



Sustainability

Report

2023

Raiffeisen Group in Croatia

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Introduction letter from the President of the Supervisory Board



Dear readers,

I am proud to present you the second independent Sustainability report from Raiffeisenbank Croatia. It is particularly important to provide a comprehensive insight into the strategy, impacts, risks and opportunities, measures, and ambitions as well as into the progress we are making in the area of sustainability.

We are living in very challenging times which reflect many fundamental changes and global challenges, which is why we believe that the transition to a more sustainable and climate-friendly economy is crucial, and financial companies have a major responsibility to bear in this process.

As Chairlady of the Supervisory Board, I am very determined to ensure that RBA continues to pursue its commitment to sustainability and provide the best possible service to its customers in realizing their sustainable transition plans.

“Make Sustainability Happen” is the motto of our Group sustainability approach which is surely reflected with the data shown in this report. In the report, highlight is on efforts in three key areas of Sustainability: Responsible Banker, Fair Partner, and Engaged Citizen.

As a Responsible Banker, RBA contributes to the green transition process by supporting its customers in their sustainable pathway with tailor-made financial services and products and by continuously improving its ESG risk framework.

As a fair Partner, we focus on promoting diversity and inclusion, putting focus on employees as the strongest pillar in our organization. In addition, we are taking care of our own in-house ecology, trying to optimize the reduction of the bank’s direct CO₂ footprint within own operations. We set high ESG standards in our supply chain.

And finally, as an Engaged Citizen, we actively champion sustainable development in our society, in addition to environmental protection. Through our donations and sponsorship program we are supporting projects which focus on community needs and protection of natural resources. Also, with corporate volunteering activities we invest our time and skills with aim to do good for the society.

The focus currently is on future topics in connection with the Corporate Sustainability Reporting Directive, which will apply from the 2024 financial year. This was started off by group wide “Fit4CSRD” project and a double materiality assessment which defines the most material ESG topics for our bank. Final product of this project will not only be a regulatory compliant Sustainability Report, but also transparent reflection of the comprehensive sustainability Strategy of Raiffeisen Croatia I strongly believe in the vision and governance of the Board in making Raiffeisen Croatia a true leader in the area of Sustainability in Croatia!

On behalf of the Supervisory Board, I would like to thank all our employees for their outstanding work in what was once again a very challenging financial year, and to express our full support for their strong commitment to strengthening RBA in its role as a responsible banker now and in the future.

Sabine Zucker
President of the Supervisory Board

Introduction letter from the President of the Management Board



Dear readers,

We present you with our second independent **Sustainability Report**. While until recently it seemed to many that sustainability was just a matter of trend, today it is quite clear that it is an inseparable part of our daily life and business.

Our aspirations, when it comes to sustainability, remain unchanged.

We continue to work on three key areas – being a **Responsible Banker**, a **Fair Partner**, and an **Engaged Citizen**. Without any compromises.

I am optimistic about the direction in which we are going as a Bank, but also as an entire financial sector. We are constantly learning and improving, while sustainability is a large and complex topic, and the changes we strive for must ensure significant positive impacts on the environment and society. Our second standalone report prepares us all together in our organization for new reporting standards.

If I had to list changes and improvements compared to the previous year, then I would say that we

pay even more attention to empowering, educating and training our colleagues in ESG topics, as well as directing our financing towards social, sustainable and green projects.

This is reflected in the fact that we established a **Sustainability Committee** in 2023. The Committee is composed of colleagues who operate in the ESG domain through their own areas, so they can work synergistically and holistically to determine priorities for the implementation of projects and activities related to sustainability, business initiatives, responding to regulatory requirements and other initiatives that fall into the domain of sustainability. The Committee manages the sustainability reporting process and various other sustainability initiatives at the Bank level. This was a very important step for us and a pledge of our thinking about sustainable business.

Furthermore, through our **Sustainability Bond Framework (SBF)**, we issue green, social, and sustainable bonds, channeling the proceeds into financing or refinancing, wholly or partially, loans that facilitate the Croatian economy’s shift towards environmental sustainability and generation of positive social impacts.

Finally, we have **strengthened our well-being program for employees** because we do not forget the social component in the ESG acronym. We are working to ensure that our colleagues truly feel a balance between private and professional life, that they are mentally and physically healthy, and we further encourage them to give back to the community through various volunteer activities for the benefit of the planet, the local community, and society in general.

As the President of the Management Board, I am very pleased with the positive changes I see in the context of our Bank and sustainability, and from a personal perspective, I can say that I also contribute to sustainability through daily activities and strive to be the best example to my son, whose generation will inherit the world we shape.

Liana Keserić
President of the Management Board

GRI 2-22

Who are We?

1.

Raiffeisenbank Austria d.d. (RBA, Bank) started operating in 1994 and was the first bank in Croatia founded with foreign capital. RBA is part of a strong international financial group and is fully owned by Raiffeisen Bank International AG (RBI, RBI Group) from Vienna, Austria.

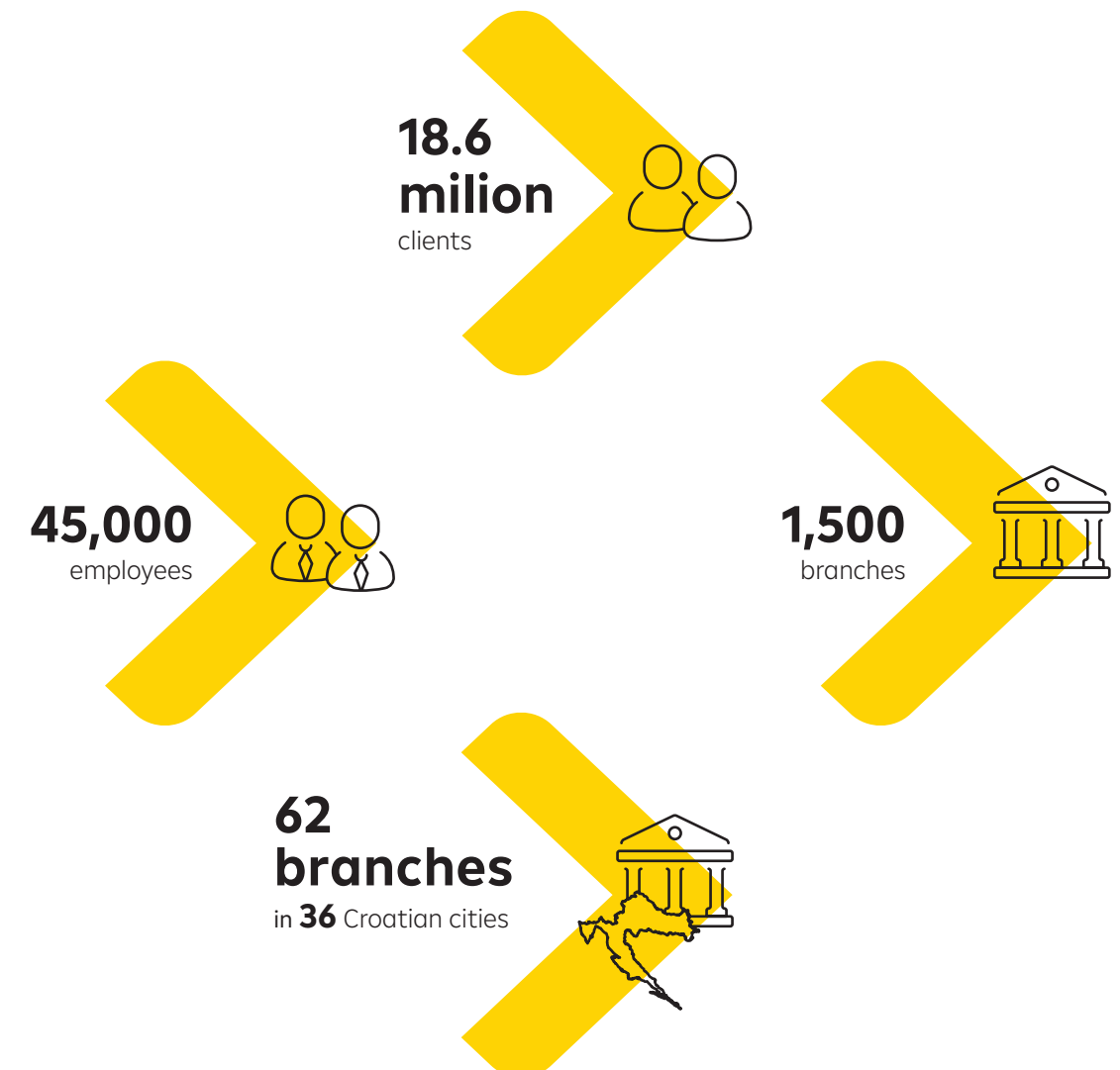
GRI 2-1
GRI 2-2

The RBI Group is part of the Austrian Banking Group Raiffeisen (RBG), which is the largest and the most powerful banking group in that country in terms of the size of the total assets. RBG accounts for about a quarter of Austrian banking market.

The 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, around 45,000 employees provide service to 18.6 million clients in a network of approximately 1,500 branches, most of which are located in Central and Eastern Europe. Since 2005, RBI's 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 (Raiffeisen Group, the Group)** which, along with the Bank, includes **Raiffeisen Leasing d.o.o., Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d. (RMF), Raiffeisen Pension Insurance Company d.d. (RMOD)**. Raiffeisen Consulting d.o.o. was integrated into the Bank on December 1, 2023, and has not been operating as a member company of the Group since then. All members of the Raiffeisen Group in Croatia are legal entities wholly owned by the Bank. The Group is the only one in Croatia that has a comprehensive offer of pension funds in the second and third pillars and a pension insurance company.

Raiffeisen Group operates a network of 62 branches in 36 Croatian cities.



GRI 2-1
GRI 2-2

More about Raiffeisen Group members

Raiffeisen Leasing

Raiffeisen Leasing d.o.o. was founded in 1999 and, as part of the Raiffeisen 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 Fund Management Company (RMF)

Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d. was founded in 2001 and 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

Associate member of the Raiffeisen Group - 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

Mission and Vision 2025 of the RBI Group

The mission and vision of the RBI Group also relate to RBA in Croatia. With a vision for 2025, presented in 2019 – “We are the Most Recommended Financial Services Group” – the RBI Group, along with RBA, clearly demonstrates its ambition to be more than just a bank and financial institution for its clients. RBI is dedicated to a culture of excellent service that consistently strives to exceed client expectations in terms of quality. To make this vision a reality, RBI's mission is formulated as follows: “We transform continuous innovation into superior customer experience.” This is tied to the promise to the general public to “act in a socially responsible manner, fostering the long-term welfare of the people and businesses in our markets”. This is consistent with RBI's sustainability strategy, the aim of which is to generate sustainable value.



Vision 2025

We are the most recommended financial services group.



Mission

We transform continuous innovation into superior client experience.



Clients

We constantly strive to improve our client experience and enable our clients to achieve more in their lives and business.



Employees

We value expertise and create a work environment which promotes collaboration, creativity, and entrepreneurial spirit.



Shareholders

We aim to generate solid and sustainable shareholder value.



General Public

We act in a socially responsible manner, fostering the long-term welfare of people and businesses in our markets.

Mission and vision of Raiffeisen Group members

Mission and vision – Raiffeisen Leasing

Raiffeisen Leasing creates financial solutions for its clients, and as part of the Raiffeisen Group, it uses all the advantages of a joint offer of services. Our priority is the satisfaction of our customers, with whom we strive to optimize 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 organization 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.

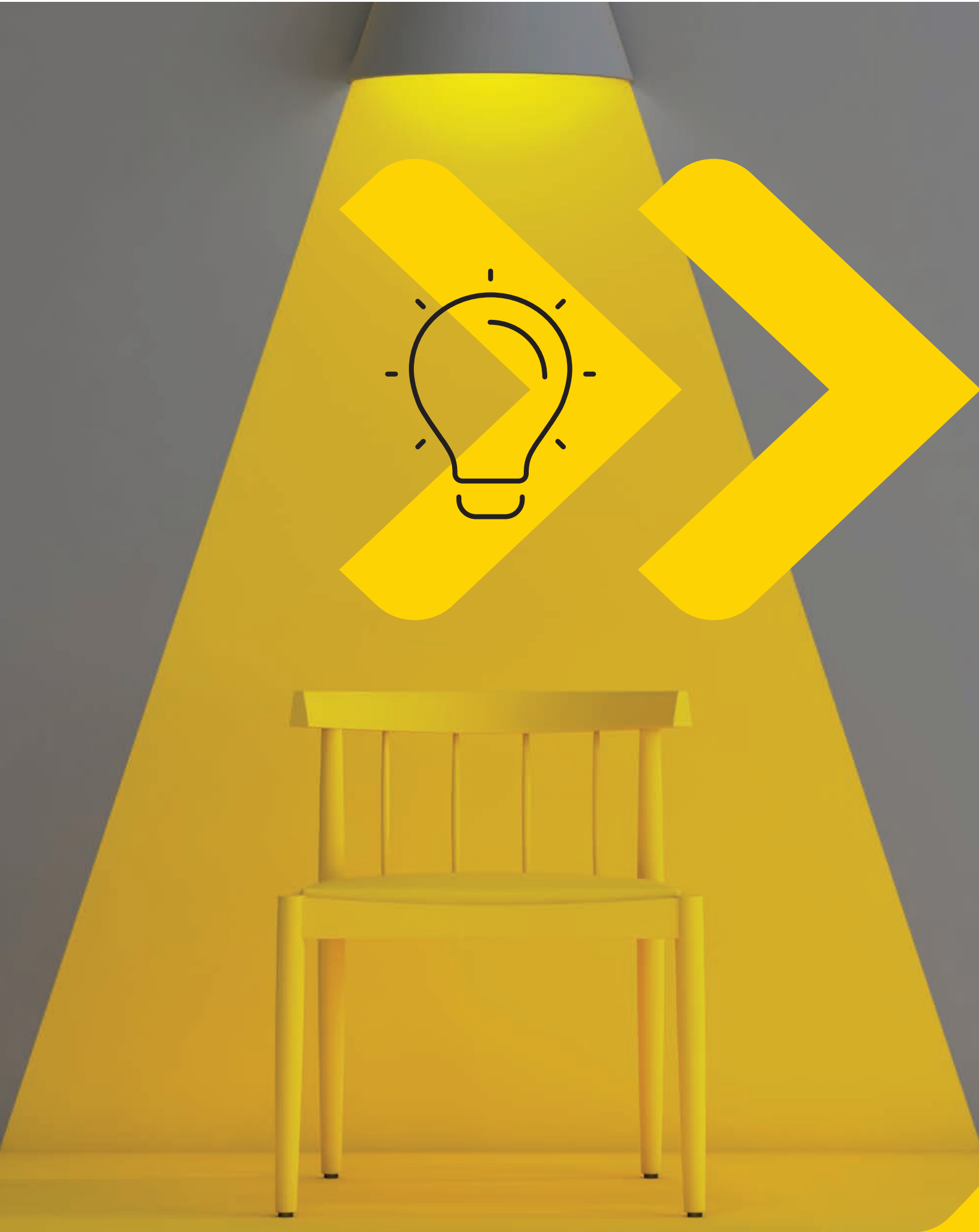
Mission and Vision – Raiffeisen Mandatory and Voluntary Pension Fund Management Company (RMF)

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 RMF is to be recognized for the excellence of its services, transparency in business operations and communication, and for raising awareness of the importance of pension savings.

Mission and Vision – Raiffeisen Pension Insurance Company (RMOD)

Our vision is to be the first choice of pension beneficiaries, recognized by the satisfaction of our beneficiaries and employees. We are distinguished by the experience and recognition we have gained over the past 20 years.

The Raiffeisen Pension Insurance Company manages the assets of its users responsibly, investing 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.



The Role of Sustainability in the Operations of RBA and the Raiffeisen Group

GRI 2-22

Sustainability Strategy of the RBI Group

At RBA, we understand sustainability as an integral part of the business strategy, so it is our imperative to have a Sustainability Strategy that will achieve a concrete and measurable impact based on new regulatory requirements, expectations of competent authorities, requirements of investors, clients and society as a whole. The development and implementation of the Sustainability Strategy for the medium term is underway, with the aim of further identifying key areas and activities through which we will be able to effectively respond to risks, opportunities and impacts related to sustainability. The RBA and Group's sustainability strategy will be aligned with the frameworks of the RBI strategy.

Core action areas of our sustainability strategy

RBI sustainability matrix	Economy	Society	Environment
Responsible banker	Value creation Successful business through responsible management and business strategies, sustainable responsibility in the real economy and the regional economy and the integration of sustainability aspects into the core business	Social product responsibility Social responsibility for our products and services by taking consumer concerns into account, consideration of social aspects in providing loans and financial products, protection of client data and providing correct information	Ecological product responsibility Ecological responsibility for our products and services by guaranteeing national environmental provisions and recognized, international conventions as well as taking into account the environmental impact in project finance plans and financial products
Fair partner	Fair business and operating practices Fairness and transparency towards employees, clients and shareholders through exemplary behavior in areas of influence as an attractive employer, through transparent reporting as well as the avoidance of corruption and fraud	Employees and stakeholders Continuous inclusion of stakeholders as part of sustainable company development by strengthening cooperation management in order to reduce business risks and make use of business opportunities	In-house ecology A responsible approach to resources and the environment by reducing our environmental impact and implementing selected measures in order to achieve the defined Group-wide climate targets
Engaged citizen	Sustainable entrepreneurship Commitment to sustainable entrepreneurship and enterprise and the creation of wealth by helping to establish a framework for sustainable finance as well as direct and indirect support for organizations and socially relevant initiatives.	Active civil society Commitment to a sustainable civil society and responsible political cooperation by promoting public interest and knowledge of financial topics and voluntary work	Environmentally friendly society Working for the environment and the climate through climate protection, protection of species diversity and conservation of the various ecosystem functions and services

Sustainability concept and strategy

2.

Sustainable Development Goals

In September 2015, the international community of UN member states adopted the “Agenda 2030” in response to global challenges and with the aim of promoting human welfare and environmental protection. This agenda sets 17 Sustainable Development Goals, known as the Sustainable Development Goals (SDGs), along with 169 sub-goals. The SDGs cover areas of social and economic development and environmental sustainability, and also address issues of peace, security, justice and global partnerships, which are of great importance for sustainable development. These goals are globally applicable, and all 193 UN members, including the Republic of Croatia, are invited to contribute to their achievement. In addition, it is important to provide incentives to encourage non-governmental actors to actively participate in achieving sustainable development.

As a member of the international banking group RBI and a significant banking group in Central and Eastern Europe and Croatia we consider ourselves obliged to support these important international initiatives within the scope of our sustainability agenda. Our focus is on those SDGs that are relevant to the business activities in each individual case and that best complement our sustainability strategy.

About the Report

This Sustainability Report describes the economic, environmental, and social impacts of our business activities in the financial year 2023 (January 1 to December 31) and present our current activities in the area of sustainability.

The aim of the Report is to provide a comprehensive overview of how the Raiffeisen Group has fulfilled its sustainability mission during the reporting period and what plans it must implement and improve its sustainability performance in the future. Our goal is to provide a transparent overview of how the Group is currently contributing to sustainable development and how it plans to do so in the future. Financial data are published in the financial statement and are not repeated in the Sustainability Report.

This Sustainability Report covers Raiffeisen bank Austria d.d. (RBA, Banka) and other members of the Raiffeisen Group in Croatia (the Group) i.e. Raiffeisen Leasing, Raiffeisen Mandatory and Voluntary Pension Funds Management Company (RMF) and Raiffeisen Pension Insurance Company (RMOD) and presents a consolidated non-financial statement of the Raiffeisen Group in Croatia in accordance with Articles 21 and 24 of Accounting Act in Croatia. The Group's data is presented on a consolidated basis, and where this was not possible, separate data for each of the Group's companies are indicated. In the upcoming period, additional efforts will be made to collect high-quality data that can be fully consolidated and compared.

The report was prepared in accordance with the sustainability reporting standards of the Global Reporting Initiative (GRI). GRI publications are referenced at all relevant points within the report, and at the end of the report there is a detailed index. During the preparation of this report, the RBA began the process of adaptation to move to the new European Standards of Sustainability Reporting.

Raiffeisen Group in Croatia reported in accordance with GRI standards for the period from January 1, 2023, to December 31, 2023. The standards are internationally recognized standards for sustainability reporting by the Global Reporting Initiative. In addition, selected indicators related to information on the financial services sector are included.

Raiffeisen Grupa u Hrvatskoj je izvijestila u skladu sa GRI standardima za razdoblje od 1. siječnja 2023. do 31. prosinca 2023. godine. Standardi su međunarodno priznati standardi za izvještavanje o održivosti Globalne inicijative za izvještavanje. Osim toga, uključeni su odabrani pokazatelji koji se odnose na informacije o sektoru financijskih usluga.

The Report includes content that is necessary to understand the operations, business results, and position of the Raiffeisen Group in Croatia, as well as the impacts of its activities. These impacts result from the assessment of materiality or are highlighted as important by relevant stakeholders, relating to environmental, social, and employee issues, with special emphasis on respect for human rights and

combating corruption and bribery. Information on these specific issues is presented within the relevant chapters.

- Responsible banker (in connection with RBA and The Group operations)
- Fair partner (with regard to employees and “in-house” ecology) and
- Engaged citizen (in connection with community cooperation, corporate volunteering, and donations).

In addition, the report describes specific sustainability-related activities that were carried out during and before the reporting period.

This report follows the Sustainability Report for the financial year 2022. The Sustainability Report for 2023 will be published on 28th of June 2024. For inquiries related to sustainability reporting, please contact the Human Resources Organizational Development and Sustainability unit: Melita Trbušić at melita.trbusic@rba.hr and Ivan Tolić at ivan.tolic@rba.hr.

The report has not been subject to external verification; however, it is anticipated that an obligation for audit engagement with limited assurance will be introduced in the upcoming reporting periods.

ESG frameworks and initiatives followed by the RBI Group

Voluntarily adopted frameworks

Task Force on Climate-related Financial Disclosures (TCFD)

The RBI Group is committed to developing its own approach to applying principles and meeting climate change requirements. The parent RBI Group has been an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since 2022. TCFD reporting aims to disclose the risks and opportunities arising from climate change to strengthen financial market stability. The TCFD requirements cover four areas: governance, strategy, risk management, and metrics and targets. The TCFD is a framework that describes how businesses can identify the financial impact of climate change on their operations.

Principles for Responsible Banking (UNEP FI PRB)

The RBI Group is a signatory to the United Nations Environment Program Finance Initiative's Principles for Responsible Banking (UNEP FI PRB), which also applies to RBA in Croatia. The Principles are a leading banking framework for sustainability that guides the financial industry in addressing global environmental, social, and governance (ESG) challenges. They also provide a foundation for banks to align their strategies and practices with the UN Sustainable Development Goals and the Paris Climate Agreement. By joining the initiative, the RBI Group commits to systematically advancing sustainability in all business areas, further leveraging our potential to contribute to a sustainable world. Our goal is to offer financial products and services that support our clients in their transformation towards a sustainable future, thereby also contributing to society as a whole.

Regulatory binding frameworks

EU Taxonomy

The EU Taxonomy Regulation provides a classification system for the entire EU that enables investors and companies to determine whether certain economic activities are “environmentally sustainable.” Article 8 of the Regulation outlines the reporting obligations. Accordingly, companies covered by the Non-Financial Reporting Directive (NFRD) are required to disclose information on whether and to what extent their activities include economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.



Assessment of the materiality of impacts and determination of the content of the Report

GRI 3-1

In this report, we include information that describes the Group's impact on ESG topics, which are recognized as material within the Group and reflect the expectations of our stakeholders, while highlighting areas we have particularly engaged in over the past year.

The content of the report is determined through a process based on the principle of materiality of impact. The materiality assessment provides a basis for selecting relevant topics to be reported, ensuring that the report covers all topics and indicators that have the most significant impact in relation to our Group's business activities, products, and services. This includes impacts that are directly related to the Raiffeisen Group in Croatia and occur within the organization, as well as those to which we contribute through business relationships with other entities.

As a framework for the selection of ESG topics in relation to which impacts were determined, we followed the GRI standards, as well as the structure of ESG topics and subtopics (ESRS 1 AR. 16) prescribed by the new European Sustainability Reporting Standards (ESRS). The aim of such a dual approach is to gradually prepare the Group for the implementation of the double materiality procedure required by the ESRS, published under the legally binding framework of the EU Corporate Sustainability Reporting Directive (CSRD).

As part of the materiality determination process, we conducted an internal examination of the positive and negative impacts in strategic areas. The internal review included four interactive workshops with teams and experts to integrate sustainability into the business and report on sustainability. A total of 54 employees, executives, and experts from various business segments and organizational units of RBA and other members of the Group participated in the workshops. The purpose of the workshops was to collect information and data on the impacts arising from different ESG topics across various business segments. Workshop participants shared information and data on positive and negative impacts, which occur both within the Group's own business, as well as in the upstream (supply chain) and downstream (portfolio) parts of the value chain. Based on the outcomes of the workshops, i.e., the minutes and the obtained data on portfolio exposure to various industries, a tentative list of material topics was created.

In the step of determining material topics, the opinions of key stakeholders and the largest portfolio exposures in the industry were taken into account.

Key stakeholders were involved in determining materiality through an opinion survey conducted via an online questionnaire. The survey was completed by 927 stakeholders, of which 804 were employees of one of the Group's companies. In addition to employees, we have identified the following groups as key stakeholders for the review: clients, associations, suppliers, regulatory authorities and public institutions, NGOs (Non-governmental organizations), media, investors, and trade unions. Although employees were the most numerous stakeholders surveyed, we ensured the diversity of stakeholder groups to obtain a comprehensive view of the perception of our business.

Furthermore, when determining material topics, we examined available portfolio data and maximum exposures in different industries. For industries where exposure is significant, an additional analysis was conducted to identify the potential and actual negative and positive impacts characteristic of a particular industry. As part of the analysis, auxiliary tools and external data sources were used, given that the Group is still developing its own approach to collecting precise data on financed activities and projects from clients. In 2024, RBA plans to have access to a larger dataset and, in cooperation with the parent RBI Group, conduct an impact assessment according to the UNEP FI methodology.

Material topics for reporting

Based on the collected and analyzed data, we have created the first framework of material topics that are located within the strategic areas of our group: responsible banker, fair partner and engaged citizen.

Considering the opinions of employees who participated in the workshops, key stakeholders, and portfolio exposure data, we have compiled a list of material topics.

GRI 3-2

In the table below, material topics and sub-topics are classified according to the strategic areas from the Business Strategy.

Strategic Area	Material Topics	Material Sub-topic
Business Conduct	Compliance	<div><div>➤ Ethical Business Practices</div><div>➤ Responsible Supply Chain Management</div><div>➤ Anti-Bribery, Corruption, and Conflict of Interest</div><div>➤ Prevention of Money Laundering and Terrorism Financing</div><div>➤ Tax Compliance</div><div>➤ Employee Training in Compliance</div><div>➤ Supervision and Complaint Mechanisms</div></div>
	Corporate Governance and Reporting	<div><div>➤ Responsible Corporate Governance</div><div>➤ Diversity in Governing Bodies</div><div>➤ Transparent Reporting</div></div>
Responsible Banker	Sustainable Financing	<div><div>➤ Sustainable Financial Products with Added ESG Value</div><div>➤ Sustainable Bonds</div></div>
	Safety and Accessibility of Financial Products Offerings	<div><div>➤ Inclusive and Accessible Financial Products</div><div>➤ Responsible Sales and Marketing Practices for Financial Products</div><div>➤ Security, Privacy, and Data Protection</div></div>
Fair Partner - Employees	Culture and Values	<div><div>➤ Diversity, Inclusion, and Equal Opportunities</div><div>➤ Promotion of Human Rights</div><div>➤ Non-Discrimination and Oversight</div><div>➤ Social Dialogue</div></div>
	Working Conditions	<div><div>➤ Fair Wages</div><div>➤ Compensation Policy</div><div>➤ Financial and Non-Financial Benefits</div><div>➤ Work-Life Balance</div></div>
	Development and Education	<div><div>➤ Investments in Employee Development and Relevant Training</div><div>➤ Talent Development</div></div>
	Social Dialogue and Partnership	<div><div>➤ Employee Engagement through Satisfaction Surveys and Open Dialogue</div><div>➤ Collaboration with Unions</div></div>
Fair Partner - "In-House" Ecology	Environmental Impact Management in Own Operations	<div><div>➤ GHG Emissions</div><div>➤ Energy Efficiency</div><div>➤ Waste Management</div></div>
Engaged Citizen	Community Engagement and Social Responsibility Projects	<div><div>➤ Donations and Community Investments</div><div>➤ Corporate Volunteering</div></div>



The Importance of Material Topics in the Opinion of Stakeholders and the Management of Material Topics

According to the reviews of the surveyed stakeholders, for the RBA and the Group, the topics of waste, GHG emissions and energy consumption when it comes to environmental topics were ranked at the highest level of importance; adequate wages, health and safety, training and prevention of discrimination when it comes to employees on social topics; data protection and security and responsible client sales practices on social topics; and cybersecurity and ethical business when it comes to management topics.

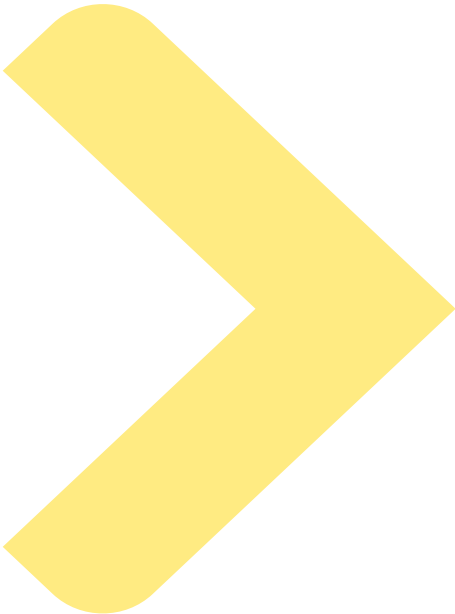
GRI 3-3 The management of material topics, i.e., their impacts on the environment and people, is described within the chapters related to established material topics and for those topics for which data are available. Management of impacts, risks and opportunities consists of measures that prevent or mitigate potential negative impacts, as well as measures that address existing negative impacts, including remediation efforts. When it comes to positive impacts, RBA implements measures that encourage the materialization and spread of potential and actual positive impacts. In addition, RBA, under the leadership of the RBI Group, collects data and develops systems that will enable clear monitoring of the impacts and the effectiveness of the measures implemented.

When conducting the stakeholder survey, namely a group of employees, it was found that they believe the Group implements adequate and sufficient impact management measures relating to working conditions, work flexibility, the possibility of balancing private life and work, culture and values, social dialogue and partnership, and prevention of abuse and harassment, as well as adequate safeguards. On the other hand, the surveyed employees stated that it is desirable to implement additional measures regarding adequate wages and adjustment of wages to inflation rates, wage inequality between men and women, transparency in promotion and career development processes, and optimization of the workload for some of the employees.

By surveying clients, it was found that they believe the Group implements adequate and sufficient measures in terms of security, privacy, access to financial products, i.e., product availability, fair treatment, and transparency, and does enough to adequately receive and respond to questions, complaints, and grievances in a timely manner. Clients ranked data security as the most important topic.

A group of stakeholders from the non-profit sector and the media was also surveyed. They stated that the RBA presents its sustainability strategy with high-quality, detail, and frequency, but noted that there is room for additional efforts to increase its visibility to the public.

All stakeholder groups surveyed provided feedback on RBA's environmental initiatives, including GHG emission reduction, waste management, circular economy practices, water conservation, and biodiversity preservation. They emphasized the importance of addressing environmental concerns throughout the value chain and within the Group's investment portfolio. This focus is crucial, as the direct environmental impacts of the Group's operations as a financial institution is relatively minimal. Among the environmental topics, stakeholders identified energy consumption and waste reduction as the most significant.

