



**Raiffeisen
BANK**



2022

Sustainability report

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Introduction letter from the Chairwoman of the Supervisory Board



Dear readers,

The year behind us was marked by strong inflationary pressures, considerable increases in key interest rates and highly unstable market environment. Therefore, the financial year 2022 was also especially challenging for RBA. Despite the numerous trials, in the business year 2022 RBA continued to follow its strategic goal to orient business activities to a sustainable and inclusive future. In these changing times, it is clear to us that we need to set the foundations for the future. RBA is aware of its commitment to social responsibility, not only in generating economic value, but also as a part of a holistic approach to its activities, always taking into consideration their respective environmental and social component.

The beginning of the war in Ukraine in February 2022 marked a geopolitical and macroeconomic turning point with huge implications for the global economy and everyone living in Europe. This resulted in significant effects, not only on the money and capital markets, but also on the movement of goods and economic activity, supply chains and especially energy supply.

The RBA Supervisory Board pays great attention to such activities and plays an active role in their monitoring and support. Banks bear considerable responsibility in the transition to a more sustainable climate-friendly economy. They can mitigate dramatic impacts of climate changes by advising their clients and buyers, by restructuring their portfolios and taking into consideration actions on mitigation and adaptation to climate change when facilitating financing.

As the president of the Supervisory Board, I wish to ensure that our bank continues to follow its dedication to sustainability. An integral aspect of the bank's business strategy is reduction of the CO₂ emission from its own business operations – especially through corporate financing and internal ecology. These targets are in compliance with the Paris Agreement and the reductions required therein so that global warming would be restricted to below 2°C. In this way, to its clients and buyers, RBA not only provides expertise and support in their green transition, but also resumes responsibility for the CO₂ emissions related to its own business activities.

In addition to monitoring the business development, providing support in the process of creating the non-financial statement of our bank is one of the most important management tasks of the Supervisory Board in the role of one of the highest management authorities of RBA. This report provides a transparent presentation of our focus areas, actions taken and key ESG information from the year 2022, including the latest ESG results, impact analyses regarding the economy, society and environment, as well as the positive practices by which we strive to set an example as a socially responsible organization in the market in which we operate.

The report also includes detailed information on the activities in the area of diversity and inclusion, human rights in general, and the specific examples of the involved effort for sustainable social development. In the name of the Supervisory Board, I would like to thank all our employees for their exceptional work throughout the challenging year and express full support to their strong commitment to strengthen RBA in its future role of the responsible banker.

Sabine Zucker

President of the Supervisory Board

Introduction letter from the Chairwoman of the Management Board

Dear readers,

The report that we are sharing with you represents the foundation of our work in all areas of sustainability, and we are publishing it individually and independently from the RBI Group for the first time.

We rounded off the year with the successfully completed comprehensive Euro project, to which our focus was directed for the total of the 365 days, and we were further dedicated to development of new technologies and innovations that are essential for fortifying our market position and enable us to extend the best possible service to our customers.

The issue of sustainability within business is one of our strategic goals which we will continue to build in the year 2023. We wish that **sustainability becomes a filter through which we pass every business and strategic decision**. Therefore, our sustainability strategy is based on three key areas: (1) responsible banker, (2) committed partner and (3) engaged organization.

The area of **responsible banker** is based on customer data protection by adequate risk management processes and responsible financing. By sustainable financial products and services, we further support our customers in their transition towards a more sustainable business.

The second area, or **committed partner**, concerns promoting diversity and inclusion within our organization. We are proud to be a bank where 69% of management consists of women, and the Management Board has an equal number of women and men. We have been the holder of the Employer Partner Certificate since 2015, and we renew it successfully year after year. We also received Adria's Best Employer Brand award in 2021 for the best employee experience related to the hybrid way of working.

Through the third area of **engaged organization**, we are working on environment protection, primarily by reducing the carbon footprint. We set the target at reducing the CO₂ emissions by 30% until the year 2030. Further, we hold regular internal trainings and green initiatives aimed at efficient use of resources like water, paper and electricity.

We believe in the direction that we have set out on, as is confirmed also by the last year results, which were achieved in the conditions of marked inflationary pressures and increased geopolitical tensions. Our bank's profit after taxes was at 279 million kuna, and on the level of the local Group, profit was 337 million kuna.

In the year 2023 we will prepare also a comprehensive ESG strategy to present our key goals in the area of sustainability in the following 5 years. Only together can we contribute to the betterment of the community and the environment. Therefore, I am grateful to all employees on their dedicated work and faith in our vision of a more sustainable future.

On a personal level, my approach is the following: I work for the betterment of the community and the preservation of the environment for the future of my own child and for the generations to come. I am happy to be at the helm of an institution that has a strong social role and the ability to influence more sustainable trends in the economy.

Liana Keserić

President of the Management Board



1.



Who
are we?

Raiffeisenbank Austria d.d. (RBA) started operating in 1994, and was the first bank in Croatia founded with foreign capital. GRI 2-1

RBA is part of a strong international financial group, and is fully owned by Raiffeisen Bank International AG from Vienna.

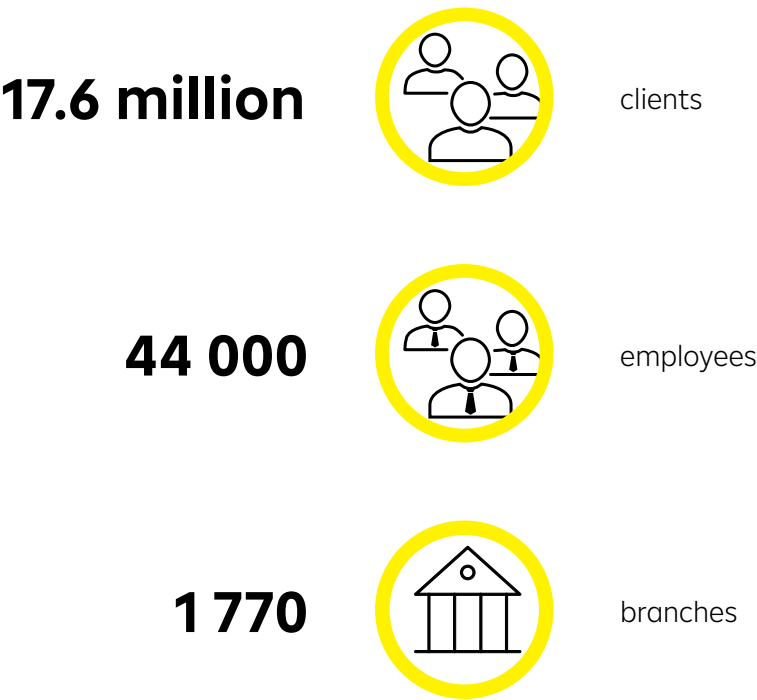
Raiffeisen Bank International AG (RBI) is part of the Raiffeisen Banking Group Austria (RBG), which is the largest and most powerful banking group in that country in terms of total assets. RBG accounts for about a quarter of the Austrian banking market. Raiffeisen Bank International AG (RBI) views as its home market not only Austria, where it is the leading institution for corporate and investment banking, but also Central and Eastern Europe (CEE). In that region, its subsidiary banks cover 12 markets. In addition, the Group also includes numerous providers of other financial services, for example in the areas of leasing, asset management, as well as mergers and acquisitions of companies.

Overall, 17.6 million clients are serviced by around 44,000 employees in a network of approximately 1,770 branches, most of which are located in Central and Eastern Europe. Since 2005, RBI shares have been listed on the Vienna Stock Exchange.

RBA offers its clients a complete range of banking and other financial services through members of the Raiffeisen Group in Croatia, which together with the Bank include Raiffeisen Leasing, Raiffeisen Mandatory and Voluntary Pension Funds Management Company (RMF), Raiffeisen Pension Insurance Company (RMOD) and Raiffeisen Consulting. RBA Group is the only one in Croatia that has a comprehensive offer of pension companies - funds in Pillars II and III, and a pension insurance company. GRI 2-2

RBA operates in a network of 62 branches in 36 Croatian cities.

RAIFFEISEN BANK INTERNATIONAL:



Raiffeisen Group in Croatia (RBA Group)

Raiffeisen Leasing

Raiffeisen Leasing d.o.o. was founded in 1999 and, as part of the RBA Group, continuously develops an approachable and professional relationship with clients. With its experience and knowledge, the business team of Raiffeisen Leasing successfully structures financing transactions for investment equipment, personal and commercial vehicles, rental car fleets, vessels, printing, medical, dental and other equipment through financial and operational leasing, according to the individual requirements of clients. Leasing can be realised at the head office in Zagreb, and branches in all major cities in Croatia. www.raiffeisen-leasing.hr

Raiffeisen Mandatory and Voluntary Pension Funds Management Company (RMF)

Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d. manages mandatory and voluntary pension funds. With an integrated approach to pension fund management, the company strengthens the quality and efficiency of portfolio management, and greatly contributes to the strengthening of awareness of the meaning, advantages and need of both mandatory and voluntary pension savings. RMF manages three mandatory pension funds and five voluntary pension funds, namely one open voluntary pension fund and four closed voluntary pension funds. Among the sponsors of closed voluntary pension funds are one of the largest Croatian groups, and trade unions.

In every business segment, RMF complies with the highest standards based on quality, professionalism and focus on each member, thanks to expert and experienced employees with many years of work experience and excellent results. The main goal of the Company's operations is to achieve an appropriate return in relation to the risk assumed by investing members' funds, and to increase the value of members' assets, in order to ensure the payment of adequate pensions for more than 625 thousand members of mandatory and 104 thousand members of voluntary funds. RMF has won numerous awards and recognitions for quality, and we single out the 2020 Zagreb Stock Exchange Academy Award for the Raiffeisen Future Boost project for its exceptional contribution to capital market education.

Raiffeisen Pension Insurance Company (RMOD)

Raiffeisen Pension Insurance Company was founded in 2002 and offers pension payments from mandatory and voluntary pension insurance, as well as pension payments based on one-time contributions paid by individuals. Almost 40,000 former and current pension beneficiaries are a guarantee of the seriousness and professionalism with which RMOD performs the final function of pension payment in the implementation of the pension reform in the Republic of Croatia. www.rmod.hr

Raiffeisen Consulting

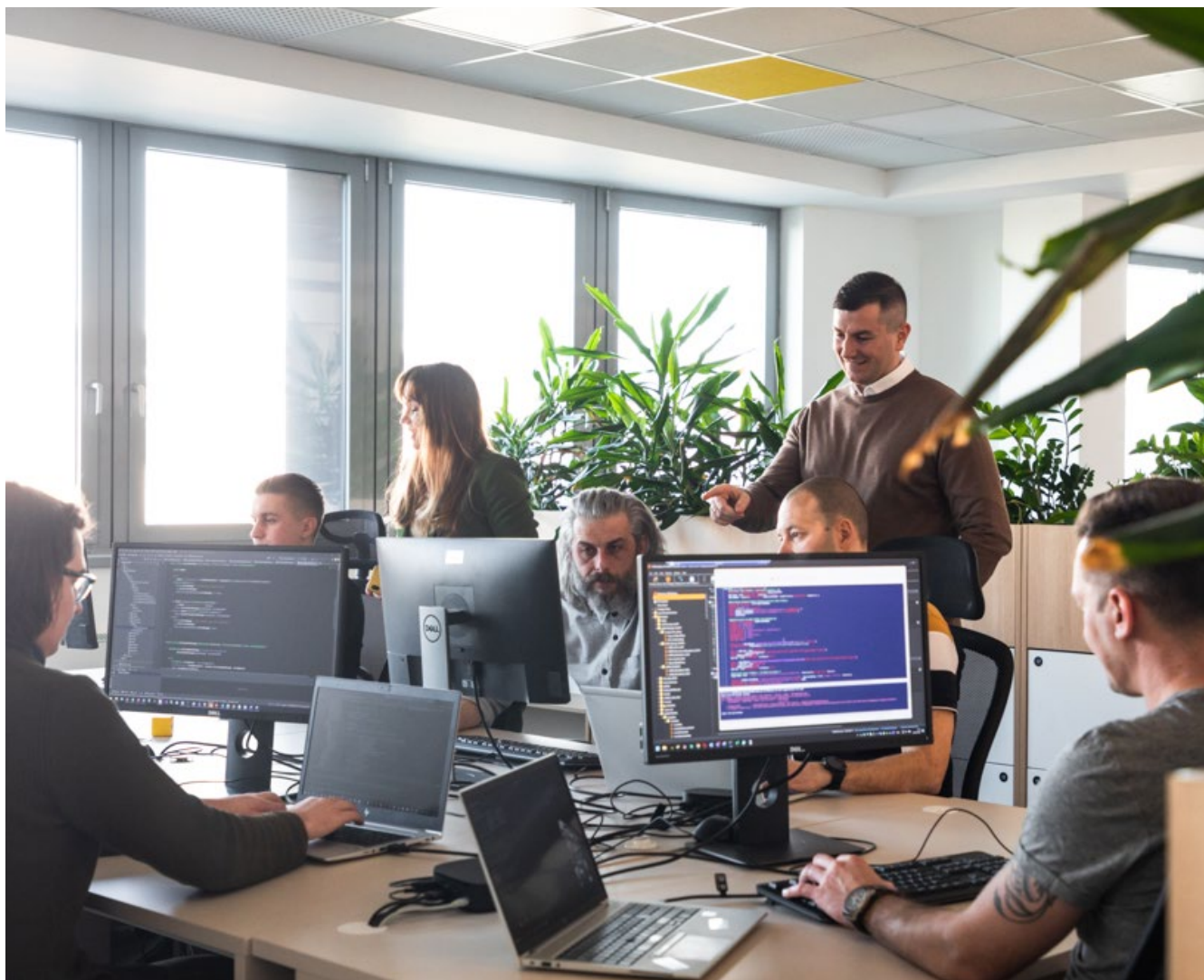
Raiffeisen Consulting deals with real estate-related business - appraisals, mediation in sales and consulting in construction. It is not included in the Sustainability Report.

GRI 2-2

Associate member of the Raiffeisen Group in Croatia

UNIQA

UNIQA osiguranje d.d. is part of the UNIQA Group, one of the leading insurance groups in Austria and Central and Eastern Europe. UNIQA has been operating in Croatia for 18 years, during which it has recorded constant growth. The company is reinsured through the UNIQA Group with top global reinsurers: Munich Re, Swiss Re, Hannover Re, SCOR and AXA. UNIQA employs over 500 employees who are available every day for more than 500,000 clients in over 60 sales offices. www.uniqa.hr



2.



Sustainability
management and
business responsibility

Materiality and stakeholders

GRI 3-1

Material topics

Materiality principles are embedded in our strategic approach to managing environmental, social and governance factors. We made an assessment of material areas and topics based on the guidelines of the Global Reporting Initiative (GRI) standards. In the determination process, our approach was to observe the impacts of our group using the so-called "inside-out" approach. In several stages, we checked the areas of our impact on the environment and society, as well as in the domain of management and economy. Following the analysis, we created the materiality of the impact.

Identification of topics and the prioritisation process

When choosing material topics, we took into account the internationally recognised GRI sustainability criteria and standards, as well as other international conventions and regulations. Given that this is our first independent sustainability report, in the first step of the process we used the framework of our international RBI Group, and then examined existing practices in the RBA Group in Croatia. We also took into account all available research and market analysis of the financial industry in Croatia, as well as existing economic and social trends. In determining the framework, we also applied the criteria contained in the UN Global Compact initiative and the UN Principles for Responsible Banking - UNEP FI. Based on the collected and analysed data, we created the first framework of material areas that are located within the strategic areas of our group: responsible banker, dedicated partner and engaged citizen.

After researching the context, we conducted an internal process of determining material topics and examining positive and negative impacts in strategic areas. The internal process included an initial workshop with the RBA Board, and continued in three interactive workshops with management teams and experts in charge of integrating sustainability into business and reporting on sustainability. About 40 managers and experts from all sectors of RBA and subsidiary companies participated in each workshop. The workshops included thematic units of materiality, assessment of the importance of material topics in individual sector areas, assessments of positive and negative impacts within material areas, and assessments of which stakeholders are exposed to particular impacts. Based on the analysis of the results of the workshops, we created a tentative list of material topics that we used in the process of determining materiality and impact in specially created questionnaires for internal and external stakeholders. We have carried out the involvement of stakeholders using the online method. 70 external stakeholders from groups that we identified as key ones took part in the survey: users and clients, owners, investors, suppliers, financial institutions, sovereign bodies, local and regional self-governments, interest and professional associations, academic and scientific institutions, and trade unions. Although users and clients were the most numerous in this research, the diversity of the involved groups of stakeholders was important because it gave us a broader insight into how our business was perceived externally.

GRI 3-1

Compared to internal assessments, external stakeholders almost always rate sustainability issues as more important. That is why it is necessary to pay special attention to which priorities the stakeholders have assessed them. Expert representatives of 20 key sectors and subsidiary companies, and 278 employees participated in the research. After the survey, we included several expert stakeholders through individual interviews, that is, representatives of the academic and scientific community, professional and interest associations, trade unions, civil society, the media, and corporate clients.

Taking into account the opinions of the expert group, internal and external stakeholders, we created a ranking of material topics. At the end, we compared the material topics and associated impacts, together with the descriptions of individual aspects, with the GRI indicators and determined whether all the necessary data for publication according to the mandatory and selected indicators is available.

GRI 3-2

The table below shows material topics classified according to priority segment and with associated descriptions.

Material topic	Subtopic
High priority topics	Security, privacy and data protection Security in financial business Client data protection Criminal activities threat prevention
	Anti-corruption and prevention of money laundering Ethical business Corruption risks prevention Anti-corruption training Strict monitoring and complaints mechanisms
	Compliance Compliance with laws and regulations Regulations and trends monitoring
	Operating conditions Salaries and benefits Financial and non-financial benefits Work spaces and work equipment Working methods and modalities
Medium priority topics	Health, safety, well-being Care for the health of employees Occupational safety and health Work-life balance Mental health Staff benefits
	Corporate governance and reporting Responsible corporate governance Diversity of governance bodies Transparent reporting
	Risk management Responsible approach to risks and impacts Inclusion of esg risks in risk management
	Development and education Investing in employee development Selection of relevant training Career opportunities Talent development
	Culture and values Diversity, inclusion and equal opportunities Promoting human rights Prohibition of discrimination and supervision Pleasant work environment
	Sustainable financing EU taxonomy-based funding Favourable financing conditions for green projects Green bonds
Lower priority topics	Responsibility in the supply chain Responsible relationships with suppliers Managing impacts in the supply chain ESG assessments of suppliers
	Internal ecology Environmental impacts data collection Reduction of own influences Energy efficiency Waste management
	Financial inclusion and literacy Clients awareness raising about the responsible use of products and services Information about the dangers of online banking Transparent descriptions of products and services
	Value-added products Products and services with environmental added value Products and services with social added value
	Community involvement and social responsibility projects Donations and investments in the community Partnerships with associations Volunteering

Assessments of the importance of material topics and management

GRI 3-3

Opinions about the importance of certain material topics differ somewhat in the assessments of internal and external stakeholders and company employees, because all these groups have different insights into business, their own priorities and values according to which they assess the importance, and different types of concerns regarding real or potential negative impacts as well as different types of impact assessments of positive impacts. Considering the nature of the financial industry, it is understandable that the topics on which the quality of relations with clients and employees depends are chosen as the highest priority topics.

In the evaluations of the importance of the topics themselves, there were no big differences between the three groups of priorities, so in the sustainability reporting we decided to include and describe the impacts of all the mentioned material topics. We asked stakeholders to give us their assessments of how successfully RBA Group manages its material topics. Given the high proportion of stakeholders who did not know how to assess the success of RBA Group's management of material topics, we can conclude that the stakeholders still do not have enough necessary information, which indicates they need more intensive communication about the impacts relating to sustainability. According to stakeholders' assessments, RBA Group most successfully manages the topics of Security, Privacy and Data Protection, as well as Financial Inclusion (Financial Literacy and Availability of Products and Services). Topics in which the possibility of progress is recognised are Development and Training and Value-Added Products (social and environmental).

In individual interviews, we collected interesting observations from the participating expert stakeholders. Here we highlight some of them:

On business operations:

"ESG is a new thing for everyone, it is clear that it is easiest to start it using financial leverage. Banks should act more strongly in terms of providing consultations and trainings. The Bank's role should first of all be to guide clients, explain that the financing conditions will depend on the company's green rating, and encourage them to include that aspect in the investments they undertake." (corporate client)

"ESG will influence the Bank's business policy because it needs to be incorporated into all aspects of business, i.e. product development and pricing processes." (academic and scientific community)

"RBA's greatest influences are found in products and services, i.e. the way RBA financially supports its clients. The RBA should communicate about important changes in products and services in a way that people can understand, and explain what the changes are and what they mean for them. We expect transparent communication about products and services." (civil sector)

"The key question will be how to use information from the EU Taxonomy to develop sustainability. In the initial phase, individual conversations with large companies will be useful. Banks should not create products before talking to large corporate clients." (expert-interest community)

On management:

"ESG should not be understood as a marketing concept with the aim of filling some table, but as real activities that support sustainable development. It is important that the compensation policy is modified over time and that ESG KPIs for managers are introduced and monitored." (academic and scientific community)

"In the financial sector, there is a need to strengthen the ethical approach and anti-corruption. It is the responsibility of the Bank's Management Board to set up the mechanisms and improve them. An assessment of the impact in the supply chain should be made. According to the list of important suppliers, their impacts should be checked and elimination should be done according to clear criteria." (expert-interest community)

"For communication with the media, more frequent shorter sustainability briefings would be useful. In this way, the media would constantly receive the information they need for their work, and on the other hand, they would become better acquainted with the activities of the RBA in the field of sustainability." (media)

On the working environment:

"The RBA has implemented the diversity policy, and I think it is advanced compared to other banks. An important topic for the future of gender equality is better talent management, promotion of women in internal competitions. One should invest in employee training on ESG" (professional-interest community)

"Care for the health of employees is handled well and with quality. There are certain situations, but they are promptly resolved even before the trade union intervenes. Problems in the field of occupational safety are also quickly resolved. In terms of training, RBA has a very high-quality selection of training that employees can choose from. A particularly important topic is the employment of people with disabilities, and at RBA this practice even exceeds that prescribed by documents. There is room for progress in equalizing the salaries of women and men." (union)

On social and environmental aspects:

"Environmental impacts of banks are not ephemeral. The banking sector is important for supporting sustainable projects" (expert-interest community)

"Banks should provide sufficient sources of financing for those that are more environmentally acceptable. We expect the RBA to respond to the needs of those companies that will engage in green projects." (corporate client)

"Financial literacy programs have limited reach. Banks have a responsibility to improve such activities." (media)

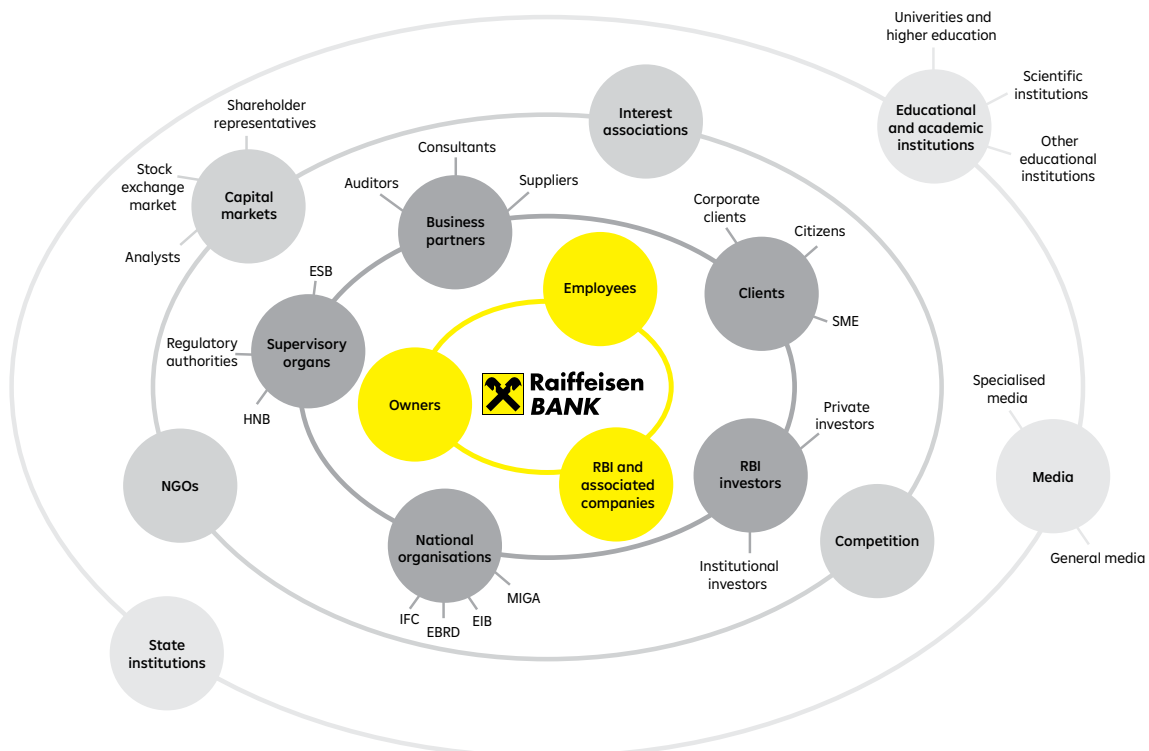
"Banks should not do "cheap tricks" such as replacing car fleets or saving printing paper. One should focus on green lending." (academic and scientific community)

GRI 2-29

Our stakeholders

The stakeholders of RBA Group are all individuals, groups and organisations that have a legitimate interest in the company in their business activities. Our stakeholders are employees, clients, owners, parent group and related companies as well as business partners. In addition to building relationships with us, our stakeholders also enter into mutual relationships. RBA Grupa is a dedicated business partner for whom dialogue and the building of honest relationships are important. We treat all stakeholders with respect, and in all relationships we take into account social responsibility.

The stakeholder of RBA Group in Croatia are:



Governance and compliance

In our business, we strive to maintain an atmosphere in which we create a sense of trust among our clients and employees, provide a high level of quality in the services and products we offer, develop a pleasant working environment, and at the same time remain highly competitive in our business. In order to achieve this, we strive to promote the key values of our bank: ethics in business, professionalism, management and avoidance of conflicts of interest, equality (regardless of gender, age, religion, and other characteristics), sustainability in business, and the work-life balance of our employees.

Governance Structure

GRI 2-9; GRI 2-10
GRI 2-11; GRI 2-15

The Bank's Statute, the Rules of Procedure of the Management Board and the Rules of Procedure of the Supervisory Board are the basic documents regulating the powers of the Bank's Management Board and Supervisory Board. The procedure for appointing, or electing and recalling members of the Management Board and the Supervisory Board is prescribed by the Companies Act, Credit Institutions Act, and by-laws such as the Decision on the Assessment of the Suitability of the Chairperson of the Management Board, Members of the Management Board, Members of the Supervisory Board and Key Function Holders in a Credit Institution, EBA Guidelines on the Assessment of the Suitability of Members of the Management Body and Key Function Holders, and the Bank's Statute. Credit Institutions Act, Companies Act and the rights and obligations detailed in the Bank's Statute, i.e. the Rules of Procedure of the relevant bodies prescribe the duties, responsibilities and powers of the members of the Management Board and the Supervisory Board. The Management Board meets at least once a week, and the Supervisory Board at least once a quarter, and more often as needed or at the request of any member of the Supervisory Board.

Management Board

In accordance with the relevant legal regulations, the Bank's Management Board consists of at least three members. They are appointed by the Supervisory Board for a maximum period of five years, subject to the prior approval of the Croatian National Bank/European Central Bank (ECB). The Supervisory Board can also appoint a larger number of Management Board members, up to seven at most. The composition, duties and responsibilities of the Management Board are determined by the following acts: Statute, Diversity Policy, Policy on the Conditions and Procedure for the Assessment of the Suitability of Members of the Management Body and Key Function Holders in the Bank, Rulebook on Organisational Structure, and Rules of Procedure of the Management Board.

Members of the Management Board must jointly have professional knowledge, skills and experience necessary for an independent and autonomous management of the Bank business. In particular, they must understand the Bank's operations and significant risks.

