jobs and provide employment opportunities for young professionals, in 2019 Addiko Bank Serbia and Addiko Bank Bosnia & Herzegovina (Sarajevo) signed collaboration agreements with the University of Belgrade and the University of Sarajevo respectively. The purpose is to encourage traineeships and cooperation. In addition, Addiko Bank Croatia and Addiko Bank Montenegro work closely with universities and student organisations across each respective country to enhance employment opportunities for young graduates. Addiko Group also plays an essential role in developing and further improving financial intermediation and digital transformation in its operating regions.

For further details please see chapter 1.4



Climate Action (13)

Climate protection is an important element in Addiko Group's operational business. Addiko Group endeavours to contribute to better environmental awareness. Optimised business processes lead to a sustainable approach to continuously reduce CO₂ emissions, energy and plastic. For further details please see chapter 1.7.

1. Addiko Bank

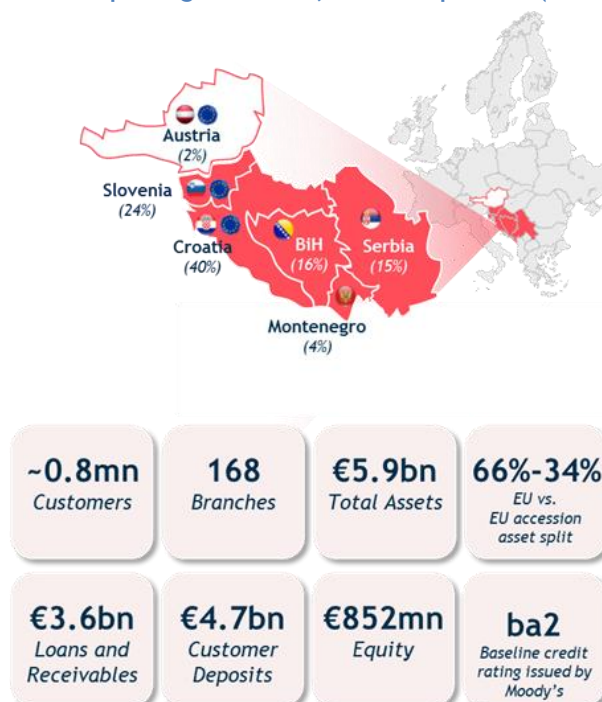
Addiko Group is a consumer as well as small and medium-sized enterprises (SME) specialist banking group in Central and South Eastern Europe (CSEE) headquartered in Vienna (Austria). The group operates through six subsidiary banks in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services approximately 0.8 million customers in CSEE using a well-dispersed network of 168 branches and modern digital banking channels.

Addiko Bank AG, the Austrian holding company, is a fully licensed parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority (FMA) as well as the European Central Bank (ECB). It steers its subsidiary banks through group-wide strategies, policies and controls. It also manages Addiko Group's liquidity reserve.

Based on its focused strategy, Addiko Group has positioned itself as a specialist Consumer and SME banking group with a focus on increasing its Consumer and SME lending activities as well as payment services (its "focus areas"). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers, and is largely funded by retail deposits. Addiko Group's Mortgage, Public and Large Corporate lending portfolios (its "non-focus areas") have been gradually reduced over time, thereby providing liquidity and capital for continuous growth in its Consumer and SME portfolios.

Addiko Group delivers a modern customer experience in line with its strategy of providing straightforward banking - "focus on essentials, deliver on efficiency and communicate simplicity". Banking products and services have been standardised in the Consumer and SME segments to improve efficiency, provide a superior customer experience and maintain asset quality. Establishing strong competencies in risk management is necessary for managing the portfolio in line with Addiko Group's prudent risk approach. Successful Consumer and SME lending requires excellent risk evaluation, automation and collection. Addiko Group has continuously invested in talent to deliver strong risk management capabilities.

Addiko Group at a glance 2020, % of Group Assets (rounded)



1.1. Addiko Group's Strategy

Addiko Group focuses its activities on the Consumer and SME segments, providing both unsecured lending and payment services to Consumers and SMEs. The value proposition across these focus areas is based on convenience (a single interaction whenever possible) and speed (fast enough so the customers do not require alternative solutions), as customers from these groups are more likely to require standardised and simple products and services for which convenience and speed are more important than advisory services.

Addiko Group has a well-established physical branch network in the region to promote its digital offerings while, at the same time, providing current and potential new customers with the reassurance of being able to speak to bank representatives in person as well as the opportunity to provide physical signatures where legally required.

The development of digital capabilities is an essential pillar in the implementation of Addiko Group's strategy. By digitalising sales and service, Addiko Group is able to deliver increased convenience and speed to its target customers, operate efficiently, optimise costs and achieve wider coverage compared to its physical branch network alone, whilst the degree of digital maturity in Addiko Group's markets increases.

The following primary strengths are the main drivers enabling Addiko Group to successfully pursue its strategy:

Well positioned region for convergence of underpenetrated banking sector

Addiko Group operates in the last EU convergence region in which financial intermediation is low and digital transformation is still nascent. In addition, the unsecured consumer lending market is growing faster in this region than in the EU. Addiko Group believes its offering of straightforward banking with enhanced digital capabilities will provide a solid basis for increasing its future business in the region.

Well-established, pan-regional platform with potential for synergies and operational leverage for future competitiveness

Addiko Group has a powerful combination of in-depth international expertise and local capabilities with CSEE presence, creating a regional team that provides a lean and efficient platform for pursuing its business strategy. Addiko Group has an efficient operating model with key functions outsourced across the network of subsidiaries, which enables a reduction in costs due to the centralisation of services, economies of scale, agility and execution power as well as talent attraction.

Successfully transforming into a focused Consumer and SME specialist

Addiko Group transformed from a universal bank into a specialist bank for the CSEE region, focusing on highly profitable Consumer and SME Business lending (defined as "focus areas") and providing simple, convenient and digitally empowered banking services. Addiko Group offers straightforward banking, which is consistently reflected in its customer communication. Convenience and speed are among the most important factors for customers in the Consumer and SME Business segments. Addiko Group's specialisation in Consumer and SME lending is supported by prudent risk management of a solid, well-provisioned portfolio from past business, which it can utilise in the framework of a managed run-down to finance its expansion into Consumer and SME Business.

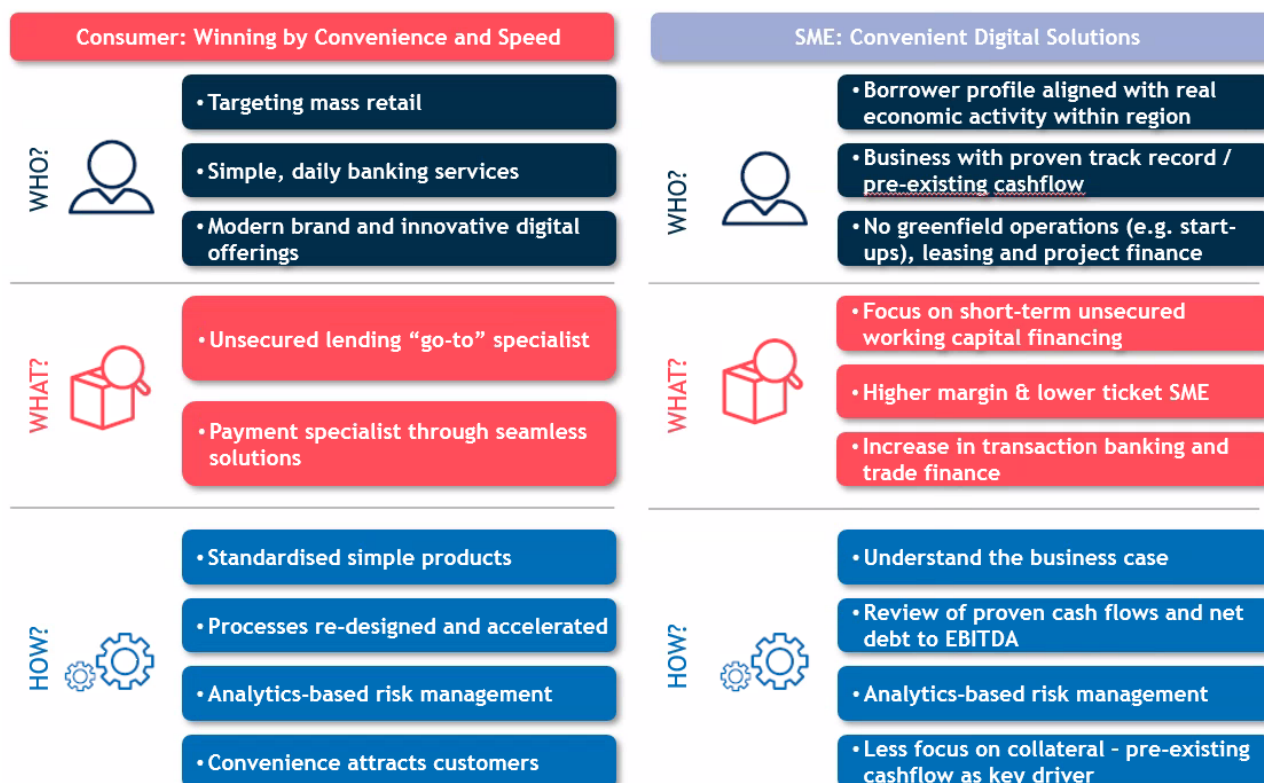
Unlocking opportunities in traditional markets with innovative digital solutions

Addiko Group has placed the further development of digital banking at the core of its strategy. Addiko Group has implemented technological solutions that have already been thoroughly proven in more developed markets, but are viewed as innovative in CSEE markets. Addiko Group believes that its focus on digital banking will help it to gain market share in its focus areas without having to expand its branch network.

