

# SUSTAINABILITY REPORT 2022



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# Foreword by the Chair of the Supervisory Board

Dear Esteemed Readers,

The year 2022 presented unforeseen challenges for Kosovo, driven by geopolitical shifts in Europe due to the war in Ukraine. However, amidst these challenges, Raiffeisen Bank Kosovo exhibited remarkable resilience, achieving great results and maintaining its market leadership with exceptional financial performance across all key performance indicators. Raiffeisen Bank in Kosovo stands firmly committed to its social responsibilities, viewing its role as more than just an economic entity. Our approach is holistic, encompassing both environmental and social dimensions.

The bank has assumed a pioneering role in integrating environmental, social, and governance (ESG) considerations into all its financing projects within Kosovo. This commitment has not only heightened awareness among our employees and customers but also contributed to our broader societal objectives. Recognizing the critical role financial institutions play in the transition towards a more sustainable and climate-friendly economy, we are aware of our responsibilities. Our ability to guide clients, reshape portfolios, and facilitate financing that aligns with climate change mitigation and adaptation underscores our significant influence in mitigating the dire impacts of climate change.

As the President of the Supervisory Board, I am committed to ensuring the bank's steadfast dedication to sustainability. An integral aspect of the bank's ESG strategy is reduction of the CO2 emission from its own business operations – especially through corporate financing and internal ecology. By setting these targets, Raiffeisen Bank Kosovo is not only guiding clients and stakeholders toward environmentally friendly transitions but also embracing accountability for the CO2 emissions connected to our own operational footprint.

This report marks our first voluntary effort, offering a transparent presentation of our sustainability/ESG measures and the actions taken, and key ESG insights derived from 2022.

I would like to take this opportunity to thank the Management Board and all employees of Raiffeisen Bank Kosovo in their unwavering efforts in committing to foster Raiffeisen Bank's reputation as a responsible banker and a pioneer in ESG principles.

On behalf of the Supervisory Board ,

Peter Lennkh,  
Chair of the Supervisory Board

# Foreword by the Chair of the Management Board

Dear readers,

Allow me to present to you our first Sustainability Report for Raiffeisen Bank Kosovo. Raiffeisen Bank in Kosovo is a pioneer on sustainability and being responsible banker in the market and we are proud that voluntarily we have decided to communicate our efforts in all Environmental, Social and Governance (ESG) aspects transparently through this non-financial report.

During the last 20 years of presence on the Kosovo market, Raiffeisen Bank has combined financial success with responsible involvement in sustainable projects. Every year we focused on developing new products and services and invested in digitalization and adaptation of our services to the new trends in financial innovation. Furthermore, we have actively contributed and supported numerous activities and initiatives in Kosovo in the area of education, culture and arts, innovation, sports and environment.

Throughout all this time we have seen how the market has grown and the interest in transparency and sustainability has increased. There are more and more discussions focused less on the traditional ideas of economic efficiency and more on topics such as social equity and environment protection. The fact that nowadays dozens of companies are imposing an annual pace to increase business sustainability is perhaps one of the most important changes of the last decade. This has a direct effect on the business environment, making it more sophisticated, solid and fit for the future.

For Raiffeisen Bank Kosovo sustainability means responsible business activities and also a responsible engagement in community. That means conducting our daily activities in a fair and open manner - responsible, transparent, sustainable - attributes that lay at the core of our business. Moreover, these attributes lead to economic growth and prosperity within society and can be translated into sound business decisions such as financing a sustainable economy, being a responsible employer, developing partnerships with responsible suppliers or supporting community projects.

Last but not least, I strongly believe that sustainability is a process that can transform the world we live in and it should be at the heart of any business model. It is a journey and not a destination and it starts with every one of us.

On behalf of the entire Management Board, I would like to thank you for your continued support and engagement as we make a sustainable future happen in Kosovo.

Anita Kovacic  
Chair of the Management Board

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# INFORMATION ON THE SUSTAINABILITY REPORT



# Overview

## About the report

This Sustainability Report provides a comprehensive overview of Raiffeisen Bank Kosovo's economic, environmental, and social impact during the 2022 financial year (January 1 to December 31). This report showcases our commitment to sustainability and highlights our ongoing initiatives in these areas. To ensure meaningful comparisons, we have included data from 2021 where applicable to demonstrate the actual progress made. The primary objective of this report is to transparently demonstrate how Raiffeisen Bank Kosovo has fulfilled its sustainability mission during the reporting period and outline our plans to enhance sustainability performance in the future.