An individual member of the Management Board is considered suitable for the performance of the respective duties if that person has the characteristics and meets the prescribed conditions that ensure professional, legal, safe and stable performance of duties in their field of competence.

The Management Board is responsible for managing the business of the Bank, and each Board member is responsible for a specific number of operational and support functions. Each Board member has a scope of powers and duties which, in accordance with the law, the Bank's Statute, Rules of Procedure of the Management Board and other Bank's regulations, is assigned to him by special decision of the Supervisory Board. The duties and responsibilities of the members of the Management Board are personal, legal and statutory, as well as supervisory and directive in relation to the areas of executive responsibility of the managers of the first hierarchical level that are under their direct responsibility.

The Bank's Management Board runs Bank's business and manages its assets. In doing so, the Board obliged and authorised to take all actions and make all decisions it deems necessary for the successful management of the Bank.

Members of the Management Board have a full-time employment relationship with the Bank. The Supervisory Board decides on the revocation of the appointment of a member of the Management Board in accordance with the Companies Act and the Labour Act.

The Supervisory Board elects the Chairperson and the Deputy Chairperson of the Management Board from among the members of the Management Board. The Chairperson convenes, leads and presides over the sessions of the Management Board. The Deputy Chairperson has the authority of the Chairperson in case of inability or absence of the latter. A quorum consisting of the presence of more than half of its members is required for the decisions of the Management Board. Decisions are taken by a majority of the votes validly cast. In the event of a split vote, the Chairperson's vote is decisive.

MEMBERS OF THE RBA MANAGEMENT BOARD ON 31 DECEMBER 2022:

Liana Keserić, Chairperson of the Management Board
Georg Feldscher, Member of the Management Board
Višnja Božinović, Member of the Management Board
Ante Odak, Member of the Management Board

Supervisory Board

In accordance with the provisions of the Statute, the Bank's Supervisory Board has seven members, at least one of whom must be independent. The members of the Supervisory Board, with the prior consent of the Croatian National Bank, and from 2023 the European Central Bank, are elected by the Bank's General Assembly for a term of no longer than four years, with the possibility of re-appointment. At the time of writing this report, there were five of them. The General Assembly of the Bank may recall members of the Supervisory Board before the end of the current mandate for which they were elected, if legal or statutory reasons are met.

Members of the Bank's Supervisory Board must comply with the conditions for the exercise of the function of the member of the Supervisory Board laid down by the laws mentioned in this chapter, and by global rules defined at the RBI Group level and the Bank's internal regulations.

Members of the Supervisory Board must jointly have professional knowledge, skills and experience necessary for an independent and autonomous management of the Bank business, and for understanding operations and significant risks of the Bank.

An individual member of the Management Board is considered suitable for the performance of the respective duties if that person has the characteristics and meets the prescribed conditions that ensure professional, legal, safe and stable performance of duties in their field of competence. In this process, we are helped by the Fit and Proper procedure for assessing the suitability of the members of the Management Board, the Supervisory Board and the key function holders, as prescribed by the decision of the Croatian National Bank, that is, the European Central Bank.

The Supervisory Board has established the following committees: Audit Committee, Remuneration Committee, Appointment Committee and Risk Committee. The members of these committees are appointed from among the members of the Supervisory Board for a term within the existing term of the Supervisory Board members.

The scope and modes of work of the said committees is regulated in accordance with the relevant legal regulations.

MEMBERS OF THE RBA SUPERVISORY BOARD ON 31 DECEMBER 2022:

Sabine Zucker, Chairperson of the Supervisory Board
Peter Jacenko, Deputy Chairperson of the Supervisory Board
Herald Kreuzmair, Member of the Supervisory Board
Iryna Arzner, Member of the Supervisory Board
Hrvoje Markovinović, Independent Member of the Supervisory Board

Powers of supervisory and management bodies in the ESG business segment

Management Board is the highest decision-making body on strategies, policies and commitments related to environmental, social and governance (ESG) topics. Each member of the Management Board and each area under the competence of the Management Board must have set goals (KPIs). In addition, the Board's duty is to adopt a sustainability strategy and integrate sustainability initiatives into its operations. The Management Board is legally responsible for the preparation of the Sustainability Report and for signing it and submitting it to the Supervisory Board. The Supervisory Board's duty is to review the Sustainability Report and report on it at the annual General Assembly. The Subcommittees of the Supervisory Board, such as the Audit Committee and the Risk Management Committee, will be actively involved in sustainability topics. In 2022, the Risk Committee, as the Subcommittee of the Supervisory Board, was informed about the following ESG topics: establishment of ESG framework within credit risks; development, adoption and implementation of the ESG risk framework for corporate clients; development of ESG dedicated lending for Retail customers; and the development of a unique questionnaire for Corporate sector aimed at collecting key ESG data for the purposes of assigning ESG relevant ratings.

GRI 2-14

The Management Board and the Supervisory Board are also required to develop professional knowledge in the field of sustainability and to understand how ESG relates to the material risks, opportunities and effects of the company's sustainability. RBI offers members of supervisory and management bodies special training on ESG topics, as well as on climate and environmental risks.

GRI 2-18

We monitor the success of corporate governance by meeting the requirements of the Decision on the governance system and responsibility of the Supervisory Board, and by monitoring the functions of Compliance, Risk Control and Internal Audit, on the basis of which the necessary improvements in the governance are made. The issue of compliance with legal regulations is managed by the Compliance Department, but each organisational unit has an appointed "ambassador" who, at the level of that unit, monitors specific regulations that directly affect the operations of the unit under their jurisdiction, and which they coordinate with the Compliance Department. The Compliance Rulebook is a document that defines the management of this topic.

GRI 2-27

General Assembly

The main assembly of the Bank is made up by the bank's shareholders who exercise their rights through it. The General Assembly decides on issues determined by the Companies Act and the Bank's Statute. The General Assembly is convened by the Bank's Management Board, and each time at the request of the Supervisory Board, the Bank's Management Board or shareholders. This is done in accordance with the law, at least once a year, and where the interests of the Bank so require.

In addition to issues based on mandatory provisions of the law, the General Assembly has exclusive jurisdiction over the following issues:

- changes or amendments to the Statute;
- decisions on capital increase or decrease;
- appointment and revocation of the Supervisory Board members;
- giving discharge to the members of the Supervisory Board and the Management Board;
- decisions on compensation for members of the Supervisory Board;
- appointment and recall of the Bank's external auditors;
- decisions on restructuring or termination of the Bank.

The General Assembly can make a decision only if shareholders representing more than half of the company's share capital are present in person (or by proxy) (quorum). The right to vote at the General Assembly is based on the nominal amount of the shares, whereby each share in the nominal amount of HRK 1,000 gives the right to one vote.

GRI 2-9

Diversity Policy

As a member of the RBI Group, RBA applies the Group's diversity standards when selecting members of the Management Board and the Supervisory Board. These are prescribed by the Group policies on the structure, composition and receipts of the management bodies of RBI Group members and by the group policy on gender equality.

The RBA is particularly careful to continuously increase the number of women in management positions. For this reason, we carry out group promotion on the role of women in management bodies. In addition, we monitor and report on the representation of women in corporate governance processes. The standard of professional and age diversity is also represented in the assessment and selection of members of the Management Board and the Supervisory Board, as well as the evaluation of international business experience. The target representation of the under-represented gender at the level of the Management Board and the Supervisory Board in RBI Group is 25%, and RBA is already significantly above the target percentage.

Raiffeisen Leasing

Raiffeisen Leasing regulates its corporate governance with the Corporate Governance Policy, the Rulebook on the Organisation of Raiffeisen Leasing and the Rulebook on Systematisation of Workplaces. This business segment is managed by the Management Board Office with the support of the Bank in accordance with the Business Cooperation Agreements. In addition to internal policies, Raiffeisen Leasing complies with the legal regulations adopted by the Croatian Financial Services Supervisory Agency (HANFA), as well as with other laws and regulations, such as the Companies Act and the Labour Act. At Raiffeisen Leasing, success in the approach to corporate governance is assessed in relation to compliance with all group and regulatory requirements, as well as by the success of the company's operations. The Legal Affairs and Compliance Department is responsible for compliance with legal regulations. Raiffeisen Leasing also conducts an internal audit, in accordance with the Annual Internal Audit Work Plan and the Strategic Plan.

MEMBERS OF THE RAIFFEISEN LEASING MANAGEMENT BOARD AS OF 31 DECEMBER 2022:

Toni Jurčić, Chairperson of the Management Board
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Ines Knapić, Member of the Management Board

MEMBERS OF THE RAIFFEISEN LEASING SUPERVISORY BOARD AS OF 31 DECEMBER 2022:

Ante Odak, Chairperson of the Supervisory Board

Dieter Scheidl, Deputy Chairperson of the Supervisory Board

Georg Feldscher, Member of the Supervisory Board
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Raiffeisen Mandatory and Voluntary Pension Funds Management Company (RMF)

Raiffeisen Mandatory and Voluntary Pension Funds Management Company does not have a single unified document for regulating corporate governance, but it follows all the rules and principles arising from the documents that define the ethical standards essential for the operation of the Management Board and the Supervisory Board. In addition, as a member of the Association of Croatian Pension Funds Management Companies and Pension Insurance Companies (UMFO), RMF applies the Corporate Governance Principles established by the UMFO in companies in which pension fund assets are invested¹. These principles define corporate governance standards for issuers in which the assets of pension funds under management are invested.

In RMF, the annual compliance risk assessment serves, among other things, to control and ensure compliance with relevant laws. In addition, the activities carried out for the purpose of continuous monitoring of compliance with the legislation include daily monitoring and announcements of changes to relevant

¹ www.mirovinskifondovi.hr/media/uploads/Nacela-korporativnog-upravljanja.pdf

regulations, advising managers and employees on how to apply relevant regulations, checking the internal acts of RMF before their adoption, implementing periodic controls according to the annual work plan of the Compliance Department and ad hoc direct controls, regular training of employees, implementation of measures and procedures for the prevention of internal and external fraud, bribery and corruption, implementation of procedures for reporting irregularities and protection of whistleblowers, and the inclusion of the compliance monitoring function in business processes. This business segment is dealt with by the Compliance Department, which is directly responsible to the Management Board and reports to the Supervisory Board.

MEMBERS OF THE RMF MANAGEMENT BOARD AS OF 31 DECEMBER. 2022:

Gordan Šumanović, Chairperson of the Management Board
Eva Horvat, Member of the Management Board
Bojan Vuković, Member of the Management Board

MEMBERS OF THE RMF SUPERVISORY BOARD AS OF 31 DECEMBER 2022:

Anton Starčević, Chairperson of the Supervisory Board
Anita Cvangiger, Deputy Chairperson of the Supervisory Board
Dubravko Lukač, Member of the Supervisory Board
Zvonimir Savić, Member of the Supervisory Board
Peter Žilinek, Member of the Supervisory Board

Raiffeisen Pension Insurance Company (RMOD)

Raiffeisen Pension Insurance Company regulates its corporate governance by the Rules of Procedure of the Company's Management Board, and applies all relevant group policies, including the RBI Group Code of Conduct. RMOD carries out activities for the purpose of monitoring compliance with the legislative framework, relevant regulations and regular updating of its internal regulations and procedures. Also, RMOD annually conducts employee training in the field of anti-money laundering and countering the financing of terrorism. The control function of compliance monitoring takes care of monitoring compliance with the legislative framework and relevant regulations, in accordance with the valid internal acts of the RMOD: Rulebook on Monitoring Compliance with Relevant Regulations, Rulebook on Measures and Actions for Anti-Money Laundering and Countering the Financing of Terrorism, Code of Conduct in accordance with FATCA and CRS regulations as well as the adopted Group policies and procedures, including the internal procedure "Fight against Bribery and Corruption". Also, RMOD has a prescribed and publicly announced Policy on the application of requirements on sustainable investments, which regulates the approach to the inclusion of sustainability risks in the investment decision-making process, and the application of requirements on the integration of sustainability risks in the investment process.

MEMBERS OF THE RMOD MANAGEMENT BOARD AS OF 31 DECEMBER 2022:

Željko Bedenic, Chairperson of the Management Board
Tomislav Matić, Member of the Management Board

MEMBERS OF THE RMOD SUPERVISORY BOARD AS OF 31 DECEMBER 2022:

Georg Feldscher, Chairperson of the Supervisory Board
Tanja Ožbolt Sterle, Deputy Chairperson of the Supervisory Board
Zoran Koščak, Member of the Supervisory Board

Raiffeisen Consulting

Raiffeisen Consulting does not have a single unified corporate governance policy, but applies all relevant policies adopted by the RBA.

Raiffeisen Consulting applies the provisions of the RBI Group Code of Conduct. In order to achieve the vision and mission of Raiffeisen Consulting, which define the building of long-term relationships with clients and the provision of a comprehensive and highest quality service on the Croatian market, the Management Board adopted the "Rulebook of Business Conduct and Service Quality Standards for Employees of Raiffeisen Consulting d.o.o."

Raiffeisen Consulting implements all procedures related to the Conflict of Interest Prevention Policy and all relevant legal regulations that regulate its operations, especially regulations related to the Property Valuation Act and Ordinance and Act on Anti-Money Laundering and Financing of Terrorism. This business segment is managed by the Support Department with the support of RBA in accordance with the applicable business cooperation agreements. Raiffeisen Consulting also conducts an internal audit, in accordance with the Annual Internal Audit Work Plan and the Strategic Plan.

MEMBERS OF THE RAIFFEISEN CONSULTING MANAGEMENT BOARD AS OF 31 DECEMBER 2022:

Damir Jandrašek, Chairperson of the Management Board
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Nenad Smolčec, Member of the Management Board

MEMBERS OF THE RAIFFEISEN CONSULTING SUPERVISORY BOARD AS OF 31 DECEMBER 2022:

Georg Feldscher, Chairperson of the Supervisory Board

Tomislav Mesić, Deputy Chairperson of the Supervisory Board

Goran Marinov, Member of the Supervisory Board
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2025 RBI Group mission and vision

With the vision until 2025, which was presented in 2019, and reads "We are the Group with the most recommendations for financial services", RBI Group, as well as the Bank, clearly shows that it wants to be more than a bank for its clients. The Bank is committed to an excellent service culture that always strives to exceed customer expectations in terms of quality. The realisation of this vision is supported by the Bank's mission: "We turn continuous innovation into a superior user experience". This mission reflects a promise to stakeholders that we will operate in a socially responsible manner, promoting the long-term well-being of the people and businesses in our markets. The mission and vision coincide with the sustainability strategy, which aims to create a generation of sustainable values. Growth, digital transformation, cost discipline and sustainability will continue to be the four strategic pillars that determine our progress and guide us in achieving our vision for 2025.

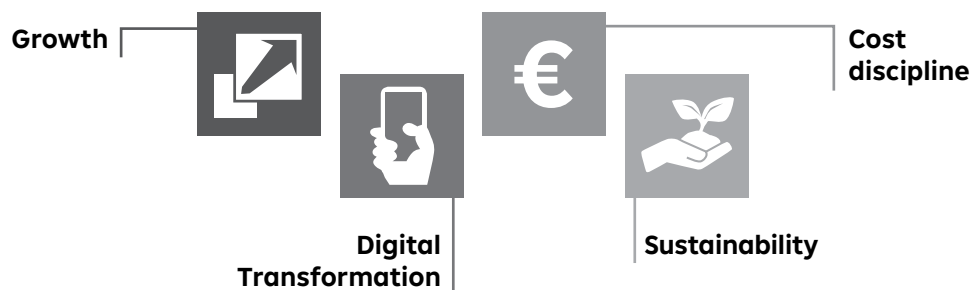
In the management of pension fund assets, we strive to make business decisions exclusively in the interest of members and their assets in pension funds. We manage mandatory and voluntary pension funds according to the highest standards in investment business, and according to the principle of a long-term investment horizon. The vision of the Raiffeisen company for the management of mandatory and voluntary pension funds is to be recognised for the excellence of its services, transparency in business operations and communication, and for raising awareness of the importance of pension savings.

Raiffeisen pension insurance company manages the assets of its users responsibly. RMOD invests the assets of its users with the aim to ensure long-term, stable and regular payment of pensions. We are aware of the importance of the stability and security of the pension system in Croatia, and we are committed to promoting relevant topics in the public and in the media. Our vision is to be the first choice of pension beneficiaries, recognised by the satisfaction of our beneficiaries and employees. We are distinguished by the experience and recognition we have gained over the past 20 years.

Raiffeisen Leasing creates financial solutions for its clients, and as part of the RBA Group, it uses all the advantages of a joint offer of services. Our first priority is the satisfaction of our customers, with whom we strive to optimise their needs and opportunities, and build long-term partner relationships with a valuable, professional and consistent approach. We want to be the first leasing company in Croatia based on client satisfaction and employee pride. By improving financing offers and expanding the sales channel of leasing services, we ensure stable growth.

Being a socially responsible organisation means integrating the values of employees into the values of the company, thus enabling them to contribute to the society in which they live through their work. Doing business according to the model of social responsibility requires strengthening the company's values and harmonizing the business strategy with socially beneficial actions. The ideal of social responsibility is to do good for the community with your business and to have business models that provide the greatest possible benefit to employees, shareholders and the environment.

FOUR STRATEGIC PILLARS THAT DEFINE OUR PROGRESS



Code of Conduct

Our Code of Conduct (the Code) forms the basis for our practice and business, and is a binding framework that applies at the level of the entire RBA Group, including the RBA. All employees must apply it, and it is available on our website. The Code is based on the core values of RBA and is oriented towards the specific requirements of everyday business in all markets. RBA Group management regularly reviews, approves and publishes the Code and its effectiveness, after in-depth consultations with stakeholders. In 2022, the RBA Group initiated the process of revising the Code with a focus on topics related to ESG and compliance with the latest regulatory guidelines. The updated Code was published at the beginning of 2023.

The Code represents the main component of our corporate responsibility and, in addition to prescribing what behaviour is expected of all employees, it also describes the ways in which we should relate to clients, business partners and employees. The Code ensures compliance with international standards that are based on the values of cooperation, proactivity, learning and responsibility, which includes compliance with the law, support for the anti-money laundering and counter-terrorist financing, prohibition of fraud, corruption and bribery as well as market abuse, avoidance of conflicts of interest, compliance with financial regulations, following data security standards, and other types of critical business practices, including respecting the rights of our employees, as well as complying with environmental laws to the greatest extent possible.

In addition, we expect everyone acting on behalf of the RBA Group, as well as our business partners, to apply regulations and standards that are identical or comparable to those found in the Code. The obligation to know the Code is included in all the contracts we have concluded with our contractors, suppliers and service providers.

In order to emphasise the importance of the principles of our Code, all our employees are obliged to participate in mandatory e-learning educations that deal with the fundamental issues of the Code. All employees are required to sign a Declaration of Compliance and Confidentiality, under which they are required, among other things, to comply with the Code.

Responsibilities, obligations and reporting are systematically defined for all departments. Separate organisational units are responsible for monitoring the strategy, policy and goals of sustainable development of the organisation.

GRI 2-12 The Management Board is competent for the issues relating to the Code, and is responsible for its application. The person responsible for the Compliance Department is responsible for matters of coordination of activities, and any problems related to compliance with relevant legal requirements. In addition, all managers are required to ensure compliance with the Code in their area of business. The process of assessing the organisation's impact on the economy, environment and people started in 2022, and a more detailed assessment of the impact will be done in 2023.

GRI 2-25 All employees are required to report serious violations of the Code, such as market abuse, fraud, theft, embezzlement, bribery or corruption. All of the above is described in the internal procedure for dealing with complaints, objections and the internal policy on reporting irregularities. The RBA uses Whispli, a software solution from an external service provider that enables anonymous reporting of irregularities.

In addition to this solution, there are other channels for reporting irregularities (e.g. phone and e-mail). Our employees are regularly informed about these mechanisms. All applications are processed in accordance with internal acts, and are treated very seriously, and all reports are treated as confidential.

In case of violations, appropriate disciplinary measures are implemented, in accordance with the laws and regulations of the RBA Group, which may include extraordinary dismissal. We are continuously analysing our rules and regulations to reduce future risks as far as possible. Violations of the Code are reported regularly, i.e. at least once a year, to the Management Board and to the competent committees of the Supervisory Body, such as the Risk Committee and the Audit Committee. Finally, specific cases may be directed to the highest governing bodies on an ad hoc basis.

Since the RBA is a signatory to the UN Global Compact (UNGC), the RBA Group stands for proactive and consistent behaviour in accordance with the UNGC's ten principles of responsible business. The stated principles include the fundamental areas of human rights, labour standards, environmental protection and the fight against corruption. All employees and managers, as well as partners and suppliers, are expected to comply with these principles.

Human rights violations can generate illicit profits, support slavery and human trafficking, promote the continuation of poor working conditions, and lead to other abuses. RBA Group strives to further improve the implemented controls related to financed projects and corporate clients, as well as existing and potential suppliers. RBA also does not directly or indirectly finance businesses, projects or political parties where human rights violations occur. Our employees have received instructions on how to recognise the occurrence of

forced or child labour and, in case of doubt, they should inform the Compliance Department. Policies related to customer relations, lending and investments in specific sectors (e.g. military equipment and technology, gaming and nuclear energy) are also proactively communicated. Business inquiries involving these sectors are forwarded to Compliance for further evaluation to ensure that such risks are appropriately managed, mitigated or avoided. Through processes and control mechanisms, we strive to timely identify potential environmental, social or reputational risks that may arise with our corporate clients, and we regularly revise them in case of changes in our risk appetites. In the RBA Group, we did not record cases of non-compliance with laws and regulations related to environmental protection, so no sanctions were implemented in these areas.

Anti-money laundering and counter-terrorist financing (AML/CTF)

Money laundering is considered to be conversion or transfer of property, and possession or use of property knowing that such property proceeds from criminal offences, for the purpose of concealing or disguising the illicit origin of the property, i.e. concealing the true nature, source, location, disposal, movement or ownership of property which is proceeds from criminal offences. Money laundering is also considered to be participation in the commission of a crime, conspiring to commit a crime, attempting to commit and assisting in the commission of a crime, inciting, consulting, and facilitating money laundering. The process of money laundering takes place in three basic stages: depositing money into the financial system, layering through complex financial transactions to disguise and conceal the trail and source of dirty money, and integration into the financial system from sources that appear to be legitimate. Financing of terrorism is aimed at the procurement or collection of funds for the purpose of committing terrorist crimes, by terrorists or terrorist organisations. Terrorism can be financed with "dirty" money, but it can also be financed with completely legally acquired funds. Money laundering and terrorist financing undermines clients' confidence in the entire financial system.

The Bank applies a zero tolerance policy towards money laundering and terrorist financing, which means that it does not directly or indirectly tolerate persons or organisations engaged in criminal acts that precede money laundering, or those engaged in money laundering, fraud or terrorist financing.

The member states of the European Union and the signatories of the Agreement on the European Economic Area have agreed on joint anti-money laundering and counter-terrorist financing measures. These measures are regulated by the EU Directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. In line with our mission to become the most recommended provider of financial services in Central and Eastern Europe, RBA fights against money laundering and terrorist financing by aligning its operations with EU directives as well as local anti-money laundering regulations, recommendations and guidelines of regulatory bodies. At the same time, we follow examples of best practice at the local and international level, primarily with regard to discovering new ways of money laundering and terrorist financing.

For an effective fight against money laundering and terrorist financing, the RBA has developed a framework that includes the obligations and responsibilities of all employees, including the responsibilities of the Bank's Management Board, and consists of the identification of risks and the implementation of measures to reduce them. The most important components of this framework include:

Appointment of the member of the Management Board responsible for AML/CTF
Appointment of an authorised person for AML/CTF and their deputy
Defining the scope of responsibility of all employees
Identification and risk assessment of the Bank, as well as risk assessment of individual business relationships
New client due diligence and existing client due diligence updates
Money laundering/terrorist financing indicators and detection system
Reporting suspicious transactions
Employee training
Regular revision of the AML/CTF system

The Bank's compliance with regulations is ensured by regular updating of internal policies and procedures prescribed in relation to the prevention of money laundering and terrorist financing, and by a strong focus on employee training.

Remuneration Policy

GRI 2-20

The Remuneration Policy of the RBA Group lays down the way in which it is allowed to give and determine variable remuneration and determines who participates in the process and how it is controlled. The key decision-making bodies are the Remuneration Committee (REMCO) and the Supervisory Board. REMCO is structured in a way that allows it to make competent and independent judgements about remuneration-related policies and practices, and incentives intended for risk, capital and liquidity management. Its members are appointed from among the members of the Supervisory Board. The Committee has at least three members, one of whom is appointed as the Chairperson of the Committee.

The Supervisory Board approves and periodically reviews the detailed guidelines of the Remuneration Policy. The Chairperson is responsible for overseeing its implementation in accordance with the governance framework, corporate culture, risk appetites and all related risk management processes. The Chairperson makes the final decision on the identification of employees and special remuneration principles for identified employees, and conducts direct supervision over the remuneration of high-ranking employees responsible for risk management and control functions. In addition, he/she approves the maximum ratio between variable and fixed remuneration for identified employees, as well as Risk Reduction Incentives, pension plans, severance package and insurance programs, other benefit programs, and their significant changes. The Chairperson approves the total variable remuneration of the members of the Management Board and makes decisions whether a malus event has occurred.

In addition to these bodies, the organisational unit in which the reward model will be applied also plays a role in the process of designing the reward model, and it leads the design phase (together with the Department of Human and Organisational Potential Management) and chooses metrics. Then, there is the Department of Human and Organisational Potential Management, which plays a key role in the design part, but also in trainings, and monitors the application of the reward system.

The Compliance, Risk Control and Reporting departments are the most important organisational units that cooperate with the Department of Human and Organisational Potential Management in this matter, since the application of reward elements and metrics is subject to approval of the Compliance Department. The Risk Control and Reporting Department must be informed and give feedback in case of any important elements related to risks in the design, but its approval is not necessary before implementation. We do not use remuneration consultants, but we examine the opinion of employees on topics from the Remuneration Policy.

Conflict of interests

GRI 2-15

The RBI Group has an internal policy for managing conflicts of interest. The employees are expected to report actual or potential conflict of interest situations in accordance with the existing reporting guidelines. The notifications are then processed by the Compliance Department, which at the same time implements the measures it deems necessary. Regular monitoring of the detection of conflicts of interest, which we strive to prevent and avoid with appropriate mechanisms, is also foreseen. The Management Board is regularly informed about the notifications of conflicts of interest. The RBA discloses conflicts of interest to its stakeholders in accordance with legal requirements relating to the capital markets or other relevant regulations. We inform stakeholders about the occurrence of potential conflicts of interest, which may relate to membership in other committees, mutual co-ownership with suppliers and other stakeholders, the existence of controlling shareholders (there is only one shareholder of the Bank), and related parties, their relationships, transactions and outstanding balances.

We have an internal Conflict of Interest Management Policy that includes mitigating conflicts of interest of the highest governing body. The aforementioned document was adopted by the Management Board and published in the Business Policy Document. This area is monitored and managed, and various measures are implemented, and the Management Board is informed of the respective results.

Business ethics and anti-corruption

GRI 2-23

In designing the measures and activities implemented to prevent corruption, we are guided both by internal guidelines, and by the existing criminal law framework. These documents define obligations of all members of management bodies to promote the creation of an atmosphere and business culture that implies zero tolerance for any form of corruption. Risk assessment in the internal ABC (Anti-Bribery and Corruption) framework is carried out and documented periodically. This assessment includes all our business partners who perform some kind of service for the RBA Group. Procedures that serve to avoid economic crime are clearly communicated to everyone and are implemented in practice in the ABC framework, which we continuously revise.

In addition to building an ethical culture, we regulate business ethics with a series of procedures, regulations and policies. Currently effective at the level of the entire RBI Group is the aforementioned Code of Conduct, which also applies to the entire RBA Group in Croatia.