Solid balance sheet foundation enabling increases in profit

Addiko Group has a solid and well-capitalised balance sheet that supports the expansion of its business in its focus areas of Consumer and SME lending. In relation to funding, risk parameters and capital base, Addiko Group operates with strong parameters, which provide it with the financial ability to pursue its strategy.

Consumer and SME Approach of Addiko Group



1.2. Addiko's Role in Society

Addiko Group takes its responsibility towards society and its stakeholders seriously. It is actively engaged in Corporate Social Responsibility (CSR), constantly trying to make a contribution across its region of operation by supporting charity projects and initiatives by means of corporate volunteering and donations. Many of these activities are part of the 'Addiko Cares' initiative and are reflected in Addiko's corporate value system - in other words, this is Addiko's way of giving back to the communities in which it lives, work and operate. In recent years, hundreds of employees have participated in CSR projects, dedicating their time and efforts to a good cause.

Addiko's framework for various CSR activities remained intact during 2020 albeit on a more limited scale due to the Covid-19 pandemic. In March and April, the priority was to support medical institutions in purchasing medical and/or protective equipment across Addiko Group's markets.

Throughout the Covid-19 pandemic, Addiko Group has proactively and swiftly deployed all necessary and possible measures to continue operating as a provider of essential banking services. Appropriate precautions were taken to ensure the health and safety of all employees and partners. Adequate measures were also implemented to provide customers with safe and unhindered access to all banking services, with a special emphasis on digital services and communication channels.

Even in this challenging environment, Addiko continued be innovative in connection with digital banking by pioneering new products and delivering new features, including mAccount in Serbia, mLoan in Montenegro and a revamped virtual branch in Croatia. Addiko Group continues to focus on evolving towards end-to-end services to provide its customers with pure digital loans and current accounts. Addiko Group also maintains its direction in supporting clients with their financial challenges, giving them smooth access to moratoria as well as targeted support programmes, and helping them to continue making informed financial decisions in a straightforward manner.

Examples of good practices are highlighted for each country below.

Austria

Given the limited opportunities for employees to participate in community volunteering, Addiko Bank AG collected more than EUR 10,000 during a Christmas fundraising activity (the 'Addiko Advent Calendar'), where employees of Addiko Bank AG could open a new advent calendar door every business day during the month of December and cast their vote for one of twelve charitable organisations in Vienna and Klagenfurt. The NPO with the highest votes per day received EUR 350, the second place received EUR 150 and the organisation in third place was given EUR 50. The organisation with the highest number of votes between 01.12 and 23.12 received an additional EUR 1,200 for the last advent calendar door. Moreover, employees contributed individually to organisations of their choice.

Bosnia & Herzegovina

The beginning of 2020 was marked by the final phase of the employees' volunteer project "One gift for one smile". Within this project, sick and socially vulnerable children in Banja Luka, Eastern Sarajevo, Teslić, Bijeljina and Sarajevo received packages containing food and hygiene supplies. Addiko Bank employees also continued to volunteer by socialising with children from orphanages in Tuzla and Sarajevo, as well as by giving voluntary blood donations. Schoolchildren from Mostar and Sarajevo received textbooks and school equipment.

At the beginning of the Covid-19 crisis, the priority was to support medical institutions in the purchase of respirators, tests and other protective equipment. Addiko Bank Bosnia & Herzegovina initiated these activities in the Addiko Banking sector. Through this association of banks, donations could be made to the three largest medical centres in Sarajevo, Mostar and Banja Luka.

Addiko Bank Bosnia & Herzegovina also donated protective equipment and hygiene products to cultural institutions, such as the National Theatre in Sarajevo, and three institutions in Banja Luka: the National Theatre, Banski Dvor Cultural Centre, and the Jazavac City Theatre, with which Addiko Bank Bosnia & Herzegovina has had a traditional partnership agreement for years. The donations enabled them to operate during these challenging times. Students in Tuzla and in Banja Luka were equipped with donated tablet computers to enable them to participate in online classes. The year ended with volunteering with the mobile team of associations that care for people with disabilities.

Croatia

Before the pandemic, Addiko Bank Croatia's employees based at its headquarters in Zagreb traditionally participated in voluntary blood donations. Following the outbreak of Covid-19, all volunteering activities came to a halt to ensure the safety of employees during the crisis. In order to support the Croatian healthcare system in the fight against the pandemic, Addiko Bank Croatia made donations to the KBC Osijek and KB Dubrava hospitals, two primary respiratory intensive care units treating patients with Covid-19, so that they could purchase the medical devices and protective equipment required. Moreover, all clients working in the healthcare sector were exempt from paying their current account and current account package fees for three months. Addiko Bank Croatia therefore recognised the role of healthcare professionals, who were on the front line in the fight against Covid-19.

Not long after, a powerful earthquake struck Croatia in December 2020. Addiko Bank Croatia reacted immediately and those clients based in Sisak-Moslavina County, where the earthquake hit, were exempt from paying their monthly fees for maintaining current accounts for the month of December 2020. At Addiko Bank's headquarters in Croatia, employees collected aid for the affected citizens. Addiko Bank Croatia also made a financial donation to UNICEF and their activities to help children and their families in areas affected by earthquakes with psychosocial support services, as well as concrete support in the delivery of protective equipment and hygiene supplies.

As Christmas gifts to clients and partners, Addiko Bank Croatia chose chocolate and soap made by visually impaired people and people with disabilities through the associations Sfera visia and Hedona, which supported their activities in the framework of the 'Addiko Cares' project. Despite the unpredictable circumstances during 2020, cultural events could be held at the Šibenik Fortress and online screenings of the Zagreb Film Festival could take place, which Addiko Bank Croatia also proudly supported.

Montenegro

During 2020, several voluntary activities took place. Addiko Bank Montenegro's employees set aside part of their monthly income and collected funds for the purchase of 100 humanitarian aid packages. In addition, they donated school supplies to children from families most in need. Addiko Bank Montenegro donated an amount of EUR 200 to children born during the "Savings Week" in addition to a donation of EUR 200 made by the Central Bank of Montenegro.

In addition to the engagement of employees as well as the solidarity they demonstrated, Addiko Bank Podgorica donated to the National Coordination Body as well as the clinical centre supporting the Montenegrin healthcare system to help fund the purchase of medical and protective equipment during the Covid-19 pandemic. Unfortunately, the pandemic prevented numerous cultural events from taking place in 2020, but the open air "Summer Jam" powered by Addiko Bank Montenegro featuring 17 different pop music concerts was still successfully held during the summer months.

Serbia

During the Covid-19 pandemic, Addiko Bank Serbia reassigned funds originally planned for corporate events and gatherings to support charitable initiatives to help those in need. Furthermore, Addiko Bank Serbia made financial donations to the Institute of Virology, Vaccines and Sera "Torlak", and to the National Organisation for Rare Diseases (NORBS).

To ensure the safety of employees, there was no external volunteering like in the previous years. Prior to the pandemic, Addiko Bank Serbia had the chance to establish partnerships with cultural institutions and organisers of events that were traditionally held, such as the local theatre "Atelier 212" and Musicology festival.

Slovenia

Addiko Bank Slovenia undertook various humanitarian activities in 2020, such as donations of food, clothes and school supplies for under-privileged children at the beginning of the new school year, as well as for Christmas. Donations were also given to the children who had to spend their Christmas holidays in the Paediatric Clinic at the University Medical Centre in Maribor.

During the first wave of the Covid-19 pandemic, Addiko Bank Slovenia donated computer equipment to Bršljin Primary School in Novo Mesto to help children from socially disadvantaged families and families with many children to participate in remote schooling. A donation of protective masks was also made to thirteen elderly people's homes to ensure better protection of the elderly and those who care for them. With the opening of the renovated branches in Celje and Koper, Addiko Bank Slovenia donated to the Glazija Primary School and the charity Palčica Pomagalčica to support the campaign "Catch your dreams".

In 2020, Addiko Bank Slovenia continued its successful cooperation with Kino Šiška in its new programme season as the centre of contemporary music, performing and visual arts in Slovenia.

1.3. Selling Practices & Product Labelling

In line with its straightforward banking principle, Addiko Group pays special attention to transparent, direct, and clear communication, which is represented by its communication approach on all platforms.

The three principles of straightforward banking are: Focus on Essentials, Deliver on Efficiency and Communicate Simplicity. This means that Addiko Group provides its clients with an easier choice and convenient service while, at the same time, ensuring that Addiko Group is seen as a responsible lender. Such 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 a.d. Bosnia & Herzegovina (Banja Luka) as well as Addiko Bank d.d. Bosnia & Herzegovina (Sarajevo). Certificates were also granted to Addiko Bank d.d. Croatia and Addiko Bank d.d. Slovenia. Addiko Group representatives are also members of the national banking associations and, as such, are also closely involved in setting and implementing professional industry standards that are aligned with the highest ethical principles.

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

In product advertising, Addiko Group uses clear and direct messages along with representative examples to ensure full transparency and to provide customers with the information required for them to be able to make a conscious decision concerning their finances. Even more detailed information on products and services is always available on Addiko Group's websites.