We have chosen to independently produce this report for the first time in Kosovo, separate from RBI Group, to establish ourselves as pioneers in environmental, social, and governance (ESG) practices and responsible banking. By doing so, we aim to lead by example and set new standards in the industry.

The content of this report has been developed through an extensive stakeholder consultation process, involving both internal and external parties. We have engaged with employees, customers (including retailers, SMEs, and corporations), suppliers and service providers, business partners, NGOs, authorities, regulators, and supranational organizations. This consultation process has allowed us to gather valuable insights on the social, economic, and environmental impact of our bank's activities. The information obtained has informed our materiality assessment and enabled us to prioritize key areas of focus. At the same time, the report presents the commitments and measures the bank undertook in order to contribute directly and significantly to global sustainable development targets.

While this report does not follow a structure based on specific topics such as environmental matters, social matters, or employee matters, we have incorporated relevant information on these subjects within the respective chapters. The report encompasses impacts, risks, and opportunities associated with our business activities and relationships. It also outlines our sustainability strategy, management approaches, and measures. Furthermore, it provides details on specific sustainability activities conducted during and prior to the reporting period. And there are no restatements of information in this report.

It is important to note that the sustainability performance data and claims presented in this report have not undergone external assurance by an independent third party.

For any comments, ideas, or suggestions for improvement regarding this report, please reach out to our Sustainability and Communications department at [ks-sustainability-and-communication@raiffeisen-kosovo.com](mailto:ks-sustainability-and-communication@raiffeisen-kosovo.com). We welcome your input and engagement in our sustainability journey.

## GRI Standards

This report follows the principles of the GRI Standards for the period from 1 January 2022 to 31 December 2022. The GRI Standards are internationally recognized Standards for sustainability reporting promulgated by the Global Reporting Initiative. In addition, selected indicators relating to the information related to the financial services sector are included.



## Editorial team

The first Sustainability Report published by Raiffeisen Bank Kosovo represents the result of the work performed by the company's entire team working on Sustainability/ESG team. Given this opportunity, the bank wants to thank all the colleagues involved in the development and implementation of this project, throughout the organization.

### CONTACT POINT

Please send your suggestions, opinions and questions to:

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## About Raiffeisen Bank Kosovo and Raiffeisen Bank International

Raiffeisen Bank Kosovo is a subsidiary of Raiffeisen Bank International AG (RBI). In late 2002, RBI entered the Kosovo market by acquiring a majority stake in the American Bank of Kosovo. By June 2003, RBI had obtained full ownership, leading to the renaming of the bank as Raiffeisen Bank Kosovo.

Raiffeisen Bank International (RBI) regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. Subsidiary banks cover 12 markets across the region. In addition, the Group includes numerous other financial service providers active in areas such as leasing, asset management and M&A.

In total, more than 44,000 RBI employees serve 17.6 million customers from more than 1,770 business outlets, the vast majority of which are in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005. The regional Raiffeisen banks hold approximately 58.8 per cent of RBI shares, with the remaining approximately 41.2 per cent in free float.

As of the end of 2022, Raiffeisen Bank Kosovo has established a strong presence in the Kosovo market. With 37 business outlets, the bank serves over 350,000 clients, providing a wide range of financial products and services.

### RAIFFEISEN BANK INTERNATIONAL:

**17.6 million**



clients

**44 000**



employees

**1 770**



branches

## Mission, Vision and Values

As the largest bank in Kosovo, Raiffeisen Bank has played a crucial role in the economic development of the country. We have actively promoted transparent and responsible business practices, recognizing their importance in fostering sustainable growth. By upholding these principles, we contribute to the overall advancement of Kosovo's economy.

Raiffeisen Bank Kosovo is dedicated to supporting local communities and actively contributing to their well-being and development through various initiatives. Additionally, we strive to raise awareness about environmental protection, acknowledging the significance of preserving our natural resources for future generations.