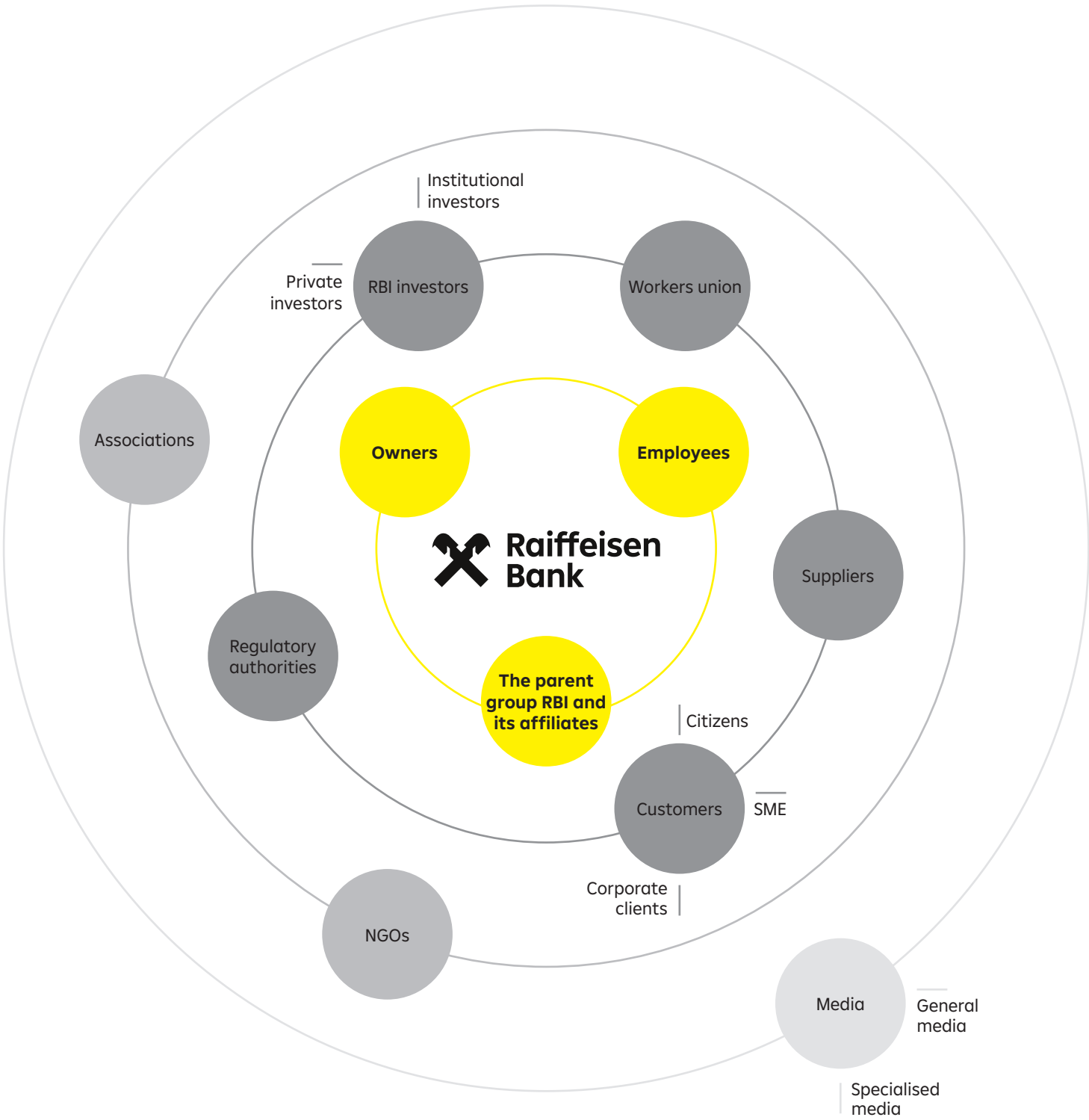


Our Stakeholders

GRI 2-29

Raiffeisen Group stakeholders are all individuals, groups, and organizations that have a legitimate interest in the company's business activities. Our stakeholders include employees, clients, owners, the parent group RBI and its affiliates, as well as business partners. In addition to building relationships with us, our stakeholders also engage in mutual relations. The Raiffeisen Group in Croatia is a committed business partner that values dialogue and the building of honest relationships. We treat all stakeholders with respect, and in all our relationships, we uphold social responsibility.

The stakeholders of the Raiffeisen Group in Croatia are:



Business Conduct

3.

In our business, we strive to maintain an atmosphere that fosters trust among our clients and employees, ensures a high level of quality in the services and products we offer, develops a pleasant working environment, and keeps us highly competitive in our industry. Accountable and transparent corporate governance and culture are prerequisites for the Group's operations. Our approach, which is based on open communication with key stakeholders, including their representatives, clients, investors, independent analysts, employees, and the general public, relies on traditional Raiffeisen values, a Code of Conduct applicable to the entire Group, and the principles of sustainability.

Corporate Governance in RBA and the Raiffeisen Group

Corporate governance, in a narrow sense, refers to the organization of management and control within an organization by establishing clearly defined procedures aimed at achieving business transparency, avoiding conflicts of interest among individuals and bodies that manage the organization, ensuring effective internal oversight, and maintaining an efficient system of accountability. The objectives of good corporate governance include responsible, qualified management and supervision within a company that is transparent and focused on increasing the company's value. Corporate governance in the Group is governed by the Corporate Governance Policy.

Structure and Principles of Corporate Governance at RBA

GRI 2-9
GRI 2-10
GRI 2-11
GRI 2-12
GRI 2-15

The specific structure and management principles at RBA are the responsibility of the Management Board, the Supervisory Board, and the managers of RBA, along with the management boards of affiliated members of the Group. These responsibilities and principles are defined by the Corporate Governance Regulations within the Group, which are based on binding RBI guidelines. Corporate governance in the Group is founded on the responsibility of the CEO of RBA (Country Head) for the operations of the Group as a whole, and on the principle of functional responsibility of the members of the RBA Management Board.

Country Head function
FURE function
Business FURE Function

The function of Country Head is performed by the CEO of RBA, i.e. the CEO of RBA appointed by RBI and has the following tasks in relation to group members:

- supervisory responsibilities,
- ensuring the application of RBI guidelines and standards in creating the RBI Group's mission, vision, values, and marketing campaigns (product and image campaigns),
- representing the RBI Group's interests towards local regulators, state bodies, and media,
- coordinating business activities within the Group,
- mediating decision-making within the Group,
- guaranteeing centralized business support.

The Country Head has no operational responsibilities. Operational responsibilities have been transferred to the managers of business functions at RBA (Business FURE).

The FURE function is performed by members of the RBA Management Board who are responsible for the entire Group within their functional responsibilities. In addition to the functional responsibility of all RBA Management Board members, individual members are responsible for key management processes for Group members, such as strategic orientation and planning, performance management (including employment), support, and functional development. When determining the competences of RBA Management Board members for Group companies, the main criterion is their area of competence at RBA and the connection of this area with the activities and business operations of the Group members. In consultation with the Country Head, targets are set for Group members, progress in achieving goals is monitored, and business initiatives are launched. The Country Head may also serve as the responsible member of the RBA Management Board for individual companies of the Group.

Business FURE is performed by B-1 level managers at RBA who are responsible for a particular business area. The role of Business FURE emphasizes a centralized model of corporate governance based on competencies. Managers of business functions at RBA (Business FURE) coordinate and supervise the implementation of RBI guidelines and other internal regulations.

Members of the Group who have these business functions established within their organization are obliged to work closely with equivalent functions at RBA. Any disagreements or inability to find mutually acceptable solutions between persons responsible for a business area in the company and Business FURE should be escalated to FURE and the management of the company concerned. In case of an inability to reach an agreement, the decision is made by the Country Head.

Marketing and public relations activities, including donation and sponsorship activities, are defined in Service Agreements between RBA and Group members. These agreements prescribe the scope of activities, standards to be adhered to, deadlines, and competencies, as outlined by RBA business policy documents, and apply to all Group members.

The Bank's Articles of Association, the Rules of Procedure of the Management Board, and the Rules of Procedure of the Supervisory Board are the fundamental documents that define the powers of the Management Board and the Supervisory Board. The procedures for appointing, electing, and dismissing members of the Management Board and the Supervisory Board are prescribed by the Companies Act, the Credit Institutions Act, and regulations such as the Decision on the Assessment of Suitability of the President of the Management Board, Member of the Management Board, Member of the Supervisory Board, and Holder of Key Functions in a Credit Institution, as well as the EBA Guidelines on the Assessment of the Suitability of Members of the Management Body and Key Function Holders, and the Bank's Articles of Association. The Credit Institutions Act, the Companies Act, and more detailed rights and obligations outlined in the Bank's Articles of Association and the Rules of Procedure of the respective bodies specify the duties, responsibilities, and authorities of the members of the Management Board and the Supervisory Board. The Management Board meets at least once a week, and the Supervisory Board meets at least once a quarter, or more frequently if necessary, or at the request of any member of the Supervisory Board.



Management Board RBA

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 (HNB) /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 Organizational Structure, and Rules of Procedure of the Management Board.

The President and members of the Management Board must collectively possess the professional knowledge, skills, and experience necessary for the independent and autonomous management of the Bank's business. They must particularly understand the bank's operations and significant risks. In addition to their achieved level of education, they must also engage in ongoing professional development in the following areas, as defined in the RBA Policy regarding the conditions and procedure for assessing the suitability of members of the Management Board and key function holders in the bank, adopted in accordance with the Croatian Credit Institutions Law and 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:

- › financial markets,
- › accounting and auditing,
- › regulatory framework and prudential requirements,
- › strategic planning and knowledge of business strategy, business plan, and its execution,
- › risk management (identification, measurement, monitoring, control, and mastery of the main types of risks in a credit institution),
- › corporate governance, including the internal control system,
- › analysis of the financial data of a credit institution,
- › interpretation of financial information and identification of key indicators.

A member of the Bank's Management Board is considered suitable for performing the function if they possess the necessary characteristics and meet all the prescribed formal requirements, ensuring professional, legal, safe, and stable execution of their tasks.

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 is obliged and authorized 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 Croatian Companies Law and the Labor Law.

The Supervisory Board elects the President and the Deputy President of the Management Board from among the members of the Management Board. The President convenes, leads and presides over the sessions of the Management Board. The Deputy President has the authority of the President 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 President's vote is decisive.

GRI 2-9

GRI 2-18

Assessment of the Performance of Members of the Group Management Board

RBA's management regularly sets annual targets as part of the annual performance management system, covering diverse aspects such as business performance, employee impacts, and strategic priorities. The objectives are derived from the overarching strategy of RBI and RBA and are confirmed by the FURE/ Supervisory Board. Additionally, the FURE/Supervisory Board conducts an annual assessment of the success of the achieved results. The performance assessment for the CEOs of group members shall be made by FURE if it also serves as the President of the Supervisory Board. If these functions are performed by different individuals, the assessment is adopted jointly by FURE and the President of the Supervisory Board. The performance assessment of the members of the Management Board shall be carried out by the President of the Management Board of the company concerned, with the prior consent of the President of the Supervisory Board (before the publication of the assessment). RBI is responsible for assessing the financial results achieved by the RBA Management. The assessment results are the basis for a fair adjustment of remuneration for work, advancement, demotion, or change of workplace.

Members of the Management Board as of December 31, 2023:

Liana Keserić , President 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 Bord RBA

In accordance with the provisions of the Statute, the Supervisory Board of the Bank has at least three members, one of whom is appointed as the President of the Supervisory Board. The function of the members of the Supervisory Board is considered a non-executive function. Members of the Supervisory Board, with the prior approval of the Croatian National Bank (HNB) and, from 2023, the European Central Bank, are elected by the General Assembly of the Bank for a term of office not exceeding four years, with the possibility of reappointment. At the time of compiling this report, there were seven members. The General Assembly of the Bank may recall a member of the Supervisory Board before the expiry of the current term of office to which they were elected if the legal or statutory reasons for doing so are fulfilled.

Members of the Supervisory Board of the bank must meet the conditions for the performance of the function of a member of the Supervisory Board prescribed by the laws and bylaws mentioned in this chapter, as well as the global rules defined at the RBI Group level and internal bank acts. Members of the Supervisory Board must collectively possess the professional knowledge, skills, and experience necessary for the independent and autonomous supervision of the bank's operations, and an understanding of the bank's business and significant risks

GRI 2-9

Members of the Supervisory Board must have competencies in the fields of:

- banking and financial markets,
- knowledge of the banking industry, including the diversity of financial products and services,
- legal requirements and regulatory framework,
- prevention of money laundering and terrorist financing,
- strategic planning and business strategy,
- risk management,
- accounting and auditing,
- assessment of the effectiveness of management, supervision, and control,
- interpreting financial information and identifying key indicators.

An individual member of the Supervisory Board of the bank is considered suitable for performing their function if they possess the necessary characteristics and meet the prescribed conditions that ensure they will perform tasks within their competence professionally, legally, safely, and stably. The Fit and Proper procedure for assessing the adequacy of members of the Management Board, Supervisory Board, and key functions, prescribed by the decision of the Croatian National Bank or the European Central Bank, assists us in this process.

The Supervisory Board of the Bank has the following committees established: the Audit Committee, the Remuneration Committee, the Nominations Committee, and the Risk Committee. The members of these committees are appointed from among the members of the Supervisory Board for a term of office within the existing mandate of the Supervisory Board members. The scope and manner of work of these committees are regulated in accordance with the relevant legal regulatioodobr ns.

The Supervisory Board consists of 7 members, of which 2 are female and 5 are male.

Members of the Supervisory Board as of December 31, 2023:

	Term of office	Other significant positions and responsibilities of the Supervisory Board member	Gender
Sabine Zucker , President of the Supervisory Board	19.12.2022. - 31.05.2024.	Vice-Chair of the Nominations Committee	F
Andreas Gschwenter , the Deputy President of the Supervisory Board	02.10.2023. - 01.10.2026.		M
Peter Jacenko , Member of the Supervisory Board	01.01.2024. - 31.12.2026.	Member of the Audit Committee and Chair of the Risk Committee	M
Herald Kreuzmair , Member of the Supervisory Board	17.06.2021. - 31.05.2024.	Chair of the Audit Committee, Member of the Nominations Committee	M
Iryna Arzner , Member of the Supervisory Board	13.12.2021. - 31.05.2024.	Chair of the Remuneration Committee, Member of the Nominations Committee	F
Hrvoje Markovinović , Independent Member of the Supervisory Board	18.01.2023 - 18.01.2026.	Independent Member of the Risk Committee, Independent Vice-Chair of the Nominations Committee	M
Klaus Buchleitner , Independent Member of the Supervisory Board	06.03.2023. - 06.03.2026.	Independent Vice-Chair of the Audit Committee, Independent Chair of the Nominations Committee	M

Assessment of corporate governance performance

The performance of corporate governance is monitored by meeting the requirements of the HNB's Decision on the Management System, which defines the responsibilities of the Management Board and the Supervisory Board, and through monitoring by the system of compliance control functions, risk control, and internal audit. Based on this, necessary improvements in management are made.

The Compliance Department manages compliance with legal regulations, but each organizational unit has an appointed 'ambassador' who monitors specific regulations that directly affect the operations of the unit within their jurisdiction and coordinates with the Compliance Department. The Compliance Policy is a document that defines the management of this issue.

GRI 2-27

Roles of supervisory and managing authorities in the ESG business segment

The Management Board is the highest decision-making body on strategy, policies, measures, and objectives related to environmental, social, and governance topics (ESG). Each member of the Management Board and each area of the Management Board has an obligation to set key performance indicators (KPIs). Additionally, the Management Board is obliged to adopt a sustainability strategy and integrate it into its business operations. The Management Board bears legal responsibility for the preparation of the Sustainability Report and is responsible for signing and submitting it to the Supervisory Board. The Supervisory Board is obliged to review the Sustainability Report and report on it at the Annual General Meeting. Supervisory Board subcommittees, such as the Audit Committee and the Risk Management Committee, are also involved in integrating sustainability topics into business.

GRI 2-14

GRI 2-18 In 2023, the Supervisory Board’s subcommittee, the Risk Committee, was informed about the following ESG topics:

- establishing an ESG framework within credit risks in accordance with the RBI Directive,
- development, adoption, and implementation of the ESG risk framework for corporate clients,
- development of a single questionnaire for corporate clients with the purpose of collecting key ESG data for the purpose of assigning ESG relevant assessments,
- an implementation plan to comply with regulatory provisions relating to environmental and climate risks.

The Management Board and the Supervisory Board are obliged to understand which of the material risks, opportunities, and impacts arise from ESG topics and develop professional knowledge and skills for managing them. RBI offers to members of supervisory and managing authorities specific training on ESG topics, as well as additional training on climate and environmental risks.

GRI 2-17 RBA did not organize specialized ESG training for Supervisory Board members in 2023, but they were informed about ESG activities at the bank at regular meetings presenting ESG activities. Detailed ESG education was organized for Management Board members in 2023.

GRI 2-13 **ESG performance indicators for management functions in 2023**

Management Board members have the obligation to lead and support ESG efforts and meet ECB requirements, especially when it comes to data collection and design of the local process and improving the lending process. Accordingly, the following KPIs are prescribed:

- implementation of the ESG process flow in the corporate banking segment and improving the credit risk assessment process with topics relevant to ESG;
- coverage of the asset-backed investments portfolio with an Energy Performance Certificate (EPC): minimum 18% (2023);
- full implementation of the E-questionnaire for the Corporate Banking segment and the calculation of the ESG rating at the client level;
- support to the development of the local (national) ESG platform;
- supporting the ESG database initiative to integrate data;
- improving the application of EU taxonomy and labelling of taxonomically eligible activities;
- preparation of data for ESG reporting – annual sustainability report based on RBI Group and Pillar 3 standards (RBI Group is obliged to consolidate reporting under Pillar 3);
- adherence to sectoral strategies and specific policies for specific sectors.

GRI 405-1 **Diversity policy of RBA Management and Supervisory Board**

RBA, as a member of the RBI Group, applies group standards of diversity when selecting members of the Management Board and Supervisory Board. These are prescribed by group policies on structure, composition, and remuneration of management bodies of RBI Group members and 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. The Management Board of RBA consists of two female and two male members. The Supervisory Board of RBA consists of two female and five male members.

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 number of shares without a nominal amount, with each shareholder giving the right to one vote.

Sustainability Committee RBA

In November 2023, RBA established the Sustainability Committee, whose role is to define the strategic and organizational foundations for managing ESG topics and sustainability. The Committee’s first meeting was held in early December 2023. The main tasks of the Committee include:

- monitoring compliance with regulatory requirements,
- approving business initiatives in line with the set objectives,
- monitoring the implementation of ESG factors in business operations,
- identifying ESG risks in business,
- aligning with the requirements and initiatives at RBA,
- coordinating all sustainability-related initiatives to ensure compliance with the bank’s business objectives and strategy.

The Sustainability Committee will set priorities for the implementation of sustainability projects and activities, business initiatives, regulatory requirements, and other sustainability initiatives, particularly when certain requirements cannot be implemented within the expected period due to limitations on available resources.

Additionally, the Committee manages the process of preparing sustainability reports, adopts a plan for the implementation of individual phases in the preparation of reports, and nominates individuals from their organizational units to participate in the creation of reports.

The plan is for the Committee to meet quarterly to coordinate all outstanding sustainability issues and to approve and ensure compliance with all requirements, or more frequently if necessary. The Committee’s membership consists of all relevant stakeholders and Sustainability Managers. The current Sustainable Bond Committee (SBC) has been integrated within the Sustainability Committee, and all relevant provisions of the Sustainable Bond Board have been adopted by the Sustainability Committee.

The RBA Management Board is responsible for adopting the ESG strategy and managing initiatives to achieve the objectives defined by the strategy.

Other Raiffeisen Group Members – Governance structure and Principles

Raiffeisen Leasing

Raiffeisen Leasing regulates its corporate governance with the Corporate Governance Policy, the Rulebook on the Organization of Raiffeisen Leasing and the Rulebook on Systematization 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 Labor 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 December 31, 2023:

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

Members of the Raiffeisen Leasing Supervisory Board as of December 31, 2023:

Ante Odak , President of the Supervisory Board
Dieter Scheidl , Deputy President of the Supervisory Board
Georg Feldscher , Member of the Supervisory Board

Raiffeisen Mandatory and Voluntary Pension Funds Management Company (RMF)

Raiffeisen Mandatory and Voluntary Pension Funds Management Company does not have a single 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 invested . These principles stipulate corporate governance standards for issuers in which the assets of pension funds under management are invested, and the Participation Policy¹ publicly discloses how the RMF influences the companies in its portfolio, exercises membership rights from shares, and uses these rights for its investment strategies. It also oversees important events with the issuers in which it invests, exchanges views with the issuer's bodies and corporate structures, engages with other stakeholders, cooperates with other shareholders, and manages conflicts of interest related to participation. Additionally, in the Policy of Application of Sustainable Investment Requirements² , the RMF has published its approach to incorporating sustainability risks into its investment decision-making process. Given the significance of RMF activity for the wider community, the Mandatory Pension Funds Act stipulates that the Government of the Republic of Croatia, at the proposal of the minister responsible for the pension

¹ www.rmfm.hr/userdocs/images/Objave/Objave_2022/Objave%20o%20odr%C5%BEivosti/Politika%20sudjelovanja_%20v%2011_web.pdf

² www.rmfm.hr/UserDocsImages/Objave/Objave_2023/web-Politika%20primjene%20zahtjeva%20o%20odr%C5%BEivim%20ulaganjima%20v%2011.pdf?vel=82710

system, will appoint one person to the supervisory board of each pension company. This person will represent the interests of the pension fund members in the supervisory and audit board of the RMF. The Mandatory Pension Funds Act, the Voluntary Pension Funds Act, and the internal Adequacy Assessment Policy prescribe the conditions that a candidate for a member of the Management Board and Supervisory Board must meet, including professional experience that corresponds to the actual business needs and activities of the organization. HANFA also assesses the competence of candidates in the process of issuing approval for membership on the Management Board and Supervisory Board. HANFA regulations detail the conditions of approval and the content of the program containing a detailed description of the planned activities for the candidate's mandate period. The internal suitability assessment process evaluates the candidate's ability to perform duties independently, without the influence of others, and assesses the existence of conflicts of interest. This includes assessing economic interests arising from the possession of shares or ownership interests, membership on boards, external business activities, personal or professional relationships with significant suppliers, advisers, or other service providers, and personal connections with politically exposed persons.

In the RMF, the annual compliance risk assessment serves, among other things, to carry out control and ensure compliance with relevant laws. Activities carried out for the purpose of continuous monitoring of compliance with legislation include daily monitoring and announcements of changes to relevant regulations, advising managers and employees on how to apply the relevant regulations, reviewing internal acts of Raiffeisen mandatory and voluntary pension fund management company before their adoption, conducting periodic controls according to the annual work plan of the Compliance Department, and direct ad hoc controls. Regular employee education, implementation of measures and procedures for the prevention of internal and external fraud, bribery, and corruption, conducting procedures for reporting irregularities, and protecting whistleblowers are also part of these activities. The inclusion of compliance monitoring functions in business processes is another key aspect. The Compliance Department, which is directly responsible to the Management Board, handles this business segment and reports on its work to the Supervisory Board.

Members of the RMG Management Board as of December 31, 2023:

Gordan Šumanović , President 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 December 31, 2023:

Anton Starčević , President of the Supervisory Board
Anita Cvanciger , Deputy President 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 December 31, 2023:

- Tomislav Matić, President of the Management Board
- Ivan Grbac, Member of the Management Board

Members of the RMOD Supervisory Board as of December 31, 2023:

- Georg Feldscher, President of the Supervisory Board
- Tanja Ožbolt Sterle, Deputy President of the Supervisory Board
- Dražen Marković, Member of the Supervisory Board

Traditional Raiffeisen values

In the 19th century, Friedrich Wilhelm Raiffeisen simplified the idea of a cooperative down to one basic principle: In unity lies strength. This idea is backed by the values of helping others to help themselves, charity, communality, solidarity, and responsibility for others. We continue to build on these values, which is reflected in key strategic decisions at the level of the entire RBI Group, including Raiffeisen Group in Croatia.



Code of Conduct

The RBI Group Code of Conduct (Code) is a binding set of rules governing day-to-day operations and shaping corporate culture and is applied at the level of the entire RBI Group, including Raiffeisen Group in Croatia. It is available on our website - [the Code of Conduct - Raiffeisenbank Croatia \(rba.hr\)](#). The Code is based on traditional Raiffeisen values and cooperation, proactivity, learning and responsibility, taking into account the specific requirements of day-to-day operations in the different markets where RBI Group companies operate.

All employees must comply with the Code. To emphasize the importance of the principles of the Code, all our employees are obliged to participate in mandatory e-learning trainings containing the most important information about the Code. Furthermore, they are obliged to sign a compliance statement, which, among other things, obliges them to observe the Code. Each employee has a duty to report serious violations of the Code, such as market abuse, fraud, theft, embezzlement, bribery, or corruption, which will be described in more detail in the chapters that follow.

We expect all persons acting on behalf of the Group, as well as from our business partners, to apply regulations and standards that are identical or comparable to those contained in the Code of Conduct.

The Management Board of RBI Group regularly reviews and approves amendments to the Code and monitors its effectiveness, following in-depth consultations with key stakeholders.

RBA's management is responsible for the Code and is responsible for its application on the local market. The person responsible for the Compliance department is responsible for the coordination of activities and any problems regarding compliance with the relevant legal requirements. In addition, all managers are obliged to ensure compliance with the Code in their field of business. Accordingly, at the beginning of 2023, the process of revising the Code was completed, with a focus on topics related to ESG and compliance with new regulatory guidelines. The Code represents a fundamental component of our corporate responsibility and, in addition to prescribing the expected behavior of all employees, it also describes the ways in which we should treat clients, investors, business partners, and employees. The Code ensures compliance with international standards, which includes adherence to the law, support

for combating money laundering and the financing of terrorism, prohibition of fraud, corruption, and bribery, as well as market abuse, avoidance of conflicts of interest, compliance with financial regulations, adherence to data security standards, and other types of key business practices. This includes compliance with the rights of our employees and adherence to environmental laws to the fullest extent possible. Finally, the Code also stipulates the principles of social and environmental responsibility, including respect for and the upholding of human rights protection.

Standards under the RBI Code of Conduct applicable in the Group

Client Relations

- › Confidentiality and privacy
- › Excellent products and services
- › Fairness
- › Investor protection
- › Conflict of interest

Investor relations

- › Creating sustainable value
- › Protecting reputation
- › Transparency

Employee Relations

- › Fair employment practices
- › No discrimination or harassment
- › No violence
- › Occupational health and safety
- › Private business activities
- › Speaking on behalf of RBI Group, social media
- › Protection of property

Compliance with laws and regulations

- › Regulatory compliance
- › Cooperation with authorities
- › Accounting and reports
- › Taxes
- › Fair competition
- › Lobbying

Combating against financial crime

- › Bribery and corruption
- › Accepting and giving gifts and invitations
- › Prevention of money laundering and terrorist financing
- › Economic sanctions, embargo
- › Insider dealing and market abuse

Social and environmental responsibility

- › Our corporate responsibility
- › Human rights
- › Environmental protection
- › Contribution to society

Principles of the UN Global Compact

Since RBI is a signatory of the United Nations Global Compact (UNGC), consequently, the Raiffeisen Group in Croatia advocates for proactive and consistent behavior in line with the ten principles of responsible business conduct of the UNGC. The UNGC is a voluntary, non-binding initiative that aims to encourage companies worldwide to adopt sustainable and socially responsible practices that support the achievement of UN SDG goals and to report on their implementation. The ten principles are derived from the fundamental declarations and conventions of the UN, they are relevant and applicable worldwide. These principles include the core areas of human rights, labor standards, environmental protection, and the combating corruption. All employees and managers, as well as partners and suppliers, are expected to adhere to these principles.

Human rights

- Principle 1: We support and respect the protection of international human rights within our sphere of influence.
- Principle 2: We make sure that we are not complicit in human rights abuses.

Labor

- Principle 3: We uphold the freedom of association and the effective recognition of the right to negotiations about the Collective Bargaining Agreement.
- Principle 4: We support the elimination of all forms of forced and compulsory labor.
- Principle 5: We support the abolition of child labor.
- Principle 6: We support the elimination of discrimination in employment and occupation.

Environmental protection

- Principle 7: We support a precautionary approach to environmental challenges.
- Principle 8: We undertake initiatives to promote greater environmental responsibility.
- Principle 9: We encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Principle 10: We work against corruption in all its forms, including extortion and bribery.

Code of Conduct for Suppliers and Supplier Management

GRI 2-6
GRI 204-1

Raiffeisen Group has approximately 500 suppliers, mainly in IT equipment, banking equipment (ATMs, POS devices, counters), software licenses, software solutions, IT and physical security.

The most important suppliers for RBA include Vestigo, Gora, CROZ, Uniqa, UPC, UPC, Fina, Fina GS, HT, A1, S&T, Printec, Payten, Bluesoft, Publicis, McCann, Atalian, ZTS, Tehnozavod Marušić, HEP, RIC, Termoplin, HP – Hrvatska pošta, Print Centar Krapina and Fokus. Additionally, 95% of our suppliers are domestic, and 5% are foreign companies. In Raiffeisen Leasing, the total share of domestic suppliers is 99.7%, and foreign suppliers account for 0.3%, while suppliers of leasing facilities are 100% domestic. In the Raiffeisen pension insurance company, the percentage of domestic suppliers in total expenditure on suppliers is 99.51%, and foreign suppliers make up 0.49%.

Impacts

- The procurement of goods and services, their transport, and manufacturing generate CO₂ emissions, which have a direct climate and environmental impact.
- Another related material issue is the composition of products, material consumption, and the recycling of, for instance, packaging. The circular economy is an important focus area for RBI, with suppliers also being considered in this respect.
- The observance of human rights is crucial when considering the supply chains and business partners in procurement. Respecting local and international labor laws forms the basis for cooperation with our suppliers.
- Being a fair partner to our suppliers and demanding fairness towards their employees and suppliers, as well as sustainable behavior, not only safeguards our operational banking activities. We also see it as an opportunity to make a positive contribution to society and the environment.

Risks and opportunities

We define risks in the supply chain by considering factors such as: the importance of the supplier, i.e. the service or goods being procured, the characteristics of the business relationship, the operational risks that could arise from the relationship, and the analysis and assessment of the impacts of outsourced services and their evaluation with regular communication with the regulator on the topic, in accordance with legal regulations. Irregular events are also considered by monitoring risks, i.e. events caused by “force majeure”, affecting services or goods in the chain (e.g., disrupted delivery or price increases due to the war in Ukraine or a pandemic).

- Raiffeisen Group in Croatia is a significant buyer for business entities on the domestic market.
- Suppliers from the region in which we are active as a bank are preferred, as we have a strong interest in boosting the local economy. Local proximity delivers environmental and social benefits and lowers risks in the supply chain. By strengthening the regional economy, RBI makes a positive contribution to maintaining and creating jobs and reduced transport distances, thereby further lowering emissions further.
- Suppliers that demonstrate a high level of commitment to good social and environmental business practices are stable partners and lower the risk of supplier failures, high workforce fluctuation and reputational damage, as well as ensuring compliance with regulatory provisions.
- Establishing a fair partnership with suppliers also fosters stability and provides a sound basis for the company's business operations.

Management

When engaging suppliers and before concluding a Contract with them, our suppliers are subject to a compliance check that verifies all information about them. In cases where it is necessary, we require our suppliers to have the following certificates: Certificate of resistance against burglary, HNB certificate for authentication of banknotes, ISO 45001 (safety at work), environmental management system. The certificates we seek depend on the suppliers themselves, so for example from our supplier engaged in cleaning and preparing food and beverages, we ask for certificates in these areas. Cleaning requires certificates such as ISO 9001, ISO 45001 and ISO 14001 and others, while catering services must meet standards such as HACCP and ISO 9001.

There have been no recorded cases of non-compliance between the operations of our suppliers and the legal framework in the field of environmental protection or labor rights.

In accordance with the content of the tender and ESG criteria, we evaluate the supplier as well as the details of the service/goods if applicable. We apply the rating in the scoring matrix when assigning the overall supplier rating. In this way, we check the supplier's business in accordance with the ESG standard.

GRI 3-3
GRI 308-1
GRI 308-2
GRI 414-1

GRI 414-2

General Conditions for the Procurement of Goods and Services and RBI Supplier Code of Conduct

From all individuals acting on behalf of the Raiffeisen Group in Croatia, as well as from our business partners, we expect adherence to regulations and standards that are identical or comparable to those found in the RBI Code of Conduct.

When entering into cooperation, business partners are clearly and unambiguously informed and made familiar with the Group's expectations relating to ethical business practices, which are outlined in the document General Conditions for the Procurement of Goods and Services. The Document defines the conditions of relations with our suppliers and service providers that we conclude with them through contracts and purchase orders, and the same document states the obligation of suppliers to adhere to the RBI Supplier Code of Conduct during the duration of the contractual relationship. By signing the contract, suppliers commit to its implementation and to conducting business in accordance with the principles of the Code. Specific rules apply to suppliers who have their own Code of Conduct and general procurement conditions with content that is comparable and equally valuable, which in this case are accepted as part of the contract.

The RBI Supplier Code of Conduct commits to making the best efforts to implement the principles of the Code throughout the supply chain. Suppliers are required to comply with the following principles that improve business ethics and contribute to the social and environmental goals of RBI, including Raiffeisen Group in Croatia:

- Economic sanctions and embargo: The supplier will avoid any situations that could lead RBI to violate the applicable legislation concerning sanctions and embargoes.
- Climate goals and human rights protection: The supplier will respect the international climate goals defined by the Paris Agreement, internationally recognized human rights, and avoid engaging in human rights abuses. It will also respect the personal dignity, privacy, and rights of each individual and prohibit forced labor in all its forms, while contributing to all standards of the International Labor Organization (ILO).
- Social responsibility: The supplier will promote freedom of association and the right to collective bargaining, prohibit child labor, combat discrimination, provide adequate wages (in accordance with national minimum wage legislation and avoid any reductions in salary for the purpose of implementing disciplinary measures), ensure compliance of working hours and overtime in accordance with local laws (in the absence of local law, ILO standards apply); and ensure safety and health at work.
- Environmental responsibility: The supplier will act in accordance with local and internationally recognized environmental standards including the limitation of hazardous substances, minimize its negative impact on the environment, and manage waste and manage resources responsibly.
- Responsible governance: The supplier must avoid corrupt and financial criminal acts, and immediately report any conflict of interest. It must also respect the rules of free and fair competition, the legislative framework on sponsorships, avoid illegal political financing, and comply with anti-money laundering and terrorist financing measures, and intellectual property and data protection laws.
- Subcontracting: A supplier must ensure that its suppliers (sub-suppliers) comply with the principles of this Code if they are involved in significant deliveries under contract with RBI and implement a monitoring system covering the entire supply chain that would allow it to prevent and cope with any actual or potential environmental or social impacts.