GRI 2-24

Furthermore, we take care of our business with various internal procedures such as the "Fight against bribery and corruption", and regulations such as the Compliance Rulebook and the Rulebook on Anti-Money Laundering Measures and Actions. In addition, with our internal policies, we strive to additionally structure and monitor the conduct that we consider necessary and the only acceptable in our group, such as the Conflict of Interest Management Policy, the Policy (IP) on the Fight against Bribery and Corruption and the Prevention of Terrorist Financing, Internal Procedure entitled "Implementation of Sponsorship and Donation Activities". In our daily business, we also use the Rules related to the regulation on market abuse, the Rulebook on Anti-Money Laundering Measures and Actions, and the internal procedure entitled "Reporting of Irregularities and the Procedure for Appointing a Confidential Person." Furthermore, "Guidelines on Internal Governance under Directive 2013/36/EU²", published by the EBA (European Banking Authority) are used as one of the fundamental international documents for the governance ethics issues. These topics are dealt with by the Legal Department and the Procurement and Compliance Departments, and the rules cover all our employees, members of the Management Board and Supervisory Board and all other members of administrative bodies, as well as suppliers and other external service providers. Resources for issues relating to business ethics are provided as part of the Bank's regular work and operations.

Raiffeisen Leasing, in addition to the Code of Conduct of the RBI Group, which serves as an umbrella document that defines basic corporate values and ethical principles, also has its own internal acts, namely: Compliance Rulebook, Rulebook on Business Conduct and Employee Service Quality Standards, as well as others that serve to define behaviour in the field of business ethics and anti-corruption, regulate the area of combating bribery and corruption, gifts and invitations to employees, market relations and market competition; personal trading by employees and others.

In 2022, all RBA employees were included in mandatory training in e-learning format entitled "RBI Group Code of Conduct" and "Fight against Bribery and Corruption". The training on business ethics and anti-corruption covers all our employees, including members of management bodies. In particular, all members of the Management Board participated in at least one of the trainings listed in the table attached. RBA did not organise specialised ESG training for members of the Supervisory Board in 2022, but they were informed about ESG activities in the Bank at regular meetings, where the ESG strategy was presented to them. A detailed ESG training was organised for the members of the Management Board in 2022.

GRI 205-2
GRI 2-17

Also, all active employees have been invited to at least one of the below-mentioned trainings, and 98% of them successfully completed at least one education during 2022. There is also Anti Bribery & Corruption training, which states that the Compliance Department is responsible for these matters.

GRI 205-2

GRI 2-26

Anti-bribery & corruption
Compliance rules related to capital markets
Anti-money laundering and counter-terrorist financing
Prevention of discrimination
General Data Protection Regulation
RBI Group Code of Conduct

² <https://www.eba.europa.eu/sites/default/documents/files/documents/10180/1972987/eb859955-614a-4afb-bdcd-aaa664994889/Final%20Guidelines%20on%20Internal%20Governance%20%28EBA-GL-2017-11%29.pdf?retry=1>



GRI 205-2

As part of the educational programs in 2022, all new employees are provided, within one month of employment, as an integral part of the onboarding process, the following e-learning trainings:

- on general compliance rules (application of the Code of Conduct, anti-bribery and corruption rules, etc.)
- Conflict of interests
- Anti-money laundering
- Countering terrorism financing
- Financial sanctions
- Reporting of irregularities and protection of whistleblowers
- Rules for gifts and invitations
- Prevention of market abuse

These trainings are implemented and documented by the Compliance Department according to the annual work plan.

When entering into a cooperation agreement, business partners are clearly and unambiguously informed and familiarised with the RBA Group expectations regarding business ethics, which can be found in the document entitled "General Conditions for the Procurement of Goods and Services of the Client"³. The aforementioned document defines the general terms and conditions that we stipulate with our suppliers and service providers through contracts and purchase orders. In the Chapter Compliance (26.1.) in that document, it is stated that we expect our suppliers to adhere to the RBI Group Code of Conduct throughout the contractual duration⁴. By signing the contract, the suppliers undertake to apply it, and conduct business in accordance with the principles of the Code. These relationships are also defined by the RBI Group Supplier Code of Conduct⁵.

Raiffeisen Leasing, in addition to the rules and regulations it shares with the rest of the Group, actively seeks to raise business ethics awareness in the Company through campaigns such as "Let's shine a light on unacceptable conduct - emphasizing fundamental values in business.". Also, all employees are regularly trained about taking the proper approach in relation to received gifts and invitations. All received gifts and invitations that are subject to reporting must be reported via the "Compliance cockpit" web application to the competent employee in the Compliance Department, who then reviews them and, in accordance with the procedure, makes a decision on approving or rejecting a specific notification.

In the event that one of the employees, suppliers, partners or other individuals notices inconsistencies in compliance and conduct in accordance with our Code, or recognises corruption in any segment of the business, they can blow a whistle through the "Whispli" web application, which is fully anonymous. "Whispli" is an application of the RBI Group. All employees of the RBA Group can also report irregularities through the internal Jenz application (the internal social network for publishing important information about the Bank's activities with the option of an anonymous "shoutbox" through which it is possible to send a notification directly to the Compliance Department.)

"Whispli" is an anonymous platform in the form of a web application, which is used to report and solve irregularities, corporate abuses or violations of the Code. Such offences can be: bribery and corruption; suspicions of money laundering and violation of financial sanctions; fraud and theft; conflict of interest; violation of regulations related to the capital market; harassment at work; mobbing; discrimination; lack of protection of personal data or other violations of the Code of Conduct.

The use of this application guarantees the anonymity of the identity in such a way that it does not collect the data of the person making the complaint (IP address, cookies, location, browser information, metadata about the attached documents, etc.) regardless of the way of making the complaint (via computer, tablet or mobile phone). A limited number of people, such as RBI Group's Compliance and Internal Audit employees, have access to notifications. Complaints are resolved in two steps: investigation and case follow-up and reporting.

In the first step, i.e. the investigation, the notification is submitted through a local or group channel. All notifications must be confirmed within seven days, and the whistle-blower is sent a confirmation of receipt of the notification (if information about the whistle-blower is available). The confidential person shall ensure that all actions within his/her competence are taken for protecting the whistle blower under an urgent procedure. Furthermore, the confidential person shall investigate irregularities and provide the whistle-blower with feedback on the notification (if information about the whistle-blower is available). As a rule, this information should be submitted within 30, but not longer than 90 days from the date of confirmation of receipt of the notification.

The Internal Procedure document on the Bank's approach to notifications of irregularities and the appointment of confidential persons is also relevant in the process of verifying notifications. If a person who is not competent to act on a notification of irregularities for some reason receives such a notification, they shall forward it to a competent person of trust without delay or change to the notification, while ensuring anonymity of the identity of the notifying person and the data from the notification.

Notifications submitted through the group channel ("Whispli") are evaluated by the Group Whistleblowing (WB) team. Those reports involving accusations or offences related to one of the banks in the network or its affiliate are processed by the local WB team of that Bank. However, if the prior assessment identifies the possibility of a conflict of interest or some other reason for which an impartial, thorough and independent investigation by the local WB team may be compromised (e.g. the case involves allegations against an employee, supervisor or top management of the local WB team) the investigation will be taken over by the group WB team. All notifications through the group channel that refer to RBI, i.e. indicate non-compliance, are automatically directed to the Group's Internal Audit Department for evaluation.

³ <https://www.rba.hr/documents/20182/212303/Op%C4%87i%20uvjeti%20nabave%20roba%20i%20usluga%20RBA/5a491ac9-6de4-f9f3-bb3c-4dfced7ad133>

⁴ Hrvatski.pdf (rbinternational.com)

⁵ RBI-Group CoC for Suppliers - Raiffeisenbank Hrvatska (rba.hr)

Notifications through the local channel (Jenz) are reported to the local WB team, and if they involve allegations against employees within the local WB team and Compliance department, they are sent for investigation to local Internal Audit with communication to the group WB team. All notifications through local channels to the local WB team directed against top local management must be immediately forwarded to the group WB team for further investigation. If there is a need to transfer notifications of irregularities between the local and group WB team, this is done via e-mail or other type of secure communication channels that support encrypted communication.

If necessary, external investigators or a third party who will ensure the impartiality of the process can be included in the process of dealing with notifications or the investigative procedure. In this way it is possible to provide the necessary knowledge, resources and other things that can be considered necessary for an impartial and thorough investigation. The group WB team may, if deemed necessary, recommend such a solution to local investigations at any time.

The second step, i.e. monitoring the development of the case and its reporting, is reduced to continuous monitoring and analysis of received data on notifications of irregularities by the group or local WB team. In this way, we strive to ensure the timely detection of recurring and systematic deficiencies or potential operational or legal risks and enable adequate intervention. In this procedure, an analysis of the received notifications, or recurring, usual forms is carried out, after which reasonable measures to alleviate the problem are identified and proposed, which rely on cost-effectiveness analysis and continuous monitoring of the measures implemented.

At least once a year, a report is submitted to the Management Board, which provides an overview of the received and processed notifications of irregularities, together with an assessment of the effectiveness of the procedures and imposed measures. At the quarterly level, as part of the compliance reporting, a summary report is submitted to the RBI Group that includes the number of RBA irregularity reports by type, their outcome (confirmed and unconfirmed), and an overview of the root causes of such irregularities, as well as the defined and/or taken adequate mitigation measures.

In the event that a confidential person, the local WB team, Legal Affairs or other relevant organisational unit involved in the procedure have made a decision that a state body must be notified, those organisational units draw up an agreed report on the case and deliver it to the competent state body.

GRI 205-3

In 2022, we recorded one case of corruption in the Bank, which resulted in the cancellation of the employment contract.

In addition to access to the "Whispli" application, employees of the Raiffeisen Leasing, RMF and RMOD have their own internal mechanisms for reporting irregularities in case of non-compliance with the Code of Conduct, as well as an appointed confidential person and their deputy whose duty it is to receive and further act on received notifications. The regular annual business risk assessment also includes an assessment of exposure to the risk of corruption. This assessment covers the possibility of accepting or giving a bribe, violating the policy on accepting gifts or invitations for personal gain, or the possibility of a violation of anti-bribery and corruption legal regulations or internal rules by the Management Board or employees. Thanks to the established control systems, this risk is estimated to be low.

RMF, apart from regular training activities that include aspects of business ethics through information about the application of the Code of Conduct, conflict of interest, notifications of irregularities, protection of whistleblowers, rules for gifts and invitations and prevention of market abuse, had no other internal programs and initiatives relating to the business ethics. The evaluation of the success of business ethics management was not made in 2022, only the success of the approach to business ethics was evaluated. The assessment of exposure to corruption risks was carried out as part of the assessment of operational risks. This assessment is performed on a regular basis for all business segments and identifies risks in dealing with sales representatives, procurement and market abuse.

RBA strives to prevent irregularities through continuous education, programs, projects and initiatives on the topic of business ethics, such as a campaign to raise awareness about reporting irregularities. We evaluate the success of our approach to business ethics within a quarterly compliance report, but also with continuous monitoring of parameters related to fight against corruption. The parameters we monitor within the anti-corruption program are: proportional, procedural and annual risk assessment and scenario analysis; the commitment of the Management Board; disclosure obligations related to (potential) conflicts of interest, especially gifts, invitations, secondary employment, related party relationships, corporate participation, sponsorship and contributions and donations, continuous communication and training program, including candidate testing, monitoring and review of business activities.

GRI 205-1

The assessment of exposure to corruption risks in the Bank was carried out through the process of risk assessment (AMA - Advanced Measurement Approach). It includes three types of risks related to issues

of exposure to corruption and to various organisational units (primarily Procurement, Private Banking, Management and Supervisory Board, Financial Markets, all control functions: Compliance, Internal Audit, IT, but also others). One of the risks is the risk of corruption of third parties by Bank employees. In Private Banking, there is a risk that an employee commits an act of corruption by a third party as a result of misinterpretation of the internal anti-corruption regulations or a lack of care, which can cause financial loss and reputational risk to the Bank.

Furthermore, there is a risk of a conflict between the interests of Bank employees and the interests of the Bank. We consider this risk to be particularly pronounced when it comes to gifts, invitations, contracts that are approved in exchange for a service, and may result in a conflict of interest in the field of financial transactions. The last risk we recognised is the risk of other unauthorised incentives or other receipts (gifts, services, etc.) given to Bank employees by third parties. This implies payments to the Management Board, to the Supervisory Board, to an employee, or some other type of illegal incentive for the purpose of circumventing certain procedures, controls or good business practices, where the intention does not necessarily have to be, but can result in, influencing a certain business decision.

The internal policy does not allow the donation of funds to political parties, and this area of business is regulated by the policies of the entire RBI Group.

Risk management

GRI 2-22
GRI 2-25

In its risk management process, RBA regularly determines, measures, assesses, manages and monitors risks and reports on the risks it is exposed to or could be exposed to in the future. The risks to which the Bank is exposed in its operations are identified, defined and classified according to the source of that risk. As part of the 2022-2023 Assessment, the types of risks recognised by the RBA, for which it implements quantitative and/or qualitative management and control measures, are: credit risk, market risk, interest rate risk in the Bank's non-trading book (IRRBB), non-financial risk (operational and reputational), liquidity risk, business risk, ESG risk (environmental, social and management), and other risks.

In accordance with the Group's risk management rules, Raiffeisen Leasing also regularly assesses and checks the material importance of defined and potential risks as part of the annual risk assessment.

The risk management process in the Raiffeisen Mandatory and Voluntary Pension Funds Management Company (RMF) is adapted to fund asset management operations, to which special RBI Group risk management directives appropriate for financial institutions that manage funds apply. RMF monitors financial risks daily, and operational risks continuously in a defined cycle of annual activities, and it assesses others at least once a year. In managing the assets of pension funds and operations with financial assets, RMF has recognised the following risks: market risks (price risk, interest rate risk and exchange rate risk), credit risks (long-term credit risk of the issuer, counterparty risk, concentration risk, settlement risk) and liquidity (asset liquidity risk, cash flow risk). In addition, in its operations, RMF is exposed to operational risks (internal fraud, external fraud, failures in technology and infrastructure, execution, delivery and process management, clients, products and business procedures, disasters and public safety) and other risks (risk of continued adequacy and suitability, compliance risk, security deposit activation risk, strategic risk, performance risk and reputational risk).

RMOD monitors and analyses financial and operational risks on a daily basis. Measurement of risk exposure and reporting on risk exposure are defined by internal procedures, whereas investment restrictions are prescribed by the Pension Insurance Companies Act (ZMOD). Compliance with the prescribed limits is checked systematically through RMOD's key systems, before the conclusion of each transaction, and daily after the final asset valuation. RMOD, as a member of the RBA Group, participates in the annual cycle of operational risk management activities prescribed at the Group level.

Different organisational units within RBA, which are involved in risk management and control, prepare risk analyses and reports, which they then communicate to the Board. The management body also receives information about risks and their management through the work of various committees, such as the Bank's Asset and Liability Management Committee, the Credit Committee, the Problematic Placements Committee, the Operational Risks and Controls Committee, and the Statistical Models Committee. The analysis of all risks is carried out at least once a year as part of the internal capital adequacy assessment process (ICAAP), and more often if the need arises.

The most significant risk in the RBA Group is credit risk (especially for RBA and Raiffeisen Leasing), i.e. the risk arising from the inability to fulfil obligations in operations with individuals, banks, companies, public state bodies, central states or local and regional administrations. A specific default is defined as an event in which

the particular debtor is unlikely to pay its credit commitments from primary sources, or in which the debtor is more than 90 days late in the settlement of any significant credit commitment. The consequences of this risk materialise as non-payment or forced rescheduling of contractually agreed payments of the borrower. The economic loss that occurs in the event of non-payment can depend on several factors: the type of product, the availability of collateral and the value of the collateral. Defaults have a direct effect on the profit and loss account, that is, they are reflected in the Bank's balance sheet as special provisions; portfolio-based provisions or as direct write-offs.

In addition to implying the impossibility of fulfilling contractual obligations, credit risks can be: the risk of the other contracting party; risk of migration; concentration risk; residual risk; sovereign risk; currency induced credit risk; interest induced credit risk; risk of participation; dilution risk and securitisation risk.

Market risks arise from balance and off-balance sheet positions in the Bank's trading and non-trading books. They can directly affect the net trading result and future earnings, depending on the accounting treatment.

Other market risks we recognise are: position risk; currency risk; interest rate change risk; risk of credit spreads; equity risk; commodity risk; volatility risk; market liquidity risk and credit valuation adjustment (CVA) risk.

Interest rate risk in the Bank's non-trading book (IRRBB), is the risk arising from activities outside the trading book, which means that it is a current or future risk for the Bank's economic value and earnings. It results from negative movements in interest rates that can affect interest-sensitive instruments. IRRBB risk includes: gap risk, basis risk, option risk and credit spread risk of the Bank's non-trading book (CSRBB).

Non-financial risk consists of two basic risk categories: operational and reputational. Operational risk can arise from failed or inadequate internal systems, processes, external events or human factors. It consists of legal but does not include strategic or reputational risk. Operational risks can arise as a result of certain internal risk drivers such as unauthorised activities, internal fraud and theft, enforcement risks, inappropriate business and market practices, errors in processes and execution as well as system disruptions, but also external ones such as damage to tangible assets, external fraud and theft, inappropriate business and market practices to which the Bank is exposed and the like.

Operational risks include model risk, legal risk, enforcement risk, information system risk (ICT), compliance risk. Operational risk events are monitored according to seven main risk categories: external fraud; internal fraud; employment practices and workplace safety; clients, products and business practices; disasters and public safety; technology and infrastructure failures; execution, delivery and process management.

Reputational risk is the risk of loss of confidence in the integrity of the credit institution as a result of an unfavourable public opinion about the business practices or financial stability of the credit institution, and may occur even if there is no reason for such an opinion. If there is a loss of reputation (in relation to, for example, competence, integrity and reliability) in the eyes of stakeholders, i.e. clients, shareholders, lenders, employees, supervisors and the public, this may result in a direct or indirect negative impact on the value of the Bank itself.

For RBA Group, reputational risk is closely related to the very value of the Raiffeisen brand. If credit, market, liquidity or operational risks materialise, they can often lead to reputational damage, which in turn reduces expectations of the future business volume. This means that the Bank must anticipate lower income from interest and commissions.

Liquidity risk is caused by the existing or expected inability of the credit institution to meet its financial commitments on the due date. It arises from the danger: that the Bank or the Group can obtain the planned refinancing only under very unfavourable conditions; that it is completely impossible; that repayments in credit operations are not made on time or that contracted lines or deposits are withdrawn unexpectedly. It consists of: short-term liquidity risk and liquidity financing risk.

Business risk is defined as a change in profit margins or a change in the scope of business that manifests itself unexpectedly or with negative consequences, and can lead to significant losses and thereby reduce the market value of the credit institution. Business risk can primarily be the result of a significant deterioration of the market environment and changes in market competition or consumer behaviour. It includes: earnings risk; capital risk; strategic risk and macroeconomic risk.

GRI 201-2

ESG risks (environmental, social and governance) are viewed as multidimensional cross-cutting risks that affect all areas of the risk management. They are continuously incorporated into the types of risks within the already existing framework (e.g. within credit, market, operational and liquidity risk). It consists of three criteria that are used to measure the sustainability and social impact resulting from the Bank's operations.

They are as follows:

Environmental protection criteria	Social criteria	Management criteria
<p>The functioning of business activities in the management of natural environment</p> <p>(waste and pollution; resource depletion; greenhouse gas emissions; deforestation; climate change)</p>	<p>Attitude towards people, attitude towards employees, diversity, working conditions, attitude towards child labour and slavery, attitude towards local communities (financing of projects or institutions intended for poor and underserved communities), health and safety</p>	<p>Ways in which the corporation conducts its policy</p> <p>(company management, focus on tax strategy, executives remuneration, management of donations, political lobbying, corruption and bribery; diversity management and steering board structure)</p>

The ESG risk framework provides a detailed elaboration of the ESG components and the management of their impact by including them in the four standard pillars of risk management (identification and definition, measurement, risk management, and reporting and monitoring). Risk management is also reflected in the strategic business impulse (which relies on the expectations of our clients, regulatory and external commitments; through our strategic risk management). The RBI Group ESG Risk Framework directive represents a framework for our internal ESG risk management efforts and alignment with the European Central Bank's expectations arising from the document entitled "Guide on environmental and climate-related risks". This document is fundamental for the ESG risk management throughout the RBI Group, and it also applies to the RBA Group in Croatia.

In industries with a significant environmental impact (e.g. thermal coal, tobacco, nuclear energy, oil and gas, gaming, defence) special credit policies are used. At RBA, we are actively developing processes and methodologies for evaluating and approving the risk of ESG placements, as well as monitoring the portfolio on a monthly basis.

The RBA is working to improve the existing four pillars of the risk management at multiple operational levels, which are shown in the following table:

Identification and definition of ESG risks	Measurement methodologies and analytics: using metrics to measure the ESG at the client and portfolio level	Management approaches that reflect risks and opportunities	Risk management and approval process
<p>Climate- and environment-related risks</p> <p>Risk identification according to the risk of climate change, biodiversity and the circular economy</p>	<p>Assessment of the environment, society and management</p> <p>Green asset ratio (GAR)</p>	<p>Sector strategies and special credit policies</p> <p>Climate stress testing</p>	<p>Improvement of credit processes</p> <p>Prevention of the imposition of liability, the damage to the reputation and greenwashing risks</p>
<p>Social risks</p> <p>Management risks</p>	<p>Financed greenhouse gas (GHG) emissions</p> <p>Science based targets</p>		

Climate and environmental risks are seen as financial risks that represent the exposure of institutions to other contracting parties, and have the potential to contribute to or be affected by climate change and/or other forms of environmental degradation (water pollution or lack of fresh water, air pollution, soil pollution, loss of biodiversity and deforestation). Within the environmental risks analysis, a sustainability risk analysis related to the environment and climate change is also carried out. Here we primarily focus on transitional and physical risks related to the environment and climate, of which physical risks are becoming more and more prevalent (floods, heat waves and others). For this area, we consider the correct identification, definition and understanding of the present risks to be the most important. We have therefore decided to focus on risks related to climate change, biodiversity and the circular economy and resource efficiency. As far as climate-related risks is concerned, the RBI Group distinguishes between the expected impact in the short, medium and long term.

- 1) In the short term (up to 4 years), we consider risks related to the ability of the company/client to make the transition to a low-carbon economy (transition risk). Here we can help our clients by providing financing that allows them to transition to a low-carbon economy, by increasing the financing of green projects (RES), and by supporting industries that promote a circular economy.
- 2) In the medium term (from 5 to 15 years), we identify great risks caused by a change in the paradigm, business models, new technologies, and changes in regulations and laws, with physical risks if the goal of reducing CO₂ is not achieved. This group also includes technological risks that may arise from energy efficiency innovations, if the technologies in which the Bank invested become obsolete or unprofitable. Investing in new technologies can potentially also become unprofitable if the solutions prove to be technically immature. Existing investments may become less profitable or even unprofitable due to certain regulatory changes (e.g. stricter laws and regulations on environmental protection). While these are all risks that we have to take into account in our business, it is clear that the RBI Group also sees a great opportunity in investing in new technologies that are potentially less harmful to the environment and have the potential to be profitable in the medium term.
- 3) In the long term (more than 15 years), we consider the main challenges to be those arising from physical risks, i.e. their impact on supply chains and business models, but which do not have a significant impact on the repayment ability.

Raiffeisen Leasing, Raiffeisen Mandatory and Voluntary Pension Funds Management Company and Raiffeisen Pension Insurance Company also include sustainability risks in their risk analyses. Raiffeisen Leasing includes them, together with the climate change risks, as part of the credit risk analysis when approving exposure to business clients. RMF considers the sustainability risk to be an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. RMOD believes that the sustainability risk is already contained in the assessments of the primary, i.e. financial, sources of investment risk, while the climate change risk is not yet followed. Pension fund funds are directly invested only in the markets of highly developed EU and OECD countries, which in their long-term goals have set high standards in the context of promoting sustainability in financing on capital markets. When making investment decisions, the RMF applies rules for excluding investments in entities that trade in certain goods and technologies under sanctions or embargoes, and strictly adheres to the relevant legislation related to sanctions and embargoes.

Social risks arise from the financial impact generated by the misuse of human capital (the rights, well-being and interests of people and communities). This can include working conditions, health and safety, employee relations and diversity, employee training, inclusiveness, equality, community programs and the like.

Management risks refer to the management practices of other contracting parties, institutions or own invested assets, with the inclusion of ESG factors in procedures and policies under the management of other contracting parties. This may or may not include executives' pay, boards diversity and composition, shareholder rights, bribery and corruption, compliance, ethical standards, fair tax strategy and more.

Sustainability risk analysis is also carried out in the context of social and management risks as part of the assessment model applied to Retail clients and the Code of Conduct.

ESG risks can result in a positive or negative financial effect, and can cause a change in the reputation of the organisation, its customers, other contractual parties or invested assets.

Other risks that we consider in the operations of the RBA Group in Croatia (with the exception of RMF) are: risk of own assets; placement risk; settlement risk; delivery risk; risk of excessive financial leverage; systemic risk; sector risk; insurance risk; pension liabilities risk; management risk; risks arising from the outsourcing and step-in risk.

When it comes to the management of the identified risks, the RBA Management Board has established procedures and principles for their measurement and monitoring, specifically with the aim of their management and control in the Bank, but also in other members of the RBA Group.

The above-mentioned principles include risk policies:

Risk policy	Description
Integrated risk management	The main types of managed risks are credit, market, interest rate risk in the banking book, liquidities and operational risks. Risks are measured, limited, aggregated and compared with the available capital to cover the risk.
Standardised methodologies	Methodologies for measuring and limiting risk are standardised at the parent company (RBI) level and at the RBA Group level. This enables consistent risk management across business segments and within all Group members.
Continuous planning	Risk management strategy and capital at risk are reviewed and approved during annual planning, with special attention paid to risk concentration.
Independent control	In the bank, all risk generating organisational parts are fully separated from the organisational parts that manage and control risks. The division between said functions also exists at the delegation level.
Ex ante and ex post control	Risks are consistently measured within the scope of product sales.

The purpose of risk management is to attach value to the understanding of risks associated with ESG criteria and to simultaneously create the necessary tools to mitigate them. This allows us to ensure that our clients make a smooth transition to a low-carbon economy and a long-term sustainable portfolio. The project to implement and manage ESG risk is set up cross-sectorally and includes all organisational parts responsible for risk management and control.

Internal and regulatory indicators are used in order to manage market and interest rate risks in the banking book, as well as the liquidity risk, in accordance with defined limits. Market risk management is carried out for both trading book and banking book positions (total return approach). Reporting on market, interest rate risk in the banking book as well as on liquidity risks falls under the scope of standard and regular (daily/weekly/monthly) access to information relating to the movement of risk exposure indicators. They must be available to the organisational units that are responsible for their operational management, but also to senior management and the Bank's Management Board. At the same time, it is necessary to provide all the information necessary for making business decisions.

Credit risk management is primarily carried out within the scope of credit risk management of non-retail clients and the credit risk management of retail clients. Credit risk is monitored in the Risk Control, Corporate Credit Risk Management and Retail Credit Risk Management. Market risks and liquidity risks are monitored in the Market and Liquidity Risk Management, while operational risk is monitored in Operational Risk Control (both organisational units are part of the Risk Control). Organisational units in which the risk arises are responsible for the operational risk management. Other above-mentioned risks are monitored in organisational units associated with a specific type of risk. According to the regulatory framework, the management is responsible for ensuring an adequate number of employees the possessing professional knowledge and experience required for managing all significant risks.

During 2021, RBI Group invested additional effort in managing risks caused by climate change, redistributing the existing resources. Special budget funds have been allocated for the implementation of an internal project, which was set up in 2022. This provided the funds that are fully or partially allocated for the pursuit of the sustainability project. In this project, the primary focus is on human resources, and there is no separate budget intended exclusively for sustainability projects.

The frameworks underpinning the bank's risk management are the Basel III regulations, the sources of laws and regulations, according to which the Bank is obliged to adopt acts related to risk management (strategies, policies, procedures for assessing and monitoring capital adequacy). The risk management systems established in the RBA Group are detailed in internal documents such as the "RBA Group Risk Strategy" and the "Risk Management Regulations".

The existing risk strategy has been harmonised with the business strategy of the RBI Group and the RBA Group in Croatia, and is used to manage the development of the entire Group since it establishes a link between the focus on business and the focus towards risks. This connection is manifested through the risk appetite and certain risk targets derived from the medium-term business objectives, which establish a framework for the upcoming business decisions related to risks.