For the past two decades, we have been dedicated to supporting the economy in Kosovo, by offering tailored financial products and services that fit to the needs of our customers, we indirectly contribute to the growth and development of Kosovo's society. We firmly believe that the investments we make today will have a positive impact on the future.

Aligned with our parent company, Raiffeisen Bank International (RBI), we share a vision for the future. RBI's Vision 2025, presented in 2019, aims to be more than just a bank for its customers. It strives to become the most recommended financial services group by exceeding customer expectations and providing an outstanding service culture. RBI's mission is centered around transforming continuous innovation into a superior customer experience, the commitment that we as Raiffeisen Bank in Kosovo also aim.

Raiffeisen Bank' sustainability aim is to act in a socially responsible manner and foster the long-term welfare of the people and businesses in Kosovo market. By integrating sustainability into our core operations, we ensure that our growth is responsible and beneficial for both our customers and the communities we serve.

To guide our actions and shape our organizational culture, we uphold the following values:

**Collaboration** - If we collaborate, discuss, listen and help each other, we will always have the desired results. We will create an environment of understanding, respect and trust, in which we encourage diversity and teamwork.

**Learning** - This way we come to know personal progress and learn from experiences, education and sharing knowledge. Sometimes, experimenting can lead to mistakes, but this way we will be able to become even better, because learning and curiosity help us innovate.

**Responsibility** - We take responsibility for our actions, for significant changes. Individually or as a team, we make decisions responsibly and we are accountable for the results of our work. We are aware of the consequences of our actions and we are responsible members of society, supporting sustainable business.

**Proactivity** - We look towards the future and we lead the change. We focus on opportunities, not on threats and we transform indecision into decisions and reactivity into proactivity. Through courage and determination, we make a difference, because even slow progress today will lead to great results tomorrow.

By maintaining these values and adhering to our mission, vision, and the principles of sustainability, we aim to be a trusted and forward-thinking financial institution that contributes to the prosperity and well-being of Kosovo and its communities.

## Financial Overview

<i>Monetary values are in € million</i>	2022	2021	Change
<b>Income Statement</b>	<b>1/1-31/12</b>	<b>1/1-31/12</b>	
Net interest income	52.5	46.2	13.7%
Net commission income	14.4	12.2	17.9%
Gains or losses on financial assets and liabilities	(0.3)	0.1	-670.0%
Other operating income	7.7	4.7	63.5%
General administrative expenses	(37.1)	(32.4)	14.4%
Profit before tax	33.1	29.4	12.4%
Profit after tax	29	26.3	11.5%
Earnings per share	N/A	N/A	N/A
<b>Balance Sheet</b>			
Loans and advances to banks	25.9	19.4	33.5%
Loans and advances to customers	862.9	778.2	10.9%
Investment securities	197.8	174.0	13.6%
Deposits and borrowings from banks	8.4	6.3	33.0%
Deposits from customers	1,129.0	1,022.8	10.4%
Equity (incl. minorities and profit)	142.7	137.5	3.8%
Balance-sheet total	1,298.2	1,195.9	8.6%
<b>Local Regulatory information</b>			
Risk-weighted assets B2, incl. market risk and ops. risk	952.3	879.9	8.2%
Total own funds	133.1	34.5	-1.1%
Total own funds requirement	114.3	105.6	8.2%
Excess cover ratio	16.4%	27.4%	-10.9 PP
Core capital ratio (Tier 1)	13.5%	14.0%	-0.5 PP
Total own funds ratio	14.5%	15.3%	-0.8 PP

<b>Performance</b>			
Return on equity (ROE) before tax	25.9%	24.2%	1.7 PP
Return on equity (ROE) after tax	23.0%	21.7%	1.3 PP
Cost/income ratio	46.7%	46.9%	-0.2 PP
Return on assets (ROA) before tax	2.3%	2.5%	-0.2 PP
NPL	2.6%	3.1%	-0.5 PP
NPL coverage ratio	77.7%	76.4%	1.3 PP
Net provisioning ratio	0.6%	0.4%	0.2 PP
Risk/earnings ratio	7.5%	6.5%	0.9 PP
<b>Resources</b>			
Number of staff	912	859	6.2%
Business outlets	37	39	-5.1%

# SUSTAINABILITY MANAGEMENT AND CORPORATE RESPONSIBILITY



## Sustainability management and corporate responsibility

Raiffeisen Bank Kosovo, as a subsidiary of RBI, shares the fundamental principle of sustainability that has guided RBI's corporate success for over 130 years. Sustainability, for us, means conducting responsible corporate activities that yield long-term, economically positive results while considering key societal and environmental aspects. This understanding is deeply ingrained in Raiffeisen's core values.