Throughout the global crisis caused by the Covid-19 pandemic, Addiko Group has maintained the direction defined by its mission and strategy: to support clients in their financial challenges, giving them quick access to moratoria, support programmes and help to make informed decisions. A customer care project in Croatia is a good example, as its aim is to guide moratoria users through the process, proactively approach them, and offer them the best solutions in good time. Extra help is offered to clients who have lost their jobs by providing them with a practical and understandable manual on how to prepare for the online job application process. In a customer survey of 1865 moratoria users, 92% of them expressed satisfaction with the measures and 74% said that they would recommend Addiko Group to their friends and family.

Customers recognised Addiko Group's marketing efforts. In terms of brand consideration, customers are willing to consider Addiko Group as a bank they want to do business with, which has displayed stable growth over the years and is one of the main indicators of customer perception. Together with the fact that Addiko Group's brand awareness is showing desirable growth in all markets, this undisputedly illustrates Addiko Group's good image, which has been recognised for its straightforward advertising and encompasses the highest standards and values a responsible lender should have, and Addiko Group does have.

1.4. Access & Affordability of Products

In order to ensure the broadest possible access to its products and services, Addiko Group is able to answer questions related to general financial needs by applying its "Focus on Essentials" approach. Addiko Group is fully compliant with local laws and regulations in terms of enabling access to people with disabilities. Moreover, besides fulfilling the legal requirements, Addiko Group is steadily improving its branches' access conditions for disabled persons (wheelchair ramps, etc.).

Consumer Business

Addiko Group's retail customers are able to conduct digital banking transactions using Addiko Group's digital banking services. Non-customers can find out details and apply for Addiko Group's consumer products via specific Addiko Bank lending pages, which consist of interactive calculators, contact forms and a multichannel acquisition platform / chatbot that performs sales dialogues with a focus on the products provided in each particular market. Addiko has implemented chat banking and was one of the first banks in the region to include banking services on the messaging and voice platform Viber.

Addiko's contact centres play an essential role in providing services to customers, accelerating cross-selling activities, improving customer care programmes, and digital acquisition. Moreover, the ATM fleet, consisting of updated machines and new functionalities, ensures that ATMs are available in sufficient quantity.

Addiko Group primarily approaches its retail customers through branches and expects an increased contribution from digital and alternative touchpoints (such as express facilities with more self-service multi-functional machines, virtual branches, teams of skilled sellers present at the customers' work premises), digital channels and partnerships with third parties over the coming years.

Throughout the Covid-19 pandemic, Addiko Group strengthened its remote capabilities, offering its customers a wide variety of possibilities to get in contact. Both online and telephone assistance are offered so that customers can easily manage their daily banking business, acquire new products, and block or replace cards.

The capacity of Addiko's contact centres was enlarged and new functionalities were introduced to facilitate better communication with customers, including video functionalities, IVR chat and branch appointment.

The branch network was partially closed during periods of lockdown, in order to protect both customers and employees. Whilst open, the branches were thoroughly cleaned and disinfected on a regular basis, employees wore masks and gloves, and protective shields were placed in Addiko Group's branches to provide additional protection against the virus for anyone entering them.

Addiko Bank@Work continued to be an important pillar of Addiko Group's business strategy, delivering on the convenience promise Addiko Group makes to its customers through its proactive approach. With respect to daily banking, Addiko Group aims to differentiate itself from the competition through superior online and mobile banking services, innovative banking channels, and innovative ways of helping customers manage their daily financial needs, for instance by giving them the ability to utilise various types of payment methods.

Capitalising on its end-to-end virtual branch banking solution launched in Croatia in 2019, Addiko Bank launched a new release of this app in order to enhance the customer experience and started developing the same concept at Addiko Bank Slovenia (ABS) as well.

In addition to mLoan launched in Serbia in 2019, through which existing Addiko Bank customers can apply for and obtain a new loan, Addiko Bank a.d. Serbia launched a similar end-to-end solution for opening current accounts and is getting ready to make the end-to-end loan experience available for all Serbian consumers at the beginning of 2021 through its mobile banking app.

Since Q4 2020, the mLoan solution has also been available for Addiko Bank customers in Addiko Bank's entities in Montenegro (Addiko Bank a.d. Montenegro) and Bosnia (Addiko Bank a.d. Banja Luka and Addiko Bank d.d. Sarajevo). To support modern customer service, Addiko Group entirely re-launched new internet and mobile banking concepts, based on the latest standards of user interface and user experience. Solutions such as photo pay and the introduction of chat services are examples of how Addiko Group is committed to continuously introducing improved service standards.

Addiko Group particularly focuses on selling standardised products (unsecured loans and account packages) via digital channels, in line with specific restrictions/limitations in the individual markets. Products are accessible digitally, allowing simulations where appropriate, end-to-end sales where legally possible, and lead generation.

A state-of-the-art loan application processing system combined with a credit decision engine, which had already been rolled out at Addiko Bank entities in Serbia, Bosnia & Herzegovina and Montenegro, was implemented in Croatia and Slovenia in 2020. Content delivery through social media, support of regular digital communication, the implementation of features such as chat pay via Viber, a chatbot, and branch designs compatible with the digital age - all of these features contribute to the strengthening of the digital dimension of Addiko Group's brand, customers' accessibility and convenience. Addiko Group continued to have a creative marketing approach in all of the markets it covers by organising so-called Red Days, presenting consumers with exciting promotional offers mainly for consumer loans. During the promotional period, consumers can apply for loans with up to 50% discount on the interest rate, may get the first installment back in their current accounts, or have the chance to win a car.

SME and Corporate Business

In its corporate segment, Addiko Group's SME customers have their own relationship managers. Relationship managers are located in 38 SME business centres across Addiko Group's countries of operation. The role of the relationship managers is not only to sell banking products, but also to serve as trusted financial advisors to their respective customers. Addiko Bank branches located in SME business centres offer a full range of products to walk-in customers, while all other Addiko Bank branches provide basic account keeping services to all SME customers. SME relationship managers actively contact their current and prospective customers.

In 2018, Addiko Bank entities in Serbia and Slovenia started selling working capital loans and trade finance products via a digital platform, allowing corporate customers to either apply for such products in one of Addiko Bank's SME centres or via a relationship manager equipped with an iPad visiting the customer on-site. Customers are then served within a streamlined digital process resulting in an effective credit decision.

In 2019, Addiko developed the same functionality for SME customers in Croatia, followed by Montenegro and Bosnia & Herzegovina in third quarter of 2020. In parallel, Addiko Group is working on the introduction of further products and product categories to its digital channels.

In 2019, Addiko completed the unification of the e-banking experience across all of its countries of operation. In this respect, Addiko recently introduced a completely revamped e-banking platform for corporate customers in Slovenia and Montenegro (2019) as well as Croatia, Bosnia & Herzegovina and Serbia (2018).

The new e-banking platform was developed in cooperation with key customers and focuses heavily on convenience and user experience, especially regarding transactional banking. Moreover, it provides the technical foundation for moving the e-banking distribution channel increasingly away from a pure information gathering channel towards a self-service channel offering digital product applications initiated by the customer.

1.5. Addiko Group's People Strategy - mission and vision

At Addiko Group, its culture is constantly evolving, reflecting its principles of trust, integrity and clear performance orientation. Addiko Group's vision is to provide "Straightforward Banking" and to do this Addiko Group is transforming its corporate culture to define how Addiko Group drives its business - how to aim for results and achieve them and how to recruit, employ, develop and motivate its employees, who in turn drive the business forward by generating revenue. Addiko Group is doing this by empowering its leaders to lead change, reinforcing employee engagement and strengthening their values and behaviours in their daily activities. Addiko Group is focused on building a Great Place to Work, one day at a time and is proud of its employees and their many achievements.

The role of Human Resources (HR) is to elevate People Management, supporting the business to deliver the Straightforward Banking Strategy through its employees.

The HR team works with the Business to Shape the Workplace initiative, optimising team structure, managing HR costs and aligning ways of working that will improve collaboration, connection, engagement and results. HR processes such as hiring, development, talent and performance management are set up to ensure culture-fit employees who are engaged to achieve profitable business growth in a dynamic EU banking environment whilst adhering to the rules of sound corporate governance.

Addiko Bank's employees' responsibility is also reflected in the intensified focus on internal communication. Addiko Bank's Intranet has been refreshed and meetings are held with the Management Board several times a year. Whether in person or in a virtual environment, employees can speak freely about strategically important topics.

1.5.1. Number of Employees

At the end of 2020, a total of 2,847 employees were employed at Addiko Bank.

The majority of Addiko Bank's employees have full-time, permanent employment contracts.