GRI 2-16

The strategy serves as a basic guideline, which helps describe activities, define risk policies and procedures, and establish a general understanding of the risk management process across the entire RBA Group. More detailed descriptions of management and control methods for each significant risk for the bank and the RBA Group are provided through separate internal procedures and regulations, which are compiled in accordance with the European and local directives and laws. The management is informed ad hoc about all possible loss events that fall into the category of operational risk, including legal risks, IT risks or compliance that exceed one million euros. In 2022, there were no such events.

GRI 207-2

The Risk Assessment is used to determine the significance and impact of certain risks on the bank and the RBA Group, and as such can serve as a basis for defining methods and plans for risk management and their control.

GRI 207-2

Raiffeisen Leasing deals with credit risk management through the Credit Risk and Bad Loan Management Directorate, the Integrated Risk Management Department manages market, liquidity and operational risks, while the risk control function is performed by the head of the Integrated Risk Management. The Raiffeisen Mandatory and Voluntary Pension Funds Management Company has a Risk Management Department as a separate unit, while all organisational units are included in the management process itself, in accordance with their recognised domains. Both organisational units in both members of the Group base their risk management on the Group directives and acts as prescribed by HANFA (Croatian Financial Services Supervisory Agency).

The Raiffeisen Pension Insurance Company carries out risk management within the group of risk management functions, which applies the prescribed Internal Procedures and Regulations, Group Directives, the Act on Pension Insurance Companies as well as other acts prescribed by the regulatory authority (HANFA) for the purpose of risk management.

When reviewing the effectiveness of the control functions and the appropriateness of a procedure, the Management Board of a credit institution must take into account: the findings of an individual control function, the risk profile of the credit institution, the business and risk management strategy.

According to the Decision on the Management System, RBA has ensured that Supervisory Board committees receive information and reports from the relevant control, corporate and risk management functions on risk management and exposures, including detailed information and recommendations regarding the corrective measures already taken, to be taken or recommended for their correction.

Performance reviews of the risk management methods are partly carried out within the scope of responsibility of the Supervisory Board's Risk Committee. The main functions of the Risk Committee are to:

- advise the Supervisory Board and provide support to the Supervisory Board of the credit institution in terms of monitoring the overall and future risk appetite and risk management strategy of the credit institution, taking into account all types of risks in order to ensure that they are in line with the business strategy, objectives, corporate culture and values of the credit institution,
- monitor the implementation of strategies for managing all significant risks in order to assess their suitability in relation to the approved risk appetite and risk management strategy,
- make recommendations to the Supervisory Board on the necessary adjustments to the risk management strategy
- analyse a number of possible scenarios, including stress scenarios, in order to assess what impact external and internal events will have on the credit institution's risk profile,
- monitor the compliance of key products and services offered to clients and the business model with the credit institution's risk management and risk appetite strategy.

Within the Supervisory Review and Evaluation Process or SREP, supervisors assess the risks the bank faces and check how ready and equipped it is to properly manage these risks. Its purpose is to enable a consistent assessment of the bank's risk profile and decision-making on the necessary supervisory measures.

Measuring tools developed at the RBI Group level, which the bank also uses in internal risk management, are the client's ESG rating, the Green Asset Ratio (GAR) and the Science Based Targets, as well as others such as: the analysis and assessment of clients and portfolios, greenhouse gas (GHG) footprint, as well as in meeting regulatory disclosure requirements (e.g. GAR).

In its operations with business entities, the bank has developed client ESG ratings by measuring the impact of risks it has in that area through individual ratings:

1. Environmental: measures the impact of transition risk; our goal is to support the "net zero", circular economy and biodiversity. In this way, we can identify clients that we want to further support in their transition to a low-carbon economy, their contribution to the circular economy, or because of their low footprint or the enabling function in terms of environmental protection (of an already green industry).
2. Social: assessments of social risks, i.e. positive (which we can support with our operations) and negative (those that are in contradiction with the internal social standards of the RBI Group and have a negative impact on the reputation) impacts that they create.
3. Governance: risks of this type are measured by monitoring issues related to transparency, business ethics, diversity, and risk strategy and management.



Green Asset Ratio - the green asset ratio is taken into account in measurement methodologies and analytics. In 2021, the RBI Group published the first funded calculation of greenhouse gas (GHG) emissions for the loan portfolio which enabled it to identify clients emitting the largest amount of greenhouse gases.



Science Based Targets. In 2020, the RBI Group published the first calculation of the greenhouse gas footprint, i.e. scope 3 emissions. This was the first step toward setting concrete targets.

These targets show clients to what extent and how quickly they need to reduce their greenhouse gas emissions, prevent the most harmful impacts of climate change, and at the same time comply with the Paris Agreement. By doing so, we help reduce the harmful impact on the climate, help define business growth that is ready for the future, and contribute to the risk transition management* in the medium and long term.

Raiffeisen Leasing tracks its risk management performance through KPIs and the Portfolio Report, which are presented monthly to the Management Board, quarterly to group functions and three times a year to the Supervisory Board. Internal audits as well as external auditors also review the risk management processes and disclose potential inconsistencies and omissions. The Raiffeisen Mandatory and Voluntary Pension Funds Management Company manages risks through the audit process, carried out at least once a year, of which it regularly informs the Management Board. They are also subject to an audit by the regulatory authority and an external independent auditor, as well as an internal audit by the RBI Group and the Audit Department operating within the company itself.

Tax compliance

GRI 2-27

RBA has been combating tax evasion and tax avoidance continuously and with dedication, where due diligence and good understanding of clients have played an important role. RBA has also defined additional requirements for companies based in offshore financial centres when establishing a business relationship and its constant monitoring, where special attention is paid to checking and verifying that all transactions are conducted according to the law. In these cases, the ownership structure and the nature and purpose of the business relationship as well as the source of funds are examined in the most detailed way possible. This includes a focus on the transparency of a business model, the existence of legal and economic ties with onshore companies, and the actual business activities of the company.

3.

Responsible
banker



Sustainable banking products and services

GRI 3-3

In providing financial services to our clients and users, we strive to achieve the highest possible level of user experience through our behaviour, work and service, as well as through our sound and responsible business.

Retail

Retail (Mass banking and Premium)

Mass banking deals with product development and the creation of an appropriate offer in accordance with market needs, legal regulations, business strategy as well as with the improvement and the development of internal business processes, monitoring, redesign and optimisation of the existing products, services and processes in cooperation with other organisational units (for instance, risk control and reporting, sales or support). Products intended for natural persons can be risky (e.g. credit cards or loans) and non-risky (accounts or packages). Product management implies the introduction or modification of a product, service, process or distribution channel. In 2022, the Guidelines for Approving ESG PI Loans were implemented, and initiatives were launched to develop new products such as ESG housing loans and ESG consumer loans, which will continue to be developed in 2023. In March 2022, RBA started issuing credit and debit cards on recycled plastic.

RBA also has an organisational unit that manages the Private and Premium segments, that is, the development and maintenance of saving products (term deposits, savings accounts) and organises the distribution of third-party products (UNIQA Insurance, Raiffeisen Pension Funds, Raiffeisen Invest, Raiffeisen Capital Management, RBI and others) through sales distribution channels owned by the bank itself.

RBA operates on the Croatian market. Procurement is centralised across the entire bank, and is described in detail in this report in the Corporate sales chapter. However, when necessary, the Segment and Product Management for the Mass segment uses the services of external suppliers, which may be foreign, for the purpose of developing individual products and services (e.g. IT services for application development, consulting services with the owner (RBI) and insurance products). In the process of managing Premium Sales products, the main suppliers are the manufacturers of investment products, insurance products and voluntary pension savings. RBA distributes their products through various sales channels (branch offices, Contact Centre, web, internet banking), and carries out training of employees who distribute these products as well as controls the compliance of documentation intended for clients.

As part of Private and Premium sales and their offer of products, RBA distributes investment funds, voluntary pension savings, insurance products and certificates mainly of members and associated members of the RBA Group and the RBI Group, of which 50% of the manufacturers are Croatian members of the RBI Group, while the rest are foreign manufacturers (companies from Austria and Luxembourg). The main manufacturers are as follows:

GRI 203-1

GRI 2-6

Raiffeisen Invest d.o.o.
Uniq a d.d.
Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d.
Raiffeisen Pension Insurance Company d.o.o.
Raiffeisen Bank International AG
Raiffeisen Capital Management
Fidelity Luxembourg S.A.
Allianz Global Investors GmbH

Product quality and reliability

When considering and developing our products, we strive to maintain a high standard of quality, guided by the principles of "Customer Value Proposition". They urge us to respect the needs of clients with whom we maintain a partnership that is based on professionalism, mutual trust, availability and kindness. A quality product and solutions suitable for clients contribute to mutual growth and the well-being of the society.

We take quality management for Premium and Mass Banking products seriously. In accordance with the EBA (European Banking Authority) guidelines, segment and product management for the Mass segment creates the document Product Governance Oversight System for Manufacturers and Distributors when developing new products or services and redesigning the existing ones. The document defines the target market, producers, distributors, distribution channels, product oversight, corrective measures, roles and responsibilities, and identifies possible risks associated with the product and their mitigation. Client satisfaction is monitored in periodic surveys.

The private banking sector has been continuously receiving awards for the best private banking in Croatia over the past several years. Year after year, Euromoney and Global Finance magazine affirm the excellence of the bank's private banking. The Private and Premium segments have established product quality management systems that are defined by a standardised process of introduction, management, supervision and withdrawal from the offer of bank products, insurance products and investment products. RBA conducts regular client satisfaction surveys, and based on the feedback received and client needs, improves its products and services.

The quality and reliability of Mass Banking products is ensured by monitoring trends on the market, the needs and demands of consumers and competitors, while testing is carried out prior to the inclusion of the product into the offer. The product on offer is monitored and, if necessary, corrective measures are implemented. The development and improvement of the product is carried out exclusively according to the applicable legal regulations. During the development and improvement, we make sure that a product or service complies with sustainability standards. At the same time, the entire business is directed towards digital channels in order to reduce the carbon footprint.

Premium sales product satisfaction is tested quarterly, and monitored using the RaiConnect service as well as the Premium banking service. RBA provides investment advisory services to Premium and Private clients using the Financial Advisory Tool application, provided by Dorsum, which possesses the ISO 27 001 International Standard for Information Security. As part of the PI Mass client segment, we also carry out client satisfaction surveys. In 2022, RBA achieved a 16 points higher NPS (Net Promoter Score) compared to 2021, which is another confirmation that clients recognise the professionalism of our employees, a wide range of quality products and digital services, and the simplicity of the process. The survey was conducted continuously, in eight waves during 2021 and 2022, and was performed by the agency Ipsos, using an online method on a total sample of 7,941 citizens, of which 2,075 were RBA clients.

The organisational unit Mass Segment and Product Management is responsible for the development of products intended for natural persons, whose redesign takes into account sustainability issues. RBA does not consider sustainability risks or opportunities in their development. It, as a financial advisor⁶, provides advisory services relating to the financial products of financial market participants. Due to the lack of available data and the reliability of data related to the calculations in respect of the relevant regulations, the negative effects of investment decisions on sustainability factors, when selecting financial products on which to provide advisory services, are currently not taken into account.

The development of products in Mass Banking is regulated by both Croatian and European regulations, in accordance with the requirements of the RBI Group and the internal acts related to credit operations (Credit Institutions Act (ZOKI), Consumer Credit Act (ZPK), Consumer Housing Loans Act (ZSPK) and Civil Obligations Act (ZOO) and credit operations related to ESG (Internal procedure for product management, Internal procedure for dealing with interest rates on personal loans, Internal procedure of the Guidelines for approving ESG PI loans).

Premium sales are based on Croatian regulations (Decision on Content and Form of Disclosures to Consumers prior to Provision of Banking Services, Credit Institutions Act, Civil Obligations Act, Income Tax Act, Deposit Insurance System Act, Anti-Money Laundering and Terrorist Financing Act, Consumer Protection Act, Act on Implementation of the General Data Protection Regulation (GDPR) and others) and international regulations MIFID II which concerns the offer of investment products and IDD, that is, the Insurance Act, Delegated POG Regulation, that is, the Commission Delegated Regulation related to the offer of insurance products. The Private and Premium Segment and Product Management follows the legal regulations of the capital market, insurance and pension savings market when implementing the product management system and identifying the target market for the products distributed by the bank.

Mass Banking has set goals and performance indicators by conducting a client satisfaction survey (focus groups, Net Promoter Score) and set KPIs (PI KPI for ESG in 2022 was 3% of the total number of realised housing loans,

⁶ Article 2 (11) Regulation (EU) 2019/2088 of 27 November 2019 on sustainability related disclosures in the financial services sector (SFDR Regulation)

while in 2023 KPI is set at 10% of the total number of realised housing loans). An indicator of the success of product and service development is client satisfaction, the number of services and products they use and the number of users. When improving and developing products, we take into account the opinion of clients and employees, their complaints and compliments.

For Premium sales, the bank monitors the number of new clients and users of products and services, the number of clients and users of products and services who terminated the business relationship or the use of products and services, as well as the total number of clients and users of products and services, the number of customer complaints regarding a service, product or process. The bank monitors the profitability of each product and improves processes with the aim of making products more user-friendly as well as making them more accessible to clients through various channels. In addition, it defines various objectives (penetration of products and services into the client base based on the bank's business strategy). By understanding the target market and analysing its sales, the bank can influence the product offer. Clients' interest in sustainability prompted us to be the first on the Croatian market to offer clients the opportunity to invest in an ESG investment fund in 2020.

At the time of compilation of this report, we offer clients the option of investing in four ESG investment funds of the company Raiffeisen Invest, one of which was founded in 2023, as well as investing in ESG RBI certificates. The share of ESG products in the total sale of investment funds and certificates was 20% in 2022. By the end of 2024, we will have increased that share to 25%. In 2021, we enabled Premium clients to communicate with the relevant banker via the RaiConnect mobile application (chat, audio call, video call/meeting, exchange of documents, etc.). A year and a half after its introduction, 30% of Premium clients contracted this service. Clients initiated 15% of the contracted products through RaiConnect, hence in the future we will try to increase this share to 30%. As many as 90% of Premium clients use the mojaRBA (MyRBA) mobile application for daily transactions and information on transactions and account balances.

When developing or redesigning our products and services, we strive to encourage the reduction of energy consumption. For instance, the bank provides eLoan in its loan offer, a loan that can be realised without any documentation. In 2022, we developed an online non-purpose loan via the Internet, which also requires minimal documentation to be submitted in electronic form, which means the process is also fully paperless. In March, we started issuing debit and credit cards on recycled plastic, as the first bank to do so in the RBI Group (from March to December 2022, 126,500 such cards were issued).

In Premium sales, we strive to reduce consumption, hence in the process of offering products and services, we refer clients to links on the bank's website, and send all contractual documentation to their e-mail addresses in order to reduce the need to print out documentation as much as possible. We also encourage clients to receive their bank statements, certificates and other documentation via e-mail.

OUR APPROACH AS DESIGNERS OF A SUSTAINABLE COMPANY AND SOCIETY



SME

The SME Segment, i.e. operations with small businesses and sole traders, is actively included in the RBI Group's group sustainability strategy. With the support of RBI, and the cooperation with local Corporate and PI colleagues, we made significant progress in the formalisation of ESG policies, products and processes in this segment in 2022. With the previously defined restrictive credit policy towards industries and activities of small businesses and sole traders that are considered unacceptable with respect to their impact on the environment and the climate (e.g. related to coal, production, processing and distribution of tobacco, iron, steel, oil or gas), we actively participate in reduction of environmentally and socially unacceptable activities on the market of the Republic of Croatia.

Our product "RBA Programme for Reconstruction of Residential Buildings – Loans for Renovation and Increase of Energy Efficiency of Residential Buildings" promotes the energy savings, and in 2022 we launched a new "green" product "Loan for Financing Solar Systems" with preferential conditions and no additional collateral and the repayment period of up to 10 years.

In addition to "green" loans, we promote sustainability in the social sphere as well. Our offer includes the "Loan for Women Entrepreneurs" Programme, which encourages the development of companies majority-owned by women entrepreneurs offering preferential loan conditions. We also offer to said group preferential conditions for a transaction account, a business credit card, as well as preferential conditions for the owner of the company herself, through the "Ona zna za RBA" Program ("She know about RBA").

In 2022, within the bank's SME segment system, although this has not yet been formally defined and registered, more than 50% of new loans and more than 50% of the loan portfolio were provided to companies that, according to the definition of RBI ESG Social, as well as according to the EU Taxonomy, operate in cohesion areas (underdeveloped areas of the Republic of Croatia). This includes counties whose GDP is lower than the GDP of Croatia (all counties, except for the City of Zagreb, Istria, Primorje-Gorski Kotar and Dubrovnik-Neretva counties).

In its operations with SME clients, RBA offers products and services that can be divided into several key categories as shown in the table.

Transaction operations	Card acceptance	Financing	Deposits and investments	Treasury operations	Online services
Transaction account	POS	Business Mastercard credit card	Term deposits	Foreign currency purchases	Mobile banking
Payment transactions	Fiscal cash register	Approved account overdraft	Custody	Market risk hedging	Internet banking
RBA Business Launching Platform	e-ToMiTreba!! (e-That'sWhatINeed!!)	Loans (investment financing, loans for working capital, revolving credit)	Brokerage services		eBroker
START open a business online		Loans for PV Solar Systems	Investment funds		R-Flex
FlexiBIZ entrepreneurial package		Guarantees and letters of credit			PSD2 Open Banking
Business Mastercard debit card		Factoring			RaiConnect
		Special financing programmes (collaborations with HABOR - Croatian Bank for Reconstruction and Development, HAMAG - Croatian Agency for SMEs, Innovation and Investments and others)			RaiPay
		EU funds			Apple Pay

We provide our services across the Republic of Croatia in six regional centres, that is, 13 sales centres. Our intention is to maximise our digital service, as we already provide the possibility of fully digital, "end-to-end" opening of a business account for some SME clients, as well as fully digital "end-to-end" loan application, approval and disbursement process for some SME clients. We are working intensively to increase the scope of the number of clients to whom we could provide full digital access for both services. The procurement and supply chain for the SME segment functions in the same way as in Corporate sales.

Product quality and reliability



The quality management for the bank's SME products begins early on at the very moment of creation of products intended for SME clients. When developing new and redesigning existing products and services, we respect the needs of our clients. We strive to build and nurture a partnership with them based on professionalism, mutual trust, availability and kindness. We introduce new products in accordance with the RBI directive on the introduction of new products (PAP – Product Approval Process). This means that the products may be subject to changes or regular reviews with the aim of detecting possible needs to remedy compliance gaps. The document also defines the target market, producers, distributors, distribution channels, product oversight, corrective measures, roles and responsibilities, and identifies possible risks associated with the product as well as pre-defines the steps to mitigate these risks. We periodically conduct client surveys regarding the quality and suitability of products for a specific client target group.

The quality of products related to ESG financing (for residential buildings, solar panels and women entrepreneurs) that we currently offer on the market is reflected in the quick processing of applications, a minimised set of documentation (which is conditioned by the legal and regulatory framework), and preferential loan conditions compared to regular loan conditions for the SME segment. We conduct educations in the ESG area (regulations, products, processes), with the support from our expert colleagues from the RBI Group. The satisfaction of new SME clients is measured quarterly, through NPS checks, and the result for the last quarter of 2022 totals 72 points, which exceeds the result for the third quarter (68).

Product development is the responsibility of the SME Coordination, and the same organisational unit includes the function of the ESG ambassador for the SME segment, who is in charge of implementing the SME segment in the ESG business. We track the achievement of targets and performance indicators through satisfaction surveys for individual products and services (focus groups, Net Promoter Score) and through our KPIs. We do not have specific performance ratings, given that these are mostly existing products with a green and social component. Key performance indicators are transparency of the lending process, documentation that substantiate the green and social components common on the market, and client satisfaction with the service. The most frequently listed SME clients' reasons for satisfaction include: friendliness, professionalism and expertise of employees, and fast service. As the most common causes of challenges they face, they mention the use of mobile and internet banking, the amount of fees and the waiting time at the branch office. Fully aware of our clients' needs, we have been investing continuous efforts on enhancing the user experience and improving our services through all channels and approaches to show how much we care about providing the best experience to our clients.

We strive to implement energy efficiency by redesigning and incorporating elements of sustainability into our products and services (opening a transaction account online, online loan applications, approval and disbursement through the PaaS Digital origination application for certain clients). Unfortunately, there are no exact calculations of the financial and energy reductions achieved in this transition.

Corporate sales

In our operations with the bank's corporate clients, we recognised the importance of sustainability not only in our own business but also towards clients. RBA operates fully in line with RBI Group's overall sustainability strategy, including the focus on sustainable financing and the incorporation of ESG policies into our loan origination processes. We are committed to supporting our clients on their journey to green business and increasing the share of environmental and social assets in our portfolio. In addition, we have completely withdrawn from financing activities related to nuclear energy and the use of coal in energy production, we have restrictive sector policies for financing the tobacco industry, iron and steel, oil and gas, with other restrictive policies underway.

Corporate segment is the first segment within the bank that served as a pilot of the bank in the RBI Group for the implementation of ESG in business processes and products with the support of and through cooperation with the expert team of the Sustainable Finance at RBI.

We now offer investment ESG loans, real estate ESG loans and project finance ESG loans, with many others in the pipeline. We finance "green" investments (investments in renewable energy sources, "green" facilities, "green" transportation, waste management, water management, and other ESG purposes). We support investments aimed at a gradual (transitional) measurable reduction of CO₂ emissions, energy saving and having a positive impact on climate change.

Product quality and reliability

RBA has established the quality management for business banking products from the very beginning and manages the process of recognition, marking and reporting of ESG portfolios, within the organisational unit Product Management in Operations with Medium-sized and Large Companies. The sales managers of this Corporate Unit are trained to identify opportunities, while the employees of the Credit Risk Management for Non-retail Clients are trained to assess risks.

Our specialised Project Financing organisational unit has financed a number of energy projects or real estates with high energy efficiency through investment loans or project financing. We develop products within the unit Product Management in Operations with Medium-sized and Large Companies, in which an ESG ambassador for the Corporate segment has been appointed, who has been involved in the RBI Group pilot project related to the implementation of ESG in business from the beginning.

In terms of sustainability, we have not introduced new products, but supplemented the existing long-term loans with an ESG variant. Loans are accompanied by specific documentation that we request from clients, which is aligned with EU regulations and the RBI Group requirements. There is no specific performance evaluation since we do not have new products but the existing ones with a green component. The key performance indicator is the transparency of lending conditions, the documentation substantiating the "green" component that is common on the market and satisfied clients. Responsibility for managing the organisation's impacts on the economy, environment and people is delegated to the organisational unit Communication and Sustainability. A person covering tasks related to sustainability within the organisation (Sustainability Manager) has been appointed. Reporting to the highest governance bodies regarding these topics is planned to be carried out from 2023 in accordance with the defined ESG strategy.

The RBI Group, as a signatory to the United Nations Environment Programme in the Financial Sector for Responsible Banking (UNEP FI PRB), has set certain impact goals, and all banks within the group are obliged to respect them, including RBA in Croatia. The biggest impact is recognised in corporate banking, and given the amount of individual loans and industries, it potentially has the biggest negative impact on the environment. In 2022, the work on defining objectives as part of the Science Based Target initiative for two identified impact areas of strategic importance - climate protection and resource efficiency, continued.

PRINCIPLES FOR RESPONSIBLE BANKING BUSINESS GOALS:

Climate action (SDG13):	Učinkovitost resursa (SDG12)
Reduction of CO ₂ emissions (absolute and relative goals), e.g. The EU has already set a goal of reducing greenhouse gas emissions by 80% by 2050 compared to 1990.	Reduction of energy and material consumption (fossil fuel energy, increase of renewable energy)
	Reduction of water consumption

Raiffeisen Leasing

Raiffeisen Leasing offers two key products, Operating and Financial Lease. Within these two key products or types of financing, Raiffeisen Leasing also offers Operating Lease with additional services included (Fleet management), and Operating Lease - Hybrid, which is Operating Lease for the client, but is registered as Financial Lease considering the embedded option to purchase the leased object upon the expiration of the contract. Suppliers are authorised representatives of certain products such as:

- Sales representatives for various car brands
- Sales representatives for construction equipment
- Sales representatives for freight programme
- Sales representatives for ships
- Sales representatives for various types of equipment and other leased assets

The products that are leased are passenger cars and light commercial vehicles, trucks, trailers, forklifts, various equipment (construction, agricultural, medical and other), and vessels. All suppliers of Raiffeisen Leasing are domestic companies, and according to the total NLB (New Lease Business) for the year 2022, the purchase price of products totalled approximately 115 million euros.

Quality and reliability of products and services

Raiffeisen Leasing monitors quality through the complaint system and the annual monitoring of the eligibility of suppliers of leased assets. The quality is reflected in a simple and fast process of providing a specialised service that is always connected for the purpose of financing a specific leased asset. Product development is handled by the Product Development and Segmentation Management Department, however, leasing is limited in terms of the development of new products by the regulatory framework that prescribes two types of products that can be offered. The preparation of new products is regulated by the RBI Group Directive, which sets forth the rules and method of development and approval of new products in the leasing business, LEASING PAP). The products themselves are approved by the RBI Head Office.

Within goals, an annual budget is set according to the client segmentation and the type of leased assets, as well as the type of financing. The realisation of new leasing contracts is monitored according to client segments, leased assets and type of lease. Goals are mainly set as part of product improvement, acceleration of E2E ("end-to-end") processes, programme improvement, automation, digitalisation, special promotional financing conditions for certain leased assets. Realisation is monitored and decisions are made annually to determine which clients, type of leasing and leased assets we will direct the financing to, with goals being set according to this decision.

Raiffeisen Leasing as an organisation does not have a large impact on the CO₂ footprint, however, we are developing the financing facilities for electric and hybrid vehicles, while the financing of photovoltaic power plants is also underway, and E2E processes are being digitalised.



Raiffeisen Mandatory and Voluntary Pension Funds Management Company

The main activities and products that RMF (Raiffeisen Mandatory and Voluntary Pension Funds Management Company) offers to clients are informing potential members and selling voluntary pension insurance schemes (III pillar). RMF manages one open voluntary pension fund (Raiffeisen open voluntary pension fund) and four closed voluntary pension funds. The closed voluntary pension funds are: the closed voluntary pension fund of the Croatian Medical Union, the closed voluntary pension fund Ericsson Nikola Tesla, the closed voluntary pension fund of the HT Group and the Raiffeisen closed voluntary pension fund. Although foreign citizens may be members, RMF primarily operates on the Croatian market. RMF has its own sales department and contracts with commercial banks to offer a pension scheme, as well as contracts with external associates in offices in regional offices in Rijeka and Zagreb.

Quality and reliability of products and services

RMF manages quality through the mechanisms of monitoring the work of sales representatives as well as through prescribed internal procedures. The operations of RMF are defined by laws and regulations that govern the management of mandatory and voluntary pension funds.

Given the fact that RMF is a financial institution, the product it offers is defined by the regulatory framework of the pension system of the Republic of Croatia, and it is supervised by the financial regulatory authority (HANFA), which is obliged and authorised to supervise pension fund management companies. In addition, RMF makes publicly available relevant data regularly and in a transparent and regulated manner. The Raiffeisen Open Voluntary Pension Fund is the second largest fund on the market in terms of assets under management and the number of members. On average, fund members have larger account balances compared to other open voluntary funds, which indicates that members are well-informed regarding active payments, and also reflects quality management of the assets of the open voluntary pension fund.

The regulations of HANFA are very detailed and there are clearly defined criteria in place for the management of voluntary pension funds. RMF has annual sales targets for the acquisition of new members and payment volumes. The goal is also to attract the highest quality clients, and reduce the level of complaints to a minimum, to help members in a timely and efficient manner, and to enable them to use pension savings services as simply as possible. Continuous efforts have been invested to improve sales processes in order to achieve efficiency and quality access to potential clients.