We firmly believe in combining financial success with social responsibility by integrating sustainability into our business practices. Sustainability is not only an integral part of our leadership and management responsibilities, but also a fixed component of our overall business strategy. We strive to align our management structures and processes with this sustainability mindset.

In our pursuit of sustainability goals, we have identified four pillars that guide our efforts: "Core Business," "Employees," "In-house Ecology," and "Community Investments." These pillars are interconnected, and we are dedicated to professionally and effectively apply our values and expertise to promote sustainable development in collaboration with our clients and society as a whole.

To ensure effective implementation of our sustainability initiatives, we have established a steering group consisting of the Bank's management board and leaders for each pillar. This group outlines our strategic approach and ambitions for integrating sustainability into our business activities. Our primary focus is on areas that have a significant impact on the economy, the environment, and people. We are committed to continuously enhancing the positive impacts of our business practices while minimizing any negative aspects. Additionally, we are actively working on developing robust measurement and verification mechanisms to track our progress, with a particular emphasis on improving data in the market.

Through these measures, we aim to drive sustainable development, foster responsible business practices, and create a positive impact on the well-being of our employees, the environment, and the communities we serve.

Our Sustainability strategy is based on ESG framework and EU regulation, and we aim to continuously adapt our focus on the Sustainability/ESG based on the latest EU regulation.

The SDGs (Sustainable Development Goals) and the Paris Climate Agreement are just as relevant as the EU initiatives, forming a key part of fostering ESG initiatives. The EU's Sustainable Finance Action Plan sets three broad aims: (1) To reorient capital flows towards a more sustainable economy, (2) Mainstreaming sustainability into risk management, and (3) Enhancing transparency and long-termism. Now that the international community is generating momentum for ESG, the EU will continue to drive progressive standards and influence global ESG agendas. This has wider implications specifically for financial institutions, and therefore also for RBI and Raiffeisen Bank in Kosovo.

## UN Global Compact

As a subsidiary of RBI, Raiffeisen Bank Kosovo is proud to be part of the UN Global Compact (UNGC), a global initiative for corporate social responsibility and sustainable development. As a signatory company, RBI and its subsidiaries, including Raiffeisen Bank Kosovo, are committed to upholding the ten UNGC principles of responsible business.

The UNGC encompasses a wide range of areas, including human rights, labor standards, environmental protection, and combating corruption. These principles serve as the foundation of our globally responsible approach. We expect all employees, managers, as well as our partners and suppliers, to align with and adhere to these principles.

By participating in the UNGC, we demonstrate our commitment to conducting business in a responsible and sustainable manner. We strive to integrate these principles into our daily operations, ensuring that our actions positively impact human rights, labor practices, environmental sustainability, and the fight against corruption.

Through our dedication to the UNGC and its principles, Raiffeisen Bank Kosovo actively contributes to the efforts of creating a more sustainable and ethical business environment. We recognize the importance of collective action and collaboration in achieving a more responsible and inclusive society.