The Supplier Code of Conduct helps to ensure that RBI Group suppliers adhere to environmental, social and governance criteria and is RBI's tool for aligning operations with selected ESG standards. In addition, the Code is one of the most important internal policies under the ongoing due diligence process within the entire RBI Group.

Compliance

Compliance means acting in accordance with applicable laws, regulations and regulatory requirements, national and international standards and best international practices and rules within the Raiffeisen Group in Croatia. In addition, compliance is an organizational concept, which aims to achieve a link between the Group and employees, management, clients, investors, regulators, and business partners, based on honesty, solidarity, and trust, manage possible conflicts of interest and ensure compliance with the rules.

Impacts

The RBA meets high standards in compliance with all legal requirements, in the combating against corruption and money laundering, and in the prevention of violations of sanctions. Compliance with our core values defined in the RBI Group Code of Conduct in all areas of business, in particular the consistent implementation of a zero-tolerance policy towards corruption, not only has a positive impact on the Group's reputation, but also on our employees, clients, and society in general. Corruption and money laundering can have far-reaching negative implications for the Group, including a loss of confidence in state institutions, human rights violations, shadow economy, tax evasion, poverty, or deterioration of public services. The combating against corruption is dependent on joint efforts, including transparent leadership behavior, strong institutions, and the active involvement of the citizens, to ensure responsible actions are taken and to encourage a fair and just society. Compliance with international financial sanctions and trade restrictions is of crucial importance for the containment of global risks (e.g. financing of terrorism, proliferation of weapons of mass destruction, continuation of armed conflicts, serious human rights violations). At the same time, compliance with these sanctions and restrictions supports the long-term fight against behavior that threatens the territorial integrity, sovereignty, independence and stability of crisis-ridden countries and regions. The RBA also does not directly or indirectly fund companies, projects or political parties where human rights violations occur. Human rights violations can generate illicit profits, support slavery and human trafficking, promote the continuation of poor working conditions, and lead to other abuses. The Group seeks to further improve controls relating to the financing of projects and corporate clients, as well as existing and potential suppliers. Our employees have been instructed to identify the occurrence of forced or child labor and, in case of doubt, should inform the Compliance function. We proactively communicate policies that regulate client relationships, lending, and investment in specific sectors (e.g., military equipment and technology, games of chance and nuclear energy). Business inquiries involving those sectors shall be forwarded to the Compliance function for further evaluation to ensure that risks of this type are adequately managed with a view to mitigating or avoiding them. Considering that RBI is a signatory of the United Nations Global Compact (UN Global Compact), consequently, the Group is committed to proactive and consistent behavior in line with the ten principles of responsible business conduct of the UNGC. These principles encompass fundamental areas of human rights, labor standards, environmental protection, and anti-corruption efforts.

Risks and opportunities

GRI 2-24 Raiffeisen Group in Croatia is perceived as a responsible group of financial institutions thanks to its exemplary behavior in complying with legal requirements, which are implemented out through appropriate internal processes aimed at combating money laundering, terrorist financing, prevention of corruption and bribery.

These measures not only serve to strengthen trust in the Group, but also improve its position in the market and allow it to attract new clients.

Compliance risk shall be considered part of the operational risk and should be managed throughout the Group in accordance with the following instructions:

- Avoiding regulatory penalties for non-compliance to the extent possible
- Minimizing non-compliance activities that could result in business restrictions to the extent possible
- Avoiding reputational damage to Raiffeisen Group members and negative experiences for stakeholders

Reputational risk is one of the key risks with potentially negative implications for the Group's business opportunities. RBA's reputation might be damaged and financial risks can also arise, which can lead to considerable financial losses, including fines. On the other hand, playing an exemplary role in compliance with legal requirements, promoting human rights and having a positive influence on a fair and sustainable society can be a source of business management opportunities. In general, we notice that (potential) investors pay more attention to the topics of compliance and respect for human rights which can be an opportunity for the RBA.

The he assessment of corruption risk exposure at RBA was conducted as part of the annual operational risk assessment, which also includes compliance risks. It encompassed three types of risks related to corruption exposure issues and various organizational units (primarily Procurement, Private Banking, Management and Supervisory Board, Financial Markets, all control functions: Compliance, Internal Audit, IT, as well as others):

- **1.** The risk of corrupting third parties by RBA employees. For example, with Private Banking, there is a risk that an employee commits an act of corrupting a third party if he misinterprets internal anti-corruption regulations or due to a lack of attention that the RBA can cause reputational risk and consequently financial loss.
- **2.** Risk of conflict of interest of RBA employees with RBA interests. We consider this risk particularly pronounced when it comes to gifts, invitations, contracts that are approved with counter-service, and may result in a conflict of interest in the sphere of financial transactions.
- **3.** The risk of other illicit incentives or other receipts (gifts, services, etc.) to RBA employees by third parties. This implies payments to the Management Board, Supervisory Board, employee or some other type of illicit incentive for the purpose of bypassing procedures, controls or good business practices, whereby the intention does not necessarily have to influence a particular business decision but may result in it.

Management

RBA attaches great importance to compliance with relevant regulations, and mechanisms for ensuring compliance with laws are established through our Code of Conduct and additionally the Compliance Rulebook, which continuously adapts to the latest regulatory requirements and global challenges. The Compliance Rulebook is an internal act of the Group and a compliance management framework applicable to all Group employees. It is extremely important that all employees are aware of the rules of compliance and that they behave in accordance with them.

Guidelines on internal governance under Directive 2013/36/EU³ , published by the EBA (European Banking Authority), are used as one of the fundamental international documents for the issue of

³ <https://www.eba.europa.eu/sites/default/documents/files/documents/10180/1972987/eb859955-614a-4afb-bdcd-aaa664994889/Final%20Guidelines%20on%20Internal%20Governance%20%28EBA-GI-2017-11%29.pdf?retry=1>

ethical governance. These topics are dealt within RBA by the Legal Department and the Purchasing and Compliance Departments, and the rules also 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 ethical business issues are provided as part of RBA's regular operation and operations.

The Compliance Department has an important management and control function in our Group, especially in the context of the development of compliance standards and their application, with each member of the Group having an established local Compliance function.

Within the Group, the main responsibilities of the Compliance function include ensuring compliance with laws and internal regulations in the following areas:

Topic within the Compliance Rulebook	Rules related to Compliance that are prescribed in the following documents:
RBI Code of Conduct	➤ Internal Procedure Reporting of Irregularities and the Procedure for Appointing a Confidential Person
Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF)	➤ Anti-Money Laundering Measures and Actions Rulebook ➤ Counter Terrorist Financing Rulebook
Financial Sanctions, Embargo, Trade Restrictions, and Sensitive Business Areas	➤ Financial Sanctions Regulation ➤ Internal Procedure on Financial Sanctions – Client and Transaction Handling ➤ Financial Sanctions Regulation – Business Policies Regarding Specific Countries ➤ Internal Procedure on the Bank's Business with Clients Engaged in Sensitive Business Sectors
Inside Information and Market Abuse (MAD II/MAR, MiFID I MIFIR) including employee transactions	➤ Internal Procedure on Market Abuse Regulatory Compliance ➤ Conflict of Interest Management Policy – MiFID Relevant ➤ Obligation and Method of Maintaining a List of Relevant Persons ➤ Internal Procedure - RBA's Proprietary Trading ➤ Internal Procedure on Client Classification and Advisory Principles from the Investor's and Investment's Perspective ➤ Recording and Storage of Telephone and Electronic Communications ➤ Internal Procedure on Client Information and Promotional Communication ➤ Internal Procedure on MiFID II Training and Education ➤ Internal Procedure on Market Research (Market Sounding) ➤ Internal Procedure on Establishing and Maintaining a Register of Additional Incentives ➤ Internal Procedure Related to Personal Trading by Employees
Combating against Financial Crime (Fraud Prevention, Anti-Bribery and Corruption)	➤ Fraud Management and Prevention Regulation ➤ Internal Procedure on Anti-Bribery and Anti-Corruption ➤ Internal Procedure on Handling Reports of Violations of the RBI Group Code of Ethics ➤ Internal Procedure on Handling Reports of Irregularities and Appointing a Confidential Person ➤ Internal Procedure on Managing Internal Irregularities ➤ Internal Procedure on Compliance Duties When Contracting with External Service Providers ➤ Internal Procedure on Implementation of Sponsorship and Donation Activities
Conflicts of Interest	➤ Conflict of Interest Management Policy
Complaints Management	➤ Internal Procedure on Management and Complaint Resolution Process
Prevention of Cross-Border Tax Evasion - FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standards)	➤ FATCA Compliance Regulation ➤ CRS Compliance Regulation

Raiffeisen Group has implemented a three lines of defense model against non-compliance, which applies to all business processes and is detailed in the Group's internal documents:

Participants in the 3 lines of defense within the Internal Control System	
1. First Line of defense	Responsibilities of employees in various business areas with the support of Compliance Ambassadors who acts as contact persons regarding Compliance-related issues
2. Second Line of defense	Control functions including Compliance, Risk Management, Risk Control and Reporting, Security
3. Third Line of defense	Internal Audit

The Head of the Compliance function regularly reports directly to the Management Board and the Supervisory Board on compliance issues. It is mandatory to prepare a quarterly report on compliance topics for the local Management Board, the local Supervisory Board, as well as for the Management Board, the Supervisory Board, and the Compliance function of the RBI Group, with the Head of the Compliance function ultimately responsible for the quality of the reports. Upon request from RBA, Group members are obliged to provide all data needed for reporting purposes. Violations of the Code of Conduct are reported regularly, at least once a year, to the Management Board and relevant 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.

Other Raiffeisen Group Members - Compliance

The RBA Compliance Regulations, as well as the RBI Group Code of Conduct, are applicable to RBA and all other Raiffeisen Group members. The Group members are obliged to submit all data for the purpose of reporting compliance and reports of irregularities at the request of the RBA (the Bank).

Raiffeisen Leasing

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 behavior 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. 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.

RMOD

RMOD places special emphasis on promoting ethical business practices. The Code of Conduct of the RBI Group has been adopted, and regular training for employees on the Code of Conduct, bribery, and corruption is conducted, as well as training for the General Compliance team. The compliance function, as a key function licensed by HANFA, conducts additional checks for any suspected conflicts of interest, and employees and management are required to report any such conflicts to the compliance monitoring function. Additionally, internal procedures prescribe rules regarding the value of gifts and received invitations, which must be reported to the compliance monitoring function. This function then takes further action in accordance with internal procedures. The compliance monitoring function also oversees, manages, and verifies transactions, including both private transactions of employees and those of the Company.

RMF

As a member of Raiffeisen group in Croatia, RMF has established a local function of Compliance which in organizational, personal, technological, and operational aspects has the same management and control function as in RBA. RMF, in addition to regular educational activities that include aspects of ethical business by informing about the application of the Code of Conduct, conflict of interest, reports of irregularities, protection of whistleblowers, rules for gifts and calls, fraud prevention and prevention of market abuse. The corruption risk assessment was carried out as part of the operational risk assessment. This assessment is carried out at a regular level for all business segments and identifies risks in dealing with sales representatives, procurement, and market abuse.

Anti-Bribery and Corruption (ABC)

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.

The risk assessment in the internal ABC framework shall be carried out and documented periodically. Periodic risk assessment provides a comprehensive picture of which parts of business lines and processes might be most vulnerable to corrupt practices and whether the control mechanisms in place reduce existing inherent risks. In addition, ad hoc risk assessments may be carried out, e.g. in relation to new or updated procedures, products and services or in the event of incidents. This assessment includes all business partners who provide some kind of services to the Group.

All Raiffeisen Group Members carry out regular checks in order to prevent, reduce or detect the risks of bribery and corruption. Procedures that serve to avoid economic crime are clearly communicated to everyone and are also implemented in practice through the ABC framework, which we continuously revise.

GRI 205-1



GRI 2-15

Conflicts of interest

The RBI Group has internal policies in place governing the handling of conflicts of interest, which is also applied at the Raiffeisen group in Croatia.

Employees are expected to report actual or potential cases of conflict of interest in accordance with existing reporting guidelines. Applications are then processed by the Compliance function, which, in cooperation with the relevant managers, proposes certain measures it deems necessary to manage identified conflicts of interest appropriately. It is also envisaged to regularly monitor the detection of cases of conflict of interest that we seek to prevent and avoid with appropriate mechanisms. RBA discloses to its partners information on conflicts of interest in accordance with legal requirements relating to capital markets or other relevant regulations. We inform all involved stakeholders about the occurrence of potential conflicts of interest, which may relate to membership in other boards, mutual co-ownership with suppliers and other stakeholders, the existence of controlling shareholders (only one shareholder of the company) and related parties, their relationships, and the like.

All situations relating to potential conflicts of interest must be reported to the Compliance function including, among other things:

- gifts and invitations,
- close (personal) relationships,
- external engagements and shares in companies,
- sponsorships and donations,
- political parties and lobbying.

Given that they can unacceptably influence business decision-making, gifts and invitations addressed to public officials are subject to specific rules.

Anti-money laundering and counter-terrorist financing

Impacts

Crimes related to money laundering and terrorist financing have been spread around the world, with the banking and financial industries facing challenges to recognize and prevent money laundering and terrorist financing schemes. Consequently, the Group pays great attention to the implementation of measures for the prevention of money laundering and terrorist financing.

Money laundering means acts that conceal a source of money, other property or rights suspected of being illegally acquired in the country or abroad, including: the exchange or transfer and possession or use of property acquired through criminal activity for the purpose of concealing the illegal origin of property or concealing the true nature, source, location, disposal, movement, or ownership of property acquired through criminal activity. Money laundering is also considered to be participation in committing, association to commit, attempting to commit and aiding in committing, incitement, counseling and facilitating money laundering. This system typically involves three stages: the placement of funds in a financial system, the stratification of transactions in order to conceal the origin, ownership and location of the funds, and the integration of the funds into society in the form of investments that appear legitimate. (e.g. investments in stocks, real estate, speculative transactions).

Terrorist financing refers to the acquisition or raising of funds for the purpose of committing terrorist offences, by terrorists or terrorist organizations. Terrorism can be financed with "dirty" money, but it can also be financed with fully legally acquired funds. Money laundering and terrorist financing undermine clients' trust in the entire financial system.

Risks

The risk of terrorist financing or money laundering is the risk that a party will misuse the financial system to launder money or finance terrorism, meaning that a business relationship, transaction, or product will be used directly or indirectly for financing terrorism or money laundering. Illegal money flows threaten the stability and reputation of the financial sector, as well as international development.

If the RBA is used for the purpose of financial crime, it is exposed to the following risks:

- involvement in criminal activities,
- violation of regulatory provisions,
- misdemeanor penalties,
- damage to the Banks's reputation and the client's trust.

The RBA is obliged to produce an analysis of the risk of money laundering and terrorist financing, and the Management board is obliged to adopt it. Risk analysis consists in identifying and assessing the risks to which it is exposed and taking into account all risks, in particular: risks relating to clients, countries or geographical areas, products/services or transactions, distribution channels and new or developing technologies for new or existing products.

Ahead of any significant changes in business processes and business practices that may affect measures taken to prevent money laundering and terrorist financing, and in the introduction of new products, outsourcing activities or distribution channels, as well as the introduction of new technologies for existing and new products, RBA is obliged to carry out a risk assessment to identify and assess how these changes affect exposure to money laundering or terrorist financing risk, and undertake appropriate measures to mitigate and effectively manage that risk. Risk analysis is carried out in accordance with the Law and rbi group standards.

Management

Raiffeisen Group in Croatia, as well as RBI, applies a "zero tolerance" policy towards money laundering and terrorist financing, which means that it does not directly or indirectly tolerate persons or organizations engaged in criminal offenses preceding money laundering, money laundering, fraud, or terrorist financing.

The Group is successfully dealing with this global and threatening issue by relying on the rulebooks and internal procedures on measures and actions for the prevention of money laundering and the prevention of terrorist financing, adopted at the level of the RBA and each individual member of the Group. The regulations were developed on the basis of the rules and guidelines adopted at the level of RBI and the Croatian Anti-Money Laundering and Terrorist Financing Law of 2018, which implemented the provisions of the EU Directive on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing (Regulation 849/2015 known as the "Fourth AML Directive"). In addition, we are following examples of best practice at local and international level, in terms of new measures and ways of detecting money laundering and terrorist financing.

In addition, we continuously evaluate the effectiveness of our AML/CTF framework, and the technologies used and update them as required to take into account changes in the environment ((e.g. media screening in connection with negative reporting, artificial intelligence, correspondent bank risk scoring). Since the combating against money laundering is a process in continuous development, we recognize the necessity of constant attention and capabilities of our employees and commit to keeping up with the increasingly complex methods used by criminals.

To effectively combat money laundering and terrorist financing, the RBA has developed a framework of rules that includes the obligations and responsibilities of all employees, including the responsibilities of members of the Bank's Management Board, consisting of identifying risks and implementing measures to mitigate them. The responsibility for the establishment of the organization of prevention against money laundering and terrorist financing lies with a specially formed organizational unit – Prevention of money laundering. The Bank appoints an AML Officer to ensure compliance with RBI laws and standards. The rules prescribe preventive measures and procedures to prevent, detect and report money laundering, as well as possible sanctions in case of non-compliance.

GRI 3-3

The rules also prescribe the protection of employees who fill out internal suspicion notices and/or send notifications of suspicious transactions to the Anti-Money Laundering Office at the Ministry of Finance, according to which they must not be exposed to any kind of threat, hostile/ unfavorable / discriminatory measures related to employment.

The framework for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) provides guidance to all employees and organizational units, obliging them to conduct transactions in accordance with applicable laws and regulations. It is based on a set of components, including the following:

- Appointment of a member of the Management Board responsible for AML/CFT
- Appointment of an authorized person for AML/CFT, as well as a deputy
- Defining the scope of responsibilities for all employees
- Identification and assessment of the bank's risks, as well as assessment of risks in individual business relationships
- In-depth analysis of new clients and updating the in-depth analysis of existing clients RBA participates in and utilizes the SWIFT KYC Registry, a platform for the exchange of Know Your Client (KYC) information, aimed at improving transparency through simple and centralized KYC information exchange.
- Indicators of money laundering/terrorist financing and detection system
- Reporting of suspicious transactions
- Employee education
- Regular review of the AML/CFT system

Additional requirements of the AML/CFT framework for “offshore” clients of RBA

In addition to enhanced client knowledge obligations and due diligence obligations, additional requirements have been defined for companies based in “offshore” destinations. Due to these lower standards of regulation, “offshore” jurisdictions can be used for illegal purposes such as money laundering and tax avoidance. From the point of view of money laundering prevention, these legal entities are categorized as high-risk for the purpose of money laundering, because information about their ownership and transactions of these legal entities can be easily hidden from the authorities and courts. OECD/ Global Forum of Transparency, Financial Secrecy Index, Moneyval, FATF Mutual Country Evaluations – imply that “offshore” jurisdictions have a higher risk in terms of money laundering. In these cases, the nature and purpose of the business relationship with RBA and the source of funds of the respective companies are examined in more detail. Compliance of the bank with regulations is ensured by regularly updating internal policies and procedures prescribed in relation to the prevention of money laundering and terrorist financing, and a strong focus on educating employees in order to be able to spot risks and implement prevention measures, in accordance with internal rules and regulatory regulations.

Other Raiffeisen Group members –Anti-money laundering and terrorist financing

In addition to banks, all other financial institutions are also subject to money laundering and terrorist financing risks, which is why they are also subject to increasingly demanding regulatory obligations. Accordingly, all Raiffeisen Group members in Croatia have their own Rulebook on Prevention of Money Laundering and Terrorist Financing, and like the RBA. The Rulebooks are based on legal provisions and rules of the RBI Group. Special attention is paid to the training and education of employees and members of the Management Board, who are responsible for the implementation of measures and actions and the assessment of risks related to money laundering and terrorist financing.

Compliance with tax regulations and rules

GRI 207-1
GRI 207-2

Impacts

Raiffeisen Group in Croatia contributes to the national budget by fulfilling its tax obligations in a timely and complete manner, which contributes to the ability of the state to fulfill its social responsibility. Furthermore, by fulfilling its tax obligations, the Group may also have a positive impact on other market participants adopting the same compliant behavior.

Risks and opportunities

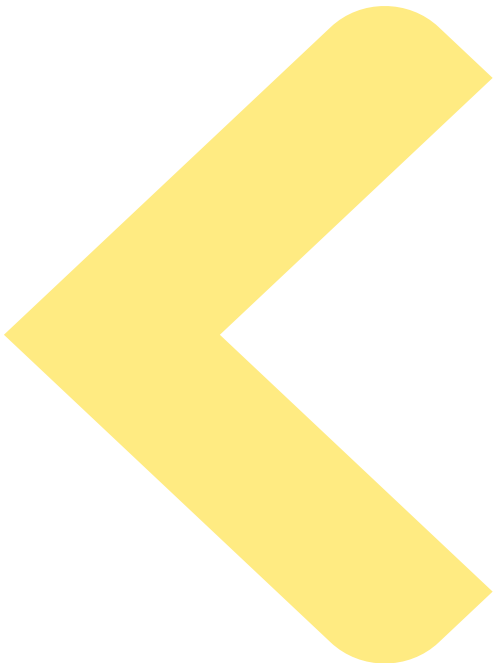
Compliance with tax obligations is of essential importance to the Group. If the taxes are not declared in full or paid on time, there will be a situation of high financial risk, as besides settling the tax debt, the Group may incur penalties and interest for late payment. Furthermore, in cases of intentional tax evasion or negligence in tax payment, individuals involved may be personally liable under the law. This can also lead to reputational risks for the Group, and therefore to financial repercussions.

Management

GRI 3-3

In line with our Code of Conduct, the Group rejects all forms of tax evasion. Accordingly, we are fully committed to complying with the applicable laws and regulations on combating tax evasion and other financial criminal offenses in the markets and legislations in which we operate. These principles are taken into account in all business activities and decisions, and when designing new products, we take care to ensure compliance with the applicable tax provisions.

An important role in ensuring compliance with tax laws is played by due diligence and good knowledge of the client. RBA has also defined additional requirements for companies based in offshore financial centers when establishing a business relationship and its constant monitoring, paying special attention to the verification and verification that all transactions are carried out in a legal way. In these cases, the structure of ownership and the nature and purpose of the business relationship as well as the source of funds shall be examined in the most detailed manner possible. This includes a focus on the transparency of the business model, the existence of legal and economic ties with onshore companies, and the actual operational operations of the company. Incidents or suspected tax-related wrongdoing may be reported internally or by third parties using established communication channels of the Compliance function that include the Whispli or Jenz platform.



Compliance related employee obligations and education

RBI implements annual awareness-raising initiatives at the Group level to build a better culture and greater awareness of compliance. The course contents are tailored to target groups and prepared in a variety of formats, some of which are interactive. All employees of RBI, including Raiffeisen Group in Croatia, regularly receive training on relevant compliance topics in accordance with the function they perform. In addition, Compliance function managers, compliance ambassadors and employees of selected areas of business are trained according to the specific requirements of their role and responsibilities. Educational measures are complemented by awareness campaigns about, for example, reporting irregularities or conflicts of interest.

All employees from RBA and group are intended for the following training in the field of compliance function:

- Anti-bribery and corruption
- Anti-money laundering and countering terrorist financing
- General Data Protection Regulation
- RBI Group Code of Conduct
- Fraud prevention

In addition, numerous specific compulsory educations have been developed, which, due to their targeted content, are intended for certain groups of employees, and some of them are:

- Capital markets compliance rules
- Combating discrimination
- FATCA & CRS
- Prevention of money laundering with clients of natural persons
- In-depth analysis of business clients
- Indicators for identifying suspicious clients and transactions
- Market Abuse Regulation of Education (MAR)
- International sanctions

GRI 205-2

Number and percentage of employees to whom anti-corruption policies and procedures were communicated	
Members of management and executive bodies	203 (100%)
Employees	1443 (100%)
Number and percentage of employees who participated in training on anti-corruption policies and procedure	
Members of management and executive bodies	194 (95,57%)
Employees	1387 (96,05%)
Number and percentage of employees in Raiffeisen Leasing to whom anti-corruption policies and procedures were communicated	
Members of management and executive bodies	15 (100 %)
Employees	67 (100 %)
Number and percentage of employees in Raiffeisen Leasing who have participated in training on anti-corruption policies and procedures	
Members of management and executive bodies	15 (100 %)
Employees	67 (100 %)

Number and percentage of employees in Raiffeisen Mandatory and Voluntary Pension Fund Management Company to whom anti-corruption policies and procedures were communicated	
Members of management and executive bodies	13 (100 %)
Employees	30 (100 %)
Number and percentage of employees in Raiffeisen Mandatory and Voluntary Pension Fund Management Company who have participated in training on anti-corruption policies and procedures	
Members of management and executive bodies	13 (100 %)
Employees	30 (100 %)
Number and percentage of employees in Raiffeisen Pension Insurance Company to whom anti-corruption policies and procedures were communicated	
Members of management and executive bodies	6 (100 %)
Employees	10 (100 %)
Number and percentage of employees in Raiffeisen Pension Insurance Company who have participated in training on anti-corruption policies and procedures	
Members of management and executive bodies	5 (83 %)
Employees	7 (70 %)*

*Note: one employee who did not pass the education, is exempt from the obligation to pass this education, because during the education he was in the process of leaving the Company.

Compliance education for new employees

As an integral part of onboarding, all new RBA employees were provided with the following e-learning training in the field of compliance in the first quarter of employment:

- On general rules of Compliance (application of the Code of Conduct, rules for the prevention of bribery and corruption, etc.)
- Conflict of interest
- Prevention of money laundering
- Prevention of terrorist financing
- Financial sanctions
- Reporting of irregularities and protection of whistleblowers
- Rules for gifts and invitations
- Preventing market abuse

The Compliance department prepares the content of these trainings and documents the passage in accordance with the annual work plan. In addition to these topics of education, through the onboarding platform YelloHello, new employees receive instructions on what compliance is, what are their obligations related to the area of compliance and information on the central application / place for applying and recording relevant information in the field of compliance.

GRI 2-26

Whistleblowing and Reports of Irregularities

The general Raiffeisen Group's process of the irregularities reporting encourages all employees and other stakeholders to report suspicions of potential or actual violations of the Code of Conduct, non-compliance with the law or non-compliance with the policies and internal procedures of the Raiffeisen Group and RBI Group.

Each employee has the duty to report violations of the Code of Conduct and other irregularities, such as bribery and corruption, suspicion of money laundering and violation of financial sanctions, fraud and theft, unreported conflicts of interest, violations of the Croatian Capital Market Law, harassment at work in terms of mobbing or discrimination, inadequate protection of personal data, as well as violations of EU regulations related to market abuse (Regulation 596/2014 on market abuse). All of the above is additionally described in the internal procedure on violations of Code of Conduct, and also related to reports of violations of the Code of Conduct of the RBI Group, internal procedure Management and procedure for resolving complaints, internal procedure on Reporting of Irregularities and the Procedure for Appointing a Confidential Person

In the event that one of the employees, suppliers, partners or other individuals, notices inconsistencies in compliance and behavior in accordance with our Code of Conduct or recognizes corruption in any segment of the business, they are allowed to report through the web application "Whispli" which is completely anonymous.

Whispli is a platform of the RBI Group and a software solution of an external service provider, which guarantees identity anonymity in a way that it does not collect data of the person making the complaint (IP address, cookies, location, browser information, metadata about documents attached, etc.) regardless of the method of filing the complaint (via computer, tablet, or mobile phone). Access to the application has a limited number of people, such as employees of the Compliance function and Internal Audit of the RBI Group. In addition to this solution, there are other channels for reporting irregularities (e.g. by phone or e-mail).

Procedure for processing reports of irregularities

In the first step, i.e. the investigation, the irregularity is reported through the local channel - group channel Group (Jenz app) or group channel – RBI group channel (Whispli application). All reports must be confirmed within seven days and a confirmation of the received report is sent to the applicant (if information about the whistleblower is available). A Confidential person is obliged to urgently ensure all actions within his competence to protect the whistleblower. Furthermore, the designated Confidential Person is obliged to investigate irregularities and provide the whistleblower with feedback on the report (if information about

the whistleblower is available). As a rule, this information should be provided within 30 days, but not longer than 90 days from the date of confirmation of receipt of the report.

If a person who is not competent to act on the reporting of irregularities receives such a report for some reason, he is obliged to forward the report to the competent Confidential Person without delay and amendments to the report, while ensuring anonymity of the identity of the whistleblower and the data from the report.

Applications received through the Whispli channel are evaluated by the Whistleblowing (WB) team of the RBI Group. Reports involving events of irregularities relating to one of the RBI Group companies, including RBA (bank) or group members, are processed by the local WB team. However, if the previously conducted assessment recognizes the possibility of a conflict of interest or some other reason why an impartial, thorough and independent investigation by the local WB team may be hampered (e.g. the case involves allegations against employees, superior or top management of the local WB team), the investigation shall be taken over by the WB team of the RBI Group. There is also the possibility of local registration through the Jenz application – an internal social network, available to all employees of the Group, which serves the publication of important information and has the option of an anonymous "shoutbox" through which it is possible to send a report directly to the Compliance function. Through the Jenz application, reports are submitted to the local WB team, and if they include a report against employees within the local WB team and the Compliance function, they are sent for investigation to the local Internal Audit with information to the WB team of the RBI Group. All reports through local channels to the local WB team directed against the top local management must be immediately forwarded to the RBI Group's WB team for further investigation. If there is a need to transfer reports of irregularities between the local and group WB team, this is done via email or other type of secure communication channels that support encrypted communication.

If necessary, external investigators or a third party may be involved in the reporting process or investigation procedure, which will ensure the impartiality of the process. In this way, the necessary knowledge, resources, and other things that may be considered necessary for an impartial and thorough investigation of the application can be provided. The group WB team can, if it deems it necessary, recommend this type of 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 reports of irregularities of the group or local WB team. In this way, we strive to ensure the timely detection of recurrent and systemic deficiencies or potential operational or legal risks and to enable adequate intervention. In this procedure, an analysis of received reports or repetitive, common forms is carried out, after which reasonable measures are identified and proposed to mitigate the problem, which rely on the cost-effectiveness analysis and continuous monitoring of the measures imposed.

At least once a year, a report shall be submitted to the Management Board providing an overview of received and processed reports of irregularities, together with an assessment of the effectiveness of the conduct and measures imposed. On a quarterly basis, as part of the reporting on compliance, the RBI group is provided with a summary report that includes the number of reports of irregularities in RBA by type, outcome (confirmed and unconfirmed) and review of the root causes of irregularities as well as defined or taken adequate measures to mitigate.

In the event that a confidential person, a local WB team, Legal Affairs or other relevant organizational unit involved in the proceedings have decided that a state body must be notified, those organizational units shall draw up an agreed report on the case and submit it to the competent state authority.

In 2023, there were no cases of corruption in the RBA, while in the previous year there was only one such case, resulting in the cancellation of the employment contract. In 2023, not a single case of corruption was recorded in RMOD, RMF and Raiffeisen Leasing.

GRI 205-3

RBA strives to prevent the occurrence of irregularities through continuous education, programs, projects, and initiatives on ethical business, such as a campaign to raise awareness of the obligation to report possible internal irregularities. The success of our approach to ethical business is evaluated by the quarterly compliance report, but also by continuous monitoring of parameters related to the prevention of corruption. The parameters we monitor within the anti-corruption program are: proportional, procedural and annual risk assessment and scenario analysis; commitment of the Management Board; obligations to disclose information regarding (potential) conflicts of interest, in particular with regard to gifts, invitations, external engagement, close relationships, participation of companies in sponsorships, contributions or donations, a continuous communication and training program including candidate testing, monitoring and review of business activities.



Responsible banker

4.

Creating long-term added value is our primary objective which is why we call ourselves a responsible banker. Accordingly, sustainability is an integral part of our business strategy, and our products, services and processes are aligned with this goal. Accordingly, we follow a comprehensive approach to avoid ESG risks and seize opportunities, to improve both environmental protection and social standards.

Economic value creation and economic sustainability

Economically successful business is a prerequisite for ensuring the long-term sustainability and success of Raiffeisen Group in Croatia. The creation of sufficient economic value ensures that other, non-financial objectives, including ESG objectives, can also be achieved. By creating economic value through its business activities, the Group generates added value for RBA itself and other Members of the Raiffeisen Group, owners, employees, clients, and the Croatian economy in general. In this way, it makes an important contribution to the stability, resilience, and productivity of the economic system and to the prosperity of society. We are aware of the responsibility that this entails, but also of the new opportunities.

RBA over the last three years

GRI 201-1

Economic Value (in million of EUR)	2021	2022	2023
Revenue	179	204	248
Operating Expenses	106	143	134
Employee Salaries and Benefits	45	48	53
Payments to Capital Providers	4	20	157
Payments to the State (taxes)	11	10	23
Community Investments (donations)	0	0	0
Community Investments (donations) in '000 EUR	235	80	84

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 digitalization and ESG lending.

Other Raiffeisen Group Members - Economic value creation and economic sustainability

GRI 201-1

The Raiffeisen Group in the last three years

Economic Value (in million of EUR)	2021	2022	2023
Revenue	277	273	287
Operating Expenses	195	203	160
Employee Salaries and Benefits	52	54	59
Payments to Capital Providers	4	20	157
Payments to the State (taxes)	14	11	26
Community Investments (donations)	0	0	0
Community Investments (donations) in '000 EUR	235	80	84

Raiffeisen Leasing

In its business, Raiffeisen Leasing strives to meet the objectives in managing economic performance 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.