Raiffeisen pension insurance company

Raiffeisen pension insurance company is a company dealing with the disbursement of pensions from the pillars II and III whose core business is the disbursement of pensions as regulated by the Act on Pension Insurance Companies. The disbursement of pensions requires carefully planned strategic investments and investments aimed at preserving and increasing the value of beneficiaries' pensions. The value chain includes the Central Registry of Affiliates (REGOS) or the MF (Pension Fund) which transfer funds to the account of RMOD (Raiffeisen Pension Insurance Company), and the beneficiary who signs the Agreement on the Selected Form of Pension Disbursement, after which the realisation is initiated, i.e. the pension is disbursed. The key products include pensions according to one of the schemes offered by RMOD. We disburse an average amount of around 19 million euros annually. Pensions are disbursed regularly and without the possibility of postponement, until the 5th day of the month, increased by the six-month amount of the CPI index of the Republic of Croatia, which we receive from the Bureau of Statistics of the Republic of Croatia.

Procurement

Procurement at RBA is fully centralised and takes place through the Procurement Department. When a need to acquire services or goods for any sector emerges, a request through the so-called "Jira" system or an inquiry by email is sent. Jira is an application that serves to receive various types of requests such as procurement, IT support services of various types, approval of Contracts, requests for building maintenance etc. The competent manager in charge of a certain sector receives said requirements and, in agreement with the owner of the supplier's office, determines which criteria are important for the procurement. When needs are defined, inquiries are sent to the suppliers, and offers are collected, of which the most cost-effective one that meets all the criteria is accepted. If the amount of goods or services exceeds 10,000 euros, an invitation to tender is announced through the "iproc" system, where suppliers submit their bids, which are evaluated with the owner of the subject matter of the procurement and the most acceptable as well as the best quality offer is selected.

Due to the characteristics of the sector in which we operate, in most cases, RBA is the end of our supply chain. The final inputs used by the bank in its operations are services (e.g. development of applications) and goods (e.g. banknote counters in branch offices). On the other hand, the participants preceding the supply chain depend on the type of input, but do not differ from the rest of the market. Therefore, the supply chain can start from the supply of raw materials and components that the manufacturer processes into a finished B2B product, or from a service provider that uses intellectual labour to provide a service. In some of the projects, manufacturers and suppliers may use sub-contractors, other manufacturers, logistics companies or distributors, depending on the goods or services they produce.

The financial industry does not have conventional complex production processes that would transform inputs into final products. Specifically, the products we possess include: IT equipment, software licences, banking equipment (ATMs, POS devices, counters), software solutions, IT and physical security.

Innovations and development

Within its IT strategy, RBA envisages the use of new technology and data to allow our clients and users to receive maximum value from them. We strive to achieve this through the use of advanced systems, analytical models and data, and user experience, in order to provide them with the best user experience and bring them closer to available technology. We currently have no official guidelines intended to manage this segment. At Raiffeisen Leasing, the issue of new, more accessible technology is dealt with by the departments of Product Development and Segment Management, Operations with Large and Medium-sized Enterprises, Corporate and Retail Operations, and Integrated Risk Management. Raiffeisen Mandatory and Voluntary Pension Funds Management Company develops B2B accessibility to technology in cooperation with external partners and jointly agrees on the accessibility technology.

In the B2C segment, digitalisation of business operations is enabled, and in B2B the availability of technology refers to the cooperation with the supplier of the core business application as well as the needs of RBA m/iBanking. It is used for the development and improvement of the core business application, as well as other external partners with the aim to access certain services. Raiffeisen Mandatory and Voluntary Pension Funds Management Company is improving the availability of technology through the project DMS (Document Management System), an application intended for document management. DMS is fully integrated into the core business INVEST2 application. The web sales application (web sale) enables potential members to conclude a contract for voluntary pension savings from the comfort of their own home, without the need to visit a branch office. API to connect RBA m-Banking and iBanking applications to allow RBA clients to get information if they are members of voluntary pension funds.

In the B2C segment, the Pension Insurance Company has made it possible to submit an online request for the disbursement of a pension from the voluntary and mandatory pension insurance as part of its official website www.rmod.hr. This allows users to submit disbursement requests from the comfort of their own homes, which also helps reduce the consumption of paper and toner, since disbursement requests and accompanying documentation are not printed, but downloaded online and saved on the RMOD's disk. RMOD conducts more than 90% of its written communication with users via e-mail. Furthermore, disbursement statements are also sent to users by electronic mail.

The IT department is primarily responsible for contributing to new technologies, for which they receive an annual budget as part of initiatives. RBA formed teams responsible for creating digital solutions intended for end users. Each team has a budget and is responsible for market research and product development.

We monitor the success of the approach to the development of available technologies using surveys, product ratings and the NPS of individual products. In addition, we constantly collect feedback from our users, which we then incorporate into our technologies and products, thereby striving to adapt and improve products for users.

The development and improvement of products and the management of segments and products for the Mass segment in RBA are carried out in accordance with sustainability standards. We direct our daily operations toward digital channels in order to reduce paper consumption and carbon footprint production. In order to ensure that our customers find their way around, each branch has a "welcome manager", specialised in assisting clients who need help in finding their way around the branch office (including people with, for instance, impaired hearing and vision). More than 90% of our branch offices have access for people with disabilities (the only exception are branch offices in areas where modifications are not possible – for instance, the old city centre). In order to adapt to our clients with reading disabilities, we are preparing an adapted programme whose introduction is planned in 2023.

The Mass Segment and Product management has initiated various projects for development and innovation at RBA, one of which is the "Lending" project, which develops online loans on the bank's website. It is aimed at the development of an online non-purpose loan where the bank wants to offer clients the realisation of loans via the Internet which is entirely digital (from the submission of the loan application to the actual disbursement of the loan). Online loan approval is possible within an hour, with the minimum amount of documentation that is attached in electronic form, which makes the process fully paperless, and eliminates the need for clients to visit a bank branch office or a notary public.

The Raiffeisen Mandatory and Voluntary Pension Funds Management Company follows the guidelines described in the RBI policies, the "RBI Group Information & Cyber Security Policy". At the end of the year, the IT organisational unit performs a system analysis and starts cost planning for the following year, taking into account the needs of the IT organisational unit and all other organisational units in RMF (new projects, specific requests, etc.). After compiling the draft annual plan, it is presented to the Management Board and the plan is implemented after the approval by the Management Board and the Supervisory Board.

RMF has developed a web sales application that enables potential members to sign contracts for voluntary pension savings remotely. An API application has been introduced to connect the RBA m-Banking and iBanking applications to allow RBA clients to get information if they are members of voluntary pension funds. The mobile application represents a step forward in the offer of pension savings. It can be used to conclude a contract on voluntary pension savings using links for concluding voluntary pension savings, change funds and calculate pensions. In addition, users can check the balance of their accounts in the mandatory and voluntary pension funds online and make payments to the voluntary pension fund.

On its website, the Pension Insurance Company has provided all potential users with access to an informative calculator for pension calculation, as well as all to other relevant information related to mandatory and voluntary pension insurance. RMOD will continue to work on the digitalisation of processes, the development of new products adapted to the needs of users, all in accordance with legal regulations.

We include our stakeholders in product development, taking their opinions, needs and requirements into account during development, as well as those of our employees and management. Raiffeisen Leasing includes its internal stakeholders, that is, all departments which participate in the leasing process during the preparation of new product approval and the preparation of business processes. RMF includes RBA as the owner, suppliers, external associates and internal stakeholders. All departments within it participate in defining new functionalities as well as in adapting the application to regulatory requirements. The main INvest2 application is developed in cooperation with the supplier. In the case of mobile application development, we also have suppliers who collaborate on connecting the mobile application with the INvest2 application. Internal participants, in accordance with the business processes and legislative changes, submit requests for change (development) and are in charge of testing and approving changes.

RBA continuously pilots new technologies and innovations, and encourages employee innovation. In IT, we test new technologies and innovations in such a way that they are piloted on a smaller segment of products or clients. If they are assessed as successful, applicable, and bearing value for clients, they move to a full-scale rollout in areas where they are applicable. Raiffeisen Leasing has clearly defined products it is allowed to deal with, which means that the process of development and innovation itself is not an established practice where developing a performance monitoring methodology would be necessary. The sales performance of an individual product that was the subject of innovation or improvement is tracked. RMF does not evaluate performance, but controls availability and quality.

The organisation has been continuously working on the digitalisation of the processes, i.e. the bank's internal systems. RBA has built an IT platform on OpenShift technology on which it develops new digital products, and the development itself is done in agile teams that apply the Scrum methodology. The bank's products are analysed, and a team tasked with developing an "end to end" (E2E) digital product is assembled. RBA Group has reached a high stage of digitalisation of business. Raiffeisen Leasing is working on the digitalisation of the entire E2E process, which is one of the strategic guidelines. Digitalisation of the process includes, among other things, the introduction of digital sales channels; introduction of digital contract signature and on-line identification; e-invoices; and automation of the client data entry. Requests have been submitted to the IT supplier for parts of the process (e-invoices, digital communication), market research is being conducted to select the best solution for the digital Customer portal, and API services are being developed with external suppliers (CVH, FINA, Tesla, Chiriboo).

Protection of our clients and partners

Security, privacy and data protection

GRI 418-1
GRI 3-3

Client security is a high priority of our business, and an area governed by the RBA's internal rules and procedures. Such as: Data Protection Rules, RBA Rules for Handling Personal Data, Internal DPO Process Procedure, Operational and Technological Instructions GDPR in Operations with Natural Persons, Information Classification and Archiving Rules. Raiffeisen Leasing has a Security Policy, Information Classification, IT System Security Rules, Data Protection Rules, Internal GDPR Procedure for Operations with Clients and other internal regulations at the Group level. RMOD possesses the IT System Security Rules, the Policy on the Application of Requirements on Sustainable Investments, the Rules for Handling Personal Data as well as other internal procedures at the Group level.

This segment is handled by the Security, IT, Legal and Compliance departments. All our policies are aligned with the relevant EU regulations regarding personal data protection. We are not holders of certificates in this area, but we follow all leading standards and regulations in the area of security. As a part of the RBI Group, we are aligned with its security management strategy, which is reviewed and updated annually. In this area, Raiffeisen Mandatory and Voluntary Pension Funds Management Company is guided by the following documents: RMD Security Rules, Rules on Appropriate Use of Information System, Rules on Information Classification, Rules on Access by External Partners and Rules on VPN Access Use. Risk assessment is carried out annually in cooperation with the Risk Management and Control organisational unit through the Archer-ICS application.

All employees of the bank and RMF have been acquainted with security issues through mandatory educational programmes, as well as our partners and users to whom we have communicated them. Raiffeisen Leasing conducts regular annual education aimed at raising awareness in the field of security. The education covers the areas of information security, physical security and business continuity management. In 2022, 72 employees, that is 93.5% of them successfully completed this education.

Special attention is paid to the protection and security of the personal data of our clients and employees, in such a way that only authorised persons have access to the data. After the termination of the business relationship, we are obliged to keep client data for at least 11 years in accordance with the Credit Institutions Act, save for exceptional cases when we keep them permanently, also in accordance with regulations. After the expiration of the mandatory data retention period, we anonymise the data. During data storage, access to data is limited and controlled. The RBA Group employees receive training in the field of personal data protection and personal data management immediately upon employment and then once every two years.

Through various initiatives, we seek to continuously educate our employees and clients. For instance, we initiated the project "Increasing the Level of Cyber Security to Support Critical Infrastructure" financed by EU funds. Its goal is to raise the level of cyber security in RBA. This improves the support of critical infrastructure and the availability of the provision of key services characterised by growing risks in the field of cyber security. With this project, we seek to strengthen technical capabilities, knowledge and skills for proper assessment and identification of cyber risks and stronger cyber resilience. Raiffeisen Leasing has also conducted a number of projects in this area, with one of the current activities being improved security in the field of identity and access management. In addition, security improvements are introduced by implementing the latest standards and technical solutions in the field of cyber security such as Zero Trust Network Access.

In 2022, we completed a project to improve technical and organisational measures for protection against unauthorised access, hacking attempts, malware infections, and detection and response to possible threats. The success of the security approach is regularly monitored and evaluated according to the key indicators set in the security standards at the RBI Group level. Governance bodies are also informed about the results. The KPIs we monitor are: percentage of employees who underwent educations regarding security, percentage of penetration testing, vulnerability management, etc. Monitoring is automated where possible, and further decisions on actions to be taken depend on the collected monitoring results.

In 2022, a total of two complaints were recorded regarding violations of client personal data. We have had no identified data losses and no complaints to regulatory authorities. In Raiffeisen Mandatory and Voluntary Pension Funds Management Company, there were no complaints from regulatory authorities nor data losses, and in 2022, one complaint was received for an alleged violation of privacy that was unfounded.

Contribution to technology and its approach

GRI 3-3

Satisfaction of our clients and partners

Customer experience (CX) is one of the strategic areas of the RBA's business, it is contained in our vision and mission and our value proposition to clients. One of our goals reads: "We will be the Number 1 bank in Croatia in terms of customer satisfaction and employee pride." With respect to our focus on the user experience, the implementation of streamlined processes is important to us in order to be as user friendly as possible and thereby contribute to the experience of our clients. In our approach, we also seek to fully adapt our communication to clients, so that it is direct, understandable and free from terminology specific to the banking sector, which makes it simpler for clients to do business with the bank. Raiffeisen Leasing manages client satisfaction through its internal procedures, such as IP Marketing activities, donations and sponsorships (according to which a customer satisfaction survey was conducted through IPSOS in 2021); IP Management and complaint resolution procedure V.10 ("LN database of Complaints/Comments") processing of complaints (dedicated e-mail address for collecting complaints: leasing.prigovori@rl-hr.hr).

Raiffeisen Mandatory and Voluntary Pension Funds Management Company monitors the satisfaction of members of the mandatory and voluntary pension funds which are governed by the Internal Procedure for Communication with Members, the Instructions on Receipt and Resolution of Complaints and the Instructions for Conducting Welcome Contact with New Clients. Employees of the Contact Centre contact members daily and thus monitor the satisfaction of clients with the work of the company and the funds and the manner of communication. The Contact Centre is also responsible for the welcome contact with new members. After the first payment, all new members who provided an e-mail address in their application receive a welcome e-mail. It also contains a survey, that is, questions based on which RMF will receive feedback on the quality of information provided to members. Members are contacted as needed.

The Customer Experience Management Department is primarily concerned with improving the experience of clients, mostly based on their feedback, which play an important role in the creation of development initiatives. We strive to make it easier for clients to do business with the bank and to streamline the use of products and services

With the help of the RBI Group guidelines, RBA promotes the latest trends in the customer experience segment such as Service Design, Customer Journey Mapping, Close Loop Feedback, identifying critical points etc. At the same time, we follow local trends and the experience of clients of competing banks, in order to better understand the situation on our market.

We assess satisfaction continuously, depending on the channel through which the client operates or communicates with the bank (e.g. branch office, Contact Centre or mojaRBA (MyRBA)), the product the client uses (e.g. loan or current account) and the process (e.g. the process of resolving client complaints). We also conduct various other measurements depending on the client segment, ad hoc measurements depending on the needs of other organisational parts of the bank, external measurements in cooperation with research agencies, and measurements required by the regulatory authority.

In Raiffeisen Leasing, customer satisfaction is dealt with by the Product Development and Segment Management Department. Legal affairs and compliance departments deal with the complaints segment.

In RMF, customer satisfaction is handled within Marketing and Sales Support, while the Contact Centre functionality group is in charge of implementing and monitoring member satisfaction. Within this, the Contact Centre prepares an internal report on the welcome contacts made once a month and submits it to the Sales. Based on the monthly reports, the Sales Department carries out continuous monitoring, of which it informs the Management Board and the regulatory authority HANFA once a year.

In RMOD, customer satisfaction and the monitoring and processing of complaints and negative comments are dealt with by the Contracting and Sales functionality group and the Supporting Investment Operations functionality group - BO (depending on what the complaint and a negative comment refer to) in close cooperation with the employee in charge of Legal Support and Compliance. During the very creation of products and services, client feedback is collected in order to better understand the expectations and needs of clients.

One of the main parameters measured at RBA, in the Customer Experience Management Department is client loyalty, that is, the tendency to recommend. We also monitor other categories such as measuring satisfaction, effort invested and collecting various feedback about the user experience. When it comes to client satisfaction, Raiffeisen Leasing mainly monitors their satisfaction with the service provided (whether we met the clients' expectations, whether the process was stress-free for the client, the speed of leasing approval, whether they would recommend us to someone, whether they would use the Raiffeisen leasing service again). In its welcome contact, RMF checks whether the new member has received all the necessary information during membership registration, which is how RMF receives feedback on the understanding and clarity of the information and service provided by sales representatives. Less than one percent of users expressed uncertainty that not all information was clear or available to them. RMF annually receives 50 to 60 complaints or inquiries, mostly related to incorrect payments to the fund and disbursements from voluntary pension funds.

We monitor customer satisfaction through various points of contact between the client and the bank. For instance, after visiting the branch office, the client has the opportunity to fill out a short survey to evaluate the satisfaction with the employee or the contracted product. An increasing number of clients are using digital channels in their business with the bank, thus clients using mojaRBA (MyRBA) mobile banking can share their experience with the application through the same service in a simple survey.

In the last few years, social networks have also become popular, through which clients of the RBA Group, as well as anyone else who is interested in our products, have the opportunity to comment or express their satisfaction and receive feedback in the shortest possible time.

Feedback from clients can be provided in the form of ratings that are easier for clients to evaluate, and very often there are also open answers or additional comments through which we learn more detailed information, concrete examples, etc.

The Customer Experience Management Department seeks to consolidate all client feedback, collected through various channels, in order to get a comprehensive picture of the customer experience. In addition to that, there are previously mentioned measurements, which, through targeted questions, allow us to better understand how processes, products and services seem from the perspective of clients, that is, what we do well and what we can do even better.

Simply put, for us, clients are a valuable source of feedback, which we then centrally evaluate, analyse and prioritise, and use as the basis for development initiatives. In agreement with the product owners, development initiatives are turned into concrete action plans, which have their own implementation deadline as well as a competent person.

Raiffeisen Leasing monitors satisfaction in the Product Development and Segment Management Department in cooperation with the RBA Marketing. In 2021, the IPSOS agency prepared the results of the market research, which served as the basis for the preparation of plans/workshops intended for the improvement, automation and digitalisation of the entire process. In addition to the welcome contact mentioned, Raiffeisen Mandatory and Voluntary Pension Funds Management Company, and through the received complaints from members, which we enter into the Complaints Database. Satisfaction is monitored to allow possible improvements of the business and communication. Action plans are agreed and developed in agreement with the Management Board and compliance and sales departments.

Last year, as part of the continuous improvement of our clients' experiences, RBA introduced the Close Loop Feedback process in order to act on client feedback. If a client expresses dissatisfaction, we try to get in touch with the client as soon as possible (within two days) and offer a solution. Regarding the results of client satisfaction, we can say that most of our clients are extremely satisfied. We consider feedback from less satisfied clients in detail and, if possible, provide a solution promptly. If requests are more complex (such as changing a certain process), we work on finding a solution, that is, a development initiative together with the competent organisational units.

Generating economic value

Economic success is necessary in order to be able to ensure the long-term business and sustainability of our RBA Group. Economically successful operations are a precondition for the long-term survival and success of the Group, which ultimately ensures that other, non-financial goals can also be achieved. By generating the economic value of its business activities, the RBA Group creates added value for the company itself, as well as for the owners and employees, its clients and the economy. In this way, we contribute to the stability, resilience and productivity of the economic system and the company.

Business results are the responsibility of all RBA employees, while the reporting on results is the responsibility of the organisational units Finance and Financial Management.

Economic sustainability

GRI 203-2
GRI 3-3

Ensuring adequate capital resources is important for the purposes of creating economic sustainability. The RBA Group's risk control encompasses a sustainability perspective that aims to ensure a sufficiently high share capital ratio at the end of the planning period, and to make them as resistant as possible to sudden and unexpected disruptions in the macroeconomic environment.

The table shows the data for direct economic value generated (EVG&D) on an accrual basis for:

RBA OVER THE LAST THREE YEARS

GRI 201-1

Economic value (in million HRK)	2020	2021	2022
Revenue	1,276	1,349	1,539
Operating expenses	819	797	1,078
Employee salaries and benefits	350	338	361
Payments to capital providers	35	28	148
Payments to the state	1	81	73
Investments into community (donations)	2	2	1

RBA GROUP OVER THE LAST THREE YEARS

Economic value (in million HRK)	2020	2021	2022
Revenue	2,202	2,084	2,053
Operating expenses	1,729	1,469	1,529
Employee salaries and benefits	407	393	407
Payments to capital providers	35	28	148
Payments to the state	18	103	85
Investments into community (donations)	2	2	1





The indicators and goals of managing our economic performance are implemented through the annual preparation of the budget and the medium-term plan for the upcoming three years, where the goals we wish to achieve in that period are defined. The key performance indicators that RBA sets in its operations are: Cost to income ratio (CIR), Gross income (GI), Return on Equity (ROE), Risk weighted assets (RWA) and related Capital ratio and MREL ratio. We evaluate the success of the economic performance management and strategy implementation through non-financial KPIs. When updating the strategy annually we check whether the goals for the previous year have been achieved. The goal of our strategy is to establish RBA as a "sustainable digital bank that clients and employees will choose as their first option", for which the key indicators we use are NPS and the share of digitalisation and ESG lending.

In its operations, Raiffeisen Leasing seeks to meet the economic performance management goals set by the owner, among others: newly contracted volume and net margin, profitability and efficiency indicators, net income after tax, total amount of operating expenses, amount of provisions, risk-weighted assets and others.

Raiffeisen Mandatory and Voluntary Pension Funds Management Company manages its economic performance by means of set goals in such a way that the performance is greater the higher the revenue from the management of pension funds compared to the plan, the smaller the ratio of operating expenses and the total revenue compared to the plan, and the higher the profit before tax increased by the distribution commissions according to NWB compared to the plan.

RBA seeks to implement sustainable financing in its business and contribute to the society as much as possible. Raiffeisen Leasing has concluded special credit lines with development financial institutions (HBOR, HAMAG, EBRD, EIB) aimed at supporting clients, which focus on sustainable business. The specificity of the leasing business means that the eligibility of financing from these lines is focused on the type of leased assets that are financed, environmentally friendly products (vehicles and equipment with electric and hybrid engines, financing solar panels and the principle of not doing significant harm - DNSH).

RBA does not currently monitor the indirect impacts that potentially occur in various investments, but we plan to compile an Impact report regarding the issued MREL bonds.

We also consider the financial consequences affecting climate change, which we observe primarily from the perspective of the RBI Group through Climate Stress test exercises, which were compiled by our parent RBI Group, and which we will implement in our processes in the coming period.

Successful accession into the eurozone

On 1 January 2023, Croatia became the twentieth Member State of the eurozone, which means that the euro became our national currency on that date. The aim of the introduction of the common currency was to deepen the connection between the Member States and facilitate the exploitation of all the advantages of the single market with the free movement of people, goods, services and capital.

The euro eliminates transaction costs, it ends inter-currency changes within the eurozone, and for the eurozone members that largely trade with other eurozone members, it reduces exposure to currency risk and facilitates trade as well as increases the resilience of economies to crises. Overall, the euro contributes to more stable economic opportunities and growth, greater investments and new jobs. For our RBA Group, this change entailed the preparation of all systems, products and services for the adoption and implementation of the euro as the national currency.

The introduction of the euro is one of the most challenging projects that the RBA Group has faced. This project covered all parts of the banking business, from operation with the citizens, legal entities, legal and accounting issues, prevention of money laundering and risks. In addition, various banking processes, reporting and applications were affected. All systems had to be adapted to a greater or lesser extent, it was necessary to convert our clients' accounts and products, familiarise them with the effects of the transition to the euro, prepare adequate amounts of cash at the level of the entire system. We needed to achieve all of this in a demanding time frame, since the adjustments to our bank's software and application processes require significant effort and time.

The great challenge was that in the first year and a half of the project, when we were already in middle of the major preparations and changes, the legal and regulatory framework did not yet exist and all adjustments had to be based on assumptions, with the risk that the final regulatory framework and solutions would be different from the expected. We were organised in 10 streams, which made up the core project team, and worked according to a hybrid model, harmonising conventional project tasks with tasks that agile teams had in their backlog. This kind of organisation proved to be optimal, in order to achieve the monitoring and control necessary for such regulatory project, while at the same time enable the flexibility and cooperation an agile structure ensures. We also regularly monitored project statuses and progress in all members of the RBA Group, helping each other and exchanging experiences and information.

It was very challenging to work during the COVID-19 pandemic, since we were faced with a work-from-home model, greater absences of team members due to infection, parallel work on project and regular tasks, but we managed to overcome everything successfully with adequate measures and the support of all organisational units. The project lasted two full years, from December 2020, when the GAP analysis began, and was intensified in April 2022, with the first deliveries to test environments. The first indication that we are on the right track was the successful introduction of dual price display from 5 September 2022. The last quarter of 2022 was the most demanding period of the project, with the initiation of "end2end" testing of supplier deliveries and corrections and finalisation of the solution according to the requirements of the regulatory authority. At the same time, in the last quarter, we initiated intensive communication with our clients, by sending general and individual notifications, and internal trainings for our employees regarding the novelties and changes.

The D-weekend itself, which spanned over three days before the actual conversion on 1 January 2023, was certainly the most dynamic working weekend in the history of the RBA Group. More than 150 RBA employees worked in shifts throughout the entire weekend, while a large number of them were available from home as needed. After midnight on 1 January 2023, we successfully migrated our ATM network and card transactions. By the time the branch offices opened, all systems were working successfully and the bank was successfully providing services to clients.

The size of the project is best expressed by these figures: we worked intensively for two years, we managed to prepare everything for our clients in just 30 hours. In total, we worked 390 business days, changed 84 applications, tested 16,500 scenarios, held over 600 meetings. More than 450 employees worked on euro-related tasks and we spent more than 20,000 people/days. The main reason for the success of this project is the joint effort and involvement of the entire RBA Group, great support from sponsors who always stood by the project team and raised awareness of the importance of this project.

4.



A committed partner
to employees





We are proud of RBA's high ratio of women in all our managerial positions (69%), and the equal share of men and women in our Management Board. We have been the holder of the Employer Partner Certificate since 2015, which showcases the quality of our human resource management processes, and we renew it successfully year after year.

- We are dedicated to the wellbeing of our employees and we provide them with:
- At least 26 days of vacations for every employee,
- 90% salary coverage during sick leave,
- Overall greater amount of benefits for employees than the markets' average (data derived from the Employer Partner Certificate),
- Hybrid working hours wherever business processes allow it.

Most of our employees express satisfaction with the possibility of hybrid working hours. We have received Adria's Best Employer Brand Award in 2021, for our RBAlity project and the experiences it provided our employees with, among other the hybrid way of working.

RBAlity allows us to design the working environment in an agile way, and contains:

- Formalization of the work from home option,
- Organization of work in hot spot offices,
- Improvement of the quality of work in open space areas,
- Improvement of work in our branches,
- Digitalization and onboarding processes improvement.

48,568 hours of education has been invested into our employees in 2022.

Creating jobs and opportunities

GRI 3-3

Our employees and shared culture are the foundation of RBA Group. We place exceptional importance on sustainability not only in the context of natural resources or the environment, but also in the context of managing social impacts, which includes our work environment. Trend analyses show that more employees than ever before are considering a job change. Flexibility, meaningful work, development opportunities, personal relationships with colleagues and conscientious managers are key criteria when choosing a job and willingness to stay in the organization for the long term. Therefore, we deal with these topics in a targeted and long-term manner.

With the support of our employees and their ideas, together we created new policies, improved business processes, adapted our services and approaches to clients, and established work models in order to ensure the best possible conditions and satisfaction of our team, regardless of job types and functions.

Human and Organizational Resources Management is the organizational unit responsible for all management issues in the work environment related to the development and education of employees, their well-being, and the definition and implementation of options for flexible working hours or working from home. The Security organizational unit is in charge of ensuring the physical and IT security of all employees at their workplace, and the Procurement and general affairs organizational unit is responsible for occupational health and safety. The chief administrator of general affairs is also the person responsible for occupational safety issues.