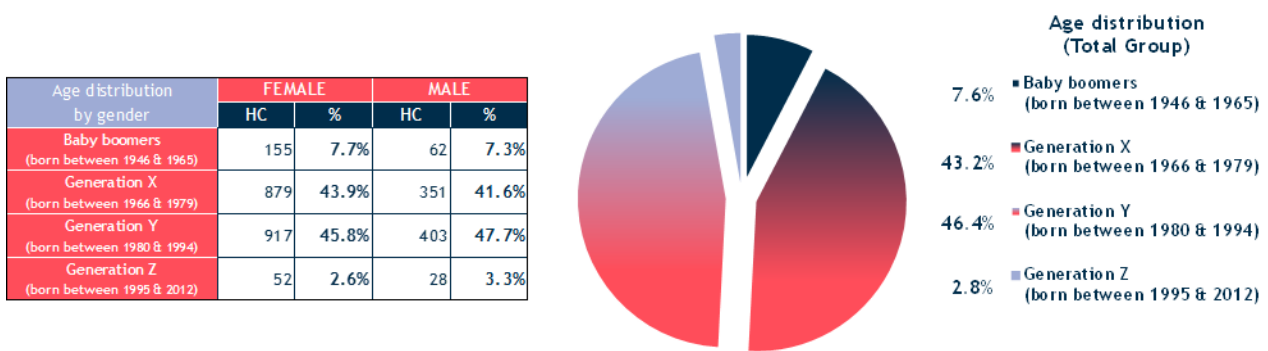
Overview of headcount, Type of Contract and Working Time YE 2020

YE 2020 (Gender, Type of contract, Working time)	Gender distribution			Type of contract		Working time	
	TOTAL	FEMALE Headcount	MALE Headcount	PERMANENT	TEMPORARY	FULL TIME	PART TIME
ADDIKO GROUP TOTAL	100%	70.4%	29.6%	94.3%	5.7%	99.1%	0.9%
	2,847	2,003	844	2,684	163	2,820	27
Addiko Bank AG Austria	133	53	80	125	8	121	12
Addiko Bank d.d. Croatia	963	687	276	916	47	960	3
Addiko Bank d.d. Slovenia	336	206	130	325	11	328	8
Addiko Bank d.d., Bosnia & Herzegovina (Sarajevo)	368	290	78	323	45	367	1
Addiko Bank a.d., Bosnia & Herzegovina (Banja Luka)	339	268	71	322	17	338	1
Addiko Bank a.d. Serbia	532	381	151	521	11	531	1
Addiko Bank a.d. Montenegro	176	118	58	152	24	175	1

1.5.2. Age Structure and Seniority at Addiko Bank

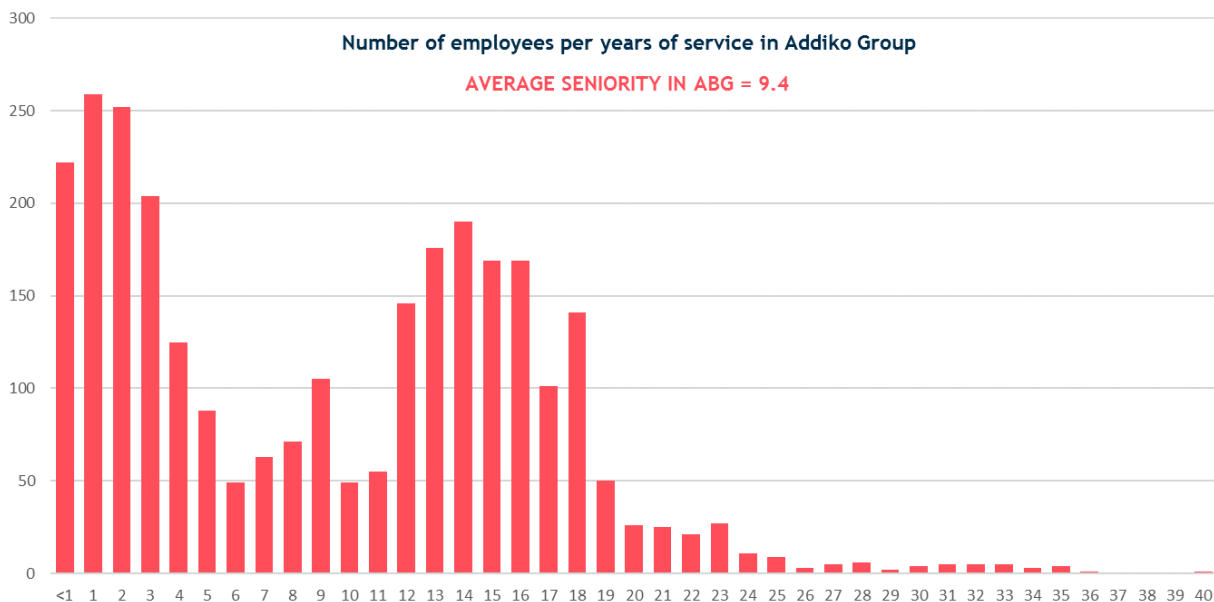
The average overall age of Addiko Bank's employees is 40.9 years of age, although there is an increasing number of "Generation Z" employees (+1.0% compared to 2019).

Overview of Age Distribution as of YE 2020



The average seniority at Addiko Bank is 9.4 years. More than 37% of employees have less than 5 years of seniority.

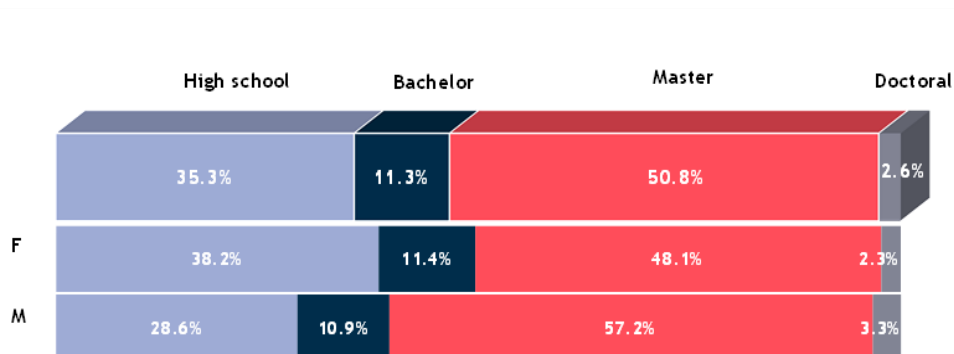
Overview of Seniority distribution as of YE 2020



1.5.3. Educational Level

The education level across Addiko Bank shows that more than 64% of employees are educated with a Bachelor’s degree or higher. The statistics show differences in educational level, whereby approximately 62% of female employees and around 71% of male employees have academic degrees.

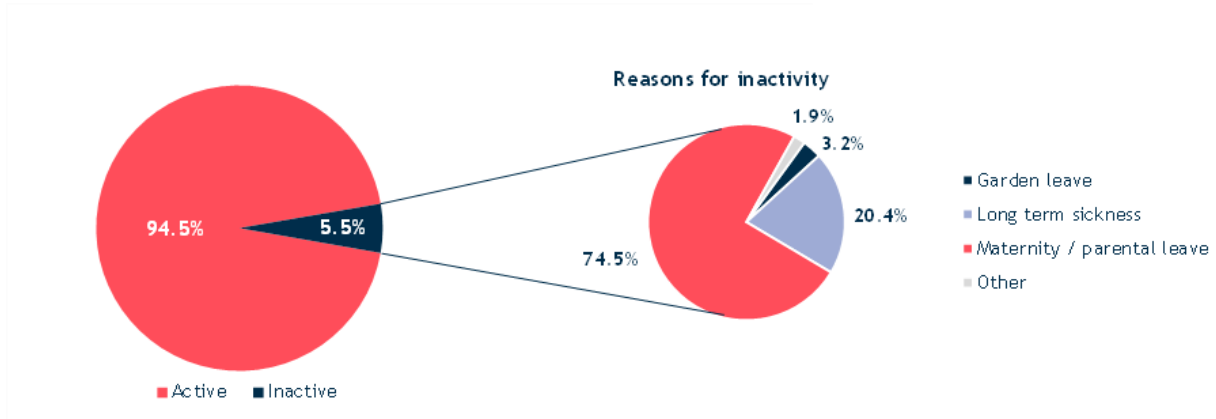
Formal Educational Level at YE 2020



1.5.4. Inactive employees

At the end of 2020, the overall total percentage of inactive employees at Addiko Bank was 5.5% of the total headcount, with maternity / paternity leave as the major reason.

Activity and Reason for Inactivity at YE 2020

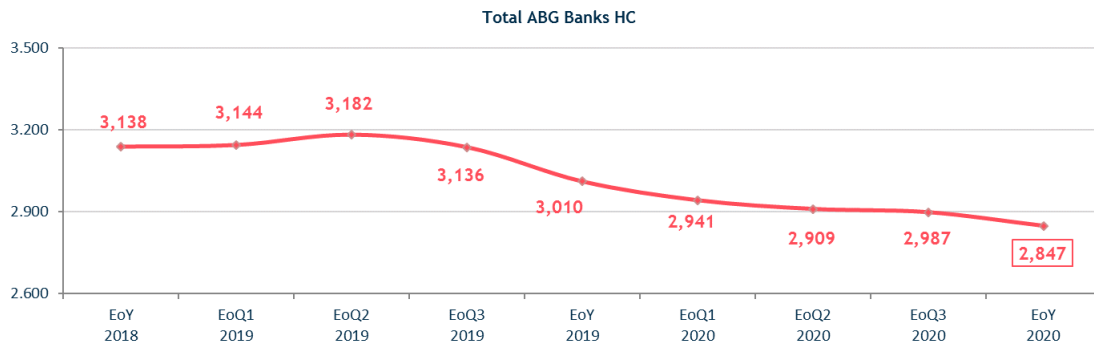


Of all employees across Addiko Bank, 8.2% were on maternity / paternity leave (239 employees), of whom 230 were female and 9 were male employees.