RMF

The RMF manages the economic performance through the set goals in such a way that the effect is higher the higher the revenue from pension fund management in relation to the plan, the lower the ratio of operating expenses to the total revenue scalable and the higher profit before tax increased by commissions for distribution to RBA in relation to the plan.

GRI 201-2

Risk management

The Raiffeisen Group in Croatia regularly identifies, measures, evaluates, manages, and monitors risks in its risk management process, and reports on the risks to which it is exposed or could be exposed in the future. Risk assessment is used to determine the significance and impact of certain risks on the bank and the Group, and as such, it can serve as a basis for defining techniques and plans for risk management and their control. The risks to which the Bank is exposed in its operations are identified, defined and classified according to the source of that risk .The types of risks recognized by the RBA and for whose management and control quantitative and/or qualitative methods and measures are performed are: credit risk, market risk, bank book interest rate risk (IRRBB), non-financial risk (operational and reputational), liquidity risk, business risk, ESG risks (environmental, social and governance) and other risks. ESG risk management will be discussed more in the sustainable finance chapter, as part of this report.

Credit risk

The most significant risk in the Group is credit risk (in particular for RBA and Raiffeisen Leasing) or the risk arising from the inability to meet obligations in retail, banking, companies, public government bodies, central governments or local and regional administrations. A specific default is defined as an event in which a particular borrower is unlikely to pay its credit obligations from primary sources or the debtor is late in settling any significant credit obligation for more than 90 days. The consequences of this risk materialize as non-payment or forced reprogramming of the borrower's contractually agreed payments. The economic loss that occurs in the event of non-payment can depend on several factors: the type of product, the availability of the guarantee and the value of collateral. Defaults have a direct effect on the

loss and profit account, i.e. they are reflected in the bank's balance sheet through 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 securitization risk.

Credit risk management is primarily done in units Credit risk management for non-retail clients and Credit risk management for retail clients. Credit risk is monitored in risk control and reporting, and credit management of non-retail clients and credit risk management of retail clients. Market risks and liquidity risk are monitored in market and liquidity risk management, while operational risk is monitored in the operations risk control and resolution reporting department (both organizational units are part of risk control and reporting). The organizational units in which the risk arises are responsible for the management of operational risks. Other listed risks are monitored in the organizational units associated with a specific type of risk. The Management Board is, according to the regulatory framework, responsible for ensuring an appropriate number of employees who possess expertise and experience for the purpose of managing all significant risks.

Market risk

Market risks arise from balance sheet and off-balance sheet positions in the trading book and the bank's book. They can directly affect the net result of trading and future earnings, depending on the accounting treatment. Other market risks we recognize 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

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

Non-financial risk consists of two fundamental risk categories: operational and reputational.

Operational risk may arise from failed or inadequate internal systems, processes, external events, or human factors. It consists of legal but does not involve strategic or reputational risk. Operational risks can arise as a result of certain internal risk drivers such as unauthorized 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 property, external fraud and theft, inappropriate business and market practices to which the bank is exposed and the like. Within operational risks, among others, model risk, legal risk, enforcement risk, information system (ICT) risk, compliance risk are considered. Operational risk events are monitored according to seven main risk categories: external fraud; internal fraud; employment and safety practices in the workplace; clients, products, and business practices; disasters and public safety; failures of technology and infrastructure; execution, delivery and management of the process.

Reputational risk

Reputational risk is the risk of loss of confidence in the integrity of a credit institution that arises due to unfavorable public opinion of the business practices or financial stability of a credit institution and may occur even if there is no basis for such an opinion. If a loss of reputation occurs (in relation to, for example, competence, integrity and reliability) in the eyes of stakeholders, i.e. clients, shareholders, lenders, employees, supervisors and the public, a direct or indirect negative effect on the value of the bank itself may arise. For the Group, reputational risk is closely related to the very value of the Raiffeisen brand. If credit, market, liquidity, or operational risks materialize, they can often lead to reputational damage, which in turn reduces expectations of future business volumes.

Liquidity risk

Liquidity risk is caused by the existing or expected inability of a credit institution to settle its financial obligations at maturity date. Arising from the danger that a planned refinancing can only be obtained by a bank or group under very unfavorable conditions; that it is completely impossible; that repayments in the credit business are not made on time or that the agreed lines or deposits are unexpectedly withdrawn. It consists of: short-term liquidity risk and liquidity financing risk.

Business risk

Business risk occurs when there are changes in profit margins or changes in the scope of operations manifested unexpectedly or with negative consequences, which can lead to significant losses and thereby reduce the market value of the institution. Business risk may primarily be due to a significant deterioration in the market environment and changes in market competition or consumer behavior. It includes: the risk of earning; capital risk; strategic risk and macroeconomic risk.

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

Risk management frameworks and principles

When it comes to risk management that have been recognized, RBA management has established procedures and principles for their measurement and monitoring, specifically for their management and control, in the Bank, but also to other members of the Raiffeisen Group in Croatia.

The 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.
Standardized methodologies	Methodologies for measuring and limiting risk are standardized 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 organizational parts are fully separated from the organizational 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.

Various organizational units within the RBA, which are involved in risk management and control, prepare analysis and risk reports, which are then reported to the Management Board and to the Risk Committee of the Supervisory Board. Different organizational 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. For 2023, an analysis of the impacts of physical and transition climate risks on credit, market, operational and liquidity risk of banks and the Group was performed.

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 harmonized with the business strategy of the RBI Group and the Raiffeisen Group, 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.

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.

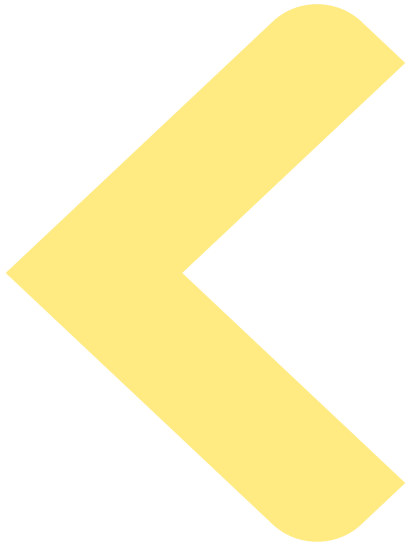
Performance evaluation and risk management monitoring

GRI 2-16

Performance checks of the risk management approach shall be partly carried out within the responsibilities of the Risk Committee of the Supervisory Board. The main functions of the Risk Board are to:

- Advise the Supervisory Board and support the Supervisory Board of the credit institution in terms of monitoring the overall and future risk-taking and risk management strategy of the credit institution, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of the credit institution,
- Supervise the implementation of strategies for managing all significant risks, in order to assess their adequacy in relation to the approved risk-taking propensity and risk management strategy,
- Provide the Supervisory Board with recommendations on the necessary adjustments to the risk management strategy,
- Analyze a number of possible scenarios, including stress scenarios, to assess what impact external and internal events will have on the risk profile of the credit institution,
- Monitor the compliance of the relevant products and services offered to clients and the business model with the strategy of taking over and managing the risks of the credit institution.

In the Supervisory Review and Evaluation Process (SREP), supervisors assess the risks facing the bank and check its readiness and equipment 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.



UNEP Finance Initiative: Principles for Responsible Banking

RBI Group is a signatory of the UN Environment Program Finance Initiative – Principles for Responsible Banking (UNEP FI PRB), which also applies to RBA in Croatia. The principles are the leading banking framework for sustainability, guiding the financial industry in addressing global environmental, social, and governance (ESG) challenges and based on which banks align their strategies and practices with the UN's Sustainable Development Goals and the Paris Climate Agreement. By joining the initiative, RBI commits to systematically following the path towards sustainability in all business areas, further leveraging our potential to contribute to a sustainable world. Our goal is to offer financial products and services in a way that supports our clients in their transformation towards a sustainable future, thereby also contributing to society as a whole.

The parent RBI Group conducted an analysis of the impacts arising from the portfolio following the UNEP FI PRB framework. After that, it set targets to reduce the negative impacts identified under the UNEP FI PRB, and all group banks must comply with these targets, including the RBA in Croatia.

The six principles of the UNEP FI PRB framework adopted by the RBI Group:

Principle 1: Alignment

We will align our business strategy to be consistent with the achievement of the needs of individuals and society's objectives, as expressed in the Sustainable Development Goals (SDGs), the Paris Agreement and relevant national and international frameworks.

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing downside impacts on people and the environment and will responsibly manage the risks arising from our activities, products and services. To this end, we will focus our efforts on areas where we have the most significant impacts and set appropriate goals and targets.

Principle 3: Clients and client

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

Principle 4: Shareholders

We will consult proactively and responsibly and enter into partnerships with relevant stakeholders to achieve important social objectives.

Principle 5: Governance and Culture

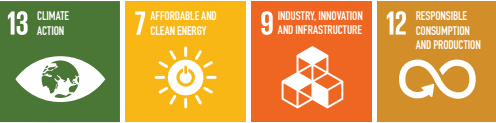
We will implement our commitment to principles through effective management and a responsible banking culture.

Principle 6: Transparency and accountability

We will periodically review our individual and collective contributions to achieving these principles and will be transparent and accountable for our positive and negative impacts, as well as our contribution to social goals.

GRI 203-2 UNEP FI PRB business objectives of The RBI Group, which were established on the basis of the conducted analysis of the RBI portfolio within which it was found that the impacts from the following two areas are the most material for the RBI Group:

Climate stability /SDG 13, 7, 9 and 12



Circular economy /SDG 11, 12, 6, 7, 8, 9, 14 and 15



RBA has started the process of preparing for impact assessment as part of the double materiality assessment process according to European Sustainability Reporting Standards and plans to complete it in year 2024. As part of this process, it conducted a trial impact assessment from the Corporate Banking and SME portfolio in relation to the European Sustainability Reporting Standards, and information from the UNEP FI PRB framework was also used. The key challenge in the assessment was the lack of ESG data on funded investments e.g. funded emissions, use of materials and resources, waste, pollution, impacts on biodiversity, human rights and workers' rights, equal pay for equal work and more.

Sustainable finance in the Raiffeisen Group

Financial institutions, including the Raiffeisen Group in Croatia, play a key role in meeting climate and sustainability targets. They can achieve a positive impact through the concept of sustainable finance, i.e. through the mobilization, increase and diversion of capital flows towards a sustainable economy, sustainable technologies and businesses. Through sustainable financing, financial institutions have the power to contribute significantly to the creation of a low-carbon, climate-resilient and circular economy.

Both positive and negative impacts on the economy, the environment and society emerge from the Group's activities and business relationships. In order to be successful in implementing a strong sustainability policy and to align our business strategy with this goal, it is essential that we understand the impacts associated with our business activities in relation to ESG factors.

ESG factors have a double effect on the activity of a financial institution, which we call double materiality:

- **1.** inside out – impacts related to ESG factors arising from the client's business financed by RBA
- **2.** outside in – ESG environmental factors that affect the activities of the client financed by RBA, i.e. its cash flows, financial results, financial position, development, cost or access to finance

Impacts

As part of its regular business activities, as a group of financial institutions, the Group influences ESG matters (environment, society, and governance). Impacts on ESG matters can be actual or potential, positive or negative, and can occur in the short, medium or long term.

The most significant negative and positive impacts stem from financing projects and clients from different sectors. RBA, as a commercial bank, has the potential to enable significant positive environmental and social impacts by financing clients with sustainable business models, while generating significant revenues.

GRI 3-3

GRI 2-25

RBA has already incorporated ESG factors into its lending processes in accordance with RBI directives, and an upgrade of this process is planned, which will require the collection of more extensive ESG information about projects and clients in the next reporting period.

In the Group, we are aware of our regulatory obligations, but also committed to sustainable financing as a way to enable sustainable development, primarily in economic activities, but also in lending to individuals.

GRI 201-2

Risks and opportunities

Raiffeisen Group in Croatia, as a group of financial institutions, is exposed to risks and opportunities related to ESG factors (environment, society, and governance) that may manifest as financial or reputational damage or benefit to the Group, its clients, counterparties or assets in which the Group has invested. These are cross-dimensional risks that can affect traditional types of risk such as market, operational, credit and liquidity risk through transmission channels. Through processes and control mechanisms, we strive to timely identify potential risks that may arise with our corporate clients, and regularly audit them in case of changes in our risk appetites.

Increasing the frequency of extreme weather events caused by climate change (severe weather, floods, and other climate hazards) can lead to missed payments, loan write-offs and a decrease in the value of collateral. In addition to climate change, risks stem from critical points in the value chain and dependence on natural resources, which can lead clients to be unable to repay and write off loans.

Long-term client demand for products and services that combine ESG and economic criteria provides us with additional business opportunities in the field of sustainable finance. We see great potential in supporting our clients on their transformation path (e.g. by financing new technologies/improving the necessary clients to make their business model sustainable in the future) and in addition to increasing their knowledge of sustainable business models that have a positive impact on ESG factors.

The Group views the concept of sustainable financing not only as a significant responsibility but also as an expanding business opportunity. Consequently, it is concentrating on the creation and distribution of a varied range of sustainable financial products and services tailored for clients across various business sectors.

GRI 3-3

Management of ESG impacts and risks within the Group (four pillars)

Raiffeisen Group in Croatia adapts its business model to the high-priority strategic goal of creating long-term value in accordance with the principles of responsible banking and in accordance with regulatory requirements. More specifically, the Group recognizes, validates, and continuously aligns its approach to risk management with additional risks arising from ESG factors. The reason for risk management is to attach value to understanding the risks associated with the ESG criteria while creating the necessary tools to mitigate them. With this, we can ensure a smooth transition of our clients to a low-carbon economy and a long-term sustainable portfolio. The project for the implementation and management of ESG risk is set cross-sectoral and includes all organizational parts responsible for risk management and control.

Although social and governance aspects are equally important, in addition to regulatory requirements, we place special emphasis on dealing with climate and environmental risks (transition and physical risks). We do this through risk assessment at the level of clients from different sectors to which we are exposed in our portfolio, as well as by conducting climate stress tests.

Through 2024, RBI Group will strive to fully integrate ESG risks into its day-to-day operations at the level of the entire RBI Group, which also includes the Group.

The Four Pillars of ESG Risk Management:

I. Identification and Definition of ESG Risks	II. Measurement methodologies and analytics	III. Steering approaches, reflecting risks and opportunities	IV. Risk processes and governance
<div>➤ Climate-related and Environmental Risks</div> <div>➤ Identifying risk according to:<div>➤ Climate Change</div><div>➤ Circularity</div><div>➤ Biodiversity</div></div> <div>➤ Social Risks</div> <div>➤ Governance Risks</div>	<div>Use of metrics for measurement of ESG on a client and portfolio dimension:</div> <div>➤ Environmental, Social and Governance score</div> <div>➤ Green Asset Ratio</div> <div>➤ Financed GHG emissions</div> <div>➤ Science-based targets</div>	<div>➤ Sectoral strategies and special policies</div> <div>➤ Climate stress testing</div>	<div>➤ Credit processes enhancement</div> <div>➤ Prevention of liability, reputational and greenwashing risk in the design phase</div>

The ESG risk framework provides a detailed elaboration of the ESG components and the management of their impacts by engaging in the four classical pillars of risk management. The ESG Risk Framework of the RBI Group, transformed into the ESG Risk Framework of the Raiffeisen Group in Croatia, represents the fundamental framework for managing Raiffeisen Group's ESG risks and aligning with the Expectations of the European Central Bank arising from the document "Guide on Climate-related and Environmental Risks".

In addition, the framework is accompanied by initiatives such as the UNEP FI Principles of Responsible Banking. The framework complements the improvement of the four above pillars of risk management, and is reviewed on an annual basis and approved by the RBI Management board.

These activities are supported by corresponding processes on the side of data and IT infrastructure development. For example, this includes the collection and availability of quality ESG data. The data is collected partly directly from clients and partly from publicly available sources. Currently, we collect data on environmental topics through the Questionnaire for clients from the non-retail segment developed by the RBI Group (direct collection of data from clients), and we collect data on social and management topics from annual sustainability reports and reports (publicly available sources) of our clients and potential clients. In 2024, the HROK ESG platform is expected to be released. This is an ESG database that was developed for the Croatian market in 2023 and was prepared by a working group composed of representatives of six leading banks on the Croatian market. The database will be filled by filling out an ESG questionnaire by the client.

In this way, we will collect the necessary data to improve the calculation of funded emissions, set goals, assign ESG ratings at the client level, conduct climate stress tests and more. Roles and responsibilities on the above topics are arranged in accordance with pre-existing key competencies, thus ensuring that ESG risks become an integral part of normal business practices and assessment of related risks, rather than through the creation of additional structural complexities.

Pillar 1: Identification and definition of ESG risks

Definition of ESG risk

ESG risks (environmental, social and governance) are viewed as multidimensional risks that affect all areas of risk management. They are continuously embedded in types of risks within an existing framework (e.g. within credit, market, operational and liquidity risk). It consists of three factors used in measuring sustainability and social impact resulting from a bank's operations.

Corporate culture and business behavior, focus on tax strategy, rewarding executives, managing donations, political lobbying, corruption and bribery, management of diversity and structure of management bodies, relationship to suppliers.

Environmental risk	Social risks	Governance risk
The functioning of business activities in managing nature and the environment (pollution; resource depletion; waste; greenhouse gas emissions; deforestation; negative impacts on biodiversity, climate change)	Relationship with affected communities and clients, relationship with employees, diversity, working conditions, approach to child labor and slavery, relationship with local communities (funding projects or institutions intended for poor and underserved communities), health and safety.	Corporate culture and business behavior, focus on tax strategy, executive compensation, management of donations, political lobbying, corruption, and bribery; diversity management and structure of governing bodies, relationship with suppliers.

Climate and environmental risk assessment

Climate and environmental risks are viewed as financial risks posed by the exposure of institutions to counterparties 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, biodiversity loss and deforestation).

Climate and environmental risk assessment is a key part of the Internal Capital Adequacy Assessment (ICCAP) process.

Expectation 7.2: Institutions are expected to adequately quantify the climate-related and environmental risks that the institution is exposed to. As also stated in the ECB Guide to the ICAAP, risks are not expected to be excluded from the assessment because they are difficult to quantify or because the relevant data are not available.⁷¹ Where such quantification methodologies are subject to further developments, also taking into account the current work and upcoming publications of international networks and standard setters, institutions are expected to make active efforts to develop or apply appropriate tools and method.

Expectation 7.3: Institutions are expected to adopt a strategic approach to managing and/or mitigating climate-related and environmental risks in line with their business strategy and risk appetite, and to adapt policies, procedures, risk limits and risk controls accordingly. Based on the EBA Guidelines, an institution's risk management framework should provide specific guidance on the implementation of its strategies and, where appropriate, establish and maintain internal limits consistent with its risk appetite and commensurate with its sound operation, financial strength, capital base and strategic goals. With this in mind, institutions are expected to consider the need to adjust their risk policies, for example by setting limits on financing certain sensitive economic (sub-)sectors, sovereigns, businesses or real estate exposures or even excluding some specific (sub-)sectors or borrowers from credit granting; modifying credit conditions for borrowers included or not included on a white list/black list or which are considered "best-in-class"; entering into a constructive dialogue with critical counterparties; agreeing on measures to gradually reduce climate-related or environmental risks, potentially also with a view to improving the sustainability rating and/or credit rating of a counterparty.

When assessing climate and environmental risks, RBI primarily focuses on transition altitude and physical risks related to the environment and climate, from which physical risks are becoming more prevalent (floods, severe storms, heatwaves, etc.). For this area, RBI considers the most important identification, definition and understanding of the risks present. Therefore, RBI focuses on risks related to climate change, biodiversity and circular economy and resource efficiency. For climate-related risks, RBI Group distinguishes the expected effect in the short, medium and long term.

- **1.** In the short term (up to 3 years) we look at the risks associated with the company/client's ability to achieve the transition to a low-carbon economy (transition risk). We can help our clients with funding that enables them to transition to a low-carbon economy, increasing funding with green projects (i.e. renewable energy sources) and supporting industries that promote the circular economy.
- **2.** In the medium term (from 3 to 10 years) we recognize major risks caused by paradigm shifts, business models, new technologies, changes in regulations and laws where there are physical risks if the goal of reducing CO₂ is not achieved. In this group there are also technological risks that can arise from energy efficiency innovation, if they become outdated or unprofitable technologies in which the bank has invested. Investing in new technologies can potentially also become unprofitable if solutions prove technically immature. Existing investments can become less cost-effective or even unprofitable by certain regulatory changes (e.g., stricter environmental laws and regulations). While these are all risks that we need to take in to account in our business, it is clear that RBI Group also sees a great opportunity in investing in new technologies that are potentially less harmful to the environment and have the potential of cost-effectiveness in the medium term.
- **3.** In the long term (more than 10 years), we consider the main challenges to be those arising from physical risks, i.e. their effect on supply chains and business models, but which do not have significant impacts on the ability to repay.

Analysis of social and governance risks

Sustainability risk analysis is also carried out in the context of social and management risks as part of the model of making an assessment for natural persons' clients and the Code of Conduct.

Pillar 2: Measurement methodologies and ESG risk assessment

The measuring tool developed at the RBI Group level, which RBA also uses in internal risk management is the ESG costumer rating.

In business dealings with business entities, the bank has developed an ESG Client Score by measuring the impact of the risks it has in this area through individual ratings:

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

Client data collection

To support the development of internal ESG client evaluation, we place a strong emphasis on data quality; for this purpose, we use a client questionnaire, developed by the RBI Group, which allows us to collect relevant information related to ESG factors directly from our clients. As issues related to society and governance are already included in the regular evaluation process, we focused on the challenge of collecting data for environmental-related topics. In addition to meeting regulatory requirements, we try to make data collection as simple and convenient as possible for our clients and coordinate the content of the questionnaire with colleagues from the sector. We achieve such harmonization on the domestic market in Croatia, through participation in the development of the ESG platform (HROK) along with other leading banks operating in Croatia, which is based on harmonized ESG questionnaires at the banking sector level. In addition, the overall collection of ESG data is based on both publicly available data and direct data from clients.

Pillar 3: Steering approaches, reflecting risks and opportunities

RBA portfolio management is currently carried out at RBI headquarters. RBI has a responsibility to redefine and reshape operations in accordance with market and regulatory requirements regarding ESG factors. Accordingly, RBA strategically focuses its financing to minimize the impacts of risks while increasing opportunities for opportunities. It does:

- 1. Set ambitious goals.
- 2. Prescribing sectoral policies in particular towards industries with high GHG emissions or significant negative impacts on the circular economy and biodiversity.

Environmental metrics and ambitions

- Green Asset Ratio (GAR)
- SBTi (Science Based Targets) – includes GHG emission reduction targets; adopted at RBI level, with Raiffeisen Group contributing to the achievement of the targets with its GHG emission reduction activities, as a member of the RBI Group

Other measuring tools such as: client and portfolio analysis and assessment, greenhouse gas footprint (GHG), as well as in meeting regulatory disclosure requirements (e.g. GAR).

Green Asset Ratio (GAR)

Green Asset Ratio shows the share of assets invested in taxonomy-compliant economic activities in relation to their total assets. It is a mandatory indicator published by credit institutions and investment firms under the EU Taxonomy Directive. Taxonomy thus leads to the creation of new financial products with sustainability characteristics.

Financed GHG emissions

In 2023, The RBI Group published a calculation of greenhouse gas (GHG) emissions for the loan portfolio, using the PCAF methodology approved by the GHG protocol, on the basis of which clients emitting the highest amount of greenhouse gases were identified. RBA is working locally to stabilize data quality for the purpose of quality future calculation of GHG emissions volume 3. In relation to the calculation, targets are set for reducing GHG emissions in the portfolio.

SBTi objectives (Science based targets) adopted by RBI Group

The Science based targets (SBTi) of the RBI Group were approved in September 2022 and represent an important tool that supports the direction of the Group's portfolio towards financial activities consistent with the objectives of the Paris Agreement. The achievement of SBTi will also contribute to meeting the obligations related to the RBI group's status as a signatory to the UNEP FI initiative. These targets show clients to what extent and how quickly they need to reduce their greenhouse gas emissions, prevent the most damaging impacts of climate change and be in line with the Paris Agreement in the process. By doing so, we contribute to reducing the harmful impact on the climate, help define future-ready business growth, and contribute to managing the risk transition in the medium and long term.

Sectoral strategies

Meeting the above target indicators and ambitions shall be operationalized through sectoral strategies and policies. Accordingly, special credit policies are used in industries that have a significant impact on the environment (e.g. thermal coal, tobacco, nuclear power, oil and gas, gambling, defense).

Policies define factors to support, transform or restrict relevant industries and determine under what conditions companies from relevant sectors can be funded in support on the path to their transformation.

Currently, sectoral strategies have been approved for the following sectors in **the RBA corporate business segment**:

- Thermal coal
- Oil and gas
- Steel
- Real estate and construction
- Tobacco products

A similar approach applies to the Retail segment of RBA's business and is prescribed in the credit policies for the Retail segment.

Sectoral strategies and their provisions should be reviewed at least annually unless some important developments justify ad hoc review and adaptation. Sectoral strategies shall be reviewed and approved at the Head Office of the RBI Group.

For the purpose of managing portfolio-by-industry concentrations for **micro and small (SME segment) portfolios**, RBI has adopted an advanced, risk-oriented approach to the industry. Regardless of the industry's risk, RBI has defined an explicit list of industries for which lending is prohibited for clients from the micro and SME segments which is implemented in local lending policies. These industries may be banned due to negative environmental impact, negative social impact, low business transparency in general, an activity that is too specific and/or requires an individual approach (e.g. industries related to the production of weapons, nuclear power, coal, production, processing and distribution of tobacco, iron, steel, oil or gas).



Climate stress testing

RBI conducted a climate stress test in which it was concluded that portfolio exposure to physical and transition risks is not material for RBI group, although significant risks exist for certain sectors and geographic areas.

Pillar 4: Risk processes and governance

ESG risk management is integrated into the lending process, as part of which the following steps are envisaged:

- Define industries where the RBI Group does not wish to have any business relationship/exposure;
- Seek the opinion of an expert on all key ESG transactions;
- Implement a greenwashing prevention process every time RBA designs a new ESG product or invests in a new ESG product;
- Strengthen credit risk assessment to take environmental risks into account.

In the first phase, RBI Group focused on the corporate segment, and the financial institutions segment will follow in the coming period.

EWS

RBI Group has started further developing the EWS concept to also take into account ESG-related signals at the client level. The aim is to establish a set of ESG relevant signals that would allow the client's risk to be monitored as well as assess possible controversies so that the bank can react early enough and carry out steps and actions to mitigate the potential negative credit impact coming from ESG attributes.

Other Raiffeisen Group Members - Risk Management

Raiffeisen Leasing

In accordance with group risk management rules, Raiffeisen Leasing also regularly assesses and verifies the material importance of defined and potential risks as part of an annual risk assessment.

Raiffeisen Leasing conducts credit risk management in the Directorate of Credit Risk Management and Problematic Placements, the Integrated Risk Management Department conducts market, liquidity and operational risk management, and the risk control function is performed by the Head of Integrated Risk Management.

Raiffeisen Leasing observes its risk management success through KPIs and portfolio reports that are presented monthly to the Management Board, quarterly group functions and three times a year to the Supervisory Board. Also, internal audit as well as external auditors check risk management processes and publish potential illogicalities and omissions.

Raiffeisen Leasing also includes sustainability risks in its risk analysis. Raiffeisen Leasing, together with climate change risks, includes them as part of the credit risk analysis when approving exposures to business clients.

RMF

The risk management process in the RMF is adapted to the asset management activities of the funds, and it is subject to specific RBI group risk management directives appropriate to the financial institutions that manage the funds. In addition, according to the latest amendments to the Mandatory Pension Funds Act, the pension company is obliged to include sustainability risks in the risk management system after 2024, in accordance with the type of scope and complexity of its business.

The RMF monitors financial risks on a daily basis, operational continuously in a defined cycle of annual activities, and evaluates others at least once a year. When managing the assets of pension funds and dealing with financial assets, the RMF has recognized the following risks: market risks (price risk, interest rate and exchange rate risk), credit risks (long-term credit risk of the issuer, counterparty risk, concentration risk, settlement risk) and liquidity risk (asset liquidity risk, cash flow risk).

In addition, RMF is exposed to operational risks (internal fraud, external fraud, technology and infrastructure failures, execution, delivery and management of processes, clients, products and business processes, disasters and public safety) and other risks (risk of continued suitability and suitability, compliance risk, risk of activation of a guarantee deposit, strategic risk, performance risk and reputation risk).

Pension funds are directly invested only in the markets of highly developed EU and OECD countries that have high standards in their long-term goals in the context of promoting sustainability in capital market financing. In making investment decisions, the RMF applies rules to exclude investment in entities that trade certain goods and technologies under sanctions or embargoes and strictly adheres to the applicable legislation relating to sanctions and embargoes. Also, the RMF on behalf of pension funds does not invest in individual securities of issuers generating significant income from nuclear sources, from the production, mining, processing or use of coal and other related services, and issuers whose activities are tobacco production or trade in tobacco products, as well as activities related to the financing of projects or investments related to the expansion and improvement of the plant for classical tobacco production.

RMOD

RMOD conducts risk management in a group of activities Risk management that uses the prescribed Internal Procedures and Regulations, Group Directives, pension insurance companies act and other acts prescribed by regulators (HANFA) for risk management.

Through the audit process, which is carried out at least once a year, the RMOD manages risks, which it regularly informs the Management Board. They are also subject to the audit of the regulator and the external independent auditor and the internal audit of the RBI Group and the audit department operating within the company itself. RMOD has a risk management department as a separate unit, and in the management process all organizational units are involved in accordance with their recognized domains. Both organizational units in both members of the Group are based on the Group Directives and acts prescribed by HANFA.

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

The RMOD also incorporates sustainability risks into its risk analyses. RMOD considers that sustainability risk is already contained in primary assessments, i.e. financial, sources of investment risk, and the risk of climate change is not yet monitored.

Sustainable banking products and services

5.

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

Retail (Mass banking)

Mass banking deals with product development and creation of appropriate offers in accordance with market needs, legal regulations, business strategy, improvement and development of internal business processes, monitoring, redesign and optimization of existing products, services and processes in cooperation with other organizational 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 January 2023, the Guidelines for Approving ESG PI loans were implemented and initiatives for the development of new ESG products were launched. The development of the ESG housing loan was successfully completed at the end of 2023 and was included in the Bank's offer from 15 January 2024. More about ESG products will be mentioned later in this report.

RBA also has an organizational unit that is responsible for managing the Private and Premium segments, that is, the development and maintenance of saving products (term deposits, savings accounts) and organization of the distribution of third-party products (UNIQA insurance, Raiffeisen pension funds, Raiffeisen pension insurance company, Oryx Assistance, Raiffeisen Invest, Raiffeisen Capital Management, RBI and others) whose products RBA distributes through sales channels (branches, Private banking, Contact Center, web, Internet banking, mobile banking). The Unit also participates in the organization of education of employees who distribute these products and is responsible for compliance of business with legal regulations.

As part of its offering of financial instruments to clients, individuals, RBA distributes investment funds, voluntary pension savings, insurance products, certificates, and bonds, primarily from members of the Raiffeisen Group and RBI Group. The main producers of the products that RBA distributes are the following:

GRI 2-6

➤ Raiffeisen Invest d.o.o.
➤ Uniqa d.d.
➤ Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d
➤ Raiffeisen Pension Insurance Company d.o.o.
➤ Zubak group d.o.o.
➤ Raiffeisen Bank International AG
➤ Raiffeisen Capital Management

Investment Advisory

RBA as a Financial Advisor, as defined in Article 2 (11) of Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (the SFDR), provides advisory services in respect of financial products produced by Financial Market Participants, who are members of the RBI Group and/or with whom RBA has appropriate financial product distribution agreements.

RBA provides premium and private investment consulting services to clients using the Financial Advisory Tool app, by supplier Dorsum, which owns the ISO 27 001 (International Standard for Information Security).

Sustainability and Investment Advisory

Within its investment advisory service, the Bank enables clients to invest according to their preferences with regard to the various ESG characteristics of financial instruments. When selecting products that the Bank offers as part of investment advisory, it ensures that the producers of financial instruments take into account ESG characteristics, for example, by calculating and publishing the negative impact of investments on the environment or society, or whether they aim to influence the environment or society, have good corporate governance, or are categorized as sustainable financial products. The bank uses information that producers of financial products are required to publish in accordance with regulations. If a client has sustainability preferences and wishes to discuss them in more detail, as part of the investment advisory service, the Bank will guide them through a comprehensive process and acquaint them with sustainability characteristics. This includes the percentage of sustainable products within the client's total portfolio that meets their indicated sustainability preferences and compliance with investments in economic activities that are considered environmentally sustainable according to the EU taxonomy for sustainable activities (Taxonomy Regulation), as well as investment in financial instruments that aim to achieve a minimum share of sustainable investments as defined in the Regulation on sustainability-related disclosures in the financial services sector (SFDR) and financial instruments that take into account principal adverse impacts (PAI) on sustainability factors, where the client determines the most relevant impact. This service promotes sustainable investments.

Quality and reliability of products

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 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.