### The ten principles of the UN Global Compact

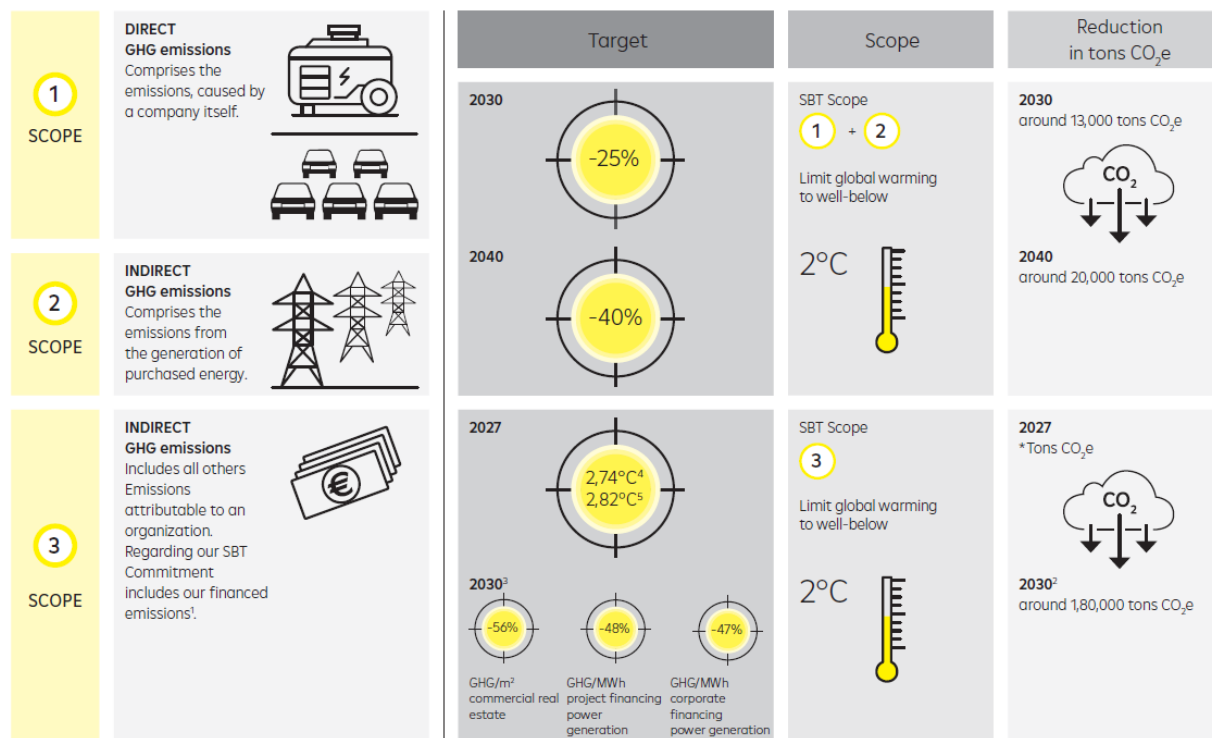
<b>Human rights</b>	Principle 1:	We support and respect the protection of international human rights within our sphere of influence.
	Principle 2:	We make sure that we are not complicit in human rights abuses.
<b>Labor</b>	Principle 3:	We uphold the freedom of association and the effective recognition 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.
<b>Environmental protection</b>	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.
<b>Anti-corruption</b>	Principle 10:	We work against corruption in all its forms, including extortion and bribery.

### Science-based targets

In 2022, RBI submitted its science-based climate targets to the Science Based Targets initiative (SBTi) in line with the “well below 2°C” reduction pathway. The Science Based Targets initiative is a partnership between CDP (formerly the Carbon Disclosure Project), UNGC (United Nations Global Compact), WRI (World Resources Institute), and WWF (World Wide Fund For Nature), and has created industry-specific methodologies and calculation tools for companies to help develop scientifically validated carbon targets. SBTi also enables the financial sector to use its own methodology to commit to its own reduction pathway and incorporate corporate climate targets into internal risk management.



RBI's targets were approved by SBTi in September 2022. In so doing, RBI has committed to setting CO2 reduction targets for its core business. In order to fulfil its ambitions, RBI has chosen a holistic approach across all customer groups, with the aim of making a significant contribution to RBI's sustainable business growth through responsible banking, and Raiffeisen Bank Kosovo will also have a contribution in this target.