1.5.5. Headcount Development

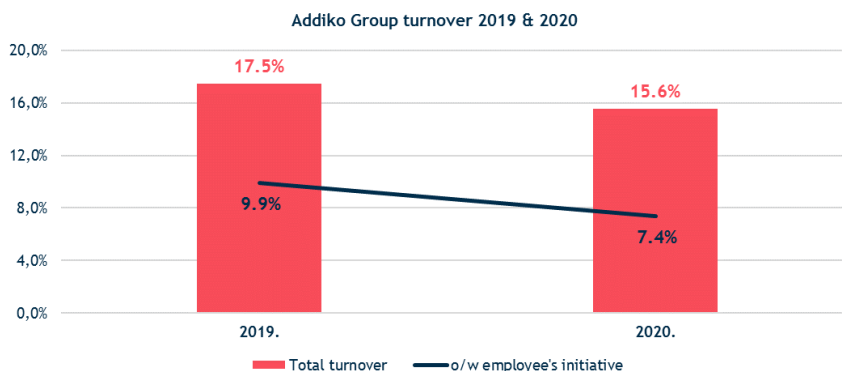
As of 31 December 2020, 2,847 employees were employed at Addiko Bank, equalling 163 less than the end of 2019.

Addiko Bank headcount development YE 2018 - YE 2019



In 2020, turnover decreased in comparison to the previous year. This was made evident by measuring total employee turnover and turnover initiated by employees.

Turnover in 2019 & 2020



1.5.6. Employee Health & Safety

Ensuring the health and safety of its employees was paramount in 2020. At the beginning of March, travel and meeting restrictions were implemented and home office guidelines were issued. These remained in place throughout 2020. In March 2020, Addiko Bank effectively transitioned to “Work from Home” and the number of employees working from home increased from 200 to 2000 across Addiko Bank. One third of Addiko Bank employees continued to work in the offices and branches due to the nature of their jobs. Social distancing, behaviour guidelines and increased office hygiene measures were put into place to ensure personal safety. These have become the standard across Addiko Bank offices and branches. Several measures were taken in the branch network. Branch working hours were decreased in accordance with the local Covid-19 pandemic health and safety regulations. All branches were quickly equipped with physical distancing measures, including plexiglass screens and sanitary measures for staff and clients.

Staff were provided with masks and gloves and spaciouly positioned in the offices. Social distancing measures were also put into place in each branch to control the number of clients and employees per square metre. Many additional forms of support were offered to staff including organised and subsidised transport to work, crisis management support and remote work training. Branch staff were split into 3 teams.

The first team was categorised due to specific personal status (chronic illnesses, pregnant staff, staff with small children, caregivers etc.). This group was sent home and later retrained and activated to support call centre and branch staff remotely.

The second and third teams worked in weekly shifts to ensure social distancing. Employees working in call centres were split into different teams, working from several different office locations. The purpose of these measures was to decrease the risk of infectious outbreaks, thus protecting staff and clients. Employee feedback was positive, demonstrating employees' appreciation of the measures taken to protect not only their safety, but that of clients as well. Branch hours returned to normal in June, reflecting the needs of customers. Addiko Bank will continue to monitor and abide by local health and safety measures and keep employee and client health and safety as well as business continuity in mind.

As shown in the ABG sick leave overview, the statistics indicate a decrease in absences related to sick leave in 2020 compared to 2019. This is the direct result of the numerous measures implemented to protect employee health and safety.

ABG sick leave overview 2019 & 2020

ABG sick leave 2019 & 2020 (without maternity / paternity leave)	2019.	2020.
Sick leave: TOTAL number of hours	198,105	177,909
Sick leave: TOTAL % (vs. total working hours)	3.3%	3.2%
o/w FEMALE Sick leave: number of hours	161,492	150,453
FEMALE Sick leave % (vs. total working hours)	3.9%	3.9%
o/w MALE Sick leave: number of hours	36,613	27,455
MALE Sick leave % (vs. total working hours)	2.0%	1.6%

Out of 3.2% of absences due to sick leave in 2020, only 0.07% were related to workplace accidents. During 2020, a total of 10 employees (9 female and 1 male) went on sick leave due to an accident at work, whereby the accidents occurred on the journey to or from work.

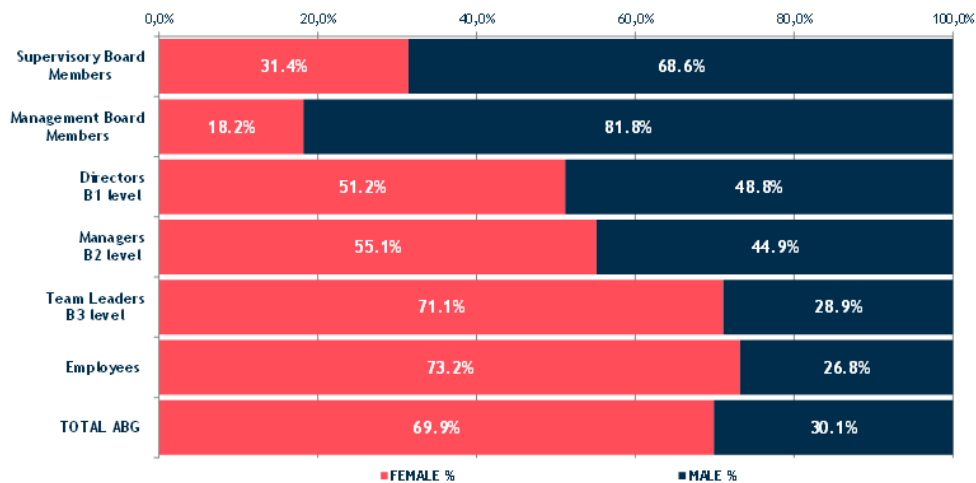
On the topic of health and healthcare benefits, Addiko Bank provides employees with accident insurance and pays half of the premium for additional private health insurance. At most of Addiko Bank's entities, the employer pays for additional private healthcare.

1.5.7. Diversity and Equal Opportunities

Addiko Bank is committed to establishing a diverse and inclusive workforce irrespective of gender, race, nationality, religion, national origin, ethnicity, LGBTIQ sexual orientation, age, colour, marital status and parental status.

In 2020, all Group entities implemented the Group Diversity and Inclusion Policy and endorsed the Group Gender Diversity targets. In 2020, Addiko Bank focused on its commitment to increasing diversity in Management and Supervisory Boards functions and increased the female to male representation on the Supervisory Board from 25% to 31%.

Diversity and Equal Opportunity YE 2020



The principles of diversity and inclusion intend to strengthen the foundations and good practices of an inclusive work environment and aim to manage talent diversity, ensure financial equality, raise awareness, provide career opportunities and promote flexible working arrangements for Addiko Bank’s employees.

In 2020 no incidents of discrimination were identified.

1.5.8. Recruitment

The selection and recruitment of employees is based on clearly defined business needs. Addiko Bank creates an environment that enables the employment of candidates with different backgrounds, experiences and perspectives in order to achieve the best results without limitations.

For key functions, an assessment of the applicant’s ability and suitability (fit & proper) is also carried out in line with EU and local regulatory guidelines. Priority is given to internal placements and promotions. The focus is on identifying talent. The internal fill rate for managerial roles is 75%, and over 60% of all vacant positions are internally filled.

1.5.9. Learning and Personal Growth

There are many on-the-job, in-class and digital learning and development opportunities available to Addiko Bank’s employees over the course of their careers. Addiko Bank encourages employees to apply for jobs internally and supports cross-departmental transfers. Participation in transformation and group projects also enhances career experiences.

Addiko Bank believes in:

- life-long learning and a 'can do' attitude;
- the 10-20-70 development rule -10% in class training, 20% mentoring and feedback, and 70% on the job development;
- every employee being responsible for managing their own career.

Addiko Bank promotes a corporate culture that nurtures continuous learning. The success of this was confirmed in the 2020 Engagement Survey, where employees rated the question 'My manager actively supports my professional growth and development' with a score of 4.29 out of 5.

Virtual learning zones are created for employees to encourage micro learning. Addiko Bank'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 emphasised for those in key roles as well as for other identified staff.

Addiko Bank launched the Addiko Bank Academy in 2016, which offers leadership, banking, risk management, sales and compliance training opportunities. Addiko Bank's focus is to ensure effective leadership skills, regulatory compliance, strengthened competencies for dealing with customers, the establishment of data analytic competencies and to highlight the prudent risk approach through eLearning as well as other internal and external training opportunities.

The average number of training hours per employee in 2020 was reduced compared to the previous year due to the impact of the Covid-19 pandemic. In 2020, each employee completed an average of 22 hours of training, while in 2019 the average was 30 hours per employee.

New board members are provided with extensive internal and external onboarding support to help them integrate into the Culture and Ways of Working at Addiko Bank. Along with senior managers, all members of Addiko Bank's Management Boards are taken through a 360° feedback process in their professional development. In addition, professional development and coaching opportunities are consistently offered, ensuring effective employee competencies, skills and capabilities.

1.5.10. Performance Culture

Addiko Bank promotes a performance and feedback culture. Performance management and continuous feedback on performance enable successful performance and aim to increase business performance. The objective is to continue to improve the performance cycle, providing a systematic and professional platform for fair performance evaluation and personal development. The performance management system at Addiko Bank is recognised as a key process for all employees and only those who work for less than 3 months may go without a performance or career review. 98% of employees received regular performance or career reviews in 2020.

1.5.11. Remuneration

The remuneration strategy rewards performance and contribution in an appropriate mix of fixed and variable remuneration. This is market based, preventing Addiko Bank from taking excessive risk, while rewarding sustainability and long-term results.