The values, the Code and regulations, policies and approaches to the management of different business segments, as well as the working environment, are applied in all members of the RBA Group to the same extent as they are applied to the bank itself, wherever possible.

GRI 2-13 Managing the impact on employees is the responsibility of the Human and Organisational Potential Management organizational unit, and there are designated persons nominated to protect the dignity of employees.

Care for the health and safety of employees

GRI 403-1

Safe working environment

GRI 403-9

Since 2020, we have been operating under new conditions and with new challenges, which were mostly caused by the COVID-19 pandemic. Considering the changes that followed in society, and therefore within our organization, we accepted the fact that we cannot return to the old models of work, cooperation and development of our working environment, especially in the context of providing adequate care and safety for our employees. We used all the challenges we faced as an opportunity to learn, make positive changes, promote organizational and personal development, and team growth.

GRI 403-8

The safety and health management system at RBA covers all employees, but it does not fully apply to students who work occasionally and temporarily through a student contract, except in cases of legal obligation. Specifically, students do not undergo occupational safety training, as they work under the supervision of more experienced employees and are hired to perform occasional work for very short periods of time, which makes the carrying out of occupational safety training impossible. If the law stipulates that students may not start working in a certain position without possessing a certain document, such as, for instance, a medical certificate for employees working the night shift, the required medical examination is carried out before they start working. Furthermore, the organization does not provide coverage for employees of partner companies, such as security guards, cleaners, janitors, delivery persons, and others, but their coverage is provided by their employer's system.

Moreover, as for the procurement and general affairs, the chief general affairs administrator function also performs occupational safety and fire protection tasks regulated by law. All other tasks of the organization are performed in partnership with an authorised external partner (the company Vizor), which possesses the necessary resources, equipment, and a permit issued by national authorities for the performance of the contracted services.

GRI 403-7

The implementation of the risk assessment process for each workplace within our organization provides us with guidelines as to what additional measures are to be invested in or applied to make the workplaces even safer. However, the risk assessment also points to the need to modify work processes in order for them to be adequate for the existing situation. There are three possible procedures for reporting hazards: reporting to the line manager, reporting to the employee representative within the Occupational Safety Committee, and reporting to the State Inspectorate. The law prohibits any action against the reporting person, and reports can also be submitted anonymously.

GRI 403-2

The law requires that the occupation health risks for employees be assessed. The Risk Assessment document governs the field of occupational safety. The said document is a comprehensive document assessing health risks for employees and listing the employer's obligations to be fulfilled to ensure employee safety and health in the working environment, in accordance with the procedure prescribed by law. The document was accepted by the Occupational Safety Committee. Thus, the employer implements its defined activities in

practice. The Occupational Safety Act prescribes mandatory employee training on occupational safety. At our organization, such training is carried out within 60 days from the day of one's employment. The content of the said training is in line with the relevant regulations. Training for all our employees is provided by Vizor, and the contents, information, and convictions regarding a successful occupational safety knowledge and skill acquisition are available at the Human and Organizational Resources Management, as well as on the "Exchange" network drive. In 2019, the Raiffeisen Pension Insurance Company entered into an agreement with the company Zavod za unaprjeđenje sigurnosti d.d. from Osijek, allowing an expert from the said institution to conduct safety and working environment testing and training for all employees.

It is important to point out that our employees also participate in the development, application, and evaluation of the health and safety management system in our working environment, namely through their representative (elected in elections) within the Occupational Safety Committee.

GRI 403-4

Taking into account the nature of work of our employees and our effective system for risk management and occupation safety, the number of work-related injuries is minimal, and most of the existing injuries are injuries that occurred as employees were arriving to or leaving work.

RATE OF WORK-RELATED INJURIES IN RBA

Rate of work-related injuries	Number of injuries / % of injuries						Working hours lost			Working days lost		
	2020		2021		2022		2020	2021	2022	2020	2021	2022
	no.	%	no.	%	no.	%	no.	no.	no.	no.	no.	no.
Total	1	0	2	0	1	0	1,024	1,224	64	128	153	8

RATE OF WORK-RELATED INJURIES IN RBA LEASING

Rate of work-related injuries	Number of injuries / % of injuries						Working hours lost			Working days lost		
	2020		2021		2022		2020	2021	2022	2020	2021	2022
	no.	%	no.	%	no.	%	no.	no.	no.	no.	no.	no.
Total	1	1.16	0	0	0	0	80	0	0	10	0	0

In 2020, 2021 and 2022, not a single work-related injury was recorded in RMF and RMOD.

The health of our employees

GRI 403-10

In order to ensure the protection of health of our employees, we have entered into an agreement with an occupational medicine practice, allowing it to participate in the work of the Occupational Safety Committee. The competent occupational medicine practice has access to our workplaces and provides us with advice on occupational safety, health, and hygiene. They also perform medical examinations for employees, carry out vaccinations, and provide other health services. Their services also include ergonomic advice that helped us provide adequate work equipment and conditions in line with the ergonomic standards defined by European regulations.

The organization ensures that systematic medical examinations of all employees are performed once a year. Under additional health insurance policies, several additional specialist examinations and diagnostic tests can be performed free of charge if indicated by a physician. As we care about our employees' health, in order for them to be able to undergo systematic medical examinations, we offer them a day of paid leave. We also provide discounts on health services for our employees' family members through insurance companies with which we have entered into cooperation agreements for preventive medical examinations.

GRI 403-6
GRI 403-3
GRI 403-5

Aware of our responsibility to protect the health and safety of our employees during the COVID-19 pandemic, we provided all employees with protective masks, respecting the quantities and intervals requested by the employees themselves. We installed a protective plexiglass at all workplaces where employees come into direct contact with clients in order to prevent the spread of the infection with the COVID-19 virus as much as possible.

GRI 403-3 Hand disinfectants and other equipment were provided at all commercial premises, respecting the quantities and intervals requested by the employees at different locations, and additional workplace cleaning and disinfection services have been contracted with cleaning companies. Employees were vaccinated at the partner occupational medicine practice as soon as the vaccines became available. COVID-19 tests were available to all employees, and the tests would be delivered to them at their request.

Working from home (or hybrid work) has become the norm for all our employees whose positions allowed such work, and we have provided them with the appropriate remote access equipment (laptops and mobile phones). Although our employees in branches could not switch to working from home due to the nature of their work, we provided them with all available protective methods and tools to ensure the highest level of protection for our most exposed employees.

During the pandemic, the physical and mental health of our employees (i.e. their well-being) became our primary task. Thus, at the very beginning of the pandemic, we established a special team whose task was to organize work and communicate guidelines to all employees. Special emphasis was put on systematic, timely, and continuous communication for and with our employees. The frequency of such communication depended on the urgency of the situation and was adjusted to the scale of the epidemic. Human and Organizational Resources Management was in charge of all communication during the crisis, drawing up manuals pertaining to time management and working from home and providing useful self-help tools. We also created a special email address to allow for direct and simple two-way communication.

From the very beginning of the pandemic, psychological support was provided to employees through telephone counselling and the organization of webinars. During the said period, strong earthquakes also occurred in Zagreb and Petrinja, and employees who experienced the greatest damage or losses were provided with one-off financial assistance.

GRI 403-4 With the aim of evaluating the established assistance systems, we conducted a survey of employee satisfaction with our approach to the crisis period challenges within the Voice of Employee initiative. The results pointed to a considerable level of satisfaction with the information level within the organization, as well as a high level of trust in the decisions made by the organization to provide support to all employees. The basis of all initiatives undertaken by the organization with the aim of preserving employee health and well-being is employee feedback collected through pulse surveys and satisfaction questionnaires. In the upcoming period, we are planning to focus more on stress management and mental health preservation activities.

GRI 3-3 Professional development and learning

Our employees play a key role in the business success of the RBA Group. We therefore foster employee motivation and development and promote diversity and inclusiveness in our working environment. We are aware that, as an organization, we can only be successful if we have motivated employees with appropriate qualifications. Competing for highly qualified experts on the market, we wish to offer our employees attractive working conditions and good career and further training opportunities. Open dialogue and close relations between the management and employees are key elements of our corporate culture, and they are aimed at creating a safe and motivating working environment.

Employee development is described in internal procedures and policies such as Employee Training in RBA and Talent Management. In addition to local policies, RBA relies on the guidelines set by the RBI Group for specific areas. The professional development strategy for employees is based on the Bank's business strategy and focused on the development of key skills required for the delivery of the business strategy.

At the organizational level, there are a number of development initiatives aimed at different groups of training participants, depending on the nature and field of work. Thus, there are specific programs for the development of new managers, leadership programs, academies for certain business areas, specific product training programs, etc. In addition, as part of performance management, we are also planning development activities at the individual level. In addition to the foregoing, the organization fosters self-learning. In 2022, we started providing all our employees with unlimited access to digital educational content on the internal learning and development platform, BeeSmart, with more than 4,000 development activities. In addition to the rich internally available content, employees can also attend training programs available on the market.



BEEsmart

DOBRO DOŠLI U KOŠNICU ZNANJA!

As for contents and topics, the training programs cover a wide variety of topics related to the development of professional knowledge (such as Excel courses and SQL courses) and different soft skills, such as assertiveness, speaking skills, and presentation skills. All contents are available on the BeeSmart internal learning and development platform.

In 2022, a team coaching leadership program was launched, aiming at work-based learning involving concrete challenges and the cooperation between teams from several business areas. It builds on our multi-annual investment in leadership development, which began with the provision of support to the Management Board, continued with the leadership academy for two levels of managers, and currently involves coaching support for teams. Team sponsors are Management Board members responsible for the teams, ensuring the support and involvement of senior management in the development of employees.

Employees have the opportunity to evaluate educational content on the internal learning and development platform. As for new development programs, we conduct detailed satisfaction surveys, such as focus groups following pilot training. That way, through detailed feedback, employees have the opportunity to influence the training sessions and programs. Satisfaction with the development and training is also monitored by means of an annual employee satisfaction survey.

As part of monitoring the realization of the RBA strategy, indicators are also regularly monitored by means of pulse surveys or employee satisfaction surveys, pointing to the level of employee satisfaction with development opportunities within the company, as well as their satisfaction with the level of knowledge and skills needed to achieve strategic goals within the team. There are well-defined success criteria for the said indicators.

As a bank wishing to be a learning and development organization, we recognized additional development opportunities in several areas:

1. By reducing the number of compulsory training programs, i.e. optimising it and improving their content, or making it more interesting and easier to learn by using modern tools for creating e-learning and modern methodologies. In the last two years, we have been making systematic progress in this area, and all new educational content that has been prepared in the above way has been receiving extremely high ratings from employees.
2. Greater inclusion of employees in training programs that are not compulsory, i.e. required by the regulations.
3. Encouraging self-learning additionally in order to motivate employees to learn continuously (we achieved this by providing additional digital content). Moreover, in the upcoming period, we must place greater emphasis on the promotion of self-learning so that it becomes an integral part of every employee's regular work.

EMPLOYEE TRAINING HOURS AT RBA

GRI 404-1

Training	Number of hours	2020		2021		2022	
		M	F	M	F	M	F
Management	Average	80.69	86.94	65.16	67.10	31.93	39.16
	Total	5,567.4	11,997.5	4,300.4	9,260.3	1,979.5	5,365.2
Employees	Average	45.13	29.46	35.24	41.60	32.61	34.98
	Total	13,991.7	32,675.2	10,360	44,100.2	10,827.8	37,740.5

There were 480 training hours at RBA Leasing in 2020, 687.5 in 2021, and 855.9 in 2022.

There were 912 training hours at RMF in 2020, 1,166 in 2021, and 1,323 in 2022.

Training records by gender were not kept in those two companies, but we will be able to prepare data for the Sustainability Report for 2023.

RMOD did not keep records of the number of training hours in 2022, but it will also be published in the 2023 Sustainability Report.

In addition to the existing training system, for more than ten years there has been an annual performance assessment system in place, namely an advanced one supported by a technical system, one of the key

GRI 404-3

processes for ensuring the bank's success and employee development. It is accompanied by an internal procedure and a manual, and there are regular training programs for the management. The annual performance assessment system consists of three basic process points during the year: setting goals, six-monthly revision of the goals, and performance evaluation at the end of the year.

We assess what is being done, individual goals and working methods are set, and the development of key competencies all employees should possess is assessed. We use the Lominger competency model and the competencies defined at the RBI Group level for all Group employees. In the final performance evaluation, what is being done accounts for 80%, and the working methods account for 20%. We align all steps, actions, and tools in this process with the general guidelines, namely:

- focus on the development,
- actions in real time (instead of at prescribed time points only)
- focus on the feedback and on the description of the quality of achieved results, and not on the evaluation,
- trust and empowerment instead of control, and
- focus on the goals.

A proper application of this process leads to each employee understanding how their goals and actions contribute to the achievement of the bank's goals.

The tool supporting this process is HRNET, containing the formal form for the annual performance assessment, the so-called performance agreement (PA), where all data are stored. All employees have access to HRNET, i.e. their own PA document. Information on the process steps, reminders about deadlines, and materials supporting the performance management process are sent to all managers and all employees.

Training programs pertaining to the performance management system are held for all managers at all levels in RBA and the Group. All our employees have access to the internal procedure of the RBA performance management system, and the relevant document is published on the organization's formal channel, where all other relevant documents adopted by the Management Board can also be found.

It is prescribed which employees should have a PA. Overall, about 30% of the bank's employees have defined and completed PA forms. It should also be noted that, in addition to the annual system, performance management takes place through monthly and quarterly remuneration models for some employees. These are specially designed remuneration models for employees in business networks and employees working in the contact centre, billing, and operational services. The elements "what I do" and "how I do it" are also present in the said remuneration models, and the employees participating in them can get monthly or quarterly remuneration depending on whether they achieve their goals. These models follow all sound remuneration policy guidelines in order to minimize the risks the remuneration system can have for the customers. About 40% of employees are covered by such remuneration models.

Participation in the performance assessment is not related to gender, contract duration, or working hours.

Regardless of whether one formally participates in performance management systems, there are technical prerequisites, and the management is taught and advised to provide all employees with a performance assessment. This is one of the key managerial responsibilities.

At Raiffeisen Leasing, performance is monitored on an annual basis, focusing on three basic points: setting goals, six-monthly revision of the goals, and performance evaluation at the end of the year. This process is supported by the HRNET tool for evaluating performance (performance agreement).

Further efforts aimed at achieving the satisfaction of our employees

In addition to employee standards and benefits regulated by law, RBA is committed to continuously finding new ways that would benefit its employees and ensure greater employee satisfaction in terms of providing assistance, evaluating their work and contributions, and encouraging even greater motivation. Below are some of the benefits that RBA provides to its employees:

- Christmas and Easter bonus
- Gifts for children and length of service awards
- Financial rewards or a fixed salary supplements, depending on the nature of the job
- Subsistence allowance

- 90% of salary during sick leave
- Payments to Raiffeisen's narrow participation retirement fund
- Payments for different personal needs
- Co-financed MultiSport card
- Day off on the first day of school and kindergarten
- Possibility of having more than 30 days of annual leave
- No more than 15 days of paid leave for education purposes
- More favourable banking services and more favourable lending conditions
- More favourable conditions for life and property insurance
- More favourable leasing conditions

Work-life balance

GRI 3-3

The business world is quite dynamic nowadays, and it is becoming more and more exposed to social changes, crises, and increasingly diverse needs of both communities and individuals. Thus, the work-life balance has become one of the key criteria for employees when choosing their job and the organization where they would like to work. Aware of the said challenges, especially when it comes to starting a family and parenthood, we encourage and empower all our employees, both men and women, to exercise their rights, use their parental leave, and dedicate themselves to their families.

The most significant change in the maternity and parental allowance system, introduced by the latest amendments to the Act on Maternity and Parental Allowances (which entered into force on 1 August 2022), is the right to paternity leave, aimed at a more equal sharing of care responsibilities between both parents when it comes to children in early childhood. Although, in line with the common and expected practice in our society, the proportion of fathers using parental leave is still low, we will, in the upcoming period, put an even greater emphasis on strengthening the culture and awareness of gender equality in the context of parenting, namely through training sessions, as well as by further improving our internal policies. The tables below contain information on the use of parental leave. In 2022, there was a difference in the interpretation and calculation of the number of persons entitled to parental leave. There is therefore a significant difference in numbers, as all employees (excluding Management Board members) are included in the calculation.

USE OF PARENTAL LEAVE AT RBA

GRI 401-3

Right to parental leave	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees entitled to parental leave	32	116	35	126	392	1214
Total number of employees who exercised their right to parental leave	0	49	2	71	0	53
Total number of employees who returned to work after parental leave	1	48	2	51	1	36
* Return-to-work rate for employees who exercised their right to parental leave	100	97.96	100	71.83	100	67.92
Total number of employees who returned to work after parental leave and remained employed for 12 months after returning to work	1	35	1	57	2	45
** Employee retention rate for employees who exercised their right to parental leave	25	81.40	100	118.75	100	88.24

* Return-to-work rate = Total number of employees who returned to work after parental leave / Total number of employees who should have returned to work after parental leave x 100

** Employee retention rate = Total number of employees who, upon returning to work, remained employed 12 months later after parental leave / Total number of employees who returned from parental leave in the previous reporting period(s) x 100

USE OF PARENTAL LEAVE AT RAIFFEISEN LEASING

Right to parental leave	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees entitled to parental leave	0	4	0	1	15	64
Total number of employees who exercised their right to parental leave	0	0	0	1	0	1
Total number of employees who returned to work after parental leave	0	0	0	0	0	1
* Return-to-work rate for employees who exercised their right to parental leave	0	0	0	0	0	100
Total number of employees who returned to work after parental leave and remained employed for 12 months after returning to work	0	0	0	0	0	1
** Employee retention rate for employees who exercised their right to parental leave	0	0	0	0	0	100

USE OF PARENTAL LEAVE AT RMOD

Right to parental leave	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees entitled to parental leave	0	0	0	1	0	1
Total number of employees who exercised their right to parental leave	0	0	0	0	0	1
Total number of employees who returned to work after parental leave	0	0	0	0	0	1
* Return-to-work rate for employees who exercised their right to parental leave						100
Total number of employees who returned to work after parental leave and remained employed for 12 months after returning to work	0	0	0	1	0	0
** Employee retention rate for employees who exercised their right to parental leave				100		

USE OF PARENTAL LEAVE AT RMF

Right to parental leave	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees entitled to parental leave	0	2	0	2	0	0
Total number of employees who exercised their right to parental leave	0	2	0	0	0	0
Total number of employees who returned to work after parental leave	0	0	0	2	0	0
* Return-to-work rate for employees who exercised their right to parental leave	0	0	0	100	0	0
Total number of employees who returned to work after parental leave and remained employed for 12 months after returning to work	0	0	0	2	0	0
** Employee retention rate for employees who exercised their right to parental leave	0	0	0	100	0	0

In 2022, we introduced an addendum to the Remuneration Policy, namely with the aim of creating a completely gender-neutral policy. An analysis and a proposal were made to improve the bank as a desirable workplace for women and men, introducing a series of measures to be implemented in 2023 to attain a better work-life balance.

For instance, we introduced an additional five days of paternity leave for fathers at the employer's expense, and now allow mothers to gradually return to work after their leave. Thus, in the first two weeks after returning to their workplace, they can work part-time while being paid for full-time paid work. We have changed the rules related to available annual leave days. Thus, all employees now have a minimum of 26 annual leave days, which was very positively received by colleagues with less work experience. The above provisions are already in place, and they came into effect with the adoption of the new Collective Agreement of 20 February 2023. The Collective Agreement stipulates that severance pay amounts shall be determined in the same way for all employees.

GRI 2-19

Culture and values

GRI 3-3

The Bank's vision, mission, and corporate values have been clearly defined and publicly communicated since 2004. The values are regularly updated, changed, and adapted to fit the culture, business strategy, and spirit of the times. The values come from the top of the RBI Group, but communication, training, and activities aimed at employees are always fully adapted to fit the local needs and specific circumstances. For instance, by appointing value ambassadors, we decided to work even more concretely on the implementation of RBI Group's new values (cooperation, proactivity, learning, and responsibility), which reflect the previously defined RBA values, namely in all segments of our working environment and business.

The value ambassador concept is based on the idea of defining and implementing projects related to corporate values in cooperation with the ambassadors, who are to present them or increase their visibility in the life of the organization. Within the Valuable behaviours project, four value ambassadors teams were created, each responsible for one of the four values and for carrying out adequate activities pertaining to their value through RBA communication channels.

Diversity and inclusion

The RBA Group is actively committed to offering equal opportunities for all employees regardless of age, gender, nationality, sexual orientation, identity, disability, religion, or beliefs. We are aware of our role as a large organization, as well as of our responsibility related to our influence on the lives of our employees, customers, other stakeholders, and the society as a whole. We take our corporate social responsibility seriously and systematically address the topic of diversity and inclusion. An inclusive work culture also implies taking appropriate measures to combat discrimination, abuse, and sexual harassment. The said position is also contained in our Code of Ethics, which describes general ethical behaviour principles all our employees must adhere to.

NUMBER OF RBA EMPLOYEES

GRI 2-7
GRI 2-8

Workforce	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees	379	1,247	360	1,198	394	1,216
Fixed-term contract	22	69	12	39	14	47
Contract for an indefinite period	357	1,178	348	1,159	380	1,169
Full-time	379	1,247	359	1,196	393	1,214
Part-time	0	0	1	2	1	2

NUMBER OF EMPLOYEES AT RAIFFEISEN LEASING

Workforce	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees (AHC and Management Board)	13	73	16	65	15	64
Fixed-term contract	0	3	1	6	1	4
Contract for an indefinite period	13	70	15	59	14	60
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0

NUMBER OF RMOD EMPLOYEES

Workforce	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees	7	7	8	6	7	6
Fixed-term contract	0	0	0	0	0	0
Contract for an indefinite period	7	7	8	6	7	6
Full-time	7	7	8	6	7	6
Part-time	0	0	0	0	0	0

NUMBER OF RMF EMPLOYEES

Workforce	2020		2021		2022	
	M	F	M	F	M	F
Total number of employees (AHC and Management Board)	17	25	18	27	17	29
Fixed-term contract	1	0	1	2	0	1
Contract for an indefinite period	16	25	17	25	17	28
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0

GRI 401-1

EMPLOYEE TURNOVER BY AGE – ARRIVALS TO RBA

Arrivals	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	14	31	14	34	13	36
30 – 50 years of age	24	42	25	42	52	77
> 50 years of age	2	1	3	4	8	8

EMPLOYEE TURNOVER BY AGE – DEPARTURES FROM RBA

GRI 401-1

Departures	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	5	40	10	30	5	15
30 – 50 years of age	32	88	39	68	24	80
> 50 years of age	8	22	3	4	11	19

EMPLOYEE TURNOVER BY AGE – ARRIVALS TO RAIFFEISEN LEASING

GRI 401-1

Arrivals	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	4	1	4	2	2
30 – 50 years of age	1	5	6	8	1	7
> 50 years of age	0	0	0	2	3	1

EMPLOYEE TURNOVER BY AGE – DEPARTURES FROM RAIFFEISEN LEASING

GRI 401-1

Departures	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	0	0	2	1	4
30 – 50 years of age	4	6	4	12	5	4
> 50 years of age	0	1	0	7	1	3

EMPLOYEE TURNOVER BY AGE – ARRIVALS TO RMOD

GRI 401-1

Arrivals	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	0	0	0	0	0
30 – 50 years of age	1	2	2	0	3	0
> 50 years of age	1	0	0	1	0	0

EMPLOYEE TURNOVER BY AGE – DEPARTURES FROM RMOD

GRI 401-1

Departures	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	0	0	0	0	0
30 – 50 years of age	0	2	1	1	3	0
> 50 years of age	0	0	0	0	1	1

GRI 401-1

EMPLOYEE TURNOVER BY AGE – ARRIVALS TO RMF

Arrivals	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	0	0	2	1	1
30 – 50 years of age	3	0	3	0	2	2
> 50 years of age	0	0	0	0	0	0

GRI 401-1

EMPLOYEE TURNOVER BY AGE – DEPARTURES FROM RMF

Departures	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	0	0	0	1	1
30 – 50 years of age	0	1	2	0	2	1
> 50 years of age	0	0	0	0	1	0

GRI 406-1

As for the last three years, there were no reports of any serious forms of discrimination or human rights violations within our organization. However, one report was sent to the person responsible for the protection of dignity, and an in-depth analysis conducted in accordance with the legislation showed that no mobbing or discrimination had taken place, but that the performance monitoring process was not carried out properly. In the end, the Human and Organizational Resources Management Department became involved in the resolution of the situation as the mediator, and an action plan was set up.

Chapter three (Protection of the employees' dignity, protection against discrimination, harassment, and sexual harassment, and protection against any form of abuse) of the Rules of Operation defines the bank's duty to protect the rights of its employees. Furthermore, the management is required to familiarize itself with anti-discrimination measures, i.e. a module on the internal learning and development management platform (BeeSmart).

We view raising awareness of the importance of protecting human rights, inclusiveness, and recognising discriminatory practices as an extremely important element of building a safe and solid working environment. Thus, all our employees have access to a number of e-learning training programs through our internal learning and development management platform (BeeSmart).

Our organization has experts of diverse social characteristics, age, education and expertise level, worldviews, etc. As for the age structure of our organization, most employees are between 30 and 50 years of age. As for our gender structure, we are proud to be an organization whose success rests on the expertise and commitment of a significantly larger number of female than male team members.

GRI 2-23

We pay particular attention to our stakeholders assessed as potentially vulnerable groups, such as employees, pregnant women, parents with small children, and people with disabilities.

EMPLOYEE DIVERSITY BY AGE – RBA

GRI 405-1

Total employee diversity	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	30	74	25	68	26	69
30 – 50 years of age	280	977	266	929	293	914
> 50 years of age	69	196	69	201	75	233

EMPLOYEE DIVERSITY BY AGE – RBA LEASING

GRI 405-1

Total employee diversity	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	7	1	7	2	5
30 – 50 years of age	11	54	13	46	8	45
> 50 years of age	2	12	2	12	5	14

EMPLOYEE DIVERSITY BY AGE – RMOD

GRI 405-1

Total employee diversity	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	0	0	0	0	0	0
30 – 50 years of age	5	5	6	3	6	4
> 50 years of age	2	2	2	3	1	2

EMPLOYEE DIVERSITY BY AGE – RMF

GRI 405-1

Total employee diversity	2020		2021		2022	
	M	F	M	F	M	F
< 30 years of age	1	2	1	4	1	3
30 – 50 years of age	12	20	13	20	13	23
> 50 years of age	4	3	4	3	3	3

Gender equality and equal opportunities for our female employees constitute one of the fundamental approaches of our business and culture. Within RBA, there is a defined quota for the share of women in top management, the Management Board, and the Supervisory Board, and it is regularly monitored.

GRI 405-1

REPRESENTATION OF WOMEN IN THE MANAGEMENT BOARD AND MANAGEMENT – RBA

	Management Board	Management
2020	40%	67%
2021	50%	68%
2022	50%	69%

*The calculation was made based on managerial positions.

GRI 405-1

REPRESENTATION OF WOMEN IN THE MANAGEMENT BOARD AND MANAGEMENT – RAIFFEISEN LEASING

	Management Board	Management
2020	50%	88%
2021	50%	80%
2022	50%	85%

*The calculation was made based on managerial positions.

GRI 405-1

REPRESENTATION OF WOMEN IN THE MANAGEMENT BOARD AND MANAGEMENT – RMOD

	Management Board	Management
2020	50%	33%
2021	50%	33%
2022	0%	33%

*The calculation was made based on managerial positions.

GRI 405-1

REPRESENTATION OF WOMEN IN THE MANAGEMENT BOARD AND MANAGEMENT – RMF

	Management Board	Management
2020	33%	50%
2021	33%	50%
2022	33%	50%

*The calculation was made based on managerial positions.

The data on the ratio of female vs. male salaries pertain to the salary ratio excluding the Management Board, and the statistics were made solely based on gender, and not taking into account the work complexity, nature, or performance. Salaries in our organization are defined based on job complexity, and the Towards Watson Job Grading methodology is used to place employees in appropriate salary classes. Consequently, the location, for instance, has no effect on the salary. Instead, job complexity and individual employee contributions (i.e. their performance used to place their salary in the appropriate salary class) are taken into account.