We measure the satisfaction of our clients through surveys. NPS (Net Promotor Score) results show that our clients are mostly promoters and would be happy to recommend RBA. The main reasons for the recommendation are professionalism and kindness of employees, quality products and services, and simple and convenient mobile banking. Feedback from less satisfied clients, we consider in detail and when possible deal with it immediately. If these are more complex requirements (such as improving products or processes), all relevant stakeholders (including clients) are involved in order to design the best possible solution as soon as possible. We recognize the value of creating products and services together with clients, not just for clients.

The organizational unit Mass Segment and Product Management is responsible for the development of products intended for natural persons, whose redesign takes into account sustainability issues.

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).

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 2023 was 10% of the total realization of housing loans, and 14.3% was achieved). 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 in to account the opinion of clients and employees, their complaints, and compliments.

Private banking RBA has been continuously receiving awards for the best private banking in Croatia for the past few years. Euromoney and Global Finance magazine affirm the Bank's excellence year after year. In 2023, Euromoney again named RBA Private Banking the best in Croatia.

Otherwise, RBA has established product quality management systems that are defined by a standardized process of introducing, managing, supervising, and withdrawing from the Bank's offer of products, insurance products and investment products. The product development process also includes clients whose feedback is taken into account. Also, RBA conducts a regular, quarterly client satisfaction survey and based on feedback conducts matching of products and services.

The product development process also includes clients whose feedback is taken into account. Also, RBA aligns its business with 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 and related acts).

ESG products in business with citizens

In 2022, we started implementing the Guidelines for Approving ESG PI loans initiatives to develop new ESG products, such as ESG housing and ESG consumer credit. The guidelines are based on RBI guidelines validated by Sustainalytics, one of the leading independent bodies for research, evaluation and analysis of ESG factors.

ESG housing loan

In 2023, we completed the development of the ESG housing loan, which was put on offer from January 2024, and we continue with the development of the ESG consumer loan in 2024 as well.

PI KPI for ESG in 2023	Planned	Realized
% of the total realization of housing loans	10%	14.3%

The planned PI KPI for ESG for 2024 is 15% of the total realization of housing loans.

ESG investment products

Clients' interest in sustainability has encouraged us to be the first on the Croatian market to offer clients the opportunity to invest in the ESG Investment Fund in 2020, Raiffeisen Sustainable Mix.

Since then, three more ESG investment funds of Raiffeisen Invest, one of which was established in 2023, and five ESG funds of Raiffeisen Capital Management, have been introduced into the offer.

Also, we were pioneers in offering RBI's ESG certificate. In 2023, the share of ESG/sustainable investment products (investment funds and certificates) in total sales of investment products was 17%. By the end of 2024, we intend to increase this share to 22%.

In-house ecology in retail banking

When developing or redesigning products and services, we are guided by a strategic approach to managing environmental factors. RBA is leading its business in the direction of digital development in order to enable clients to contract products and services online through a mobile application, i.e. the Bank’s web. For example, a cash loan can be realized online, without coming to the branch. The whole process, from the request to the payment of money, takes place completely digitally, so the process is completely without the use of paper. In 2023, the practice of issuing debit and credit cards on recycled plastic continues. In 2023, 211,889 such cards were issued.

Also, RBA ensures the availability of dedicated bankers through the RaiConnect mobile application (chat, audio call, video call/meeting, documentation exchange, etc.). The service was originally offered to Premium clients (50% of them used the service in 2023). During 2023, the service was also offered to other clients using standard banking.

RBA provides all available information on the Bank’s website, provides clients with communication without coming to the branch using the contact center, RaiConnect service and through the provision of internet and mobile banking services. This enables clients to contract products and services themselves and initiate payment orders without coming to the Bank.

RBA has enabled new clients to open an account without physically coming to branches through onboarding clients via video identification.

SME

SME Segment, i.e. small business and sole traders, is actively involved in RBI Group's group sustainability strategy. With the support of RBI, and cooperation with local Corporate and PI colleagues, in 2023 in this segment we have continued to make significant progress in the formalization of ESG policies, products and processes. Previously defined restrictive credit policy towards activities and activities of small enterprises and sole traders that are considered environmentally and climatically unacceptable (e.g. related to coal, production, processing and distribution of tobacco, iron, steel, oil or gas), we actively participate in reducing environmentally and socially unacceptable activities on the Croatian market.

SME products and services

In its business with SME clients, RBA offers products and services that can be divided into several basic categories 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's WhatI Need!!)	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 programs (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 centers, that is, 13 sales centers. Our intention is to maximize 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.

ESG products in SME segment

According to the RBI ESG Risk Framework, the following categories of green loans in the SME segment are:

- Green building
- Clean transport
- Energy efficiency
- Renewable energy
- Sustainable agriculture and forestry
- Water and wastewater management
- Eco-efficient circular economy
- Social category – SME clients who operate in underdeveloped areas and do not engage in so-called excluded activities

Specific products from the ESG segment that we offer on the SME market to clients:

RBA Residential Building Renovation Program

It is about offering loans for renovation and increasing the energy efficiency of residential buildings.

Loan for financing solar systems

In 2022, we launched a new “green” product “Loan for financing solar systems” on the market with preferential loan conditions and without additional collateral with repayment of up to 10 years.

Loan for women entrepreneurs and “She knows about RBA” Program

In addition to “green” loan, we also encourage sustainability in the social component. We offer the Program “Loan for Women Entrepreneurs” which encourages the development of company's majority owned by women entrepreneurs with preferential loan terms. To the same group we offer preferential conditions for a transaction account, a business credit card, but also preferential conditions for the owner of the company, in the program “She knows about RBA”.

SME financing in underdeveloped areas in the Republic of Croatia

In 2023, in the SME system of the bank segment, although not yet formally defined and marked, more than 50% of new credit placements and more than 50% of the loan portfolio, were placed 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). These include counties whose GDP is less than that of Croatia (all counties, except the City of Zagreb, Istria, Primorsko-goranske and Dubrovačko-neretvanske Counties).

Quality and reliability of products

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 manifested by the rapid processing of applications, a minimized set of documentation (which is conditioned by the legal and regulatory framework), and preferential credit conditions in relation to the regular credit conditions of the SME segment. We conduct education on the ESG field (regulations, products, processes), and we also have support from specialized colleagues from the RBI Group. The satisfaction of new SME clients is investigated quarterly, in NPS verification, and the result for the last quarter in 2023 is 25, which made us the 3rd Bank by client satisfaction in Croatia. Product development is under the jurisdiction of SME Coordination, and in the same organizational unit is the function of ESG Ambassador for SME segment, which is in charge of implementing SME segment in ESG business. We observe the achievement of goals and performance indicators through satisfaction surveys of 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.

In-house ecology in micro and SME business segment

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

Corporate banking

In our operations with the bank's corporate clients, we have recognized the importance of sustainability not only in our own business but also towards our clients. RBA operates fully in line with RBI group's overall sustainability strategy, including focusing on sustainable finance and mainstreaming ESG policies in our loan generation processes. We are committed to supporting our clients on their green path 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 sectoral policies to finance the tobacco industry, iron and steel, oil and gas, and other restrictive policies are in preparation.

ESG products in the Corporate Banking segment

We currently offer investment ESG loans, real estate ESG loans and project finance ESG loans, and many others are in preparation. We finance "green" investments (investments in renewable energy sources, "green" facilities, "green" transport, waste management, water management, and other ESG purposes). We support investments aimed at gradually (transition) measurable reduction of CO₂ emissions, energy savings and with positive action on climate change.

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

We develop products as part of the Product Management unit in business with medium and large enterprises, where an ESG Ambassador for the Corporate Banking segment has been appointed, which has been included in the rbi group's pilot project related to the implementation of ESG in business from the beginning.

In sustainability, we did not introduce new products, but enriched the existing long-term loans with the ESG variant. Loans are accompanied by specific documentation that we ask clients, which is aligned with EU regulations and requirements of RBI Group. There are no specific performance ratings because we do not have new products already existing with a green component. The basic performance indicator is the transparency of lending conditions, documentation that justifies the "green" component common on the market and satisfied clients.

Our specialized organizational unit financed project financing with investment loans or through project financing a number of energy projects or properties of high energy quality.



Other Raiffeisen Group members – Products and services

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 authorized representatives of certain products such as:

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

The products that are procured are personal and light commercial vehicles, trucks, trailers, forklifts, various equipment (construction, agricultural, medical and others), and vessels. All suppliers of Raiffeisen Leasing are domestic companies, and according to the total NLB (New Lease Business) for 2023, the purchase price of the product was EUR 134 million (EUR 115 million in 2022).

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 specialized 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 realization 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, program improvement, automation, digitalization, special promotional financing conditions for certain leased assets. Realization 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.

ESG products

Raiffeisen Leasing itself as an organization does not have a great effect on the CO₂ footprint, but we are actively involved in the financing of electric and hybrid vehicles, as well as the financing of photovoltaic power plants and E2E processes are being digitized.

Raiffeisen Leasing with development financial institutions (HBOR, HAMAG, EBRD, EIB) has concluded special credit lines 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 leasing facilities that are financed, environmentally friendly products (electric and hybrid vehicles and equipment, financing solar panels and the principle of not doing significant damage – DNSH).

RMF

The main activities and products that RMF offers clients are informing potential members and selling voluntary pension schemes (III. pillar). The RMF manages one open-ended voluntary pension fund (Raiffeisen open voluntary pension fund) and four closed voluntary pension funds. Closed-end voluntary pension funds are: Closed voluntary pension fund of the Croatian Medical Union, Closed voluntary pension fund Ericsson Nikola Tesla, Closed voluntary pension fund of HT Group and Raiffeisen closed voluntary pension fund. Although members can be foreign citizens, RMF primarily operates on the Croatian market. RMF has its own sales department and contracts with commercial banks for offering pension programs, and contracts with external associates in regional offices in Rijeka and Zagreb.

Quality and reliability of products and services

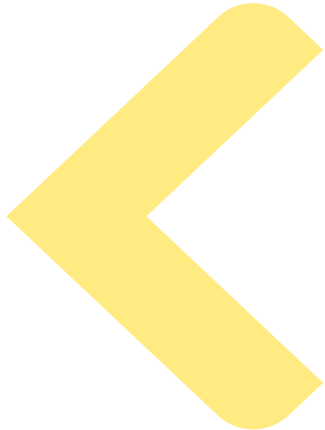
RMF manages quality through the mechanisms of monitoring the work of sales representatives as well as through prescribed internal procedures. The operations of RMF are defined by laws and regulations that govern the management of mandatory and voluntary pension funds.

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 authorized 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.

RMOD

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. Payment of pensions requires carefully planned strategic investments and investments with the aim of preserving and increasing the value of pensions of beneficiaries. The subject and manner of doing business of the Company, as well as organizational requirements are regulated in detail by the regulator's bylaws (HANFA), including promotional activities, the structure and content of the report and the offer of pension programs. The company pays great attention to the inclusion of sustainability and social responsibility in its business. However, the organization has no effect on the CO₂ footprint, and given the scope and subject of business, it does not offer ESG products.



RBA Sustainable Bonds

The RBA has established the Sustainability Bond Framework (SBF) under which it issues green, social and sustainable bonds and uses the funds raised to finance or refinance, in part or in full, existing or future loans aimed at supporting the transition of the Croatian economy to an environmentally sustainable economy and supporting positive social impacts. The framework is aligned with the optional guidelines of the International Capital Markets Association (ICMA), which recommend transparent disclosure of information and promote integrity in the green, social and sustainable bond market. The guidelines include the Green Bond Principle, the Social Bond Principle and the Sustainability Bond Guidelines. The RBA Framework’s compliance with the ICMA guidelines and principles has been confirmed by the independent body Sustainalytics.

Four key components for aligning with the Green Bond Principles and the Social Bond Principles and the Sustainable Bond Guidelines on the basis of which Sustainalytics carried out the assessment:

- **1.** Use of Bond proceeds
- **2.** Project evaluation and selection process
- **3.** Management of proceeds
- **4.** Reporting

Eligibility criteria for financing under the RBA Sustainable Bond Framework (in accordance with ICMA frameworks for Green Bonds, Social Bonds, Sustainable Bonds)		
Green Bonds	Social Bonds	Sustainable Bonds
<div>➤ Green Buildings</div> <div>➤ Renewable Energy</div> <div>➤ Energy Efficiency</div> <div>➤ Clean Transportation</div> <div>➤ Sustainable Agriculture and Forestry</div> <div>➤ Pollution Prevention and Control</div> <div>➤ Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes</div> <div>➤ Sustainable Water and Wastewater Management.</div>	<div>➤ Access to Essential Services (drinking water, sewage, sanitation, transportation, and energy)</div> <div>➤ Employment Generation and Protection, programs designed to prevent unemployment caused by socioeconomic crises, through the potential impact of financing micro, small, and medium-sized enterprises.</div>	<div>➤ Type of bond for which there are no separately announced principles but only guidelines that define with sustainable bonds those bonds used to finance green and social projects when it is not simple or at all possible to distinguish their effect on society from the environmental impact.</div>

In addition, the RBA framework for Sustainable Bonds reflects the UN Sustainable Development Goals and, with best efforts, the EU Taxonomy requirements for sustainable economic activities of the European Commission. Potential changes to these principles and regulatory requirements will be taken into account in future versions of the Sustainable Bond Framework.

The sustainable bond framework defines the categories of placements eligible for financing. The Bank is obliged to regularly add funding eligible placements to the portfolio of financing eligible placements, and thus to the Sustainable Bond Register, in order to achieve a full allocation of funds (which is at least equal to the amount of funds raised through the issuance of green, social and/or sustainable bonds). The funds shall be channeled to finance or refinance placements eligible for funding. Placements eligible for financing may be placements issued by RBA or loans/leasing issued by a member of the Raiffeisen Group, Raiffeisen Leasing. These placements may include loans or leasing to natural persons (mortgages), legal entities, the public sector (project finance or investment financing).

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 amount of equivalent proceeds raised through the issuance of green, social and/or sustainable bonds is managed by the governing body for a sustainable portfolio SPM (Sustainability Portfolio Management). In addition, the purpose of the SPM is to collect and monitor relevant data for the evaluation and selection of placements eligible for funding, which it regularly presents to the SBC. In doing so, it shall also manage the Register of Sustainable Bonds and develop proposals to the SBC to replace any purchased or matured placement eligible for funding with another placement eligible for funding and/or if any such placement ceases to be eligible, as soon as possible once an appropriate replacement has been identified; and reporting on allocation and impacts.

SPM composition

➤ Human Resources Organizational Development and Sustainability
➤ Investment banking
➤ Credit risk management for non-retail clients
➤ Credit risk management for Retail clients
➤ Mass Banking
➤ SME Clients and Network
➤ Corporate products
➤ Asset and liability management
➤ Risk control and reporting

SPM

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
List of eligible assets: Assets whose purpose aligns with the SBF criteria and which are not included in the Sustainability Bond Register	Quarterly	SPM
Allocation and Impact Report <div>➤ Total volume of green, social and/or sustainability bonds issued,</div> <div>➤ Total amount and number of eligible assets,</div> <div>➤ Total amount of proceeds allocated to eligible assets,</div> <div>➤ Breakdown by eligible categories,</div> <div>➤ Balance of unallocated proceeds, if any,</div> <div>➤ KPIs,</div> <div>➤ Case analysis.</div>	Annually	SPM in coordination with other internal recipients
Update of the Sustainable Bond Framework: Update of the Sustainable Bond Framework every 2 years	Two-year	SPM

At the end of November 2023, a Sustainability Committee was established, with the main role of monitoring and monitoring all requirements related to the topic of sustainability. With the establishment of this committee, the Sustainable Bond Committee ceased to operate, taking over all its tasks, functions and responsibilities.

GRI 2-9 Members of the Management Board of RBA in Croatia are also the responsible persons for approving sustainability bonds: Liana Keserić, Chairperson of the Management Board, and members Georg Feldscher, Višnja Božinović, and Ante Odak.

On September 30, 2022 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 realized 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. More information is available at the following link: <https://www.luxse.com/security/XS2538444428/366024>.

Measuring the impacts of sustainable financial products and sustainable bonds

The indirect impacts potentially occurring in various investments are currently not monitored by RBA, but in the first half of 2024 we plan to issue an Impact report that will provide information on placements falling under the RBA Sustainability Bond Framework or financed by the Sustainable Bond issued by the RBA on 30 September 2022. which also meet MREL regulatory requirements.

Security, privacy and data protection

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 on the protection of personal data and Croatian regulations. Although we are not certified in this area, but we follow all leading standards and regulations in the field of security. As part of the RBI Group, we are aligned with a security management strategy, which is reviewed and updated annually.

Special attention is paid to the protection and security of personal data of our clients, employees and other persons whose personal data we process. Data is processed in accordance with the principles of personal data processing and is secured against any unauthorized access, modification, deletion and processing with the help of the latest technologies and best security practices (e.g. regular data anonymization access is granted only to authorized persons solely for the purpose for which the data

are processed, etc.). Data subjects are allowed to exercise their rights (e.g. right to access data, deletion, etc.). 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, except in exceptional cases when we keep them for more than 11 years, if this is necessary for some other legal and justified purposes (e.g. for the purpose of conducting court and some other legal proceedings). We keep data related to unrealized product requests for at least 6 months. After the expiration of the prescribed or established data retention period, we anonymize the data. During data retention, access to data is restricted and controlled. Raiffeisen Group employees receive training in the field of personal data protection and education on managing personal data immediately when employed 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 characterized 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.

The performance of the safety management approach is regularly monitored and evaluated according to key indicators set at the RBI Group level. The results shall also be notified to the managing authorities. KPIs we monitor are: percentage of employees with completed security education, percentage of penetration testing, vulnerability management, etc. Monitoring is automated where possible, and further decisions on implementation activities depend on the results achieved by meeting KPIs.

In 2023, one case of personal data breach was recorded in the RBA – unauthorized disclosure of personal data (one respondent included). The supervisory authority initiated three proceedings. One procedure concerned supervision to deliver client data to the receivable buyer. Two proceedings have been initiated over complaints from clients to determine a violation of the right of access to data; in one procedure it was found that the infringement did not occur while the other procedure found an infringement of the right of access (one respondent involved). There were no penalties imposed.

GRI 418-1

IT risk management

IT risks are risks of loss due to interruption of confidentiality, integrity or unavailability of systems and data or inability to change information technologies within a reasonable time with reasonable costs when the environment or business requirements change. This also includes security risks arising from inadequate or unsuccessful applications of controls or external events, including cyberattacks or inadequate physical security. The ultimate objective of the IT risk management approach is to ensure that IT risk levels are measurable and within the limits defined by management (according to risk appetite and risk tolerance). IT risk assessment is carried out at the LEVEL of IT services. It is carried out first for key IT resources and activities to reduce the risks on these resources are more prioritized than those on non-critical resources.

IT risk assessment is implemented according to the model of three lines of defense, which enables the segregation of activities related to operational IT activities, control functions of the IT risk management process and audit function:

- The first line of defense consists of IT and business departments. The business owner is responsible for the asset, all IT risks associated with that asset as well as for the assessment of the safeguards to be applied to those assets.
- The second line consists of employees responsible for implementing the IT risk management process within RBA Security and have an advisory and control function.
- The third line of defense revises the previous two.

Other Raiffeisen Group members - Security, privacy and data protection

RMF

Raiffeisen Mandatory and Voluntary Pension Funds Management Company in this area is guided by the following documents: Ordinance on security, Ordinance on the appropriate use of information system, Ordinance on classification of information, Ordinance on access of external partners and Ordinance on the use of VPN access. Risk assessment is carried out annually in cooperation with the organizational unit Risk Management and Control through the Archer-ICS application. All employees of the bank and RMF are educated in security issues, mandatory educational programs, as well as our partners and users to whom we communicated them.

GRI 418-1 There were no complaints from regulatory authorities or data losses in the RMF. Also, in 2023, there were no complaints about privacy violations.

Raiffeisen Leasing

Raiffeisen Leasing conducts regular annual education intended to raise awareness in the field of safety. Education covers the areas of information security, physical security and business continuity management. In 2023, 83 and 87.4% of employees successfully completed this education.

GRI 418-1 There were no cases of data loss or complaints related to a personal data breach in Leasing in 2023.



Access to products and services

Satisfaction of our clients and users

GRI 3-3

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 is: "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.

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.

Satisfaction assessment is carried out continuously, depending on the channel through which the client operates or communicates with the bank (e.g. branch, Contact Center or mojaRBA), the product used by the client (e.g., credit or current account) and the process (e.g. the process of resolving the client's complaint). We also carry out various other measurements depending on the client segment, ad hoc measurements depending on the needs of other organizational parts of the bank, external measurements in cooperation with research agencies and measurements required by the regulator.

One of the main parameters that we measure in the RBA in the Client Experience Management Department is client loyalty, i.e. the preference for recommendation. We also track other categories such as measuring satisfaction, effort invested and collecting various feedback on user experience.

We monitor client satisfaction through different client contact points with the bank. For example, after visiting a branch, a client has the opportunity to fill out a short survey to evaluate the satisfaction of 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 been popular through which Raiffeisen Group clients, as well as all others who are interested in our products, have the opportunity to comment or express 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, to get a comprehensive picture of the user experience. In addition, the above-mentioned measurements are present, through targeted questions we can better understand how processes, products and services look from the perspective of clients, i.e. what we do well and what we can do even better.

Simply put, clients are a valuable source of feedback that we then centrally evaluate, analyze and prioritize, from which development initiatives arise. Development initiatives, in agreement with product owners, are transformed into concrete action plans, which have their own deadline for realization as well as a competent person.

As part of the continuous improvement of our clients’ experiences, RBA has introduced a Close Loop Feedback process for the purpose of acting on client feedback. If the client expresses dissatisfaction, we try to contact him as soon as possible (within two days) and offer him a solution. In terms of client satisfaction results, we can say that most of our clients are extremely satisfied. We consider the feedback of less satisfied clients in detail and, if possible, provide a solution in the short term. If these are more complex requirements (such as changing a certain process), we work together with the competent organizational units to find a solution, i.e. a development initiative.

In addition, we involve clients in designing and redesigning products and services - Service Design process, in a way that we create a specific product / service according to their wishes and needs. Clients participate in certain tests of product prototypes, processes or functionality and provide us with feedback on the basis of which we create the final product. We can say that the final product is the result of joint cooperation, created exactly according to the client’s measure.

Other Raiffeisen Group members – Access to products and services

Raiffeisen Leasing

At Raiffeisen Leasing, client satisfaction is dealt with by the Product Development and Segment Management Department. Legal affairs and compliance deal with the segment of complaints. Raiffeisen Leasing follows satisfaction in the Product Development and Segment Management Department in cooperation with RBA marketing.

Raiffeisen Leasing in client satisfaction follows mainly their satisfaction with the service provided (whether we have met the expectations of clients, whether the procedure for the client is stress-free, the speed of leasing approval, whether they would recommend us to someone, whether they would use Raiffeisen leasing service again).

Raiffeisen Leasing manages client satisfaction with its internal procedures, such as IP Marketing activities, donations and sponsorships (according to which the client satisfaction survey through IPSOS 2021 was conducted); IP Management and procedure for resolving complaints V.10 (“LN database Complaints/Remarks”) processing of complaints (special e-mail address for collecting complaints: leasing.prigovori@rl-hr.hr).

RMF

In RMF, client satisfaction is processed within Marketing and Sales Support, while the Contact Center's group of jobs is in charge of implementing and monitoring member satisfaction. As part of this, the Contact Center on the conducted welcome contact once a month prepares an internal report and delivers it to The Sales. Based on monthly reports, the Sales Department conducts continuous supervision, and once a year informs the Management Board about it.

RMF monitors the satisfaction of members of mandatory and voluntary pension funds in accordance with the Internal Procedure for Communication with Members, the Instruction on receiving and resolving complaints and the Instruction for conducting contact sweeping new clients. Contact Center employees contact members on a daily basis and thus monitor client satisfaction with the work of the company and funds and the way of communication. The contact center is also in charge of welcoming contact for new members of voluntary funds. After the first payment, all new members who have provided an e-mail address in their request receive a welcome e-mail. It also contains a survey i.e. questions on the basis of which the RMF will receive feedback on the quality of members’ information. Members are contacted as needed.

By contacting the Welcome RMF, it checks whether the new member has received all the necessary information when joining and thus the RMF receives feedback on the understanding and clarity of the information and service provided by sales representatives. Less than one percent of users expressed doubt that not all information was clear or accessible to them. RMF, in addition to the aforementioned contact of welcome and through received complaints of members that we enter into the Complaints Database, follows satisfaction for possible improvement of business and communication. Action plans shall be agreed and developed in agreement with the Management Board and compliance and sales departments. On an annual basis, the RMF receives 50 to 60 complaints or inquiries, mainly related to incorrect payments into the fund and payments from voluntary pension funds. HANFA reports semi-annually on complaints from members of mandatory and voluntary pension funds.

RMOD

In RMOD, client satisfaction and monitoring and processing of complaints and complaints is dealt with by a group of contracting and sales and a group of jobs Following investment activities -BO (depending on what the complaint and complaint refers to) with close cooperation with the employee in charge of Legal Support and Compliance. The Company monitors and submits to the regulator twice a year a report on complaints from pension beneficiaries. During the creation of products and services, client feedback is collected in order to better understand the expectations and needs of clients.

Innovations and development

Within its IT strategy, RBA envisages the use of new technologies, i.e. advanced systems, analytical models and data, in order to provide clients with the best user experience and bring the availability of technology closer. Official guidelines intended to manage this segment are not currently developed.

The IT department is primarily responsible for the contribution to new technologies, which annually receives a budget within which it is possible to launch new initiatives aimed at digitalization, innovation and development.

The development of digital channels and products is closely related to and guided by the business strategy of digitalization of the bank, putting a special focus on human interaction through all digital processes – “Digital bank with the Human touch”. In order to successfully and quickly respond to the needs of our clients, agile multidisciplinary teams have been formed responsible for the development of digital solutions for end users, where each team has an obligation to conduct market research and product development, for which it receives a certain budget.

In the B2C segment, the digitalization of jobs is enabled, and in the B2B segment, the increase in the availability of technology refers to cooperation with the supplier of core banking applications as well as the needs of RBA m /iBanking in order to access certain services or services.

RBA continuously pilots new technologies and innovations and encourages them to come from employees. At IT, we test new technologies and innovations in a way that they are piloted on a smaller segment of products or clients. If they are rated successful and applicable, and have value for clients, they move to the full scope of use where they are applicable.

The organization is continuously working on the digitalization of processes, i.e. internal systems of the bank. 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 using scrum methodology. The bank’s products are analyzed, and a team is formed to develop an “end to end” (E2E) digital product. Raiffeisen Group is in a high stage of digitalization of business.

The success of the approach to the development of the availability of technologies is monitored by surveys, product ratings and NPS of individual products. Also, we constantly collect feedback from our users, which we then incorporate into technologies and products, thereby trying to tailor and improve products for users.

Product development and improvement and segment and product management at RBA are carried out in accordance with sustainability standards. We focus our daily business on digital channels to reduce paper consumption and produce a carbon footprint.

In order to ensure that our clients find it easier to navigate, each branch has a “welcome manager”, specialized in assisting clients who need help navigating the branch (including people with poorer hearing and vision). More than 90% of our branches have access from people with disabilities (the only exception is branches in areas where modifications are not possible – e.g. the old city center).

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 realization 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.

Other members of the Raiffeisen Group - Innovation and Development

Raiffeisen Leasing

At Raiffeisen Leasing, the topic of new more affordable technology is dealt with by the departments of Product Development and Segment Management, Business with Large and Medium Enterprises, Business with Entrepreneurship and Population, and Integrated Risk Management.

Raiffeisen Leasing is continuously working on the digitalization of the entire E2E process, which is one of the strategic guidelines. The digitalization of the process includes, inter alia, the introduction of digital sales channels; the introduction of digital contract signing and online identification; e-invoice; and automate client data entry. Requests to the IT supplier for parts of the process (e-invoices, digital communication) have been initiated, market research is being conducted to choose the best solution for the digital Client portal, and API services with external suppliers are being developed.

Raiffeisen Leasing has clearly defined products that can be dealt with, which means that the process of development and innovation itself is not an established practice where the development of a methodology for monitoring performance would be necessary. The success of the sale of a particular product that has been the subject of innovation or improvement is monitored.

We involve our stakeholders in product development taking their opinions, needs and requirements into account during development, but also those by employees and management. Raiffeisen Leasing includes its internal stakeholders, i.e. all departments participating in the leasing process in the course of preparing the approval of a new product and preparing business processes.

RMF

In 2023, RMF developed and commissioned the Raiffeisen Pension Funds mobile app for iOS and Android platforms. The mobile application represents a step forward in the offer of pension savings. Through it, a voluntary pension savings contract can be concluded and calculate pensions. In addition, users can online review the balance of their accounts in the mandatory and voluntary pension fund and make payments to the voluntary pension fund.

RMF has developed a web sales application that allows potential members to conclude contracts for voluntary retirement savings from their own home.

An API application has been introduced to connect the RBA m-Banking and iBanking applications so that RBA clients can also have information if they are members of voluntary pension funds.

RMF improves the availability of technology with the DMS (Document Management System) project, a document management application. DMS is fully integrated into the core business invest application.

RMF is guided by the guidelines described in rbi policies "RBI Group Information & Cyber Security Policy". At the end of the year, the IT organizational unit performs an analysis of the system and begins cost planning for the next year taking into account the needs of the IT organizational unit and all other organizational units in the RMF (new projects, specific requirements, etc.). After drafting the annual plan, it is presented to the Management Board and the plan is implemented after the approval of the Management Board and the Supervisory Board.

We involve our stakeholders in product development taking their opinions, needs and requirements into account during development, but also those by employees and management. RMF includes RBAs as owners, suppliers, external associates and internal stakeholders. All departments within it participate in defining new functionalities as well as adapting the application to regulatory requirements. The main Application Invest2 is being developed in cooperation with the supplier. In the case of mobile application development, we also have suppliers who cooperate on connecting the mobile application with the Invest2 application. Internal participants, in accordance with business processes and legal changes, set requests for changes (development) and are in charge of testing and approving changes.

RMF does not evaluate performance but performs control of the availability and quality of products.

RMOD

The company has enabled beneficiaries to apply online for pension payments from voluntary and compulsory pension insurance as part of its official website www.rmod.hr. In this way, users are able to submit a request for payment from the comfort of their own home, which also contributes to the reduction of paper and toner consumption because the requests and supporting documentation for the payment are not printed, but the same is downloaded online and saved to the Disk of the RMOD. RMOD performs more than 90% of written communication with users via e-mail. Furthermore, payrolls are also sent to users by e-mail.

On its website, the RMOD has provided all potential beneficiaries with access to an informative calculator for calculating pensions as well as all other relevant information related to compulsory and voluntary pension insurance. RMOD will continue to continuously work on digitalization of processes, development of new products tailored to the needs of users, all in accordance with legal regulations.



Fair partner - Employees

6.

Creating potential jobs and opportunities

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.

Impacts

Raiffeisen Group employs more than 1,300 people, which sets a great obligation and social responsibility. Creating and maintaining jobs, with positive socio-economic impacts for individuals, is a central concern of Raiffeisen Group and parent RBI Group, which employs more than 45,000 people. The physical and mental health of our employees is extremely important to us, so we invest in the prevention of potential negative impacts such as stress and a sedentary style of work in the office by offering employees the opportunity to use services in the field of health services, personal well-being and sports. Furthermore, RBA can contribute to reducing inequality in society through business diversity management, with a focus on strengthening the role of women and marginalized groups. In addition, RBA offers learning opportunities to its employees through numerous educational modules and platforms available. Finally, RBA is very involved in social dialogue with employees and union representatives of employees and regularly gives employees the opportunity to give their voice and to feel involved in decision-making.

Risks and opportunities

Employees are our greatest asset, and the success of Raiffeisen group depends on their satisfaction, health and motivation.

There is a certain risk of lack of adequate labor force and fluctuations in workers. Given that bank work is subject to strict regulatory requirements that require highly skilled employees, the emphasis must be on well-educated and well-trained workers who can successfully carry out their assigned tasks.

A good work-life balance must be respected in order to retain motivated employees for long periods of time. In addition, workplaces, working hours and conditions must be designed in such a way as to preserve the health of all employees. If we don't, there may be staff shortages due to physical and mental illness, which means loss of quality and knowledge, as well as financial losses.

Additional risk may arise due to a lack of diversity policy. Diversity is considered a success factor. Different teams work more efficiently and make more diverse and better decisions. Lack of diversity can lead to financial losses due to wrong decisions in everyday work or reduced motivation and consequently inefficiency of production. Legal requirements, such as the representation of persons with disabilities or the proportion of the underrepresented gender, which can lead to penalties if not met, should not be ignored.

GRI 3-3

Management

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

Human Resources, Organizational Development and Sustainability 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 operations and outsourcing specialist 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.

Managing the impact on employees is the responsibility of the Human Resources Organizational Development and Sustainability organizational unit, and there are designated persons nominated to protect the dignity of employees.

Culture and values

GRI 3-3

The Bank’s vision and mission, as well as corporate values, have been clearly defined and publicly communicated since 2004. The values are regularly updated, changed, and adjusted to align with the culture, business strategy, and the spirit of the times. . The values come from the top of the RBI Group, but the communication, education, and activities with employees are fully adapted to local needs and specificities. The currently defined values at the Group level are collaboration, proactivity, learning, and responsibility.