The remuneration policy is governed by the provisions of the applicable legislation, guidelines of the European Banking Authority (EBA), the decisions defined by each local national bank, and EU directives on capital requirements. 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 Bank's risk profile within their duties, tasks and activities include members of the Management Board and directors of individual departments, including risk management and internal audit.

Addiko Bank's variable compensation is awarded according to a variable pay framework and is closely linked to target-oriented management. By paying variable compensation, outstanding individual performance is recognised as well as organisational team performance.

1.5.12. Employee Satisfaction

Employee feedback and engagement are important characteristics in Addiko Bank's corporate culture. Addiko Group wants to understand the diverse views of its employees. In 2020, Addiko Bank organised the Addiko Bank Culture and Engagement Survey and almost 80% of employees participated. Employee feedback is also collected through interactive

workshops and pulse check surveys. The insights and suggestions received from employees are used to improve internal communication, understand employees' views and define engaging Great-Place-to-Work initiatives.

Addiko Bank encourages an open-door management style, requiring managers to show exemplary behaviour with regard to integrity, trust and respect. In the 2020 Engagement and Culture Survey, Addiko Bank Employees rated management with 4.30 out of 5.00 points in these three categories, representing responsible leadership behaviours.

The overall employee engagement score was 4.2 out of 5.0, while the employee satisfaction index was 74.5 out of 100. Addiko Group will continue to measure employee satisfaction annually.

Although 2020 did not provide many opportunities for employee well-being events, team building or celebrations, great efforts were put into adjusting to a positive and constructive workplace, where social distancing and work-from-home still allow for engaging moments.

Finding ways to strengthen Addiko Bank's team spirit is part of its daily work. In the past, this included participation in the Addiko Bank Sports and Culture Association in Slovenia, Addiko Bank Walk and Run in Croatia, Business Run in Austria, the Sarajevo Marathon and Children's Day at Addiko Bank to mention just a few. Given Covid-19 lockdown restrictions, employee well-being has been an area of focus. Addiko Group organised numerous virtual guest speakers and interactive workshops with healthcare and wellness professionals, encouraging and educating employees to take care of their mental and physical wellbeing under the challenging circumstances that 2020 brought.

1.5.13. Employer Branding Awards

Addiko Group continues to work on its reputation as an employer, aiming to be recognised as a good and attractive employer in each country it operates in. In 2020, Addiko Bank Sarajevo and Addiko Bank Montenegro joined the ranks of Addiko Banks in Croatia and Serbia to receive the 'Employer Partner Certificate', issued by SELECTIO Group. The award recognises companies with high standards of Human Resource management. Additionally, Addiko Bank Croatia received an award for 'Excellence in Challenging Times', recognising the efforts that Addiko Bank took to care for employee health and well-being during the crisis (the Covid-19 pandemic and earthquakes in Croatia).

1.6. Group-Wide Compliance

1.6.1. Code of Business Conduct and Ethics

Addiko Bank demands from its employees a particular responsibility in complying with legal, regulatory and internal requirements as well as with the ethical principles described in Addiko Bank's Code of Business Conduct and Ethics.

The Code of Business Conduct and Ethics is Addiko Bank's shared commitment to operating with the highest level of integrity and ethical conduct, which is a mandatory regulatory framework applicable in the Addiko Bank for all employees, third-party service providers and business partners.

It outlines Addiko's ethical principles and provides general guidelines on how employees should behave, as well as specific guidance for employee interactions with customers, competitors, business partners, governmental authorities, shareholders as well as with each other.

As compliance is part of the organisational culture, the compliance function is decentralised at Addiko Bank. Functional managers have organisational and supervisory tasks to ensure that violations of the applicable principles and laws governing the financial industry, which could have been prevented by adequate measures, control and monitoring, do not occur.

The main Addiko Bank norms are:

- Treat others with dignity & respect;
- Act ethically & lawfully;
- Conduct business fairly, openly & responsibly.

1.6.2. Human Rights

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

Addiko Bank 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 is unacceptable, whether verbal, physical or visual.

Addiko Bank's values and workplace behaviours are built on trust, respect and integrity. Addiko Bank 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.

1.6.3. Anti-Corruption, Anti-Bribery

Addiko Bank has a zero-tolerance approach when it comes to bribery and corruption. Addiko Bank expects that all employees at every level of the organisation follow the Group's standards and policies.

All forms of bribery and corruption, including giving or promising, directly or indirectly, anything of value to any employee or government official (including state-owned companies) or a political party, candidate for office, or to any person performing public duties or state functions in order to obtain or retain business or to secure an improper advantage with respect to any aspect of Addiko Bank's business, are strictly prohibited. Gifts and invitations must always be proportionate and must not create a conflict of interest or the perception thereof. Addiko Bank expects the same from clients, business partners and third parties. Bribery and corruption are not accepted in any form.

It is strictly forbidden to request, take or offer any form of under-the-table payment, kickback, bribe, barter or other improper payment or gratuity in connection with any corporate expenditure or sale of goods or services.

In alignment with international guidelines and Addiko Bank's strategy, it is illicit for all Addiko Bank entities and colleagues working for or on behalf of Addiko Bank to provide, compensate, give, promise or authorise the payment of

any money or of anything of value, directly or indirectly, to any foreign government official or employee, foreign political party or candidate thereof for the purpose of obtaining or retaining business or to secure an improper advantage (direct and indirect).

Addiko Bank requires that all third-party agreements include a provision to comply with applicable anti-corruption laws. In 2020, Addiko Bank did not discover or record any incident of corruption.

1.6.4. Whistleblowing

Addiko Bank is committed to supporting a culture in which all employees are encouraged to raise concerns about unacceptable practices and misconduct, and has therefore implemented a whistleblowing process - as an early warning system - that enables employees to raise concerns about potential risks related to serious wrongdoing (including unethical, illegal, corrupt or other inappropriate conduct) via various channels such as e-mail, post, Intranet, Internet, etc.

“Whistleblowers” will not suffer any disadvantage as a consequence of their whistleblowing undertakings. Addiko Bank strictly forbids retaliation against anyone who reports a possible infringement in good faith, no matter who is included in their report.

Reports are always handled in a strictly confidential manner, analysed thoroughly, and managed with due care.

1.6.5. Transparency

Addiko Bank’s standard business model is to communicate in an impartial, clear, open, transparent and non-deceptive way that contributes essential, adequate and timely information for its clients and other stakeholders.

Hence, Addiko Bank is committed to complete, unbiased, accurate, timely and reasonable disclosure in public reports and documents that each entity of Addiko Bank presents or provides to the regulatory authorities, employees, clients, business partners, stakeholders and the public altogether.

1.6.6. Conflict of Interest

In line with the Addiko Bank Code of Business Conduct and Ethics, Compliance and Conflict of Interest Policy, respective guidelines and applicable legal stipulations, Addiko Bank is able to identify potential or actual conflicts of interest and manage them appropriately.

Addiko Bank’s employees are expected to manage their relationships with each other, within Addiko Bank and outside of Addiko Bank with impartiality and honesty in order to commit to the highest level of integrity.

Employees must not use their positions for personal advantage. As a general rule, all employees must keep away from and disclose ethical, legal, financial, or other conflicts of interest involving Addiko Bank and/or its clients and/or third parties and exclude themselves from a position of decision-making authority with respect to any conflict situation involving Addiko Bank. Special rules have been defined within the respective rules of procedure for Management and Supervisory Board members.

1.6.7. Compliance Management

Addiko Bank aims to utilise its compliance management system in order to:

- a) Foster and reinforce conduct per compliance requirements;
- b) Minimise and eliminate compliance violations;
- c) Identify risks for potential violations;
- d) Implement preventive measures;
- e) Uncover, remedy and proactively eliminate any occurrence of any compliance violations committed by individuals acting without authorisation and in breach of clear rules; and
- f) Achieve continuous improvement of its compliance management system.

The Chief Compliance Officer oversees compliance activities and reports directly to the Management and Supervisory Boards in this capacity. The central compliance department coordinates compliance activities throughout the Group.

A local Compliance Officer has also been appointed for each country Addiko Bank is present in. This person serves as a local point of contact for employees in all questions regarding legally and ethically correct conduct in business situations.

1.6.8. Training

Addiko Bank systematically conducts training courses on compliance. Once the areas of emphasis have been specified, specialists define target groups for each course content category and determine which employees require which type of training.

Addiko Bank expressly encourages its employees to openly address any doubts about proper conduct in business situations, to solicit advice and informs all employees about who they can contact if they have any doubts or questions.

1.6.9. Customer Privacy

Data protection is an issue of increasing social significance, particularly since the GDPR entered into force on 25 May 2018. GDPR strengthened the rights of data subjects, imposed new requirements on data controllers and data processors when managing and handling personal data, and increased expectations of clients, employees and regulators.

As Addiko Bank's business involves the processing of personal data, protecting such data is of utmost importance.

Within Addiko Bank, a data protection implementation project was performed in order to align the existing data processing activities with the GDPR requirements and to amend existing vendor contracts to take GDPR requirements into account.

Addiko Bank has established a data protection compliance management system, which, inter alia, sets forth policies and processes as well as technical and organisational measures. This group-wide data protection compliance framework also applies to the Addiko Bank entities established in non-EU countries, which have to comply with GDPR standards unless mandatory local data protection and privacy laws require otherwise. All Addiko Bank entities run individual data processing inventories and have implemented standard processes for dealing with requests when data subjects exercise their rights (e.g. access, erasure, objection).