GRI 405-2

In 2022, we introduced an addendum to the Remuneration Policy, namely with the aim of creating a completely gender-neutral policy. The analysis and establishment of work procedures aimed at ensuring gender-neutral remuneration practices through regular Human and Organizational Resources Management processes are also underway.

RATIO OF FEMALE VS. MALE SALARIES – RBA

Salary ratio	2020	2021	2022
	F/M	F/M	F/M
Zagreb – HQ	-27%	-25%	-24%
Location – Network	-19%	-20%	-11%

RATIO OF FEMALE VS. MALE SALARIES – RAIFFEISEN LEASING

Salary ratio	2020	2021	2022
	F/M	F/M	F/M
Zagreb	-10%	-15%	-22%

*95% of Raiffeisen Leasing employees are in Zagreb. Thus, in-depth analyses are not possible at this time.

RATIO OF FEMALE VS. MALE SALARIES – RMOD

Salary ratio	2020	2021	2022
	F/M	F/M	F/M
Zagreb – HQ	12%	-10%	-29%

*Ratio of female vs. male average salaries (excluding the Management Board), AHC, on 31/12, for the HQ and Network. These are purely gender-based statistical data (not taking into account job complexity, nature, or performance).

RATIO OF FEMALE VS. MALE SALARIES – RMF

Salary ratio	2020	2021	2022
	F/M	F/M	F/M
Zagreb	-20%	-21%	-19%

*Ratio of average salaries (without the Management Board). These are purely gender-based statistical data (not taking into account job complexity, nature, or performance).



GRI 2-21 The ratio of the total annual remuneration of the organization's best-paid employee to the average total annual remuneration of all employees (excluding the best-paid one) amounts to 20.28 to 1. The total annual remuneration pertains in this case to the contracted salary, fixed salary supplements depending on job complexity, and the target annual variable (where applicable).

GRI 2-19 In our organization, we have a Remuneration Policy applicable to all our employees. Some of its key elements are the following:

- The remuneration principles support the company's business strategy, long-term goals, interests, and values, and they include measures aimed at avoiding conflicts of interest;
- Remuneration principles and policies are aligned; they promote good and effective risk management practices and do not include incentives for inappropriate risk-taking;
- Remuneration is based on a predefined job structure, performance, and transparent remuneration rules. This harmonizes one's individual performance and the performance of the company;
- The ratio of variable to fixed remuneration (pay-mix ratio) is balanced so as to allow each employee to live a good life with their fixed remuneration; this allows for a completely flexible variable remuneration policy, including the possibility of completely abolishing variable remuneration;
- Performance constitutes the basis for all variable remuneration schemes and takes into account the following:
 - the performance of the individual/unit (including the compliance with the RBI Code of Ethics and compliance regulations),
 - the performance of the Group (where applicable), and
 - the costs of risks, liquidity and capital;
- Individual performance takes into account the achieved results and the behaviours/competencies based on both quantitative and qualitative measures, assessed as part of the performance management process and taking into account financial and non-financial criteria.

As a rule, special remuneration criteria apply to persons whose role implies greater risks and can thus affect the company's risk profile. The ratio of fixed to variable remuneration is fixed. In the RBI Group, each employee's variable remuneration may not exceed 100% of their total fixed remuneration. The maximum permissible ratio of fixed to variable remuneration is approved by the Supervisory Board (i.e. the Remuneration Committee). When variable remuneration is paid to identified employees, the payment of 40% of such variable remuneration is deferred and paid pro rata. In case of high bonuses (as defined below), at least 60% of the variable remuneration is deferred and paid pro-rata.

If the total variable remuneration for one's performance exceeds EUR 150,000 (gross amount) or 100% of the annual basic remuneration, it shall be considered a "high bonus". In such cases, a deferment of 60% of the said amount shall apply. Every year, a malus/clawback check is carried out for identified employees. Malus refers to the reduction or abolition of remaining (deferred) bonus payments. Clawback refers to the loss of all deferred payments and the return of all payments related to the bonus.

Employee involvement in business

GRI 3-3

In order to improve the bank's business and culture, we regularly include our employees in the assessment of the bank's activities, their general satisfaction with the working environment, sense of involvement, and workplace experience. Thus, in 2016 and in 2020, and 2021, we conducted a comprehensive survey of the satisfaction of all employees. No such comprehensive survey was conducted in 2022, while in 2023, it was conducted in an abbreviated form (in March). Its results had not yet been processed when this report was drawn up. In 2023, a new tool will be chosen at the RBI level for conducting such surveys, and they will continue to be conducted at least once a year in an extensive form, while short ad hoc or targeted surveys will be conducted as needed.

The results of each survey are presented to all employees, and the management is entrusted with defining action plans and activities in smaller teams to support the improvement of employee satisfaction and commitment. The said plans are usually part of the management's annual performance assessment. Furthermore, additional plans and actions involving different parts of the organization are defined at the bank level. The best rated areas in the most recent survey whose results are available (namely the one from December 2021) were the following:

GRI 404-3

- behaviour in line with the organizational values within the team,
- possessing the skills required to achieve the bank's strategy and goals within the team,
- possibility of using one's own skills and abilities in the workplace, and
- possibility of engaging in interesting and challenging tasks at the workplace.

On the other hand, the poorest rated areas in the said survey provided us with a constructive overview of the topics we need to work and focus on more, namely:

- workplace conditions allowing employees to be as productive as possible,
- the likelihood of employees recommending the company to their friends and family as a good place to work,
- compliance of the actions of senior management with company values,
- encouraging cooperation and the sharing of ideas and resources within the company, and
- encouraging the employees to contribute more than required.

Employee feedback collected through surveys is integrated into the development and implementation of all activities related to the improvement of the bank's work culture. Shorter satisfaction surveys are conducted for specific employee groups (for instance the retail network or agile teams) for the purpose of getting regular feedback and implementing improved action plans more effectively.





REZERVIRATI NE ZNAČI KAMPIRATI

Molim te, koristi sobe za sastanke samo kada stvarno trebaš.
Slobodno obavi sastanak, online-meeting ili povjerljivi razgovor, a
zatim oslobodi za kolege. Prostorije su zajedničke.

**U open-spaceu nisi kao doma, nemoj da svima
oko tebe bude koma.**

RBAlity

RBAality as a culture development platform

RBAality is one of RBA's key initiatives and projects. It started as an ad hoc or, if you will, guerrilla project, namely as a necessary response to the need to define the method of working from home during the pandemic, but it has developed into an umbrella name for almost all key initiatives pertaining to RBA's organizational culture.

RBAality involves a team working in line with agile principles and values, with a defined backlog of items that are created and prioritized based on feedback from internal customers /employees. Members of the RBAality team are employees of different parts of the bank (e.g. HR, IT, procurement, retail network, etc.) who are, depending on the initiative in question, joined by other employees possessing the necessary qualities and knowledge. Such a team is quick and efficient when it comes to reaching agreements, self-regulating, and coordinating. RBAality's stakeholders monitor the ongoing work and enable the creation of additional value, and initiatives are provided with regular support by the Management Board, as well as visibility among all employees. RBAality has its own defined goals and metrics (NPS, working conditions to support productivity, satisfaction with the bank's support aimed at achieving the work-life balance).

The most important element of the RBAality team's work is co-creation with employees. Constant feedback from employees helps define the priorities to be worked on. The feedback is subsequently used when designing and testing the adopted solutions.

The areas where RBAality has led to significant progress are the following: formalization of work from home, organization of work in hot spot offices, improvement of the quality of work in open space, a special stream of activities aimed at improving work in branch offices, and digitalization and improvement of the onboarding process for new employees.

It is important to mention that the YelloHello onboarding process (a new onboarding process involving a complete digitization of every step) for new employees was implemented in 2022. Its launch in November 2022 was preceded by the process design, which involved design thinking, prototype testing, the selection of a technical solution, the definition of the minimum viable product (MVP), testing, a successful launch, and the inclusion of the first future employees. YelloHello allows new employees to get to know their supervisor and team before the formal start date of their employment, to get a "buddy" whose role is to help them with any doubts at the beginning, to familiarize themselves with the bank better, and to easily obtain all the key information and tools required to start working at the bank. At the time of this report, 84 new employees were undergoing the YelloHello onboarding process. The feedback is quite positive, and we are moving on to separating the onboarding experiences depending on the employees' profiles (e.g. management members, interns, the RBA Group, etc.).



Although not all of its initiatives are equal when it comes to their relative value in terms of the number of employees they affect, RBAality led to the biggest changes and created the most value in changing the way of thinking and the culture in the bank – changes happen faster with RBAality, adoption takes place faster as well, satisfaction is monitored, and an organizational feedback culture is being built. RBAality has a defined list of tasks (backlog) for the upcoming period and will continue improving for employees and with them.

5.



Care for the climate and
the environment



RBA Group's direct impacts on the climate and environment (although significantly lower than in manufacturing industries) are nevertheless present, and we thus directly and conscientiously include them in our policies and activities. As we create a certain carbon footprint in the course of our business (both directly and indirectly), we are trying to limit our impact on the environment and the society by introducing different measures for an efficient use of resources. High importance is given to providing the employees with information on the impact their behaviour has on the environment, as well as on the impact of the financial sector on the climate and the environment. By implementing different savings and rational energy management measures, we are trying to minimize our negative impacts.

Quantitative internal environmental data are collected using the "ESG-Cockpit" sustainability monitoring software. Additional data that are published in the report were collected upon special requests and from interviews with experts. The methodology we used to calculate the environmental indicators was established by RBI. In order for our data to be consistent with the data of the parent bank, we presented them quarterly in certain cases. For the same reason, some figures are not always compatible with those from last year's report.

Data collection for inhouse environmental indicators is late due to RBI Group's early reporting requirements (resulting from the Austrian Sustainability and Diversity Improvement Act, NaDiVeG). Year-round values are to be published. Data for the fourth quarter of 2022 were added to the data for the first three quarters of this year. In 2022, given our commitment to the Science Based Targets Initiative, the starting year was moved from 2011 to 2020.

Sustainable financing

GRI 3-3

Financial institutions have their most significant impacts on the climate and the environment in their operations (lending for projects and clients). The RBA Group is aware of its regulatory obligations and committed to sustainable financing to enable sustainable development (primarily in economic activities, but also in lending to natural persons).

The Sustainability Bond Framework (SBF) was designed as part of the overall sustainability strategy, and it aims to focus on assets with a positive impact on the environment and the society for the purpose of contributing to the transition to a sustainable future. The SBF was designed as an umbrella framework allowing the bank to issue green, social, and sustainable bonds. It defines asset categories eligible for allocation and reporting. The bank is required to add eligible assets to the eligible assets portfolio, namely regularly and as much as possible, in order for the amount distribution to be at least equal to the yields of green, social, or sustainable bonds.

The purpose of the Sustainability Bond Committee is to ensure the allocation of eligible sustainable assets as stated in the SBF, as well as to supervise the overall issuance process. Specifically, it is responsible for the following: ensuring the compliance of eligible assets with the categories and eligibility criteria as stated in the SBF; approving any proposed changes to the eligible assets portfolio (example: replacement if certain assets no longer meet the eligibility criteria); ensuring compliance of proposed allocated funds with relevant general company policies and the ESG strategy; and approving allocation and performance reports. As a sub-committee of the ALCO (Asset Liability Management Committee), the SBC consists of ALCO's members. The SBC meets quarterly as part of ALCO's meetings, whose operational rules and procedures also apply to the SBC (preparation for meetings, voting rights, etc.).

The purpose of the SPM, i.e. the Sustainability Portfolio Management Body, is to collect and monitor relevant data for the evaluation and selection of eligible sustainable assets to be regularly presented to the SBC. It manages the amount of the eligible assets portfolio, which shall be equal to the net yield of any green, social, and/or sustainability bond; collects and monitors all data relevant for the assessment and selection of acceptable assets; manages the sustainable bonds register consisting of eligible assets included in the eligible assets portfolio to ensure that eligible assets are not refinanced externally; revises the sustainability bond register and proposes the SBC to replace any repurchased or past due eligible asset with other eligible assets, and/or to replace them whenever any such assets cease to be eligible assets, namely after identifying the appropriate replacement; and reports on sustainability bonds, including impact assessment. The body meets whenever necessary.

GRI 201-2

SPM COMPOSITION

Credit Risk Management (lead)
Retail Credit Risk Management (lead)
Corporate Products
Mass Banking
SME Clients and Network

LIST OF REPORTS SUBMITTED BY THE SUSTAINABILITY BOND COMMITTEE

Description	Frequency	Responsibility
List of eligible assets: Assets whose purpose aligns with the SBF criteria and which are not included in the Sustainability Bond Register	Quarterly	SPM
Sustainability Bond Register: Assets whose purpose aligns with the SBF criteria and which are included in the Sustainability Bond Register	Quarterly	SPM
Allocation and Impact Report <ul style="list-style-type: none"> - Total volume of green, social and/or sustainability bonds issued, - Total amount and number of eligible assets, - Total amount of proceeds allocated to eligible assets, - Breakdown by eligible categories, - Balance of unallocated proceeds, if any, - KPIs, - Case analysis. 	Annually	SPM in coordination with other internal recipients

GRI 2-9

Members of the Management Board of RBA in Croatia are also the responsible persons for approving sustainability bonds: Liana Keserčić, Chairperson of the Management Board, and members Georg Feldscher, Višnja Božinović, and Ante Odak.

Raiffeisenbank Austria has issued a sustainability bond under the recently established SBF. The total nominal amount of the issue is EUR 200 million, with maturity in 2026 and a call option after three years. The bond issue was realised with a 2.5% risk premium and a 5.597% yield to maturity. The majority of the issue was subscribed by international development institutions, and the funds collected by issuing this senior preferred bond will be directed towards financing green and social projects in the fields of energy efficiency and renewable energy sources, healthcare, education, basic infrastructure, and affordable housing. This continues our efforts to strengthen internal and external sustainability and support the United Nations' Sustainable Development Goals. This is another successful bond issue by RBA within less than a year, aimed at meeting regulatory MREL requirements.



Food waste radionica u sklopu „Green days” projekta

Responsible resource management



Food waste workshop organized within "Green Days" project

Since the matters relating to our environmental impacts are managed efficiently and in accordance with sustainability principles, RBA has adopted an internal procedure "Integrated Waste Management System", which defines guidelines for waste management and is published in RBA's business policy documents. At the level of the entire RBI Group (including RBA), the target to reduce Scope 1+2 GHG emissions by 25% by 2030 was set. The organization does not have a specific management system in place to assess environmental risks associated with its business activities, nor a certified energy

GRI 305-1
GRI 305-2

management system. Raiffeisen Consulting is responsible for business activities related to environmental impacts.

Environmental protection within the company is promoted in various ways. For example, we organized actions for cleaning Sljeme, volunteer actions such as Boranka (reforestation of fire-affected areas in Dalmatia), and an educational campaign called "Green Days in RBA", through which we educated our employees on various sustainability and environmental protection topics (recycling, reforestation, reducing meat consumption, minimizing food waste, and decarbonization). The aim of this initiative is to apply the knowledge gained in both private and professional life. Although we have no specific mechanisms for reporting environmental management misconduct, employees have the option to submit complaints by e-mail. However, to date, there have been no reports of such nature.

Every year, we monitor the carbon footprint across all three scopes (Scope 1, 2, 3) and propose corrective measures based on the results. In 2021, we identified the largest share of Scope 2 emissions comes from electricity consumption and, as a corrective measure, installed solar panels on the roof of the bank's main building (headquarters) in Zagreb.

Energy consumption is calculated in the bank and for all related entities because RBA Group members share common buildings and premises. Consumption data is derived from incoming invoices of our suppliers. Data for 2020 and 2021 are complete, but data for 2022 was collected for only the first three quarters because not all the invoices for the fourth quarter were received. Therefore, the prerequisites for an accurate interpretation of annual consumption were not met since consumption data is calculated based on suppliers' incoming invoices.

ENERGY CONSUMPTION IN THE PERIOD 2020–2022

Energy consumption	2020	2021	2022(Q1-Q3)
Electricity (kWh)	7,198,743	6,809,880	6,486,023
Heating (kWh)	2,469,887	2,855,884	2,128,299
Gas (m ³ /MJ)	4,818,298	5,143,021	5,036,853

GRI 302-1

GRI 302-1

ELECTRICITY CONSUMPTION IN THE PERIOD 2020–2022, IN kWh

	2020			2021			2022		
	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total
	kWh	kWh	kWh	kWh	kWh	kWh	kWh	kWh	kWh
All branches	2,382,234	812,172	3,194,406	2,323,456	750,447	3,073,903	2,299,041	742,935	3,041,976
Magazinska	2,697,229	913,301	3,610,530	2,518,477	847,897	3,366,374	2,409,000	775,234	3,184,234
Vukovarska	292,385	101,422	393,807	281,453	88,150	369,603	192,928	66,885	259,813
Total			7,198,743			6,809,880			6,486,023

GRI 302-1

HEAT CONSUMPTION IN THE PERIOD 2020–2022, IN MJ

	2020			2021			2022		
	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total
	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ
All branches	1,066,324	657,774	1,724,097.6	2,063,894	778,608	2,842,502	1,044,532	780,055	1,824,587
Magazinska	2,964,456	1,608,923	4,573,379	3,965,825	2,133,500	6,099,325	3,599,643	2,296,540	5,896,183
Vukovarska	842,400	522,000	1,364,400	821,923.2	517,431	1,339,354	740,228	430,596	1,170,824
Total			76,618,766			10,281,181			8,891,594

GRI 302-1

GAS CONSUMPTION IN THE PERIOD 2020–2022, IN MJ

	2020			2021			2022		
	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total
	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ
All branches	2,954,430	1,863,867	4,818,297	3,194,795	1,948,226	5,143,021	2,993,086	2,043,767	5,036,853
Magazinska	0	0	0	0	0	0	0	0	0
Vukovarska	0	0	0	0	0	0	0	0	0
Total			4,818,297			5,143,021			5,036,853

Currently, we do not have set energy management targets and performance indicators. However, with the aim of reducing energy consumption, the bank has installed an 80 kW photovoltaic system on the administrative building in Zagreb. Annually, it is expected to produce 87,000 kWh of electricity, resulting in a reduction of 29 tonnes of CO₂ emissions. Additionally, at the Samoborska location, the installation of a 230 kW photovoltaic system is in progress. It is projected to generate 265,000 kWh of electricity annually, leading to a yearly reduction of 87 tonnes of CO₂ emissions. RBA also utilises energy-efficient systems such as heat pumps to replace outdated systems. This further improves the energy efficiency of our premises while simultaneously reducing energy consumption and CO₂ emissions.

GRI 305-5

GRI 305-5



The energy intensity, or the energy use intensity (EUI), refers to the amount of energy used per square metre annually. The calculated electricity and heat consumption intensities for our business activities are presented in the following table.

GRI 302-3

Intensity	2020	2021	2022 (Q1-Q3)
Electricity (kWh/ m ²)	172.17	162.87	155.12
Heating (kWh/ m ²)	185.91	280.08	246.14

A significant reduction in electricity consumption was achieved by installing LED lighting and introducing control and optimisation measures for more efficient use of space, improved monitoring and management of lighting and HVAC systems, and optimising heating and cooling schedules.

GRI 302-4

Circular economy and waste management

The RBA Group does not engage in manufacturing activities but primarily provides services; accordingly, we mainly do not procure materials in the form of raw inputs (except for equipment and fixed assets for operational needs). Hazardous and non-hazardous waste primarily arises after depreciation, with the majority of waste consisting of electronic equipment, furniture, paper, or cardboard. For packaging our articles sent within the business network, we use cardboard boxes, and the waste generated in the form of cardboard is specified in the table.

Cardboard (kg)	2020	2021	2022 (Q1-Q3)
kg	596	403	414

To minimize waste generation and ensure its proper disposal, containers for separate collection of waste paper were installed at RBA locations. In addition to containers for waste cardboard, containers for separate collection of plastic were also installed at Magazinska and Samoborska locations in Zagreb. We exclusively rely on authorized waste management companies specialized in this field, which hold all the necessary waste management certificates and permits, actively participate in the disposal process and oversee it at committee level from the moment of waste loading and transportation until the final destination for recovery. All waste being disposed of is monitored using legally prescribed forms that specify the type and quantity of waste, and identifies all participants in the process. The table below shows the quantities of hazardous and non-hazardous waste generated in the last three years, expressed in kilograms.

GRI 301-1
GRI 301-2
GRI 306-1
GRI 306-3
GRI 306-5

Waste (kg)	2020	2021	2022 (I-IX)
Hazardous waste (total)	2,600	1,980	0
Recycled	0	0	0
Recovered	0	0	0
Disposed	2,600	1,980	0
Non-hazardous waste (total)	262,948	287,800	241,900
Recycled	90,596	103,590	97,660
Recovered	6,320	31,090	0
Disposed	166,032	153,120	144,240

We monitor hazardous waste data collectively and do not differentiate between recycled and recovered categories. The hazardous waste generated in our business activities includes electronic waste, toner cartridges, and a portion of sludge generated in the wastewater treatment separator at the Magazinska location.

Although we do not have specific initiatives to reduce waste generated in our business activities, we strive to have a positive impact on the circular economy by developing employee awareness about responsible waste management and sorting, and encouraging initiatives to minimize printing, thus reducing paper waste. At this time, we do not have specific results to report.

Responsible conduct along the value chain

The characteristics of the financial sector mean that, in almost all cases, the supply chain ends with the bank as a company. In other words, almost all input materials end up within the bank itself. The final inputs in the bank's activities are its services (e.g. application development) and goods (e.g. cash counters in branches). Participants in the supply chain depend on the type of input, but do not differ from the rest of the market. The supply chain can start from the delivery of raw materials and components that the manufacturer processes into a finished B2B product, or from a service provider using intellectual work to produce the same. In addition to manufacturers/suppliers, some chains also involve subcontractors, other manufacturers, logistics companies, and/or distributors, depending on the goods/services they produce.

The main products in our supply chain are IT equipment, software licenses, banking equipment (ATMs, POS devices, counters), software solutions, IT and physical security.

Our most significant suppliers are Vestigo, Gora, HT, A1, Iskon, S&T, Publicis, McCann, Atalian, Tehnozavod Marušić, CROZ, HEP, RIC, TERMOPLIN, HP – CROATIAN POST, Print Centre Krapina, and Fokus. Furthermore, 95% of our suppliers are domestic companies, while 5% are foreign companies. In Raiffeisen Leasing, the total share of domestic suppliers is 99.7%, and foreign suppliers account for 0.3%. As for leasing object suppliers, they are 100% domestic. In Raiffeisen Pension Insurance Company, the percentage of domestic suppliers in total expenditures on suppliers is 99.51%, while foreign suppliers account for 0.49%.

GRI 2-6

Risks in the supply chain are defined by considering factors such as the significance of the supplier, the nature of the service or goods being procured, the characteristics of the business relationship, operational risks that may arise from the relationship, and the analysis and evaluation of the impact of outsourced services, along with regular communication with the regulator on the subject at hand in accordance with legal regulations. Irregular events are also considered by monitoring risks, particularly events caused by "force majeure" that affect services or goods in the chain (e.g. disruptions in delivery or price increases due to the war in Ukraine or the COVID-19 pandemic).

When engaging suppliers and before entering into contracts with them, our suppliers undergo compliance checks to verify all their information. Where necessary, our suppliers are required to have the following certificates: Burglary resistance level certificate, Croatian National Bank (HNB)'s banknote authenticity verification certificate, ISO 45001 (occupational health and safety), environmental management system. The specific certificates that are required depend on the suppliers themselves. For example, Atalian, our supplier of cleaning and food and beverage preparation services, must provide certifications in specific related areas. Cleaning services require certifications such as ISO 9001, ISO 45001, ISO 14001, and others, while catering services must meet certifications like HACCP and ISO 9001.

GRI 408-1
GRI 409-1GRI 414-1
GRI 308-1

There were no recorded instances of non-compliance between our suppliers' operations and the legal framework regarding environmental protection or labour rights. However, we do not require suppliers to disclose their sustainability management information, nor do we systematically verify them in this regard.

GRI 414-2
GRI 308-2

Climate change

The RBA Group has not yet conducted a risk assessment of climate change, but in 2023, we plan to incorporate climate risks within the framework of AMA scenarios.

We are monitoring scopes 1, 2, and 3, and their data are presented in the table. However, to date, we have not monitored the intensity of GHG emissions.

GHG emissions (t CO ₂ e)	2020	2021	2022 (Q1-Q3)
Scope 1	233	271	379
Scope 2	2,416	2,332	2,222
Scope 3	1,620	1,552	1,554

GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-4
GRI 305-5

A detailed description of the activities we have monitored and their corresponding scope is provided in the following table.

Scope 1	Scope 2	Scope 3
Business travel by company-owned vehicles	Externally procured electricity	Business travel by employee-owned vehicles
		Business travel by air
		Service packages and transportation of goods
		Externally procured electricity
	Externally procured heating, including district heating	Externally procured heating, including district heating
		Paper
		Vehicles
		Disposal of non-hazardous waste
		Treatment and management of waste electric and electronic devices

We strive to reduce emissions in our business activities primarily through investments in energy-efficient infrastructure. In 2013, a central management system with intelligent heating and cooling system control was introduced in the current headquarters building (located in Magazinska, Zagreb), which operates with minimal consumption outside working hours. We conduct energy audits at all locations to determine the level of energy efficiency. In the same year, we introduced low-energy computers with a 70% lower electricity consumption into our business activities. In 2021, conventional lighting was replaced with LED lights in the entire head office building in Magazinska, Zagreb, including the garage, as well as in branches in Zadar, Sisak, Osijek, Rijeka, Pula, and two branches in Zagreb.

GRI 302-4

Heat pumps and energy-efficient equipment were implemented at the locations in Slavonski Brod, Pula, and two locations in Zagreb. The estimated reduction in energy consumption is at least 30%. All buildings at the headquarters of Raiffeisenbank Austria in Croatia have an energy certificate.

The central building and branches have "2tec2" floors, which are also in line with LEED, BREEAM, and REACH (EU regulation adopted to improve human health and environmental protection from potential risks posed by chemicals). This flooring has an Acoustic Comfort underlay made from recycled materials. The "2tec2" solutions are designed for environmentally friendly maintenance, allowing us to use water instead of harmful chemicals for floor cleaning. Moreover, the bank's official vehicle fleet includes eight hybrid cars. Transport emissions can only be monitored through Scope 1 of the carbon footprint, which is mostly related to the bank's official travel using private vehicles.

VEHICLE FLEET FUEL USE BY FUEL TYPE

Gasoline (petrol)	39.96%
Diesel	50.65%
Hybrids	10.39%

There are no official initiatives aimed at reducing transport emissions for now. However, steps have been taken to raise employee awareness about the use of alternative modes of transport, and official travel is being minimized whenever possible.



EU Taxonomy disclosures

The EU Taxonomy Regulation⁷ prescribes an EU-wide framework (a classification system described as the "Taxonomy") that allows investors and companies to determine whether certain economic activities are "environmentally sustainable." Article 8 sets out the disclosure obligations. Accordingly, companies covered by the Non-Financial Reporting Directive (NFRD)⁸ are obliged to disclose information on whether and to what extent their activities involve economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.

The most important metric for financial undertakings relates to the proportion of Taxonomy-eligible economic activities in their financial activities, such as loans, investments, and insurance – known as the Green Asset Ratio. In light of the time required for implementation, the legislator has set out a graduated implementation period. The prescribed reporting obligations for credit institutions remain in effect for the financial year 2022. During this period, credit institutions are required to disclose the proportion of Taxonomy-eligible activities as well as qualitative information. The full disclosure of eligible activities in accordance with the Taxonomy Regulation is only required from the financial year 2023 onwards.

Regulatory disclosure obligation in accordance with Article 8 of the EU Taxonomy Regulation

The EU Taxonomy Regulation establishes a framework for the entire EU – a classification system – that enables investors and undertakings to determine whether certain economic activities are environmentally sustainable. Article 8 of the Regulation prescribes that undertakings subject to the Non-Financial Reporting Directive (NFRD) are required to disclose information on how and to what extent their economic activities qualify as environmentally sustainable. RBA is obliged to report Taxonomy eligibility disclosures for the financial year 2022. The second step in the disclosure process, the specific Taxonomy alignment, will then apply for the financial year 2023. This graduated approach is necessary due to the reliance of the financial services industry on the ESG KPIs disclosed by its clients.