Diversity and inclusion

GRI 3-3

Raiffeisen Group actively advocates for equal opportunities for all employees regardless of age, gender, nationality, sexual orientation and identity, disability, religion or belief. We are aware of our role as a large organization and our responsibility to impact the lives of employees, clients, other stakeholders and society as a whole. We take our social responsibility seriously by systematically addressing the topic of diversity and inclusion. An inclusive working culture also entails taking measures to combat discrimination, abuse and sexual harassment. This position is also outlined in our Code of Conduct and describes the general principles of ethical conduct that all our employees must adhere to.

GRI 2-7

Number of RBA employees and Group

Workforce	2021		2022		2023	
	M	F	M	F	M	F
Total number of employees	402	1296	433	1315	454	1334
Fixed-term contract	14	47	15	52	3	10
Contract for an indefinite period	388	1249	418	1263	444	1320
Full-time	401	1294	432	1313	445	1329
Part-time	1	2	1	2	2	1

Number of workers in Raiffeisen Group who are not employees (e.g. employment agency, supplier) : 58.5 AHC.

GRI 2-8

Employee turnover by age – arrivals to RBA and Raiffeisen Group

GRI 401-1

Arrivals	2021		2022		2023
	M	F	M	F	Total
< 30 years of age	15	40	16	39	81
30-50 years of age	36	50	58	86	119
> 50 years of age	3	7	12	9	23

Employee turnover by age – departures from RBA and Raiffeisen Group

Departures	2021		2022		2023
	M	F	M	F	Total
< 30 years of age	10	32	7	20	27
30-50 years of age	46	81	34	85	127
> 50 years of age	3	11	14	23	28

Managing diversity and inclusiveness

Raising awareness of the importance of protecting human rights, inclusivity and recognizing discriminatory practices is extremely important in order to build a safe and solidary working environment. Therefore, all our employees have access to numerous educations in the form of e-learning through the internal learning and development management platform (BeeSmart).

GRI 3-3

Our organization has experts of diverse social characteristics, age, education and expertise, worldviews, etc. Looking at the age structure of our organization, the dominant representation of persons in the category of 30 to 50 years is dominant. In terms of gender structure, we are proud to be an organization that can say that its successes are based on the expertise and commitment of a significantly larger number of women compared to the men on our teams.

The Labor Regulations, in the third chapter entitled “Protection of the employees’ dignity, protection against discrimination, harassment, and sexual harassment, and protection against any form of abuse”, defines the obligation of the bank to protect the rights of employees. Furthermore, management is obliged to educate on anti-discrimination issues, through a module on the internal learning and development management platform (BeeSmart).

We pay special attention to our stakeholders whom we have assessed as potentially vulnerable groups, such as employees, pregnant women, parents with young children, people with disabilities.

GRI 2-23

Based on the RBI Group’s Diversity Policy, a Local Diversity Officer was appointed to the RBA. The main responsibilities of local diversity management are:

- Development and implementation of a local diversity strategy as part of a group diversity strategy and in accordance with local laws
- Establishment of operational measures aimed at implementing the strategy and establishing adequate controlling
- Establishing the necessary organizational structure for diversity (e.g. Diversity Committee, Diversity Ambassadors, Business Resource Groups) and ensuring leadership or guidance within this structure where necessary
- Reporting on diversity topics according to legal and internal requirements as well as group needs.

GRI 405-1

Employee diversity by age – RBA and Raiffeisen Group

Total employee diversity	2021		2022		2023
	M	F	M	F	Total
< 30 years of age	26	72	29	77	135
30-50 years of age	298	998	320	986	1251
> 50 years of age	77	219	84	252	402

GRI 405-1 Gender equality and equal opportunities for our female employees are one of the fundamental approaches of our business and culture. Within the RBA, there is a defined quota for the share of women in top management, management and supervisory board that is regularly monitored.

Representation of women in the Management Board and management – RBA and Raiffeisen Group

	Management Board	Management
2021	45%	60%
2022	36%	62%
2023	36%	67%

GRI 406-1 Looking back on the last three years, there have been no reports of serious forms of discrimination or human rights violations within our organization, including in 2023.

Social partner

The social partners are representatives of employers and workers, and have a unique role in social and economic governance. They represent important aspects of the world of work, starting from working conditions to the development of continuous training and defining wage standards. Recognizing the importance of the role of a social partner, RBA continuously encourages dialogue with the aim of creating a cooperative culture and togetherness between management and employees in order to create working conditions and opportunities tailored to employees, but also to achieve mutual profit and satisfaction. Through social dialogue, we ensure a stable environment for progress and contribute significantly to anticipation and successful change management.

GRI 2-30 The Raiffeisen Group has a Collective Agreement that covers 100% of the employees of our organization or Raiffeisen Group, which means that it applies to all workers regardless of whether they are members of the trade union. The contract was signed on 20 February 2023 and is valid until 31 May 2024, after which new negotiations are opened. Social partners foster and implement open and regular communication through all existing channels. They are informed about all important business decisions and changes through regular meetings of the employer with union representatives, as well as regular notification of the union. On all issues of relevance to workers, regular consultation with the union is carried out. For an authentic interpretation of the Collective Agreement for the RBA, a joint Interpretation Commission composed of three representatives of the Trade Union and three representatives of the Employer was established. In 2023, not a single query was received for an additional interpretation of the contract.

Employee involvement and dialogue

Employee satisfaction survey

GRI 3-3

In order to make our business and culture within the bank even better, we regularly involve our employees in assessments of the bank's actions, general satisfaction with the working environment, sense of inclusion and experience of work. Therefore, we regularly conduct surveys of employee attitudes.

In 2023, a survey was conducted on the topic of employee wellbeing support and on the topic of management quality. The results of the research pointed to a very positively evaluated efficiency of management (immediate superior), as well as teamwork, while areas for development were the possibility of progress, monitoring of work performance and the amount of work. 66% of employees responded to the survey. In the first half of 2023, a decision was made at the RBI level on a new Tool Medallia: Experience Management Software Platform for conducting employee satisfaction surveys, and during the second half of 2023, intensive work was done on implementation in all RBI members including local adaptation for RBA and RL in Croatia. The advantages of the new tool are: improved user friendly experience with improved technical capabilities for collecting, analyzing and presenting data collected through testing. The first survey through the new platform is scheduled to be conducted in Q1 2024, and it will involve bank and Leasing employees. The questions will apply to 10 different categories: My manager, Senior Leadership, Diversity & Inclusion, Learning & Development, Enablement, Teamwork Reward a& recognition, Wellbeing, My Work, Open Comment. Before the research, management will be educated about the use of the new tool specifically to understand the results of the research and establish a clear agreement on how the results will be used and how action plans will be made and then monitored based on the results.

Survey tests will be conducted regularly at least once a year in extensive form, with shorter ad hoc or targeted trials as needed. Employee feedback collected through surveys is integrated into the development and implementation of all activities related to improving the culture of work in the bank. Shorter surveys and satisfaction surveys are conducted specifically on a specific part of employees (for example, retail networks, agile teams) in order to get more regular feedback and implement action plans more effectively.

The results of each research are presented to all employees and management is entrusted with defining action plans and activities in their smaller teams that will support the improvement of employee satisfaction and dedication. These plans are most often part of an annual assessment of management's performance. Furthermore, at the bank level, additional plans and actions are defined, involving different parts of the organization.

RBAlicity as a culture development platform

Of the key RBA initiatives and projects, RBAlicity needs to be mentioned. The project that was started ad hoc, we would also say “guerrilla”, as a necessary response to the need to define working from home during the pandemic, has to date developed into an umbrella name for almost all key initiatives in the field of organizational culture in the RBA.

RBAlicity delivers a multidisciplinary team of employees that works according to agile principles and values, has a defined list of unfinished tasks (backlog) that is defined and prioritized based on employee feedback. Members of the RBAlicity team are employees of various parts of the Bank (e.g. HR, IT, procurement, retail networks, etc.) who, depending on the initiative that is in focus, are joined by other employees with the necessary qualities and knowledge. Such a team quickly and efficiently agrees, self-regulates and coordinates. Initiatives have regular management support and visibility towards all employees. RBAlicity has its own defined goals and metrics that accompany them (Net Promoter Score), working conditions that support productivity, satisfaction with the bank’s support to achieve a balance of personal and professional life).

The most important element of the RBAlicity team's work is precisely communication with employees. Constant feedback from employees determines the priorities being worked on, and feedback is then also used in the design and testing of the solutions that are brought. Areas in which RBAality has made significant progress so far are: formalization of work from home, organization of work in hot spot offices,

improvement of the quality of work in open space, special stream of activities for improving work in branches, digitalization and improvement of onboarding processes of new employees, new dress code.

Although not all initiatives are equal in relative value in terms of the number of employees they affect, RBAIity brings the biggest change and value actually in changing the way of thinking and culture. Namely, changes with RBAIity happened faster, adopted faster, satisfaction is measured, organizational culture of feedback is built. RBAIity has a defined task list (backlog) for the coming period and continues on – “for employees, with employees”.

YelloHello digital onboarding in RBA

The innovative YelloHello digital onboarding experience, with its complete digitization of every step, is now part of the journey for all our new hires. Currently, the only exception is employees in managerial roles, for whom we are planning to develop a specialized onboarding process. YelloHello enables new employees to become acquainted with their supervisor and team even before their official start date, to be assigned a “buddy” whose role is to assist with any initial inquiries, to gain a deeper understanding of the bank, and to easily access all the essential information and tools required for a smooth transition into their new role at the bank. In 2023, 157 new employees underwent the YelloHello onboarding experience. The feedback from these new hires and their managers regarding the YelloHello onboarding process has been overwhelmingly positive. Regular collection of satisfaction feedback is an integral part of the onboarding process, with an average rating exceeding 4.3 out of 5 and an excellent Net Promoter Score.

The YelloHello implementation began in 2022, and at the end of 2023, additional opportunities were included, such as adding the role of mentor for new employees in bank branches, and began creating an onboarding process for students. Further upgrades, specific paths of introduction to work and workplace are planned, and their starting point is feedback of new employees, business needs, specific societies of individual employee profiles (e.g. management, traineeships, employees of Raiffeisen Group members, etc.) with the ultimate goal of improving employee satisfaction with their working life in the bank.

YelloHello in Raiffeisen group members

The digital onboarding program is planned to be designed in accordance with the specifics of Raiffeisen Group members and their employees. An increased degree of satisfaction of new employees can be expected based on the excellent results achieved by the Bank.



Care for the health and safety of employees

Safe working environment

GRI 403-1
GRI 403-8

The occupational safety system is based on the provisions of the Occupational Safety Act (ZNR Act). The safety and health management system at RBA covers all employees in accordance with the Act, but does not apply entirely to students who work occasionally and temporarily through a student contract, except in cases of legal obligation. In particular, students do not undergo education from ZNR because it is considered that they work under the supervision of more experienced employees, and they are engaged to perform occasional jobs for an extremely short period of time in which education about Occupational Safety Act cannot be carried out. In the event that the law stipulates that students are not allowed to start working in a particular position without a specific document, such as a certificate of medical fitness of a night employee, this health examination is mandatory before the beginning of their function. Furthermore, the organization does not cover employees of partner companies such as security guards, cleaners, janitors, couriers and others, but they are covered by their employer's system.

According to the Occupational Safety Act, Article 27, the employer is obliged to conduct education of workers in the field of occupational safety. RBA conducts mandatory education of workers and holds certificates of certificates for each worker. The Occupational Safety Act prescribes mandatory education of employees about occupational safety, and in our organization it is carried out within 60 days from the date of employment. The content of the education is in accordance with the corresponding regulations. Education is provided to all our employees by Vizor, and content, information and certificates on successful acquisition of knowledge and skills of occupational safety are available in the organizational unit Human Resources Organizational Development and Sustainability, and on the online disk.

GRI 403-5

Also, in procurement and general affairs, the chief administrator of general affairs operates, who within his function has the task of performing legally regulated tasks occupational safety and fire protection. The organization performs all other tasks in partnership with an authorized external partner, the company Vizor, which has the necessary resources, equipment and permission from state bodies for the execution of contracted services. Supervision of the implementation of the Occupational Safety Act is carried out by the State Inspectorate of Occupational Safety.

It is a legal obligation to assess the risks to the health of employees at work. The risk assessment document regulates the area of occupational safety. It is a comprehensive document that, in accordance with the legally prescribed procedure, assesses the risks to the health of employees and the obligations of the employer to be undertaken to ensure the safety and health of employees in the work environment. The document was accepted by the Occupational Safety Committee, and the employer carries out defined activities in practice.

GRI 403-2

Conducting a risk assessment process for each workplace within our organization provides us with guidance on what additional measures we need to invest in or which we need to apply to make jobs even safer. However, the risk assessment also points to the need to modify work processes in order to be adequate to the existing situation.

GRI 403-7

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 work environment through their representative, elected in the elections, in the Occupational Safety Committee. The employer's obligation under the Occupational Safety Act, Article 70, is to enable workers to elect their representative whose task is to protect the interests of workers in the territory of occupational safety and to monitor the implementation of the Occupational Safety rules. At the RBA, the workers elected their representative to represent them on the Occupational Safety Committee. The workers' representative visits the RBA business network and is in contact with the workers, thus ensuring their awareness and participation in the occupational safety system. The worker's representative has the right to participate in the preparation of the Risk Assessment, and in the investigation of incidents in the field of occupational safety. According to the Occupational Safety Act, Article 34, the RBA is obliged to have the Occupational Safety Committee which is an advisory body of the Management Board, to advance the Occupational Safety Act. The tasks of the Committee are prescribed by Article 35 of the Occupational Safety Act. A mandatory member of the Committee is a representative of the workers who represents all RBA workers. The committee meets at least 2 times a year, and in the event of an incident (serious injury at work) immediately after the incident.

GRI 403-4

Three possible procedures are envisaged for hazard reporting: reporting to the immediate superior manager, reporting to the employee representative in the Committee for Safety at Work and reporting to the State Inspection. The law prohibits any action against the applicant, and the report can also be filed anonymously.

GRI 403-9
GRI 403-10

Given the nature of our employees' work and the effective risk management and safety management system at work, the number of injuries at work is minimal and the existing number of injuries mostly refers to injuries that occurred on arrival or departure from work (traffic accidents).

GRI 403-9

Rate of work-related injuries in RBA and Raiffeisen Group

Rate of work-related injuries	Number of injuries / % of injuries						Working hours lost			Working days lost		
	2021		2022		2023		2021	2022	2023	2021	2022	2023
	No.	%	No.	%	No.	%	No.	No.	No.	No.	No.	No.
Ukupno	2	0	1	0	5	0	1,224	64	2,681	153	8	335

GRI 403-2
GRI 403-5

In 2019, RMOD concluded a contract with the Institute for the Improvement of Safety d.d. from Osijek and an expert from the said institution conducts safety and work environment tests and education for all employees.

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

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

Health and Well-being

GRI 403-3

In order to ensure the protection of the health of our employees, we have concluded a contract with the selected occupational medicine practice that participates in the work of the Occupational Safety Committee. The competent occupational medicine clinic has access to our workplaces and provides advice on occupational safety, health and hygiene. They also perform employee health checks, vaccinations and other health services. Their services also include ergonomic advice on the basis of which we have ensured adequate work equipment and conditions that meet ergonomic standards defined by European regulations.

GRI 403-6

The organization provides systematic medical examinations for all employees once a year. Within the policy of additional health insurance on the indication of doctors, we have insured several additional free specialist examinations and diagnostic tests. For the purpose of taking care of health and going for a physical examination, we have provided our employees with one day of paid leave. We also provide discounts on health services for family members of employees through insurance companies with which we have concluded cooperation agreements for preventive medical examinations.

Employees of the organization also co-finance a Multisport card through which they have access to various sports activities.

Working from home (or hybrid work) has become the norm for all our employees whose positions allowed such work. Workers who do work from home have secured equipment for remote access – laptops and mobile phones.

Encouraged by the feedback we received from employees through multiple communication channels (satisfaction survey, employee inquiries, exit interviews, RBAIity surveys), in the fall of 2023, a program called BeeWell was launched, which brings together all the wellbeing activities we offer to employees in one place. Wellbeing activities have been further developed and upgraded in order to better respond to the achievement of mental and physical well-being of employees and to offer more different content through multiple modalities of support and adapted to a larger number of employees.

Thus, employees have access to lectures and workshops that are recorded and that cover various business and life important topics, such as advising nutritionists about quality nutrition, coping with burnout, learning about mindfulness, parenting, partnerships, generational differences in the team, etc.). Organized workouts for employees (online and live) with an emphasis on mobility, flexibility and

exercises adapted for people who sit in their workplaces for long periods of time are provided. Individual psychological counseling is also offered to all employees who wish to do so. In addition, workshops were organized for employees on the topics of strengthening their endurance e.g. emotional intelligence, building assertiveness, preventing stress and burnout, coping with change, etc.

Also, for management, mandatory education was conducted on the role of the leader in the wellbeing of employees, where it is especially emphasized how to recognize burnout and what is the role of the leader in its prevention or recognition.

BeeWell has its place on the intranet with all the news and information about the program, recordings, timeline of all future activities. BeeWell has strong management support and internal communications to ensure timely information and engagement with employees. The first program satisfaction survey indicates generally high employee satisfaction, and all the programs BeeWell offers are rated above 4.3 (on a 5-degree scale). In addition, employees had quality ideas and suggestions improved that will be further used to perfect the program.

Employee benefits

GRI 401-2

In addition to the legally regulated standards and benefits that employees have, RBA is committed to continuously finding new ways of caring for its employees and ensuring greater employee satisfaction when it comes to providing assistance, evaluating their work and contributions and encouraging even greater motivation. Here are some of the benefits that RBA provides to its employees:

- Physical examinations
- Additional health insurance
- The possibility of anonymous individual psychological support for all employees
- Christmas bonus, Easter bonus and leisure fee
- Gifts for children and length of service awards
- An additional five days of paternity leave at the expense of the employer
- Mothers gradual return to work after parental leave – two weeks of part-time work (4 hours) with paid full-time work
- Up to 7 days of paid leave for different personal needs
- Financial rewards or a fixed salary supplement – depending on the nature of the job
- Food allowance
- 90% of salaries covered during sick leave
- Payment to the closed voluntary Raiffeisen Pension Fund
- Financial payments for different personal needs
- Co-financed MultiSport card
- Free day for the first day of school and kindergarten
- Up to 3 days of paid leave for corporate volunteering
- Possible more than 30 days of annual leave – annual leave in the minimum amount of 26 days, regardless of the workplace
- Maximum 15 days of paid leave for school
- More favorable banking services and more favorable lending conditions
- More favorable conditions for life and property insurance
- More favorable leasing conditions

Work-life balance

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, successfully achieving a work-life balance has become one of the key criteria of employees when choosing a job and the organization in which they want to work. Aware of these challenges, and especially in the context of starting a family and parenting, we encourage and empower all our employees, men and women, to exercise their rights and use parental leave to devote themselves to their family.

The most significant change in the system of maternity and parental benefits, introduced by the latest amendments to the Act on Maternity and Parental Benefits, which entered into force on August 1, 2022, is the right to paternity leave with the aim of more equal distribution of childcare at an early age between both parents. Although, in accordance with the usual and expected practice in our society, the share of fathers who use parental leave is still low, in the coming period we will put an even greater focus on strengthening the culture and awareness of gender equality in the context of parenting in education, but also on further improvement of our internal policies. The following tables show information about the use of parental leave. In 2022, there was a difference in the interpretation and calculation of the number of people entitled to parental leave, and therefore a significant difference in numbers is visible because all employees (without members of the Management Board) are included in the calculation.

GRI 401-3

Use of parental leave at RBA and Raiffeisen Group

Right to parental leave	2021		2022		2023	
	M	F	M	F	M	F
Total number of employees entitled to parental leave	35	130	427	1312	447	1330
Total number of employees who exercised their right to parental leave	2	72	0	55	0	51
Total number of employees who returned to work after parental leave	2	53	1	38	3	38
* Return-to-work rate for employees who exercised their right to parental leave	100	73.61	100	69.09	100	74.51
Total number of employees who returned to work after parental leave and remained employed for 12 months after returning to work	1	60	2	46	1	25
** Employee retention rate for employees who exercised their right to parental leave	50	113.2	200	121.1	33.3	65.79

* 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

New measures to achieve a work-life balance

In 2022, we have entered an addendum to the Remuneration Policy with the aim of a completely gender-neutral policy and an analysis and proposal for improving the bank as desirable for work for women and men with a series of measures that are in application with the adopted new Collective Agreement from February 2023, relating to achieving a balance of private and business life.

For example, we are:

- provide fathers with an additional five days of paternity leave at the expense of the employer and;
- mothers gradual return to work after parental leave so that during the first two weeks of work after leave they can work part-time with paid full-time work;
- we have changed the rules regarding available vacation days in such a way that now all employees have a minimum of 26 days of annual leave, which is especially positively accepted by colleagues with less work experience.
- Through the BeeWell program, all employees had the opportunity to participate in webinars that put emphasis on the topics of stress management, achieving work-life balance, mindfulness, partnerships and parenting. In addition, employees have access to free anonymous individual psychological support (live/online), which they can use whenever they need support in dealing with challenges in the private or business aspect of life or tools to more successfully achieve work-private balance.



Professional development and learning

GRI 404-2

Our employees play a key role in the business success of the Raiffeisen Group. Therefore, we encourage employee motivation and development and promote diversity and inclusiveness in our work environment. We recognize that as an organization we can only be successful if we have motivated employees with the right qualifications. Competing for highly qualified experts on the market, we want to offer our employees attractive working conditions as well as good career development opportunities and further training. Open dialogue and good relationships between management and employees are key elements of our corporate culture with the aim of creating a safe and motivating work environment.

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

At the level of the organization there are numerous development initiatives aimed at different groups of participants of education, depending on the nature of the job and the field of work, so there are specific programs for the development of new managers, leadership programs, academies for individual business areas, specific product education and more. In addition, within the framework of performance management, we also plan development activities at the individual level. In addition, the organization supports self-learning for its employees unlimited access to digital educational content on the internal learning and development platform, BeeSmart. Employees also have the opportunity to attend educational content available on the market with numerous internally available content.

Speaking of content and topics, education covers a wide variety of topics related to the development of professional knowledge such as Excel course, SQL course, and different soft skills such as the development of assertiveness, speech skills and presentation skills. Bank employees apply for all educational content via the BeeSmart internal learning and development platform.

In the development of soft-skills, special attention is paid to the development of management skills and the preparation of employees for managerial positions. At the Bank, we distinguish three levels of management: first-line, middle and top management, and for each level of leadership we have defined leadership competencies and expected behaviors that they must acquire. For each of these levels, we offer appropriate development programs and tools. Thus, we offer a standardized educational program for team leaders, and all employees who become first-line executives pass the mini academy – a program of 4 modules that is aimed at developing the necessary competencies and skills. As a rule, Middle and top management do not use standardized programs, but individual development plans are made for them and development programs are prepared accordingly, which can include various trainings for managers, development work projects and individual coaching. In 2023, one of the priorities for the development of top executives was our Annual Leadership Review program through which successors in top management positions were identified, and for 2024 intensive work on their development plans is planned.

As a bank that wants to be a learning and development organization, we recognize opportunities for additional development in several areas:

- > 1. By reducing the burden of mandatory education by optimizing the number of educations and improving the content in a way that uses modern tools for creating e-learning and methodology to make the content more interesting and easier to learn. In recent years, we have been making systematic progress in this area and all new educational content that has been prepared in this way receive extremely high ratings of employees.
- > 2. Greater inclusion of employees in training programs that are not compulsory, i.e. required by the regulations. In 2023, a series of pilot trainings was launched with the aim of enriching and modernizing our offer of internal education with an emphasis on hybrid learning models and online services. These educations are in the plan of implementation for 2024.

For new development programs, we conduct more detailed satisfaction surveys such as focus groups after pilot training and thus employees through detailed feedback have the opportunity to influence the final appearance of training and education programs. Satisfaction with development and education is also monitored through the annual employee satisfaction survey.

Employees have the opportunity to rate educational content on the internal platform for learning and development.As part of monitoring the achievement of RBA's strategy, indicators that are examined within pulse surveys or employee satisfaction surveys are regularly tracked. These indicators reflect satisfaction with opportunities for development within the company and satisfaction with the level of knowledge and skills required to achieve strategic goals within the team. There are clearly defined criteria for success for these indicators.

Employee training hours at RBA

GRI 404-1

Training	2021			2022		2023	
	Number of hours	M	F	M	F	M	F
Management	Average	65.16	67.10	31.93	39.16	38.5	48.0
	Total	4,300.4	9,260,3	1,979.5	5,365.2	2614.9	6480.3
Employees	Average	35.24	41.60	32.61	34.98	41.0	45.1
	Total	10,360	44,100.2	10,827.8	37,740.5	14,147.5	49,566.3

In RBA Leasing, there are 687.5 hours of education in 2021, 855.9 hours in 2022, and 1,735.05 hours of education in 2023.

Employee training hours at Raiffeisen Leasing in 2023

Training	2023	
	Number of hours	
Management	Total	51.75
	Average	17.25
Employees	Total	231
	Average	17.77

RMF Employee Training Hours

In RMF in 2021 there are 1,166 hours, in 2022 1,323 hours of education, and in 2023 1574.2 hours of education. In 2023, management did 820 hours of education and employees 754.2 hours.

RMOD Employee Training Hours

RMOD achieved 55 hours of education in 2023. In previous years, until previous years, records of realized hours of education were kept. Of these, management did 20 hours of education and employees 35 hours.

At the moment, we do not yet have the technical support needed to monitor gender education hours in RMF and RMOD.

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 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.

GRI 404-3

We assess what is being done – individual goals are set and HOW it is done – the development of key competencies that all employees should have developed is assessed. We use the Lominger model of competences and competencies defined at the RBI Group level for all Group employees. The final performance assessment shall take into account 80 % of the items relating to what is being done and 20 % of how it is done. We align all steps, actions and tools in this process with general guidelines and best performance management practices, 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 of employees 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 that supports this process is HRNET in which the formal form of the annual performance assessment is the so-called performance agreement (PA) in which all data is stored. All employees have access to HRNET or their own PA document. Information about the steps in this process, reminders of deadlines and materials that support the work 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 Raiffeisen Group. The Internal Procedure of the performance management system at RBA is available to all our employees, and the document is published in the formal channel of the organization, where all relevant documents adopted by the Management Board are also located.

It stipulates which employees should have pa, and ultimately about 40% of bank employees have defined and completed PA forms. It should also be noted that performance management, except in the annual system, for a part of employees takes place through monthly and quarterly reward models. These are specially designed reward models for employees in business networks and employees in the contact center, billing and operational services. In these reward models, the elements of “what do I do” and “how I work” are also present, and the employees who participate in them have the opportunity to achieve monthly or quarterly rewards depending on the achievement of the goals. These models follow all the guidelines of a good remuneration policy in order to minimize the risk with which the reward system can act to the detriment of the client. Such remuneration models cover about 40% of the bank’s employees.

Participation in the performance evaluation shall not depend on gender, duration of the contract or working time.

Regardless of formal participation in performance management systems, there are technical prerequisites and management is educated and advised to provide all employees with a performance evaluation. After all, it is one of the key managerial responsibilities.

Employees who participated in the performance assessment for 2023

Percentage of employees who participated in the regular performance assessment and career development review		
	M	F
Management	79%	82%
Employees	44%	29%

Remuneration policy

GRI 2-19

In our organization, we have a Receipt Policy that is applicable to all our employees. Some of its key elements are as follows:

- 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 is the basis for all variable remuneration schemes and takes into account:
 - the individual/unit’s performance (including compliance with the RBI Code of Conduct 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 behaviors/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.

Salaries in our organization are determined according to the complexity of the workplace using the Towards Watson Job Grading methodology and then placing them in the corresponding pay grades. Accordingly, for example, the location of work itself does not have an effect on salary, but the complexity of the job and the individual contribution of employees, i.e. the work performance that positions the salary within the pay grade.

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 Severance pay is defined by a collective agreement and it is stipulated that severance pay is determined in the same way for all employees, except for board members who are not entitled to severance pay.

The most significant update of this policy (in 2022) concerned the inclusion of ESG risks and the determination of indicators related to ESG factors, which also implies compliance with the regulatory requirements of the SFDR (Regulation (EU) 2019/2088 on the disclosure of sustainability data in the financial services sector) and the HNB decision. Compliance with the SFDR introduces an obligation for remuneration policies to adequately reflect sustainability risks.

The receipt policy shall be regularly reviewed and updated as necessary to ensure that it is always aligned with the RBI umbrella framework, local needs and regulations, and best practices.

GRI 2-20

Remuneration policy management process

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 judgments on remuneration policies and practices and incentives intended to manage risk, capital and liquidity. Its members shall be appointed from among the members of the Supervisory Board. The Board shall have at least three members, one of whom shall be appointed chair of the Board.

The Supervisory Board approves and periodically reviews the detailed guidelines of the Remuneration Policy. It is responsible for overseeing its implementation in accordance with the governance framework, corporate culture, risk appetites and any related risk management processes. It shall take a final decision to identify identified employees and specific remuneration principles for identified employees and conduct direct supervision of the remuneration of high-ranking employees responsible for risk management and control functions. In addition, it approves the maximum ratio between variable and fixed remuneration for identified employees, as well as Risk Reduction Incentives, pension plans, severance and insurance payment schemes, other benefit schemes, and their significant amendments. It approves the total variable remuneration of members of the Management Board and makes decisions whether a malus event has occurred.



In addition to these bodies, the roles in the process of shaping the reward model have an organizational unit in which the reward model will be applied, together with the organizational unit Human Resources Organizational Development and Sustainability. Human Resources Organizational Development and Sustainability has a key role in the design part, but also in education and training, and monitoring the application of the reward system.

The Compliance, Risk Control and Reporting departments are the most important organizational units that cooperate with the Department of Human Resources Organizational Development and Sustainability 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.

Ratio of female vs. male salaries

GRI 405-2

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.

Fair and equal treatment within the RBI Group is a principle in the field of reward. Gender-neutral policies are integrated into the RBA Remuneration Policy and work is being done to establish a process and monitor data that will enable gender-neutral income through regular human and organizational potential management processes.

Ratio of female vs. male salaries – RBA and Raiffeisen Group

Salary ratio	2021	2022	2023
	F/M	F/M	F/M
Zagreb - HQ	-24%	-23%	-22%
Location – Network	-20%	-11%	-13%

*This is a statistic based solely on gender and does not take in to account the complexity and nature of the work as well as the work performance.

Management salaries at RBA and Raiffeisen Group, separated by gender

	M	F	Salary ratio
Top management	5535,18	4547,61	5059,03
Middle management	4311,48	3854,48	4014,72
Line management	2908,32	2377,07	2481,01

*This statistic does not take in to account the complexity of work within a particular level of management, as well as performance. The data refer to average salaries, excluding the Bank and Group Management.

Relationship between the highest paid individual and the average salary for all employees

GRI 2-21

In 2023, the ratio of the total annual compensation of the highest-paid individual in the organization to the average total annual compensation for all employees (excluding the highest-paid) is 21.89:1, while in 2022 the ratio was 24.53:1. Total annual compensation in this case refers to the contracted salary, fixed salary supplement depending on the complexity of the job position, and targeted annual variable (where applicable).

Fair partner - In-house ecology

7.

Impacts

The direct effects of the Raiffeisen Group on the climate and environment, although significantly smaller than in manufacturing industries, still exist and we directly and conscientiously incorporate them into our policies and activities. In our operations, we create a certain carbon footprint, both directly and indirectly. Therefore, we strive to be mindful of our impact on the environment and society and aim to introduce various measures to establish efficient resource management. We place importance on educating our employees about the impact of their behavior on the environment as well as the role of the financial sector in climate and environmental effects. By implementing various saving measures and rational management of energy sources and investing in renewable energy technology (solar power plants, heat pumps), we strive to minimize our negative impact.

Risks and opportunities

Climate and environmental risk assessment at RBA sites

Administrative buildings and branches of RBA are located throughout Croatia and are exposed to physical climate risks that can vary depending on the precise location of operations. For example, data centers are at particular risk, as their operation can be affected by weather disasters causing disturbances and interruptions in work. RBA has commissioned an external service provider (Prometeia) to conduct climate risk assessments at locations in Zagreb where business premises (branches and offices) and data centers are located at Magazinska, Samoborska, and Vrtni put addresses. According to the assessment carried out, there is a high risk of loss/damage to property due to fire, flood, storm, and wind impact. It would be advisable to include all significant RBA locations in the assessment. RBA plans to repeat the assessment of climate and environmental risks on its own business locations.

Management

GRI 3-3

We collect quantitative internal ecology data using the “ESG-Cockpit” software for sustainability monitoring. Additional data published in the report were collected through specific requests and discussions with experts. The methodology we used to calculate environmental indicators follows that set by RBI. To ensure our data is consistent with the parent bank’s data, we have presented it quarterly in certain cases. For the same reason, some figures may not always be compatible with those from the previous year’s report.

The organization does not have a specifically established management system for assessing environmental risks associated with operations, nor a certified energy management system.

Environmental protection within the company is promoted in various ways. Although we do not have mechanisms specifically for reporting improper behavior related to environmental management, employees have the option to submit complaints via email. However, to date, there have been no such reports.

Climate change mitigation

Energy

The type and amount of energy consumed affects the accumulation of GHG emissions, and thus climate change. Energy consumption is calculated in the bank and for all affiliated companies because members of the Raiffeisen Group use common buildings and premises. Consumption data is calculated from our vendors’ purchase invoices. Data for 2020 and 2021 are complete, but for 2022 data were collected only for the first three quarters because for the fourth we have not yet received all invoices. For this reason, the prerequisites for an accurate interpretation of consumption on an annual basis were not met since consumption data are calculated from vendor purchase invoices.