Education and training about data protection requirements play a key role in ensuring effective data protection within Addiko Bank. All employees are regularly trained on the implications of data protection via an online tool (eLearning programme) in relation to data protection compliance. In addition, data protection impact assessments are carried out for the most critical systems. Addiko Bank uses multi-party data protection agreements (in line with the requirements set out in Art 28 GDPR) when a vendor or a third party provides a service to at least two affiliates of Addiko Bank. Therefore, compliance with data protection requirements is ensured and oversight enabled.

Each Addiko Bank entity has appointed a Data Protection Officer (DPO) within a specialised, independent role, who reports directly to the respective Management Board. In addition, a group DPO coordinates data protection tasks in relation to the entire Addiko Bank. This ensures proper direct and indirect reporting lines as well as regular exchange on data protection topics within the entire Addiko Bank.

Addiko Bank has applied for the approval of binding corporate rules to facilitate intra-group transfers from its entities within the EU to those outside. Addiko Bank has implemented various reporting and escalation processes to ensure that potential data breaches can be assessed and dealt with in a timely manner. No data breaches of systemic relevance were observed in 2020.

1.6.10. Information Security

Addiko Bank has established a state-of-the-art information security framework that adequately protects information assets and associated technologies, applications, systems, and processes in the digital ecosystem Addiko Bank operates in.

Addiko Bank applies high standards in its IT infrastructure and has developed and implemented comprehensive information security management.

Furthermore, to underpin the importance of information security, Addiko Bank has information security policies, standards and manuals in place alongside its annual training of employees on this topic.

Moreover, Addiko Bank has introduced countermeasures to guarantee the protection of data from a technical perspective.

Addiko Bank performs vulnerability scans on a monthly basis and penetration tests on both an annual and ad hoc basis. Finally, weekly meetings with its major IT partners are held to remain informed of any possible problems or security breaches.

1.7. Environmental Matters

Acting in an environmentally responsible way is both the responsibility and legal duty of each and every person and organisation. Although a direct impact of banks on the environment may be regarded as rather limited and not as significant as in other industries, Addiko Bank recognises its responsibility in preserving the environment. Addiko Bank addresses environmental matters and is committed to reducing its own consumption of natural resources, mainly in terms of electricity and heating as well as fuel and paper consumption.

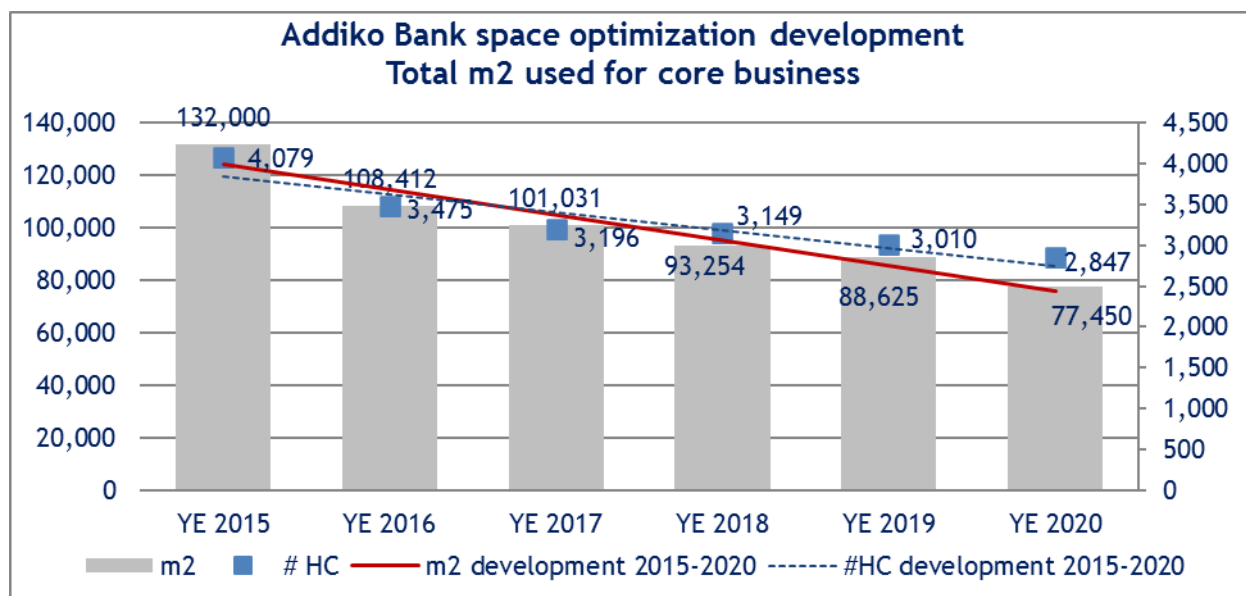
Protection of the environment is an important part of Addiko Bank's strategy, which aims to achieve sustainable improvement of living and working environment conditions. In 2020, there were no cases of non-compliance with environmental regulations.

Addiko Bank's current activities in connection with environmental issues are explored in the following sub-chapters.

1.7.1. Space Optimisation

One of Addiko Bank's long-term measures is a group-wide space optimisation initiative aiming to reduce the space used for Addiko Bank's core business. Addiko Bank follows an open-plan concept in all of its head offices in the CSEE region, as well as in back offices. Furthermore, due to Addiko Bank's switch to modern sales concepts, such as the Addiko Bank Express Bank and the aforementioned Addiko Bank Virtual Branch Offices, the sales floor is being continuously reduced. Such an approach is effective in terms of the usage of heating and cooling systems and shows positive ecological effects resulting from less electricity and water consumption. Due to the current Covid-19 pandemic, this positive development was enhanced even further. At the Addiko Bank headquarters, many workplaces and even complete office floors have been replaced by home office and flexible working concepts. These efforts have resulted in a 41% reduction in office space over the past 5 years with a further positive outlook for 2021.

Space Optimisation



1.7.2. Energy Saving

Addiko Bank continues to promote the reduction of energy consumption. Installing light-emitting diode (LED) lighting as an energy saving solution is standard for the entire Addiko Bank network. The latest achievement was the modernisation of the headquarters in Banja Luka with a complete renovation of the lighting to the newest LED technology. Purchasing high quality products does not only lead to a reduction in energy consumption, but also guarantees that the manufacturing is in line with the ISO 9001 standard and the product quality is therefore stable. This is important, as fewer technical services are needed, which results in the consequential saving of fuel and production resources. In the procurement of electricity, Addiko Bank places an increasing emphasis upon purchasing renewable energy. Improvements have already been made at the Addiko Banks in Slovenia and Serbia, where 8-10% of electricity comes from renewable "green" sources.

Since Addiko Bank has launched an initiative to save energy and natural resources, awareness of the importance of rational use and saving resources is at a high level in all entities. Regardless of the continuous efforts made over the past few years, the consumption of power and fuel recorded for 2020 does not represent real consumption in normal circumstances due to Covid-19. Work from home and travel limitations are reflected in the numbers for 2020.

Electricity consumption in kWh

Electricity consumption in kWh

	ABC	ABS	ABSA	ABBL	ABSE	ABM	Total in kWh
YE 2020	4,086,630	1,163,256	2,224,195	1,275,475	1,882,841	472,369	11,104,766
YE 2019	4,799,147	1,230,660	2,798,407	1,477,480	2,189,360	511,290	13,006,344

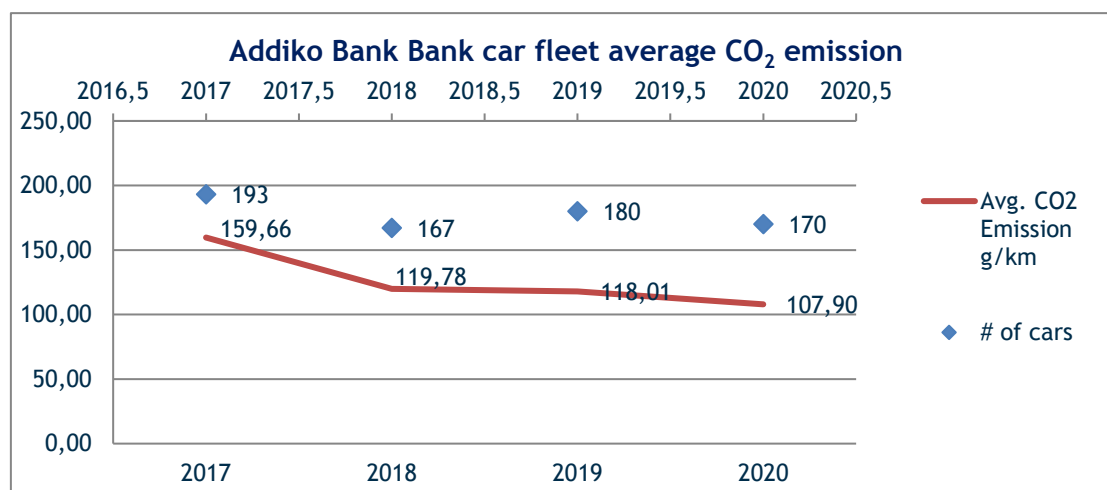
Fuel in lit

	ABC	ABS	ABSA	ABBL	ABSE	ABM	Total lit
YE 2020	59,150	21,000	23,700	20,847	26,806	2,941	154,444
YE 2019	102,493	48,000	41,561	40,634	39,675	5,224	277,587

1.7.3. Reduction of CO₂ emissions

With the renewal of Addiko Bank's carpool to a newer generation of vehicles every 4 years and a constant reduction in the numbers of vehicles, Addiko Bank continues to reduce its vehicle fleet's CO₂ emissions (g/km). CO₂ emissions have dropped 4 years in a row by a total of 32% to a weighted average CO₂ emission of 107.90 g/km in 2020, as shown in the table below.