I. Mandatory disclosure

RBA discloses six quantitative indicators in accordance with Article 10 (3) of the Delegated Regulation supplementing the EU Taxonomy Regulation⁹. The disclosure of these quantitative KPIs is accompanied by qualitative information pursuant to Annex XI to the Delegated Regulation.

- 1 Exposures to Taxonomy-eligible economic activities/total assets
- 2 Exposures to Taxonomy non-eligible economic activities/total assets
- 3 Exposures to central governments, central banks, supranational issuers and exposures from derivatives/total assets
- 4 Exposures to non-NFRD undertakings/total assets
- 5 Exposures in the trading portfolio/total assets
- 6 Exposures in on-demand interbank loans/total assets

⁷ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088

⁸ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

⁹ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Article 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

Exposure	31/12/2022*	31/12/2022**
Exposures to Taxonomy-eligible economic activities / TA (%) (1)/(6)	13.79%	14.15%
Exposures to Taxonomy non-eligible economic activities / TA (%) (9)/(6)	3.34%	2.97%
Exposures to central governments, central banks, supranational issuers and exposures from derivatives/total assets/ TA (%) (12 + 13 + 14 + 15)/(6)	44.32%	44.32%
Exposures to non-NFRD undertakings / TA (%) (17)/(6)	16.77%	16.77%
On-demand interbank loans / TA (%) (19)/(6)	0.48%	0.48%
Trading portfolio / TA (%) (21)/(6)	0.27%	0.27%

*Mandatory disclosure

**Voluntary disclosure: For voluntary disclosure purposes, in addition to the already identified Taxonomy-eligible exposures, we attempted to estimate the Taxonomy eligibility of RBA's exposures to NFRD clients using the NACE mapping published and made available in the European Commission's Taxonomy Compass. The sum of the already identified eligible exposures under mandatory disclosure and the addition of approximate aligned exposures based on the EU Taxonomy that were not previously identified as eligible are disclosed within the framework of voluntary disclosure.

II. RBI's approach to eligibility

The term "eligible" is used in the sense of "eligible for inclusion" within the scope of assets required for calculating KPIs, while "Taxonomy-eligible" is used to refer to economic activities described in the delegated regulation or acts adopted in accordance with Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2), and Article 15(2) of Regulation (EU) 2020/852, regardless of whether such an economic activity meets any or all of the technical screening criteria established by the delegated acts (see the definition of "eligible activities" in Article 1 of Commission Delegated Regulation (EU) 2021/2178).

The total covered assets are identified in accordance with the requirements of the full disclosure of the "Green Asset Ratio", which will take effect from the fiscal year 2023, when it will serve as the denominator. The covered assets exclude exposure to central banks, supranational institutions, central governments, trading portfolio assets, and on-demand interbank loans. The total eligible assets are defined as those covered and additionally belonging to one of the following:

- Eligible exposures to NFRD undertakings
- Eligible retail exposures to individuals
- Eligible exposure to local and regional government financing
- Real estate collaterals obtained by taking possession in exchange for the cancellation of debts and held for sale

1 KPI #1 – Exposures to Taxonomy-eligible economic activities/total assets

This is the most relevant KPI within this year's disclosure in accordance with Article 8 of the Taxonomy Regulation. In accordance with the instructions set out in Annex V of the Delegated Regulation, the exposures to be included in the numerator encompass banking book exposures in respect of NFRD-relevant clients, retail exposures (limited to loans collateralized by residential real estate and home renovation loans), and exposures in respect of local governments (limited to public housing financing). In our understanding of the regulatory requirements, retail car loans are not required to be included until a later date and are limited to newly generated exposures. We are not currently able to identify retail exposures for home renovation loans, meaning that RBI's Taxonomy-eligible exposures are underestimated. However, work is underway to make this possible in the future.

2 KPI #2 - Exposures to Taxonomy non-eligible economic activities/total assets

This KPI reflects the proportion of exposures to Taxonomy non-eligible economic activities in the RBI Group's total assets. For mandatory disclosure purposes, applying the approach proposed in the FAQ1 published by the European Commission in December 2021, we have qualified the exposures included in KPI #2 as Taxonomy non-eligible for our entire exposure in respect of NFRD clients, other than those identified as described in the KPI #1 definition.

It is important to note that, by definition, KPI #1 and KPI #2 do not add up to 100 percent as the numerators of the two KPIs only represent a subset of RBI's total assets. For example, exposures to central governments, exposures in respect of non-NFRD clients and trading book exposures are excluded by law (these exposures are covered by KPI #3, KPI #4 and KPI #5, respectively).

3 KPI #3 – Exposures to central governments, central banks, supranational issuers and exposures from derivatives/total assets

Exposures to central governments, central banks, supranational issuers and exposures from derivatives account for a material proportion of the RBI Group's total assets. Exposures to central governments, central banks and supranational issuers are not included in the denominator when calculating the Green Asset Ratio. All else being equal, this has a positive impact on the Green Asset Ratio. The derivatives exposure is included in the denominator but is excluded from the scope of the exposures to be aggregated in the numerator in future Green Asset Ratio calculations.

4 KPI #4 – Exposures to non-NFRD undertakings/total assets

Calculating this KPI required us to overcome the lack of publicly available sources for the identification of NFRD undertakings. The Group's NFRD client base was determined by reference to internally available data, and in particular the following: a) the country of incorporation of the counterparty (which must be an EU country); b) whether the net revenue of the client exceeds EUR 40 million or its total assets exceed EUR 20 million; c) whether the customer is either a listed company, a credit institution, or an insurance company. Due to data gaps, we were unable to account for the number of employees (≥ 500) nor identify counterparties that fulfil all of the criteria other than those under c), but are still subject to the obligation to publish a non-financial statement pursuant to Article 19a or 29a of Directive 2013/34/EU.

By excluding these clients from the list of financial and non-financial undertakings, we were able to identify the non-NFRD clients required for KPI #4. For the future, we have a clear ambition to improve the accuracy with which NFRD clients are identified. Exposures to non-NFRD undertakings are nevertheless expected to remain material, especially considering the proportion of RBI Group activities in non-EU countries.

5 KPI #5 – Exposures in the trading portfolio/TA (%) and KPI #6 – Exposures in on-demand interbank loans/total assets

Trading book and on-demand interbank loans are excluded from the numerator but included in the denominator of the Green Asset Ratio in the Taxonomy-eligible and Taxonomy-aligned Green Asset Ratio calculations alike. All else being equal, the higher the proportion of trading book and on-demand interbank loans, the more negative the impact on the Green Asset Ratio. Qualitative KPIs for the business strategy, the product design processes and cooperation with RBI's clients and counterparties can be found in the "Responsible banker" chapter earlier in this report.

III. Voluntary disclosure – KPI #1 and KPI #2

Taxonomy-eligible exposures (KPI #1): For voluntary disclosure purposes, in addition to the already identified Taxonomy-eligible exposures, we attempted to estimate the Taxonomy eligibility of RBA's exposures to NFRD clients using the NACE mapping published and made available in the European Commission's Taxonomy Compass 1. Taxonomy Compass Economic activities not mapped to any NACE are not included. The criterion for NACE allocation is the primary NACE of RBI's clients.

Due to the different scope of the numerator and the denominator, our opinion is that KPI #1 based on Taxonomy eligibility in accordance with Article 10 (a) of the Delegated Regulation should ultimately not be applied in inferring the Green Asset Ratio that will be published from 2024 onwards. There is an obvious difference in the scope of the numerator. Unlike when Taxonomy eligibility is examined in isolation, the Green Asset Ratio is calculated by also examining and applying the technical screening criteria and compliance with minimum social safeguards. This means the numerator of the Green Asset Ratio will be smaller than the numerator of KPI #1, which includes "only" Taxonomy-eligible exposures. Another material difference in the calculation relates to the composition of the denominator: the denominator for KPI #1 corresponds to total assets, while the denominator for the Green Asset Ratio will correspond to the covered exposures according to the calculations that are mandatory from 2024 onwards, i.e. excluding a significant portion of RBI's exposures. However, as a smaller numerator and a smaller denominator have an opposing effect on the ratio, the net effect of these two discrepancies in the calculation methodology is hard to predict.

As such, the fact that the RBI Group has a comparatively large proportion of activities in non-EU countries may imply that it will have a lower Green Asset Ratio than its peers operating solely in EU countries. This is because the bank's exposures to non-NFRD undertakings will be excluded from the Green Asset Ratio numerator but will still be included in the denominator. As a consequence, a high proportion of non-EU exposures will have a negative impact on the Green Asset Ratio. To ensure a level playing field in the financial sector, these structural differences between banks' business models must be taken into account when comparing the Green Asset Ratio published by the various institutions – not least since the RBI Group is actively supporting the sustainable transformation of its clients' activities and thus contributing to the sustainable development of the CEE region. We are committed to continuously improving our own processes and the topic of ESG data availability and quality as part of a constructive dialogue with the relevant stakeholders.



6.



Engaged
organization



Social partner

GRI 3-3

Social partners are representatives of employers and workers who play a unique role in social and economic governance. They address important aspects of the world of labour, ranging from working conditions to the development of continuous training and the definition of wage standards. Recognizing the importance of the social partners' role, RBA continuously promotes dialogue with the aim of creating a cooperative culture and unity between management and employees in order to create working conditions and opportunities tailored to employees, while achieving mutual benefits and satisfaction. Through social dialogue, we ensure a stable environment for progress and significantly contribute to anticipation and successful change management.

The RBA Group has a Collective Agreement that covers 100% of the employees in our organization or Group. It was signed on 20 February 2023, and is valid until 31 May 2024. Social partners nurture and engage in open and regular communication through all existing channels. They are informed about all significant business decisions and changes through regular meetings between the employer and union representatives, as well as regularly informing the union. Regular consultations with the union are conducted on all matters of importance to the employees. For an authentic interpretation of the Collective Agreement for RBA, a joint Interpretation Committee was established, consisting of three Union representatives and three Employer representatives.

GRI 2-30

Bank's corporate social responsibility and engagement

Within our value system, corporate engagement is one of the key elements of our culture. As part of our portfolio, many products and services relevant to the economy and society as a whole are available. RBA considers itself to be an engaged corporate citizen who is actively committed to sustainable development in society, and ultimately, our engagement reflects the expectations of our clients and what our employees demand from us as a responsible and conscientious employer. Different departments manage various initiatives. Depending on the scope of the investment, new project proposals are approved by local teams or by individual members of the Management Board.

GRI 413-2



GRI 2-28

RBI is a signatory of the Principles for Responsible Banking, a member of the UN Global Compact (thus RBA as well), and RBA endorses the Croatian Diversity Charter (HR PSOR). In order to contribute to the communities in which we operate and encourage our employees to understand the importance of individual engagement, RBA is also a member of numerous associations such as the Croatian Banking Association, Croatian Employers' Association, UN Global Compact in Croatia, Croatian Chamber of Economy, Croatian Business Council for Sustainable Development, Croatian-Austrian Chamber of Commerce, American Chamber of Commerce, German-Croatian Chamber of Industry and Commerce, and the International Chamber of Commerce.

As a responsible corporate citizen, we think globally, but act locally. Accordingly, we placed the guidelines of the Sustainable Development Program until 2030 at the core of all our activities and initiatives. In line with the defined material topics, we selected key goals that relate to our activities and expressed our commitment to contribute to the United Nations' Sustainable Development Goals. The same principles apply throughout the entire RBI Group, including our business activities in the RBA Group. When deciding on the key goals, RBI has considered the following criteria: the relationship with the RBI Group, i.e. how closely the goal is connected to the Group; the importance, i.e. how significant it is for us as a responsible organization to contribute to achieving the set goals; the impact or influence that RBI can have on each goal; and the attractiveness or potential that each goal has for the Group. The RBI Group, and thus RBA in Croatia, has selected 12 goals that are key for its business activities:



Goal 1: End poverty in all its forms everywhere



Goal 3: Ensure healthy lives and promote well-being for all at all ages



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Goal 5: Achieve gender equality and empower all women and girls



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy



Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all



Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation



Goal 10: Reduce inequality within and among countries



Goal 12: Ensure sustainable consumption and production patterns



Goal 13: Take urgent action to combat climate change and its impacts



Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and stop biodiversity loss



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

The premise of achieving the selected goals is also evident in one of the three key areas of operation that RBI defines as the Engaged Citizen areas. This specific area determines that the RBI Group is actively involved in the sustainable development of our society. The commitment to corporate citizenship extends beyond our core business to goals such as addressing social issues, promoting sustainable business and environmental protection, as well as supporting an open civil society. Diversity, tolerance, and a strong focus on people are the main pillars in the efforts to achieve societal progress. In fact, the founding principles of this area are crucial when defining donation projects.

Caring for our communities and building a sustainable society

GRI 413-1
GRI 3-3

Through our donations and sponsorships, we strive to leave a positive impact on the society and community within which we operate. RBA's sponsorship strategy puts special focus on projects concerning sustainable development, entrepreneurship, digital economy and digital progress. By sponsoring these types of projects and events, RBA builds up its reputation as well as promotes entrepreneurs as drivers of the economy, raises awareness about the importance of sustainable development at the level of the individual and the organization, thereby contributing to social development.

All our employees are familiar with community action policies and processes. The procedures are available for public consultation, and the bank regularly informs the public of the projects that it sponsors or donations that it makes to provide support and visibility to specific initiatives or associations. In 2022, our employees were directly involved in our donation efforts by proposing and ultimately choosing associations to which donations were made.

RBA has in place internal procedures that set out detailed rules of the approval process for sponsorships and donations, including screening of sponsorship organizers and donation recipients for any form of fraud, crime, corruption or bad publicity. In addition, each sponsorship and donation must be approved by the Compliance Department and, depending on the amount, the Management Board or the relevant director. Moreover, sponsorship projects form part of our communication and responsible corporate citizenship strategies, as well as serve our business and communication goals.

RBA's donation strategy focuses on humanitarian projects for children and youth with disabilities, projects related to sports, education, culture, ecology, and other projects that contribute to the well-being of communities and society. Our donations are a sign of our responsibility for the improvement of society within which we operate, or so called corporate social responsibility.

As a committed partner of our community, we have launched, implemented and supported numerous programs, initiatives and projects in cooperation with our partners. At the end of each year, the bank evaluates all implemented sponsorship projects based on project reports and decides whether to continue the cooperation in the following year based on project performance. It is extremely important to us that each project fulfils its purpose and positively impacts its stakeholders, as did the project Nevjerojatni (The Incredibles) where entrepreneurs involved in the program achieved the desired results. Out of our many projects, we would like to single out the following ones as good examples of our engagement and of finding ways to serve our community.

Nevjerojatni (The Incredibles)

This support program for young entrepreneurs addresses the misunderstanding of young people and marginalization of young entrepreneurs, leading to business difficulties, emigration and a general loss of the country's intellectual capital. The project continued in 2022 with 81 applications and positively impacted the development of its beneficiary entrepreneurs. The project continues to apply the "young people for young people" concept, where other young entrepreneurs are hired to provide services required by entrepreneurs. Our program campaign aims to inspire the entrepreneurial scene in Croatia. This project includes a detailed report on campaign results and the project's impact on beneficiary entrepreneurs.

Na sunčanoj strani (On the Sunny Side)

"On the Sunny Side" project aims to foster investments in solar self-consumption installations for households and the development of that market in Croatia, as well as the development of this service for citizens. Citizens ready to set up their own solar installation are called to participate and get the chance to receive co-financing when setting up a solar installation with the help of project partners. Both technical requirements and creative criteria have been defined for scoring applicants. The project also defines a "sunny challenge" where citizens are invited to help reach the goal of solarising Croatia by 2030.

Boranka (Paint It Back)



The Paint It Back action is the largest ever voluntary post-fire reforestation along the Dalmatian coast which aims to both reconstruct affected areas and raise awareness of citizens, especially children (through educational activities in schools and kindergartens), about the importance of forests, environmental protection, the consequences of global warming, and fire prevention and protection. RBA has been introduced as the main sponsor of the project – "poBORitelj" (BACKer) – and each year around 100 members of our bank partake in voluntary activities of the Paint It Back action, contributing to the protection of our environment and promotion of green activities to build a more sustainable future.

Banking Academy

The academy is intended for final year students of economics, law, electrical engineering, information and mathematics, and related faculties in the Republic of Croatia and abroad. Special attention is given to finance and banking so our aim is to present innovative and advanced banking topics.

CO₂MPENSATING BY PLANTING

In 2022, we participated in the CO₂MPENSATING BY PLANTING program. Afforestation and educational activities are aimed at raising awareness of the general public about the importance of forests, the effects of climate change, the carbon footprint we create and our responsibility for the environment and community. As part of the program, RBA planted 4000 trees in 2022, compensating for about 100 000 kg of CO₂ emissions from its carbon footprint.



Infobip SHIFT

We sponsored the two-day development conference Infobip SHIFT where a series of educational and inspiring talks was held between leading IT experts.

Digital Labin 2022 conference

We also sponsored a conference which promotes new trends in the IT industry and digitisation and at which we presented new ways of working in the financial sector.

AmCham Talents program

RBA sponsored the AmCham Talents program, organized by the American Chamber of Commerce, in which young people are given the opportunity to work with prominent business experts, learn and hone their business skills.

RokOtok



We supported the "RokOtok" project, in which the well-known journalist Domagoj Jakopović (RibaFish) swam between Croatian islands as part of the third phase of this swimming and educational project. The project aimed to raise awareness about the importance of time that parents spend with their children playing sports and learning, while highlighting the importance of environmental protection with special emphasis on the disposal of environmental waste.

Greencajt Festival



RBA was one of the sponsors of the Greencajt Festival which was held in June 2022 to promote a sustainable way of living. In addition to inspiring panels and discussions about green initiatives, visitors could attend the exhibition of electric and hybrid cars and the ceremony for the National Environmental Awards Green Prix 2022.



ESG conference

This conference, organized by the American Chamber of Commerce, served as a platform to discuss the adoption of ESG principles and their impact on business. RBA's sponsorship helped in the organization of the convention.

Women in Adria

In 2022, we sponsored the organization of the Women in Adria program which consisted of internet promotion and live events. The activities were aimed at enabling networking between the bank and entrepreneurs, promoting the bank's offers and general understanding of the specificity of female entrepreneurship.

Back Together



We sponsored the Back Together conference on better communication of different health and medical topics and participated in its panels. The conference promotes a better, easier and more understandable way of communicating health and medical topics in order to increase health and medical literacy.

Luka Mak scholarship



In memory of the "toast" of digital channels Luka Mak, RBA has so far awarded twice a scholarship for the entire three-year professional bachelor study programme Digital Marketing. Luka was an exceptional person whose character and spirit contributed to our common well-being and pleasant working environment, which was based on friendship and mutual assistance and encouragement. This project was our way of keeping his spirit alive in our day-to-day business and of helping young professionals get an education and then build their career.

"This scholarship will help me a lot because I need to pay both my tuition and my accommodation. I am happy to be given a chance to learn and do something that I really love, and I will incorporate into it values such as team work which were instilled in me through years of playing handball", said Kiara Sabati, the winner of the second Luka Mak scholarship.

Christmas donations

The Christmas donations project enabled our employees to involve themselves in our donation process by proposing associations which deserved to receive donations. Ten associations were short-listed and the following five were collectively voted to receive a total of HRK 300,000: Korak dalje Association (HRK 100,000); Jak kao Jakov Association (HRK 80,000); Cukrići Association (HRK 50,000); Forca Swimming Club (HRK 40,000); S-PAS Association (HRK 30,000).

Financial literacy projects

The Raiffeisen Mandatory and Voluntary Pension Funds Management Company consistently carries out financial literacy projects to educate the public on and strengthen its trust in the Croatian pension and financial system. Individuals with a higher level of financial literacy are better able to manage and handle their personal finances, which enables them to obtain personal benefits and thus also benefit society as a whole. In designing and implementing its financial literacy projects, RMF focuses on digital channels since the primary target audience are younger generations and the working population. Over the past years, RMF carried out a series of financial literacy projects, some of which include the following:

Mirovine za 21. stoljeće (Pensions for the 21st century)

In cooperation with Arhivanalitika, RMF carried out the "Pensions for the 21st century" project, in which economic analyst Velimir Šonje wrote about all essential macro and micro aspects of the functioning of the pension system, helping readers to navigate more easily through this demanding topic. The project included descriptions of the main terms and challenges of the Croatian pension system, as well as an explanation of the functioning of the first and second pillar pension schemes. Other topics included savings in voluntary pension schemes, second- and third-pillar pension payments, and possibilities for improving the pension system.

Raiffeisen Future Boost



The Raiffeisen Future Boost project was designed and has been carried out for the past four years in cooperation with Večernji list. Great interest in the series published on Večernji list's channels (press, web portal, social networks – YouTube, LinkedIn and Facebook) and its ratings indicate that the project helped increase the financial literacy of a significant number of citizens using an interesting and informal yet educational format in which Ivan Šarić, a well-known comedian and presenter, learns and explains terms from the world of finance. In 2022, after successfully completing three seasons of the series, RMF went on to produce a series of video interviews highlighting innovative stories from the Croatian business scene.

Budi FIN! (Be FIN-literate!)



In cooperation with the Faculty of Economics & Business, University of Zagreb, RMF sponsors the project "Be FIN-literate!" – financially literate and responsible. The project consists of online training courses for youth between the ages of 16 and 25, which enable participants to systematically learn more about their spending habits and plan their spending over multiple years through research and personalized reports filled out by the participants. The aim of this comprehensive financial literacy program is to make the participating youth financially capable by understanding their financial personality and relationship with money and by enhancing their consumer competences. Workshops are completely free for all participants and each participant is awarded a certificate of participation in the educational program upon its completion, as well as the materials needed to start managing their personal budget responsibly.

Conference "20 years of pension insurance companies in the Republic of Croatia"

On 29 June 2022, the Raiffeisen Pension Insurance Company sponsored a conference to commemorate 20 years of pension insurance companies in the Republic of Croatia and launched its solar installation. As the structure of pension insurance companies' portfolios changes and moves towards greater investment diversification, RMOD invested more than EUR 13 million in the "Mani" Business Centre in Buzin. The complex consists of four office buildings.

Further investments in the complex enabled the installation of 761 solar panels with an output of 350 kWh on the roofs of these buildings. The revenues from leasing the "Mani" business complex and from the sale of electricity produced by the solar panels help to increase the certainty that pensions will be paid. The launch of the solar installation marked the completion of the first two phases of RMOD's strategic plan for a green transition of its business. In the first half of 2023, RMOD plans to complete and launch a charging station for electric vehicles in Buzin.

Idemo u mirovinu s Goranom Milićem (Let's Retire with Goran Milić)

In 2022, as part of UMFO's financial literacy efforts, the well-known TV journalist and editor Goran Milić recorded and published an educational YouTube series entitled "Let's Retire with Goran Milić". RMOD, as a member of UMFO, supported and participated in the making of the series aimed at informing the public about their retirement rights and opportunities. In previous years, RMOD has participated in other efforts to increase the financial literacy of the public with regard to the Croatian pension system.

About this report

GRI 2-3
GRI 2-4
GRI 2-5

In combination with the Financial Statements, the 2022 Sustainability Report enables all stakeholders of the RBA Group to get a deep insight into the Group's operations, processes and management of material topics and risks, its strategic approach to sustainable development, and projects and initiatives that the organization carries out with a view to manage environmental, social and economic impacts more efficiently. Financial data have been disclosed in the financial statements and are not repeated in the Sustainability Report.

The Report has been prepared in accordance with the Global Reporting Initiative Standards (GRI) and complies with its methodological requirements. GRI indicators are indicated at all relevant parts of the report, with a detailed index at the end. We also applied the UNGC and ESG principles to the Report and we publish our sustainability report each year. The Report has not been externally verified, but we are considering this option for future reporting periods.

This Report covers: Raiffeisen Bank Austria, Raiffeisen Leasing, Raiffeisen Mandatory and Voluntary Pension Funds Management Company, Raiffeisen Consulting, Raiffeisen Pension Insurance Company, and to a smaller degree information on Raiffeisen Consulting. Data for the RBA Group are presented on a consolidated basis, except where that was not possible and required separate presentation.

The Report covers all disclosures, data and indicators:

- that are of interest to the stakeholders of the RBA Group;
- that have been recognized as areas and topics material to the operation of the RBA Group;
- disclosures that may be relevant for assessing ESG (environmental, social or governance) performance;
- disclosures required to comply with the requirements of the GRI Standards.

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GLOSSARY

ABC	Anti-Bribery and Corruption
ALCO	Asset Liability Management Committee
AMA	Advanced Measurement Approach
B2B	Business to Business
B2C	Business to Customer
CBCSD	Croatian Business Council for Sustainable Development
GDP	Gross Domestic Product
CDS	Credit Default Swap
CEE	Central and Eastern Europe
CIR	Cost to Income Ratio
CO ₂	Carbon dioxide
CPI	Consumer Price Index
CSRBB	Credit Spread Risk in the Banking Book
CVA	Credit Valuation Adjustment
DMS	Document Management System
DNSH	Do No Significant Harm
E2E	End to End
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ESG	Environmental, Social and Governance
EU	European Union
EUI	Energy Use Intensity
EUR	Euro
EVG&D	Economic Value Generated and Distributed
FWR	Friedrich Wilhelm Raiffeisen
GAR	Green Asset Ratio
GDPR	General Data Protection Regulation
GHG emissions	Greenhouse Gases
GI	Gross Income
GRI	Global Reporting Initiative
HACCP	Hazard Analysis and Critical Control Points
HAMAG	Croatian Agency for SMEs, Innovation and Investments
HANFA	Croatian Financial Services Supervisory Agency
HBOR	Croatian Bank for Reconstruction and Development
CNB	Croatian National Bank
HRK	Kuna
ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information system
IDD	Directive (EU) 2016/97 of the European Parliament and of the Council on insurance distribution
DPO	Data Protection Officer
IRRBB	Interest Rate Risk in the Banking Book
ISO	International Organisation for Standardisation
IT	Information Technology
KPI	Key Performance Indicator
LED	Light Emitting Diode
MIFID	Markets in Financial Instruments Directive
MREL	Minimum Requirement for own funds and eligible liabilities
NACE mapping	Nomenclature of Economic Activities
NFRD	Non-Financial Reporting Directive
NLB	New Lease Business
NPS (survey)	Net Promoter Score
NWB	Netzwerkbanken (Network banks)
OECD	Organisation for Economic Co-operation and Development
RES	Renewable Energy Sources
PA (forms)	Performance Agreement
PAP	Product Approval Process
POG (delegated regulation)	Product Oversight and Governance
POS devices	Point of Sale devices

RBA	Raiffeisen Austria d.d.
RBG	Raiffeisen Banking Group Austria
RBI	Raiffeisen Bank International AG
RBI Group FCM	Raiffeisen Bank International Group Financial Crime Management
REGOS	Central Registry of Affiliates
REMC0	Remuneration Committee
RLHR	Raiffeisen Leasing
RMF	Raiffeisen Mandatory and Voluntary Pension Funds Management Company
RMOD	Raiffeisen Pension Insurance Company
ROE	Return on Equity
RWA	Risk Weighted Assets
SBC	Sustainability Bond Committee
SBF	Sustainability Bond Framework
SDG	Sustainable Development Goal
SME	Small to Medium Enterprise
SPM	Sustainability Portfolio Management
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
SQL	Structured Query Language
SREP	Supervisory Review and Evaluation Process
UMFO	Association of Croatian Pension Funds Management Companies and Pension Insurance Companies
UNEP FI PRB	Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative
UNGC	United Nations Global Compact
ZMOD	Insurance Companies Act
ZOKI	Credit Institutions Act
ZOO	Civil Obligations Act
ZPK	Consumer Credit Act
ZSPK	Consumer Housing Loans Act

Sustainability report 2022



Raiffeisenbank Hrvatska



YouTube Raiffeisenbank Hrvatska



LinkedIn Raiffeisenbank Hrvatska



Instagram Raiffeisenbank Hrvatska