GRI 302-1

Energy consumption in the period 2021–2023

Energy consumption	2021	2022	2023
Electricity (kWh)	6,809,880	6,486,020	6,136,690
Heating (kWh)	2,855,884	3,869,013	3,571,423
Gas (m³/MJ)	5,143,021	5,036,853	4,233,999.60

Electricity consumption in the period 2021–2023, in kWh

	2021			2022			2023		
	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total
	kWh	kWh	kWh	kWh	kWh	kWh	kWh	kWh	kWh
All branches	2,323,456	750,447	3,073,903	2,299,041	742,935	3,041,976	2,085,152	701,664	2,786,816
Magazinska	2,518,477	8,47,897	3,366,374	2,409,000	775,234	3,184,234	2,361,717	772,598	3,134,315
Vukovarska	281,453	88,150	369,603	192,928	66,885	259,813	151,328	64,231	215,559
Total			6,809,880			6,486,023			6,136,690

Heat consumption in the period 2021–2023, in MJ

	2021			2022			2023		
	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total	Q1 - Q3	Q4	Total
	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ
All branches	2,063,894	778,608	2,842,502	1,044,532	780,055	1,824,587	1,195,970.4	667,814.40	1,863,784.80
Magazinska	3,965,825	2,133,500	6,099,325	3,599,643	2,296,540	5,896,183	3,773,106	1,903,359.60	5,676,465.60
Vukovarska	821,923.2	517,431	1,339,354	740,228	430,596	1,170,824	688,906.80	393,966	1,082,872.80
Total			10,281,181			8,891,594			8,623,123.20

Gas consumption in the period 2021–2023, in MJ

	2021			2022			2023		
	Q1 - Q3	Q4	Ukupno	Q1 - Q3	Q4	Ukupno	Q1 - Q3	Q4	Ukupno
	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ	MJ
All branches	3,194,795	1,948,226	5,143,021	2,993,086	2,043,767	5,036,853	2,574,550.80	1,659,448.80	4,233,999.60
Magazinska	0	0	0	0	0	0	0	0	
Vukovarska	0	0	0	0	0	0	0	0	
Total			5,143,021			5,036,853			4,233,999.60

Energy intensity

GRI 302-3

Energy intensity, that is, the intensity of energy consumption (EUI), refers to the amount of energy used per square meter annually. The calculated intensity of electricity and thermal energy consumption for our operations is shown in the following table.

Intensity	2021	2022	2023
Electricity (kWh/ m²)	162.87	155.12	146.77
Heat (kWh/m²)	102.50	92.56	85.42

We achieved a significant reduction in electricity consumption by installing LED lighting and introducing control and optimization measures of consumption by more adequate use of space, better monitoring and management of lighting and air conditioning systems, and optimization of heating and cooling time programs.

GHG emissions

At the level of the entire RBI Group (including the RBA), a target of reducing Scope 1 and Scope 2 GHG by 25% by 2030 has been set. While the RBA has taken on an even more ambitious target of reducing CO₂ emissions of Scope 1 and Scope 2 by 30% by 2030.

Every year, we monitor the movement of our carbon footprint across all three scopes (scope 1, 2, 3), and depending on the results, corrective measures are proposed. In 2021, it was established that the largest share of emissions in Scope 2 was from electricity consumption, and as a corrective measure, we installed solar panels on the roof of the bank’s main building (headquarters) in Zagreb.

Scopes 1, 2 and 3 we follow the data are shown in the table below.

GHG emissions (t CO ₂ e)	2021	2022	2023
Scope 1	271	379	304
Scope 2	2,332	2,222	1,886
Scope 3	1,552	1,554	2,190

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

A detailed description of the activities we monitored and the Scope to which they belong is listed 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

Travel-related GHG emissions

Transport emissions can only be tracked through Scope 1 GHG emissions, which almost entirely pertain to the bank's official travel using private vehicles.

Vehicle fleet fuel use by fuel type	
Gasoline (petrol)	39.47%
Diesel	50.00%
Hybrids	10.53%

GRI 302-1

Fuel consumption in the vehicle fleet in Liter (l)

	2022	2023
Total fuel consumption in liters	102,539.69	123,886.11
Gasoline (l)	57,188.46	67,872.41
Diesel (l)	45,351.23	56,013.7
Jet fuel (l)	0	0
Heating oil (l)	0	0
Conversion factor used	Liter	Liter

GRI 302-1

Fuel consumption in the vehicle fleet in megajoules (MJ)

	2022	2023
Total fuel consumption in megajoules	3,593,425.00	4,345,689.00
Gasoline	1,917,243.00	2,275,423.00
Diesel	1,676,182.00	2,070,266.00
Jet fuel	0	0
Heating oil	0	0
Conversion factor used	MJ	MJ

GRI 305-5

In 2023, the RBA, thanks to a reduction in fuel consumption, reduced GHG emissions by 4.39 tons.

Measures to mitigate the impacts on climate change

Solar power plants

As of now, we have not set specific targets and performance indicators for energy management, but with the goal of reducing energy consumption, the bank has installed an 80 KW photovoltaic power plant on the administrative building in Zagreb. Annually, it should be able to produce 87,000 kWh of electrical energy, which would result in a reduction of CO₂ emissions by 29 tons. At the Samoborska location, the installation of a 230 kW photovoltaic power plant is also in process. It is expected to produce 265,000 kWh of electrical energy annually, resulting in an annual reduction of CO₂ emissions by 87 tons.

Intelligent control of cooling and heating systems

We strive to achieve emission reductions in business the most by investing in energy-efficient infrastructure. In 2013, in the building of the current power plant (location – Magazinska, Zagreb), a central control system was introduced with intelligent control of the cooling and heating system, which operates with minimal consumption outside working hours. At all locations, we conduct energy audits to determine the level of energy efficiency.

Low-energy computers

Also, in 2013, we introduced low-energy computers with 70% lower electricity consumption.

LED lighting

In 2021, conventional lighting was replaced by LED lights in the entire building of the Main Office in Magazinska in Zagreb, including the garage and in branches in Zadar, Sisak, Osijek, Rijeka, Pula and two branch offices in Zagreb.

Heat pumps and energy-efficient equipment

RBA also uses energy-efficient systems such as heat pumps to replace outdated systems. This further improves the energy efficiency of our premises, while at the same time reducing energy consumption and CO₂ emissions.

This measure, in 2023, allowed to reduce heating gas consumption by 73,897 MJ.

GRI 302-4

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

Hybrid vehicles

Also, in the official fleet of the bank we have eight hybrid cars. Official initiatives in the form of reducing emissions in transport do not exist so far, but steps have been made to raise awareness of employees about the use of alternative modes of transport, and business trips are trying to be kept to a minimum.

ZelEn Certificate

In 2023, RBA procured green electricity from renewable sources (ZelEn certificate). It is an amount of 5,117 MWh of electricity 100% from renewable sources.

Climate change adaptation

In 2023, Raiffeisen Group conducted an assessment of the exposure of its own significant business locations to physical climate risks. What is described in more detail on p. 105.



Circular economy and waste management

We manage our own environmental impacts efficiently and in accordance with sustainability principles, and we have adopted the internal procedure “Integrated Waste Management System” at the RBA, which defines guidelines in waste management and is published in RBA business policy documents.

Raiffeisen Group does not perform production activities, but primarily deals with the provision of services, therefore materials in the form of input raw materials are generally not procured (except equipment and fixed assets for work purposes).

Hazardous and non-hazardous waste primarily arises from depreciation, with the largest portion consisting of electronic equipment, furniture, paper, or cardboard. For packaging our items that we send to the business network, we use cardboard boxes, and the waste generated in the form of cardboard is listed in the table.

Cardboard (kg)	2021	2022	2023
	403	420	430

To minimize waste generation and ensure its proper disposal to the greatest extent possible, RBA locations are equipped with containers for separate paper disposal. At the locations in Magazinska and Samoborska in Zagreb, in addition to cardboard, containers are also provided for the separate collection of plastics. For waste disposal, we exclusively use authorized companies specialized in this field, which possess all the necessary certificates and permits for waste management, actively participate in the disposal process, and supervise it commissionally from the moment of loading and transport to the final destination for recovery. All disposed waste is tracked using legally prescribed forms that list the type and quantity of waste and record all participants in the process. The table lists the amounts of hazardous and non-hazardous waste generated over the last three years, expressed in kilograms..

Waste (kg)	2021	2022 (I-IX)	2023
Total hazardous waste	1,980	0	4,510
Recycled	0	0	0
Recovered	0	0	0
Disposed	1,980	0	0
Total non-hazardous waste	287,800	241,900	201,270
Recycled	103,590	97,660	64,627
Recovered	31,090	0	0
Disposed	153,120	144,240	136,640

We monitor data on hazardous waste in bulk and do not categorize it to recycled and recovered. Hazardous waste generated in our business refers to electronic waste, toners and part of the sludge generated in the separator for wastewater treatment in Magazinska.

Although we do not have concrete initiatives regarding the general reduction of generated waste in business, we try to have a positive effect on the circular economy as much as possible, by developing employee awareness of responsible disposal and sorting of waste and encouraging initiatives for as little printing as possible, which reduces paper waste. So far, we have no concrete results.

Measures contributing to the objectives of the circular economy

The central building and branches have floors “2tec2”, also aligned with LEED, BREEAM and REACH (a Regulation of the European Union, adopted to improve the protection of human health and the environment, from the risks that chemicals can pose). This floor has an Acoustic Comfort base made from recycled materials. 2tec2 solutions are designed for environmentally friendly maintenance, which allows us to use water instead of harmful chemicals to clean floors.

Disclosures in accordance with the EU taxonomy

8.

The EU Taxonomy Regulation¹ sets out an EU-wide framework that allows investors and undertakings to determine whether certain economic activities are environmentally sustainable. Article 8 of the Regulation requires undertakings covered by the Non-Financial Reporting Directive (NFRD)² to publish information on how and to what extent their economic activities qualify as environmentally sustainable under the Taxonomy Regulation.

The Green Asset Ratio (GAR) is the benchmark and reporting metric for Taxonomy alignment. It describes the share of the bank's already „green“ Taxonomy-aligned business relative to the covered assets. However, the Green Asset Ratio has limited informative value. Loans to smaller companies and international non-EU business, for instance, are not included, which can distort the picture enormously depending on a banking group's key activities. Furthermore, the Green Asset Ratio does not reflect the fact that RBA Group focuses on the economic ESG transformation of our customers. We currently support in particular undertakings that are already on the path to sustainability but whose transactions are not yet completely "green" within the definitions of the EU Taxonomy Regulation.

I. Mandatory disclosure

RBA Group discloses all relevant reporting indicators (KPIs) in accordance with article 8 and article 10 of the Delegated Regulation³ supplementing the EU Taxonomy Regulation. For additional information and improved clarity, the disclosure of these quantitative KPIs is supplemented by qualitative information pursuant to Annex XI to the Delegated Regulation. For the first time, RBA Group also discloses for the 2023 financial year information about the Taxonomy alignment with regard to the first two environmental objectives – "climate change mitigation" and "climate change adaptation" – as well as on the Taxonomy eligibility of the remaining four environmental objectives. An overview of the relevant key figures and templates to be reported in accordance with article 8 of the EU Taxonomy Regulation and the supplementary Delegated Regulation for the 2023 financial year, is available in the Annex. Following the figures on the main KPI Green Asset Ratio (GAR) Stock and the additional KPI GAR Flow are shown.

Green Asset Ratio stock and flow

		Turnover GAR KPI	CAPEX GAR KPI
Main-KPI	Asset Ratio (GAR) Stock	0,08%	0,48%
Additional-KPI	Green Asset Ration (GAR) Flow	0,85%	5,35%

II. Details about templates and covered exposures as well as information on data sources and current data limitations

In accordance with the legal requirements, the denominator of all quantitative indicators is expressed by the covered assets⁴. This results in a difference compared to last year's reporting, in which the published indicators were based on the RBI Group's total on-balance sheet assets (total assets⁵) in the denominator and not on the covered assets.

In addition, all EU Taxonomy Regulation KPIs are determined in accordance with the legal requirements of the Delegated Regulation for the 2023 financial year, as well as on turnover-based (turnover) and capital expenditure based (CAPEX) information on the client. The economic activities for the first two environmental objectives – "climate change mitigation" and "climate change adaptation" – were also assessed for Taxonomy alignment for the first time in the 2023 financial year.

Furthermore, Taxonomy eligibility information on the four new environmental objectives – "sustainable use and protection of water and marine resources", "transition to a circular economy", "pollution prevention and control" and "protection and restoration of biodiversity and ecosystems" – as well as information on financed nuclear and gas economic activities were reported for the 2023 financial year.

¹ Regulation (EU) 2020/852

² NFRD = Non-Financial Reporting Directive 2014/95/EU, Corporate Sustainability Directive (CSRD) (EU) 2022/2464

³ Delegated Regulation (EU) 2021/2178 nd supplementary (EU) 2023/2486

⁴ In the case of covered assets, exposures to central banks, supranational institutions, the central government and assets held for trading are excluded from RBI Group's total on-balance sheet assets.

⁵ The total assets relate here to the total gross assets (excluding cumulative expenditure for debt instruments measured at fair value through profit or loss, and value adjustments from debt instruments measured at amortized cost).

Detailed information of the calculations as per the qualitative disclosures required by Annex XI of the Delegated Regulation can be found separately for each KPI below.

Approach for determining Taxonomy-eligible and Taxonomy-aligned economic activities, assets and economic sectors⁶

RBA Group banking book positions are used to determine its Taxonomy-eligible and Taxonomy-aligned economic activities. Total covered assets are identified as per requirements of the full Green Asset Ratio disclosure. Exposures towards central banks, supranational institutions, the central government and assets held for trading are excluded. The remaining covered assets form the denominator in the formula for calculating the Green Asset Ratio (GAR)⁷.

All the Taxonomy-eligible and Taxonomy-aligned economic activities are included in the numerator for calculating the GAR. They are defined as covered assets additionally belonging to one of the following categories:

- Taxonomy-eligible and Taxonomy-aligned economic activities of NFRD undertakings
- Taxonomy-eligible and Taxonomy-aligned economic activities in retail banking
- Taxonomy-eligible and Taxonomy-aligned economic activities related to local and regional government financing
- Real estate collaterals obtained by taking possession in exchange for the cancelation of the debt and held for sale

In addition to the exposures and assets already excluded from the denominator, derivatives (not held for trading), on-demand interbank loans, cash and cash-related assets and other assets (e.g. goodwill) are also excluded from the numerator. Further, no exposures to non-EU or to small and medium-sized enterprises may be taken into consideration.

If the purpose is known at transaction level and is consistent with the defined activities of the EU Taxonomy Regulation or the supplementary Delegated Regulation – for example, a property loan (acquisition and ownership of a building), exposures to the extent that Taxonomy eligibility and Taxonomy alignment can be demonstrated for the underlying transaction are taken into account.

For transactions conducted for general purposes – for example, for granting a working capital facility, the relevant Taxonomy KPIs for Taxonomy eligibility and Taxonomy alignment that are provided or disclosed by the counterparties are taken into account. If exposures can be attributed to more than one environmental objective, the transaction or a percentage thereof is assigned to the most relevant Taxonomy environmental objective only, in order to avoid a double entry.

The relevant Taxonomy KPIs for general purpose transactions with regard to investment (CAPEX) and turnover key figures for non-financial counterparties as well as the Taxonomy-specific KPIs of the financial counterparties were collected internally as part of the data collection project and by an external data provider.

Given that financial counterparties do not publish their Taxonomy-aligned information for the 2023 financial year until 2024, these cannot be included for this year’s disclosure. A similar limitation can be observed for the Taxonomy eligibility in relation to the four new environmental objectives⁸, be where financial and non-financial counterparties only have to disclose official information on Taxonomy eligibility as of 2024 (for the 2023 financial year).

Due to still limited structured data availability and the limitations described previously, entire relevant portfolio could not be considered fully for the GAR assessment. However, the data situation has improved considerably since last year. Further, it is expected that the share of Taxonomy-eligible and Taxonomy-aligned exposures will change accordingly and increase in the future, as more information will be disclosed by customers.

6 Template 0-2

7 For retail banking, only the relevant mortgage portfolio as well as home renovation loans and auto financings are included in the denominator.

8 “Sustainable use and protection of water and marine resources”, “transition to a circular economy”, “pollution prevention and control” and “protection and restoration of biodiversity and ecosystems”

Exposures to Taxonomy-aligned economic activities for the “climate change mitigation” and “climate change adaptation” environmental objectives (GAR (stock))⁹

RBA Group’s assets with exposures to Taxonomy-aligned economic activities amount to €14 million (GAR numerator CAPEX). 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 loans and advances to NFRD-relevant clients, households (limited to loans collateralized by residential real estate and loans granted for home renovation purposes), and loans and advances to local governments.

All retail exposures relevant to the EU Taxonomy were analyzed under the understanding until now of the EU Taxonomy objective “climate change mitigation” and included in the CAPEX as well as in the turnover GAR. With regard to compliance with minimum social safeguards (MS), the interpretation of the Platform on Sustainable Finance¹⁰, was followed, which does not provide the application of the MS criteria for retail exposures. Such financing is therefore generally recognized as “Taxonomy non-aligned”.

By reference to internally available data, RBI Group’s NFRD client base, used for population of RBA Taxonomy templates, was determined according to the following criteria:

- **a)** the country in which the counterparty is registered must be an EU country.
- **b)** the business partner’s total assets (on consolidated basis) must be more than or equal to € 20 million or its total revenue (turnover) must be more than or equal to € 40 million. For insurance and reinsurance undertakings, the gross premiums written are used instead of revenue and the gross operating result for the other financial institutions.
- **c)** the customer is either a capital-market oriented company, a credit institution, or an insurance undertaking.
- **d)** the customer has more than 500 employees on an average basis (on consolidated basis).

Using a new internal approach and with the support of an external data provider, RBI was able to improve the previous data quality with regard to the identification of NFRD undertakings for the 2023 financial year. According to the interpretation in the frequently asked questions (FAQs) published by the European Commission in December 2021, the disclosure of Taxonomy-eligible and Taxonomy-aligned exposures must be based on actual information provided by the financial or non-financial undertaking. In addition, third party data providers were used to obtain information for the assessment of Taxonomy-eligible and Taxonomy-aligned economic activities.

Exposures to Taxonomy-aligned economic activities/covered assets for the “climate change mitigation” and “climate change adaptation” environmental objectives (GAR (flows))¹¹

The KPI “GAR KPI flow”, which is to be reported for the first time for the 2023 financial year, is calculated in line with “GAR KPI stock”. However, unlike „GAR KPI stock“, it only takes into account those positions that were newly concluded in the 2023 financial year.

Off-balance-sheet exposures to Taxonomy-aligned economic activities/covered assets for the “climate change mitigation” and “climate change adaptation” environmental objectives¹²

The methodology for calculating the KPI for financial guarantees corresponds to the methodology laid down for loans and credit, and for bonds. However, it is applied to the underlying loans and credit/bonds of the financial guarantees. If there is no data on the specific purpose of the underlying transaction, the counterparties’ KPIs are used. For the earmarked exposures, the counterparties’ taxonomy data were collected internally as part of the data collection project and by an external data provider.

Due to the limited structured availability of ESG data for the assets under management, the KPIs for assets under management are reported at zero for the 2023 financial year. We are committed to continuously improving our own processes and the topic of ESG data availability and quality as part of a constructive dialog with the relevant stakeholders.

9 Template 3

10 [Final Report on Minimum Safeguards \(europa.eu\)](#)

11 Template 5

12 Template 5

Exposures to Taxonomy-eligible economic activities/covered assets for the four new environmental objectives¹³

At present, only earmarked exposures can be included for the Taxonomy eligibility, as financial and non-financial undertakings (NFRD) currently disclose no official Taxonomy-eligible information on the four new environmental objectives. This will start as of 2024. The disclosed Taxonomy KPIs of the financial and non-financial undertakings (NFRD) can therefore not be included until next year. Due to the limited availability of structured data for the four new environmental objectives, RBA's relevant portfolio could not be incorporated in this evaluation. However, the data availability on the Taxonomy eligibility of the new Taxonomy environmental objectives is expected to improve significantly next year, as customers will also be obliged to disclose such information then.

Exposures to Taxonomy-eligible and Taxonomy-aligned economic activities/ cover assets for nuclear and gas economic activities¹⁴

During 2022, the European Commission extended the EU Taxonomy to include six economic activities in the nuclear and gas sector, which came into force for the first time on 1 January 2023. Companies operating in these sectors therefore also started to publish EU Taxonomy data on Taxonomy eligibility and Taxonomy alignment for their relevant nuclear and gas activities for the first time in the course of 2023

Sustainability concept in the nuclear and gas sector is detailed in the RBHR Group ESG Framework. RBA Group takes a restrictive approach for the nuclear sector, in accordance with its Code of Conduct, due to negative environmental impact, negative social impact, low transparency of business in general, business activity too specific and/or requires individual approach.

RBA Group currently has no earmarked Taxonomy-eligible and Taxonomy-aligned exposures to the gas sector. Accordingly, only the Taxonomy KPIs published by the companies can be used for the gas sector. Because of the level of detail of the necessary data, an external data provider was used. For the specific nuclear and gas activities of the relevant counterparties, all revenue-based and investment-based Taxonomy KPIs were included with regard to their Taxonomy eligibility and Taxonomy alignment¹⁵.

III. Voluntary disclosure¹⁶

One obvious difference to the publication for the 2022 financial year is 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 (substantial contribution + do no significant harm) and compliance with minimum social safeguards. This means the numerator of the Green Asset Ratio will be smaller than the numerator of the Taxonomy-eligible exposure. Another material difference in the calculation relates to the composition of the denominator: unlike last year's disclosure of Taxonomy eligibility, total assets are no longer material in the denominator. The denominator for the Green Asset Ratio will now correspond to the Green Asset Ratio covered exposures according to the calculations, i.e. excluding a significant portion of exposures. However, as a smaller numerator and a smaller denominator have an opposing effect on the indicator, the net effect of these two discrepancies in the calculation methodology is hard to predict.

RBI started to determine an RBI-specific Green Ratio in the 2023 financial year, in which it includes all exposures that can be classified as green according to either EU Taxonomy or internal RBI criteria (RBI Group green). The advantage of this is that the specified ratio can also include exposures to non-EU undertakings as well as to small and medium-sized Non-NFRD enterprises. In addition, exposures that merely meet the SC (substantial contribution) and MS (minimum safeguards) assessment in the Taxonomy review are included in the RBI Green Ratio numerator. Estimates on Taxonomy alignment in retail banking (e.g. on the basis of the year of construction) are also included in the RBI Green Ratio. This results in the following equation for the RBI Green Ratio:

RBI Green Ratio = EU Taxonomy-aligned (GAR) mandatory and estimated
+ EU Taxonomy green (substantial contribution)
+ RBI Group green / covered assets

13 Exposures to Taxonomy (non-)eligible economic activities/covered assets for the four new environmental objectives and activities
14 Templates for nuclear and gas economic activities in accordance with Annex XII
15 In accordance with Delegated Regulation (EU) 2022/1214 (supplementing Delegated Regulation 2021/2139 and 2021/2178), the Taxonomy-specific information on the nuclear and gas economic activities will be reported in templates 1-5.
16 Voluntary disclosure refers only to template 3 (key performance indicator). Furthermore, only a turnover-based key figure is calculated.

The RBI Green Ratio, based on the calculation described above, amounts to 3.21 % (CAPEX) or 2.84 % (turnover). The definition of the RBI Green Ratio is subject to internal criteria for calculation that may change in the future.

The fact that the RBI Group has a comparatively large proportion of activities in non-EU countries may also 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 the bank's 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 customers' activities and thus contributing to the sustainable development of the CEE region. We are committed to the continuous improvement of our own processes and the topic of availability and quality of ESG data as part of a constructive dialogue with relevant stakeholders.

ANNEX: Overview of relevant KPIs and templates (pg. 134)
Due to the size of the templates, a link to the digital report is provided.



Engaged citizen

9.

Social responsibility and engagement

Impacts

According to Raiffeisen's core values, social engagement is one of the key elements of our corporate culture. Raiffeisen Group is actively committed to sustainable development in society, taking into account that our engagement reflects both the expectations of our clients and what our employees demand from us as a responsible and aware employer. We primarily achieve positive impacts on society through our portfolio, which consists of many products and services that offer better opportunities and well-being for the economy and society. We also add to this positive impact the support and implementation of various socially responsible and beneficial initiatives, both locally and internationally. Likewise, the portfolio also results in negative impacts for the community and the environment in which the community lives. We are committed to establishing a robust system of recognizing such negative impacts and taking measures to mitigate them as described in our ESG framework of sustainable finance.

GRI 3-3
GRI 413-2

Risks and opportunities

For the RBA, the area of active citizenship presents an opportunity to build a reputation, while not recognizing any significant risks.

Membership in associations and supported initiatives

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. In addition, the parent RBI Group is a signatory of the UNEP FI initiative, so this includes the Raiffeisen Group too.



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:

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The premise of achieving the selected goals is also visible through one of the three key areas of activity that RBI defines as areas of engaged citizen. This area determines that the RBI Group is actively involved in the sustainable development of our society. Commitment to corporate citizenship extends beyond the core business to goals such as solving social problems, promoting sustainable business and environmental protection, but also supporting an open civil society. Diversity, tolerance and a strong focus on people are the mainstay of efforts to make progress in society. It is precisely the foundations of this area that are crucial when defining donation projects.

Caring for our communities and building a sustainable society

Donations and sponsorships

GRI 413-1

As part of our donation and sponsorship activities, we strive to achieve a positive impact on the society and community within which we operate. In its sponsorship strategy, RBA places special emphasis on projects of sustainable development, entrepreneurship, digital economy and digital progress. Sponsorship of quality projects and events in these categories ensures positive impacts in the reputation of Raiffeisen Bank, and on the other hand, with our sponsorships we popularize entrepreneurs as drivers of the economy, raise awareness of the importance of sustainable development at the level of the individual and at the level of the organization, thus contributing to the development of society.

All our employees are familiar with the policies and processes of action in the community. The procedures are publicly available to everyone and regularly communicate about the projects we sponsor or donations that the bank decides to award with the aim of providing support and visibility to individual initiatives or associations. In 2023, employees were directly involved in the donation process by proposing associations and ultimately choosing the associations according to which the donation was made.

THE RBA has internal procedures that prescribe the process of approval of sponsorships and donations in which a process is detailed, which includes, among other things, the verification of sponsorship organizers, i.e. the recipient of the donation for any kind of fraud, crime, corruption or bad publicity. Also, any sponsorship or donation must be approved by the Compliance Department and, depending on the amount, by the Management board or superior director.

Sponsorship projects also form part of the strategy of a responsible corporate citizen and serve our business and communication goals. In the sponsorship strategy, RBA places special emphasis on projects of sustainable development, entrepreneurship, digital economy and digital progress and breakthroughs. Sponsorship of quality projects and events in the aforementioned categories gives positive impacts in the image of Raiffeisen Bank, and on the other hand, RBA through sponsorships popularizes entrepreneurs as drivers of the economy, raises awareness of the importance of sustainability at the individual level and at the company level.

In the donation strategy, RBA puts the focus on humanitarian projects aimed at children and young people with special needs, projects focused on sports, education, culture, ecology and other projects that contribute to the betterment of communities and society. With donations, we show responsibility for the progress of the society in which we operate, i.e. socially responsible corporate behavior.

As an engaged citizen in the community, we have initiated, implemented, and supported numerous programs, initiatives and projects in cooperation with our partners. At the end of each year, in accordance with the received reports on implemented projects, RBA evaluates all sponsorship projects and, in accordance with the achieved effect, decides on the continuation of cooperation in the next year. For each project, it is extremely important to us that it has fulfilled its purpose and that it has had a positive effect on stakeholders. Among the many projects, we will single out the following as a good example of our engagement and finding ways to act in our community.

On the sunny side

The cooperation between RBA and the Green Energy Cooperative on the project “On the Sunny Side” this year again aimed to stimulate investment in solar power plants for own consumption in households and the development of the market of small solar power plants in Croatia, and the development of services for citizens. Citizens who are ready for the realization of their own solar power plant are invited through a tender to apply and realize the possibility of co-financing, and in addition to the defined technical criteria, the competition also had a creative side – the “Sunny Challenge” was defined, which encourages citizens to think about all the ways in which we can achieve solarization of Croatia by 2030.

Boranka

The Scout Association of Croatia continued the largest volunteer action of afforestation of Dalmatia in 2023. Boranka - a project of afforestation of fire sites in Dalmatia from 2018 until today has gathered over 10,000 volunteers from all over Croatia who planted over 100,000 trees in seedlings, seeds and acorns on fire sites in the vicinity of Split, Solin and Zadar. In 2023, RBA, as the main sponsor of the "poBORitelj", participated in a way that about 100 members of our Bank volunteered in the activities of Boranka, contributing to the protection of our environment and encouraging green activities to build a more sustainable future.

Compensating by planting

And in 2023, we participated in the Co₂mpensating by planting program. Afforestation and education actions aimed to make citizens aware of the importance of forests, the impacts of climate change, the carbon footprint we create and our responsibility for the environment and the community. As part of the program, the RBA planted 4,000 trees in 2023, approximately equivalent to 100,000 kg of CO₂ emissions from its carbon footprint.

Greencajt festival

RBA sponsored the Greencajt festival, the largest regional festival dedicated to sustainability, which took place in May 2023. Always inspiring lectures and panels, exchange of experiences and discussions on green initiatives were complemented by various activations for visitors and an exhibition of electric and hybrid cars. As part of the program, the Green Prix 2023 National Environmental Awards were also awarded.

Dina Levačić and swimming across the Bristol Canal

We supported young swimmer Dina Levačić in her undertaking to swim across the Bristol Canal. It is a sea route between Wales and England, and the specificity of this swim is the extremely strong current that is formed due to the second largest difference in tides in the world, which is why you eventually swim almost twice the distance in a straight line. By swimming through the Bristol Channel, Dina became one of the few people in the world to achieve the original Triple Crown, which along with this swim also contains the Northern Channel and the English Channel (which she also swam).

Infobip SHIFT

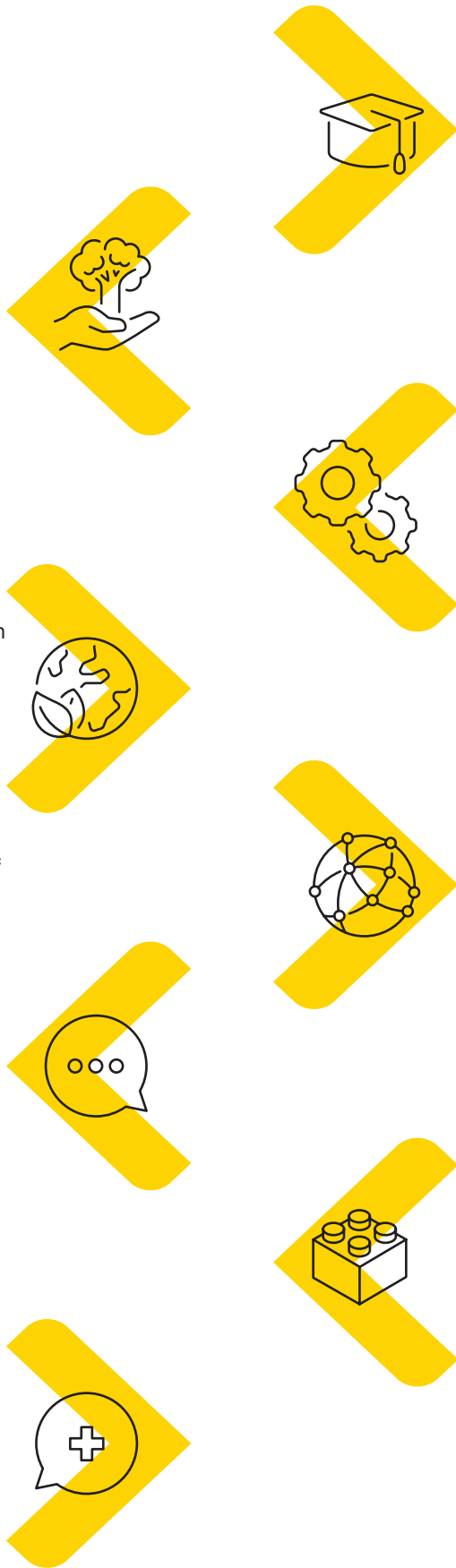
This year again, we sponsored a two-day development conference Infobip SHIFT. Shift hosted a series of educational and inspiring conversations by leading experts from the IT industry. In addition, as part of the conference, an activation was held for visitors, which resulted in a donation to the Association for Autism Zadar.

AmCham ESG Conference

Organized by the American Chamber of Commerce, the conference is conceived as a platform for discussion and exchange of knowledge and best business practices between participants, but also between the public and private sectors about ESG principles in business and their business performance. The RBA sponsored the organization of this event.

Back Together

The RBA also supported the Back Together conference this year as well. It is a health conference that promotes better communication on various medical and health topics, founded by Dr. Natko Beck. The conference aims to increase health and medical literacy.



Luka Mak Scholarship

Remembering Luka Mako, our "good spirit" of digital channels, RBA awards a scholarship for the entire three-year professional undergraduate degree in digital marketing. So far, the scholarship has been awarded to three female students. Luka inspired us with his character and work habits, thereby creating a working climate based on friendship and mutual assistance and encouragement. Luka is our example and motivation for us as an organization to find ways to help young professionals on their journey of education, and then build a career. In 2024, it is planned to expand the scholarship to the remaining two years of graduate study in digital marketing.