Reduction of CO₂ Emissions (rounded)



Conscious fuel consumption is promoted throughout Addiko Bank. Nevertheless, a reduction of CO₂ emissions could be further driven by the replacement of fossil fuel-powered company cars with hybrid or e-cars. The acquisition of such hybrid and e-cars will be examined in Addiko Bank's mobility strategy for 2021.

1.7.4. Travel Management

The best way to reduce CO₂ emissions on business trips is to generally avoid them or keep such trips limited. Addiko Bank has therefore implemented a sophisticated video conferencing system in all of its entities and encourages its employees to use video calls as alternatives to holding onsite business meetings whenever possible. For unavoidable business trips, however, Addiko Bank has introduced travel guidelines in order to keep the number as low as possible. In order to avoid commutes at the business trip destination, Addiko Bank provides its employees with a list of recommended hotels, which can be booked at special rates and are in close proximity to regular meeting locations.

1.7.5. Document Management System

Addiko Bank is engaged in the continuous improvement of its internal procedures in order to be more efficient and to save resources (especially paper) wherever possible. While some organisational units are legally required to use paper, other documents are fully digitalised as result of previous years' initiatives to optimise Addiko Bank's document management.

1.7.6. Effects of Digital Banking

Besides the obvious benefits for the customer, Addiko Bank's promotion of digital banking services such as e-banking, m-banking and fully digitalised loan processing, also leads to positive environmental impacts in the form of a reduction in printing and paper (e.g. less payment and deposit slips and other documents, less toner consumption, etc.).

1.7.7. Paper Reduction and Sustainable Printing

Optimised printing management does not only save paper. It also has a substantial influence on waste in connection with toners and energy consumption. Addiko Bank uses common, multifunctional large-scale printers, classified as energy efficiency category "A". The default printer settings are set to print in duplex mode and in black and white.

1.7.8. General Awareness Raising

Addiko Bank shall continue to improve its environmental footprint. Group-wide environmental protection campaigns are carried out to encourage more efficient usage of company resources (for example, use of company cars, conscious use of electricity, electronic documents instead of paper print, etc.).

Vienna, 23.02.2021

Addiko Bank AG

MANAGEMENT BOARD

Csongor Bulcsu Németh m.p.
(Chairman)

Markus Krause m.p.

Ganesh Krishnamoorthi m.p.

2. GRI Content Index

GRI subject	GRI disclosure number and title	Reference to Consolidated Non-Financial Report	Comment and References
GRI 201 - Economic performance			
GRI 201 - Economic performance	201-1 Direct economic value generated and distributed	n/a	Addiko Bank AG's Annual Financial Report for 2020.
Material topic: Anti-corruption and compliance (GRI 205 Anti-corruption)			
GRI 205 - Anti-Corruption	205-3 Confirmed incidents of corruption and actions taken	Page 21	No incidents of corruption were identified.
Material topic: Responsible criteria in the supply chain and ecological impacts of banking operations (GRI 302 Energy and GRI 305 Emissions)			
GRI 302 Energy	302-1 Energy consumption within the organisation	Page 24	Total electricity consumption was 11,021,925 kWh and total fuel was LIT 147,638.
	302-4 Reduction of energy consumption	Page 24	Electricity consumption has been reduced by kWh 1,995,059 kWh /15.3%, and fuel for LIT by 130,274 / 46.8%.
GRI 305 Emissions	305-1 Direct GHG emissions	Page 25	Addiko Group does not measure emissions in metric tonnes of CO ₂ . Addiko Group has an average CO ₂ emission of 107.90 g/km concerning its car fleet.
Material topic: Environmental Compliance (GRI 307)			
GRI 307 Environmental Compliance	307-1 Non-Compliance with environmental laws and regulations	Page 23	Addiko Bank has no cases of non-compliance with environmental regulations.
Material topic: Diversity and equal opportunity (GRI 401 Employment)			
GRI 401 Employment	401-1 New employee hires and employee turnover	Page 15,16	The new employee hires in 2020 decreased to 290, compared to 408 in 2019. At the same time, the number of leavers also decreased from 547 in 2019 to 453 in 2020, and the turnover rate decreased from 17.5% in 2019 to 15.6% in 2020.
	401-3 Parental leave	Page 15	In total, 239 employees (230 female & 9 male employees) were on parental leave during 2020. In 2019, the total number was 265, of whom 245 were female and 20 were male employees. The total number of non-attendance hours was 260,238 in 2020, compared to 305,814 hours in 2019.
Material topic: Employee health & work-life balance (GRI 403 Occupational Health and Safety)			
GRI 403 Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	Page 16,17	Out of 3.2% of sick leave absences in 2020, only 0.07% were related to accidents at work. In 2020, this was a total of 10 employees (9 female and 1 male), with a total number of non-attendance hours of 3,848.

Material topic: Diversity and equal opportunity (GRI 404 Training and Education)			
GRI 404 Training and Education	404-1 Average hours of training per year per employee	Page 18	Due to the Covid-19 pandemic, the number of training hours per employee decreased to 22 in 2020 (compared to 2019 when it was 30).
GRI 404 Training and Education	404-3 Percentage of employees receiving regular performance and career development reviews	Page 18	The performance management system at Addiko Bank is recognised as a key process for all employees and only those who work for less than 3 months may go without a performance or career review. 98% of employees received regular performance or career reviews in 2020.
Material topic: Diversity and equal opportunity (GRI 405 Diversity and Equal Opportunity)			
GRI 405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Page 17	In 2020, all Addiko Bank entities implemented the Group Diversity and Inclusion Policy and endorsed the Group Gender Diversity targets confirming its commitment to establishing a diverse and inclusive workforce. As a result, in 2020, of 15 newly appointed Supervisory Board members, one third (5) were female.
Material topic: Diversity and equal opportunity (GRI 406 Non-Discrimination)			
GRI 406 Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	Page 17	No incidents of discriminations were identified.
GRI 418 - Customer Privacy			
GRI 418 - Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 22	Addiko Bank has implemented various reporting and escalation processes to ensure that potential data breaches can be assessed and dealt with in a timely manner. No data breaches of systemic relevance were observed in 2020.

3. Glossary

Addiko Bank	Addiko Bank Group
ABH	Addiko Bank AG, Austria
ABC	Addiko Bank d.d., Croatia
ABG	Addiko Bank Group
ABS	Addiko Bank d.d., Slovenia
ABSA	Addiko Bank d.d., Bosnia & Herzegovina (Sarajevo)
ABBL	Addiko Bank a.d., Bosnia & Herzegovina (Banja Luka)
ABSE	Addiko Bank a.d., Serbia
ABM	Addiko Bank a.d., Montenegro
ARZ	ARZ Allgemeines Rechenzentrum GmbH
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
CRBO	Chief Retail Banking Officer
CO2	Carbon Dioxide
CSEE	Central and South-Eastern Europe
CSR	Corporate Social Responsibility
DPO	Data Protection Officer
DXC	DXC Technology
EBA	European Banking Authority
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
EU	European Union
etc.	et cetera
GDPR	General Data Protection Regulation
HC	Headcount
HR	Human Resources
ICERTIAS	International Certification Association
ISO 9001	The international standard that specifies requirements for a quality management system
KPI	Key Performance Indicator/s
LED	Light-Emitting Diode
Large Corporates	The segment Large Corporates includes legal entities and entrepreneurs with annual gross revenues of more than EUR 40mn
LGBTIQ	Lesbian, Gay, Bisexual, Transgender, Intersex and Queer
NGO	Non-Governmental Organisation/s
NORBS	National organisation for rare diseases
oGA	Ordinary General Assembly
PI	Private Individual
PPI	Payment Protect Insurance
Consumer (PI/Micro)	Consumer includes the following categories: (i) PI, private individuals, who do not represent a group, company, or organisation and (ii) Micro, Includes private entrepreneurs and profit-oriented entities with annual gross revenues of less than EUR 0.5 million
SME	Small and Medium-Sized Enterprises
UNICEF	United Nations International Children's Emergency Fund
YE	Year End

4. Imprint

Owner and publisher:

Addiko Bank AG

Headquarters:

Wipplingerstraße 34/4. OG, 1010 Vienna, Austria

Management Board:

Csongor Bulscu Németh (CEO), Markus Krause (CFO and CRO) and Ganesh Krishnamoorthi (CRBO/IT/Dig.)

Addiko Bank AG Shareholders:

- DDM INVEST III AG (Switzerland) - Switzerland (9.90%)
- European Bank for Reconstruction and Development (EBRD) - UK (8.40%)
- Wellington Management Group LLP - USA (7.18%)
- Dr. Jelitzka + Partner Gesellschaft für Immobilienberatung und -verwertung GmbH - Austria (6.99%)
- WINEGG Realitäten GmbH - Austria (6.84%)
- MW Funds PTE.LTD - Singapore (5.00%)
- Brandes Investment Partners, L.P. - USA (4.07%)
- Management Board & Supervisory Board (0.55%)
- Other Shareholders (51.06%)

Responsible for content:

Governance and Board Affairs