Scholarships for students of joint graduate university study applied cognitive science

RBA has awarded 5 full scholarships for graduate studies in Applied Cognitive Science, jointly conducted by the Faculty of Humanities and Social Sciences and the Faculty of Electrical Engineering and Computing. This unique and innovative study brings an incompatible synergy of social sciences, humanities and technical sciences, which will equip future professionals with the knowledge and skills required by the modern age and business.

AmCham Talent program

RBA has sponsored an AmCham talent program organized by the American Chamber of Commerce, where young people get the opportunity to work with established businesspeople, learn and develop their business skills.

First Global Challenge – youth competition in robotics

We also supported a team of young roboticists from Istria, at their participation in the FIRST Global Challenge 2023 competition. It is a competition that took place in Singapore in several stages, from July to October 2023. Team Croatia consisted of 6 talented individuals who participated in this global robotics competition, during which they demonstrated their knowledge and skills, as well as innovative solutions, teamwork and adaptability. They aimed to explore the frontiers of robotics, promote cross-cultural exchange and inspire the next generation of aspiring engineers and scientists.

Women in Adria

In 2023, we also provided support to the organization of the Women in Adria program, which consists of online promotion and live events. The activities are intended for networking banks and entrepreneurs, promoting the bank's offer and generally understanding the specifics of women's entrepreneurship.

Donation to the Association for Autism Zadar

The donation was part of the Infobip Shift 2023 conference of which we sponsored. During the conferences, activation was organized for the participants - stacking the LEGO set. The amount of the donation of EUR 6,187.00 corresponded to the number of LEGO bricks from the set. With financial resources, we have helped the Association in the implementation of the project 'I will and Can', which will be implemented in the period from October 2023 to June 2024, and to finance the implementation of sports activities, dry training in the association's premises, planned and designed by experts, motor skills training, attention, concentration, development of gross and fine motor skills of members of the Association with dg PSA.

Christmas donations

The Christmas Donations project in 2023 again involved our employees in the donation process in a way that they themselves could nominate and present donation associations. Compared to last year, in 2023, we increased the number of associations and the total amount of donated funds. The shortlist included 15 associations, and collective voting selected 7 of them with a total of EUR 60,000.00. Donated associations are: Vukovar butterflies (16,000.00 EUR), New Future (14,000.00 EUR), Puž – Road to Life (10,000.00 EUR), Croatian Guide Dog Training and Mobility Association (EUR 8,000.00), KAS Sisak (EUR 6,000.00), Association for Autism Zagreb (4,000.00 EUR), Tata je tata Dubrovnik (2,000.00 EUR).



Financial Literacy Projects

With the aim of educating and strengthening public trust in the Croatian pension and financial system, Raiffeisen Mandatory and Voluntary Pension Funds Management Company regularly implements financial literacy projects. Namely, a higher level of financial literacy contributes to better management and disposal of personal finance, which makes it possible to achieve personal benefit of the individual, and consequently the benefits of society as a whole.

In order for information to reach as many citizens as possible, the channels by which this information is distributed as part of projects are diverse. Taking into account that the primary target audience is the younger and working population, as well as sustainability, the RMF focuses on digital channels in the design and implementation of its financial literacy projects.

Below are the largest financial literacy projects implemented by the RMF in 2023.

Know your money

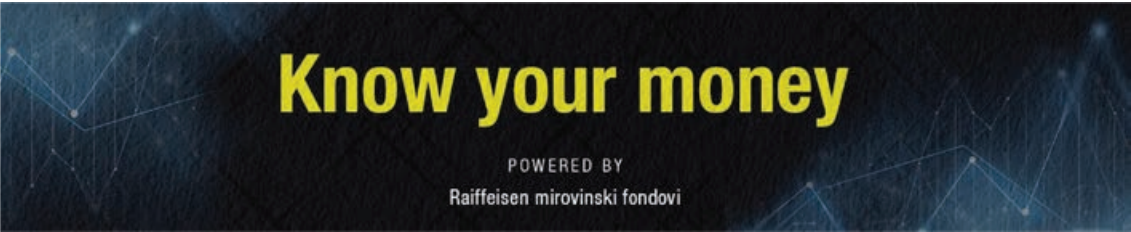
The project Know your money – Know your money was designed and implemented in cooperation with Hanza Media, i.e. Jutarnji list, and it is [a free video education](#) of financial literacy. The project “Know your money” in 2023 consists of educational native articles and video education. The education was conducted on the platform of the Croatian Office for Creativity and Innovation (HUKI), and in cooperation with the RMF they prepared the content of the education, while Jutarnji list prepared [native articles](#).



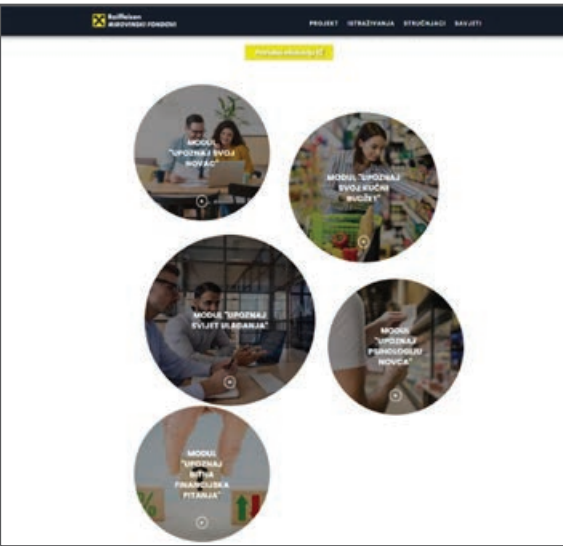
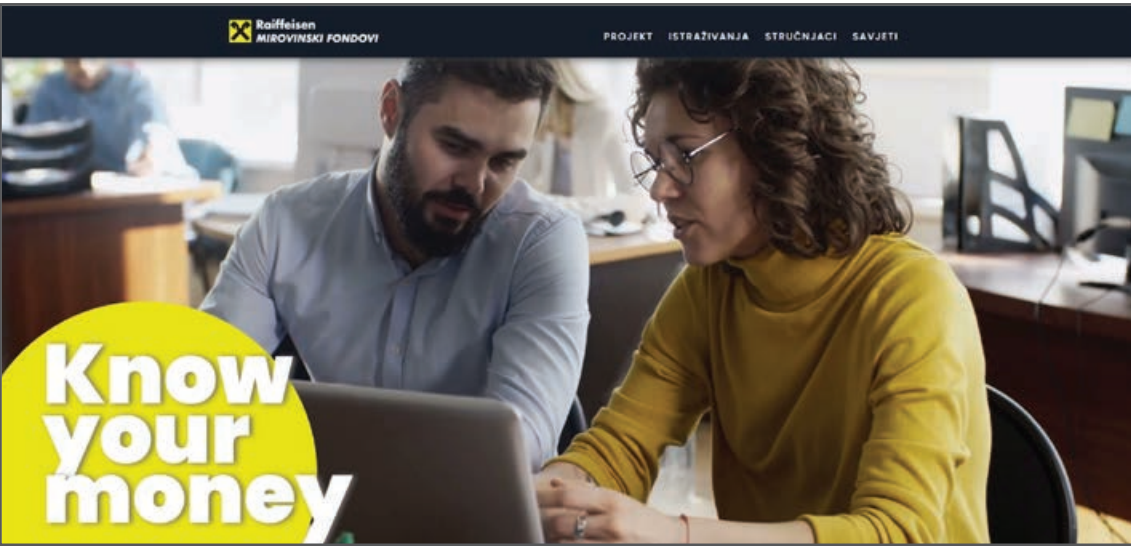
This is a year-round project that was implemented in several phases. In the first part of the year (February – June) in Jutarnji list and portal jutarnji.hr, a series of native articles was published with the dynamics of one article per month with an intensive promotional campaign. Native articles covered the topics: investment lessons, folk bonds, voluntary retirement savings, savings advice, investment myths and savings from the smallest age. In addition, native articles invited interested citizens to get involved in education, and in parallel with the publication of native articles, they worked on the production of video content as part of education. In the second part of the year (September – November) a video education of five modules was held – personal finance, household budget, investments, psychology and finance, and general financial issues. In parallel with each new module, a native article was produced announcing a new module and lecturer. The lecturers on the modules were Izv.prof.dr.sc. Jakša Krišto, University of Zagreb – Faculty of Economics and Business Zagreb, Danijela Princi Grgat, dipl.oec., Croatian Institute for Financial Education, Mladen Latković, Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d. and dr. sc. Dubravka Miljković, University of Zagreb – Faculty of Teacher Education.

Each module contained five videos and a short quiz that tested the knowledge gained during each of the modules, and at the end of the education, a final exam was held, which contained a prize descriptive question. In December, the announcement of the winners and the award ceremony for the five best answers were held, selected by the jury consisting of team members from Hanza Media, HUKI and RMF.

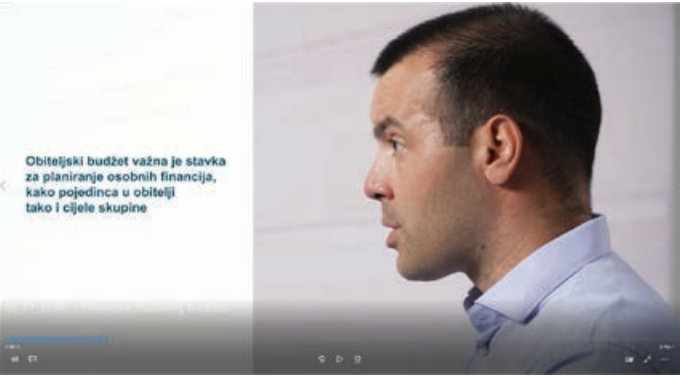
1. Project visual Know your money – Know your money



2. Micro site of the project Know your money – Know your money



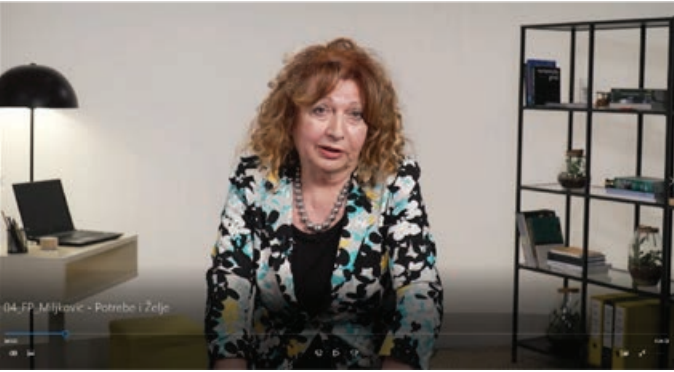
3. Video education lecturers Get to know your money – Know your money



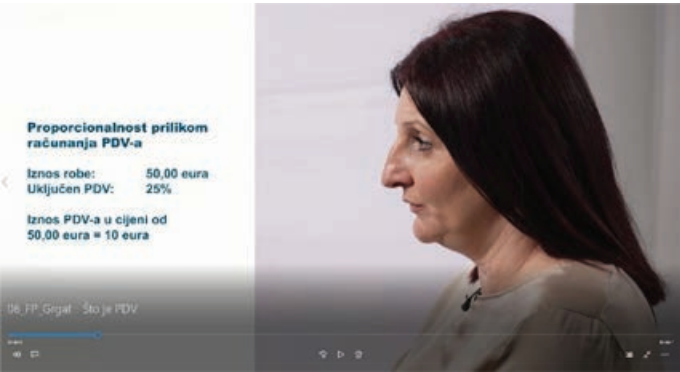
Jakša Krišto



Mladen Latković

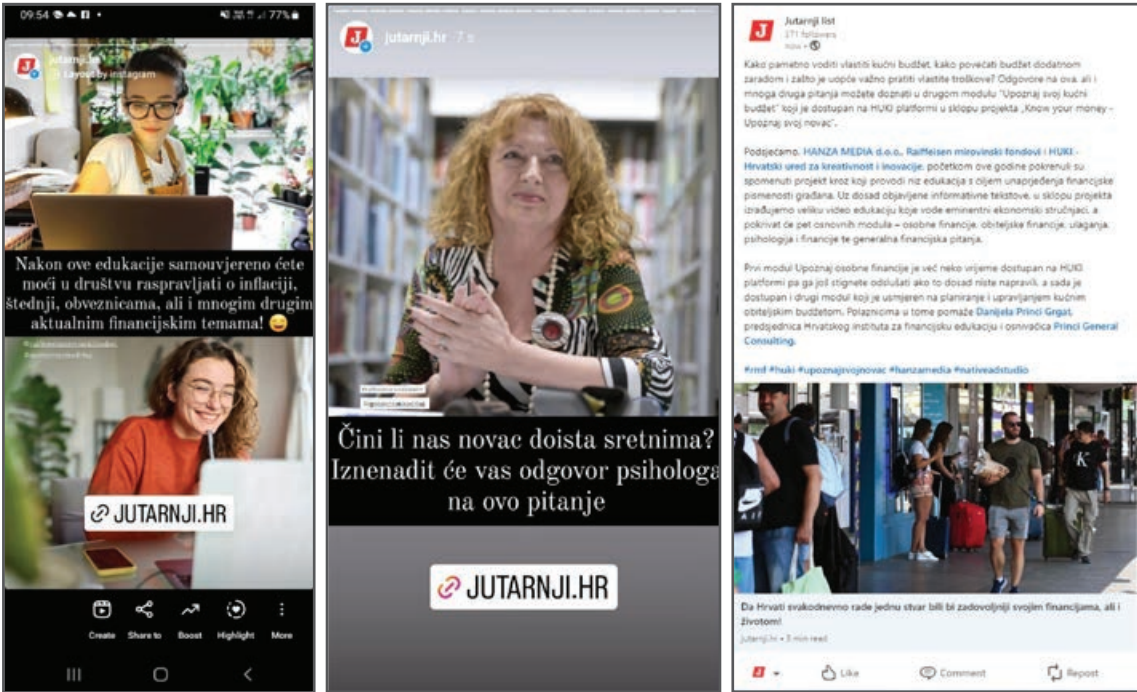


Dubravka Miljković



Danijela Princi Grgat

4. Social media posts of Jutarnji list – Instagram, LinkedIn and Facebook



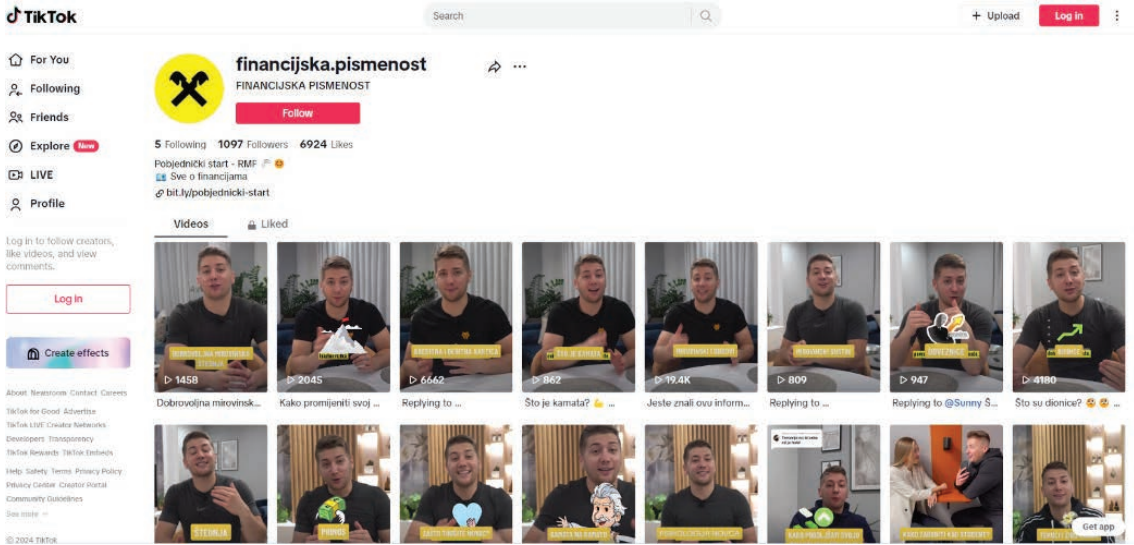
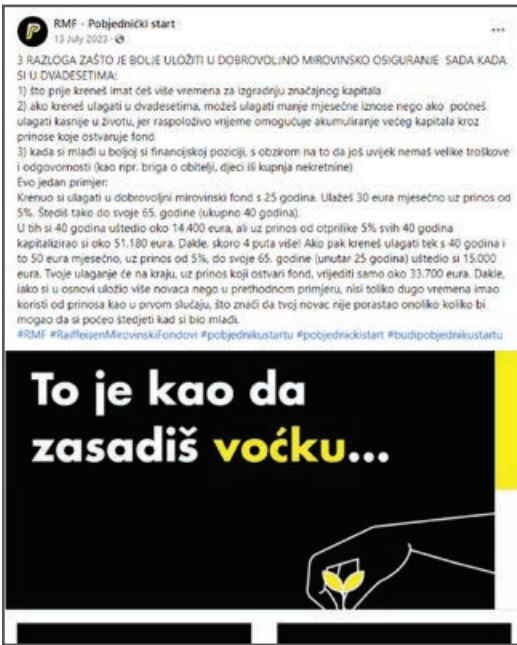
Campaign in cooperation with Digital Talents agency

In cooperation with Algebra University, i.e., digital agency Digital Talents, in 2022, we realized a campaign with the aim of financial literacy of young people. The campaign was conducted on social media and included social media creator Dario Marčac. Given that the excellent results, the project with Digital Talents continued in 2023. In cooperation with Dario Marčac the campaign was still carried out exclusively on social networks but given that the target group were young people between 19 and 25 years of age, the focus was placed on Tik Tok. As part of the campaign, a special profile was created on this social network under the name financial literacy, which collected 1120 followers. 19 videos were released that garnered a total of 229,610 views. 45 visuals and 23 videos were posted on Facebook and Instagram, and 102 followers were collected on Facebook and 178 on Instagram.

1. Campaign Visuals



2. Social media posts – Facebook, Instagram and Tik Tok



Be FIN!

In cooperation with the Faculty of Economics and Business, University of Zagreb, RMF is the sponsor of the project called Be FIN! – financially literate and responsible. These are online educations intended for young people aged 16 to 25 that provide a multi-year systematic approach to getting to know their spending and planning habits through conducting research and personalized reports that education participants fulfill. The aim of this comprehensive financial education program is to make young people financially capable, and during the workshops, participants learn about their financial personality and attitude towards money and strengthen their consumer competences. The workshops are completely free of charge for all participants, and at the end of the program all participants receive a certificate of participation in the educational program, as well as materials needed to start responsible management of the personal budget.

In order to obtain a certificate, all participants must first attend a basic education program lasting 3 school hours, and after that they are offered a number of specialized topics that they can choose according to their interest.

The basic educational program includes topics that answer the following questions:

- 1. What is important to know about money?
- 2. How do I deal with money?
- 3. What affects me when I decide when and how much to spend?
- 4. How can I improve?
- 5. How to manage a personal budget?
- 6. How can I always save money, no matter how much money I have available?

In addition to education for high school and university students, education was organized for high school teachers in order to train them to teach financial literacy.

In addition to organizing and conducting workshops, [the website of the project](#) was created, as well as [a blog](#), and profiles on [Facebook](#) and [Instagram](#) were opened.

The project organizers and lecturers are doc.dr.sc. Andrea Lučić, head of the program committee and doc. dr.sc. Dajana Barbić, Head of the Organizing Committee. The project will be held for 4 years (2021–2025) on an online platform, and 2023 was the third year of sponsoring the project.

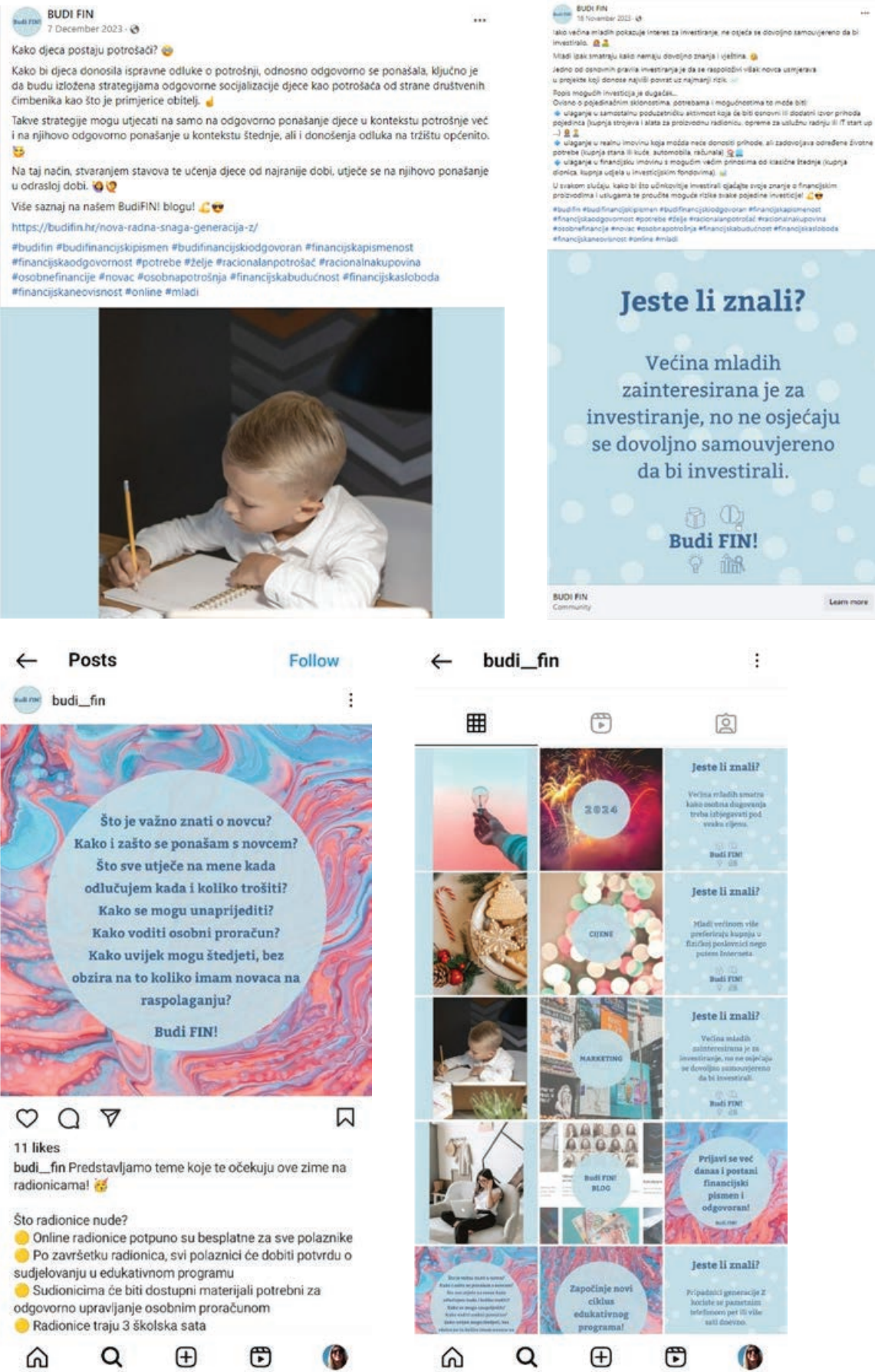
1. Project website



2. Blog opened as part of the project with texts related to finances and consumer habits



3. Posts on Facebook and Instagram profiles of the project Budi FIN



Corporate volunteering

In mid-2023, we started a corporate volunteering program, in which we provide our employees up to three days off a year for volunteering purposes. Our volunteer activities are always focused on sustainability and support areas of wider community service. With the conducted volunteer actions, we helped the afforestation of the burned parts of Dalmatia and thus positively influenced the restoration of the environment and the preservation of nature. Through our actions through volunteering, we have helped even the most vulnerable groups in society. We have given our time to uncared-for, abused, and helpless animals, and with our work we have enabled the users of the Home for the Elderly, elderly people who are often neglected in society and on the margins, restored, beautiful and refreshed common areas of the kitchenette and hallway, believing that in these spaces the users of the Home will spend many more beautiful moments.

In addition, in 2023, the possibility of using 3 days of paid leave to engage in volunteering activities of their choice was introduced for employees.

The Sustainability Department is in charge of developing the volunteer program in the company, which operates as part of the organizational unit Human Resources Organizational Development and Sustainability.

Below we provide more details about the volunteer actions carried out.

Boranka

For the fifth year in a row, RBA and the Group employees volunteered at Boranka, the largest afforestation action of burnt areas in Dalmatia, organized by the Scout Association of Croatia, in cooperation with Croatian Forests and the Croatian Mountain Rescue Service. The volunteer action took place in October. This year, 130 RBA volunteers volunteered at Boranka, who jointly, with pickaxes in their hands, brentača on their backs, seedlings and acorns in the shoulder strap, helped restore the forest wealth of Dalmatia.

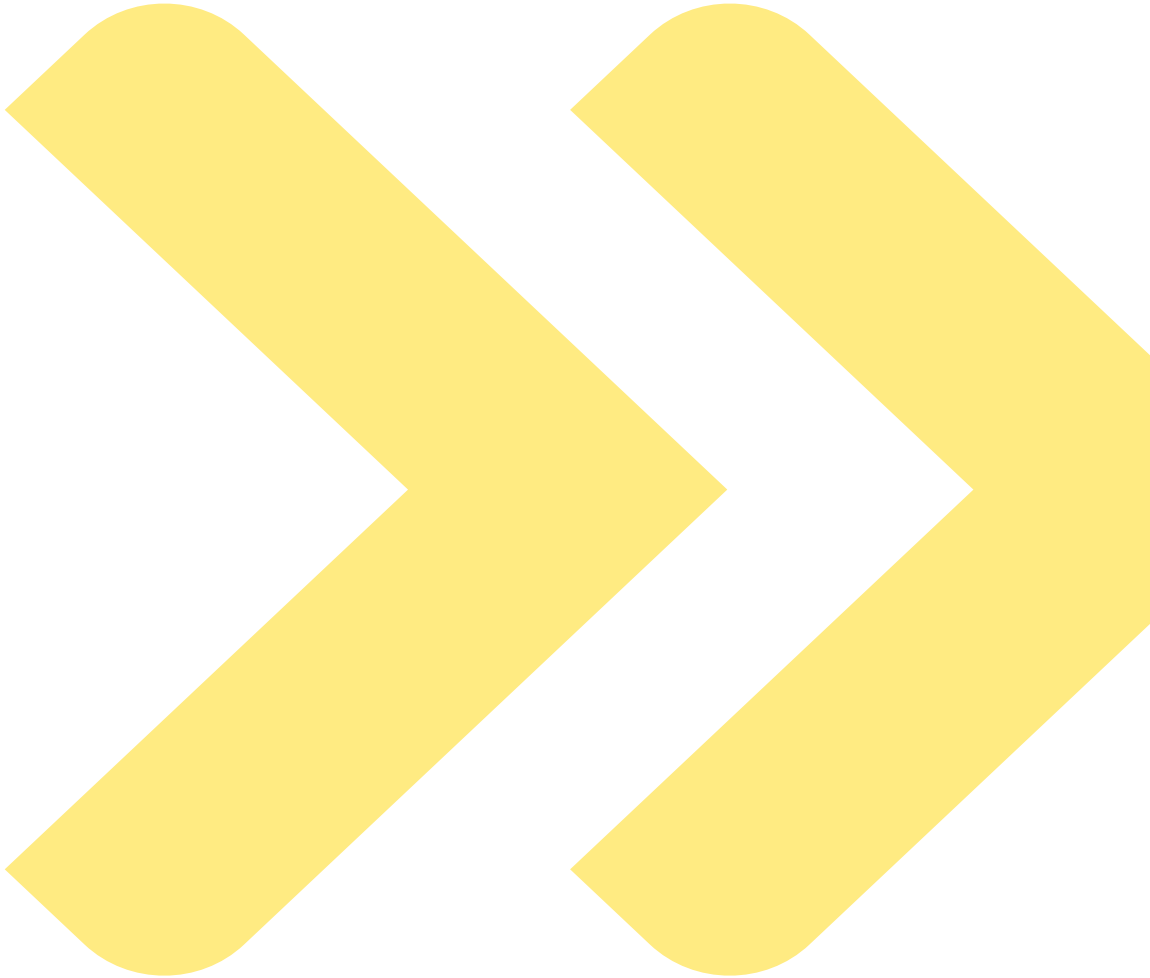
The aim of the action is the restoration of burned areas and raising awareness of citizens, especially children (educational activities in schools and kindergartens), about the importance of forests, nature protection, the consequences of global warming and fire prevention and protection.

Volunteering at the Medveščak Elderly Home

In October, another volunteer action of RBA employees took place, this time in the Medveščak Nursing Home. 26 RBA volunteers assisted in painting the walls of the hallway and the common rooms of the kitchenette on the 2nd floor of the House. In addition, a few volunteers hung out with home users when making Christmas decorations.

Volunteering for the Association "Mali zmaj"

In cooperation with the association "Mali zmaj" (Little Dragon), during November, we collected sweets for the children under the care of the Association. During the volunteering event, our 20 volunteers packaged the sweets into small packages which were handed out to the children on the feast day of Saint Nicholas.



ANNEX- Overview of relevant KPIs

[Link to enlarged view](#)

Q. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

Main KPI		Total environmentally sustainable assets	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Green asset ratio (GAR) stock		13.762.128,62	0,08%		41,25%	22,23%	58,75%
Additional KPIs GAR (flow)							
Trading book*			KPI		% coverage (over total assets)	19,87%	68,15%
Financial guarantees		15.671.098,70	0,85%		31,85%		
Assets under management		130.251,00	0,00%		0,00%		
Fees and commissions income**							

* For credit institutions that do not meet the conditions of Article 9(4)(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

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

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

**** based on the Turnover KPI of the counterparty

***** based on the Turnover KPI of the counterparty

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply subject to a positive result of an impact assessment.

Remarks:

Total environmentally sustainable assets: In alignment with our auditor this cell contains information that is based on the turnover approach to calculate the GAR.

% coverage (over total assets): In alignment with our auditor this cell contains information based on the ratio Covered Assets (Numerator) and Total Assets (Denominator).

% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V): This cell contains information regarding assets excluded from the numerator of this KPI also household exposure not relevant for GAR calculation was included.

% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V): This cell contains information regarding assets excluded from the denominator of this KPI also household exposure not relevant for GAR calculation was included.

Assets (GAR,off-bal) Capex

[Link to enlarged view](#)

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% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V): This cell contains information regarding assets excluded from the denominator of this KPI also household exposure not relevant for GAR calculation was included.

GAR KPIs flow Turnover

[Link to enlarged view](#)

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F&C KPI (2)

[Link to enlarged view](#)

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

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

Template 2 Turnover

[Link to enlarged view](#)

Template 2 - Taxonomy-aligned economic activities (denominator)							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,00	0,00%	0,00	0,00%	0,00	0,00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,00	0,00%	0,00	0,00%	0,00	0,00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,00	0,00%	0,00	0,00%	0,00	0,00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,00	0,00%	0,00	0,00%	0,00	0,00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	87.745,22	0,00%	87.745,22	0,00%	-	0,00%
8.	Total applicable KPI	87.745,22	0,00%	87.745,22	0,00%	-	0,00%

Template 3 Turnover

[Link to enlarged view](#)

Template 3 - Taxonomy-aligned economic activities (numerator)							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	87.745,22	100,00%	87.745,22	100,00%	-	0,00%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	87.745,22	100,00%	87.745,22	100,00%	-	0,00%

Template 2 Capex

Template 2 - Taxonomy-aligned economic activities (denominator)							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2.105.885,36	0,07%	2.105.885,36	0,07%	-	0,00%
8.	Total applicable KPI	2.105.885,36	0,07%	2.105.885,36	0,07%	-	0,00%

Template 3 Capex

Template 3 - Taxonomy-aligned economic activities (numerator)							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0,00%	0	0,00%	0	0,00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	2.105.885,36	100,00%	2.105.885,36	100,00%	-	0,00%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	2.105.885,36	100,00%	2.105.885,36	100,00%	-	0,00%

Template 4 Turnover

[Link to enlarged view](#)

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0	0,00%
4.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0	0,00%
5.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0	0,00%
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0	0,00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	3.860.789,83	0,14%	3.860.789,83	0,14%	-	0,00%
8.	Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable KPI	3.860.789,83	0,14%	3.860.789,83	0,14%	-	0,00%

Template 4 Capex

Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities							
Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaption	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0,00	0,00%
4.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0,00	0,00%
5.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0,00	0,00%
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0,00%	-	0,00%	0,00	0,00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	4.650.496,84	0,16%	4.650.496,84	0,16%	-	0,00%
8.	Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable KPI	4.650.496,84	0,16%	4.650.496,84	0,16%	-	0,00%



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Glossary

ABC	Anti-Bribery and Corruption
ALCO	Asset Liability Management Committee
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
B2B	Business to Business
B2C	Business to Customer
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
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
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
HNB	Croatian National Bank
HRPSOR	Croatian Business Council for Sustainable Development
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 Organization for Standardization
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	context: "and higher Company profits before tax plus commissions for distributions to NWB compared to the plan."
OECD	Organization 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
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
REMCO	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
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 Program 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

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