<sup>1</sup>The portfolio targets of Raiffeisen Bank International cover 23% of the total investment and lending activities (as of 2021).  
<sup>2</sup>Assuming constant base values (square meters for commercial properties, MWh for electricity generation).  
<sup>3</sup>Intensity targets for project finance and corporate lending in power generation (GHG per kWh) and for corporate lending in commercial real estate (GHG per m<sup>2</sup>). Base year: 2020.  
<sup>4</sup>To reduce the Scope 1+2 portfolio temperature score for corporate loans (other long-term debt), listed equities and corporate bonds from 3.20°C (base year: 2021) to 2.74°C by 2027.  
<sup>5</sup>To reduce the Scope 1+2+3 portfolio temperature score for corporate loans (other long-term debt), listed equities and corporate bonds from 3.20°C (2021) to 2.82°C by 2027.  
 \* Greenhouse gas emission savings cannot be calculated with temperature scoring.  
 GHG: greenhouse gas emissions







## UNEP Finance Initiative Principles for Responsible Banking

As a long-standing member of the UNEP Finance Initiative, RBI signed up to the "Principles for Responsible Banking" in 2021, thereby committing to implementing the six associated principles within the Group. These principles anchor sustainability at a strategic, portfolio and transaction level and in all areas of business. RBI is thus underlining its efforts to proactively contribute to the implementation of the Paris goals and the redirection of capital flows to sustainable activities.

The implementation phase, which began in 2021, continued in 2022. In a three-stage process covering the first years, RBI as the respective signatory bank is initially demonstrating its commitment by conducting an impact analysis of its portfolio. It will then disclose the most important impacts of its products and services on society and the economies in which they operate. A second impact analysis was carried out at RBI in 2022. An important focus is now on defining measurable targets and implementing them in those areas of the bank that have the greatest sustainable impact. Annual reporting will ultimately help to document the progress made in implementing the principles in a transparent manner.

RBI 2022 was selected as one of three global case studies by the UNEP Finance Initiative as an example of “good practice”. Case studies were selected to provide inspiration and practical insights for other banks. Many elements of the RBI impact analysis and target setting process can be considered good practice.

## The Principles for Responsible Banking of UNEP Finance Initiative

Alignment	
 <p>Principle 1: We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	
Impact & target setting	
 <p>Principle 2: We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>	
Clients & customers	
 <p>Principle 3: We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>	
Stakeholders	
 <p>Principle 4: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	
Governance & culture	
 <p>Principle 5: We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	
Transparency & accountability	
 <p>Principle 6: We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>	

## Sustainable Development Goals

In order to help find solutions for global challenges, promote human welfare and protect the environment, the international community of states adopted “Agenda 2030” in September 2015 in the interests of sustainable development. At its core the 17 goals for sustainable development – the Sustainable Development Goals (SDGs) and their 169 sub-goals, encompass social and economic development as well as environmental sustainability. They also address aspects such as peace and security, justice and global partnerships, all of which are of great importance for sustainable development. The SDGs are globally applicable. In other words, all 193 UN member states, are called upon to contribute to achieving the goals according to their means. Kosovo not being a UN country yet has made a voluntary commitment in 2018 to include these goals as part of the national development strategy of the country.

As an international banking group, 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. While they are all important and interrelated, some of them are more relevant to our business than others. We have prioritized and selected the following SDG's that align with our business strategy and goals.

The following SDG's are relevant for our Bank, and those that we can have positive impact on.



## Governance

Raiffeisen Bank in Kosovo places great value on responsible and transparent business management to strengthen and maintain the understanding and trust of its stakeholders. This is a prerequisite for the performance of our bank. The Raiffeisen values provide the basis for this (see page 8) as does the Code of Conduct (CoC; see page 18).

## Corporate Governance

Corporate governance (CG) refers to the framework of rules and practices that govern the management and monitoring of a company. At Raiffeisen Bank Kosovo, we recognize the importance of strong corporate governance in effectively leading our organization. Our Management Board and Supervisory Board are responsible for establishing the specific structure and ensuring responsible, qualified, transparent, and long-term value-enhancing management and control.

We prioritize trust-based, efficient collaboration among various company bodies, the protection of shareholder interests, and open and transparent communication. Our bank's management team, committees, and corporate structure actively contribute to the establishment, communication, and implementation of policies and procedures that promote a transparent and responsible management style.

Maintaining fair behavior towards our customers and partners, as well as ensuring the bank's stability in the local market, are crucial elements for generating trust and fostering proper operations and long-term business development. Raiffeisen Bank Kosovo strictly adheres to the rules and stringent standards of the RBI Group, integrating operational guidelines into our business practices.

By upholding the principles of good corporate governance, we aim to instill confidence in our stakeholders, demonstrate our commitment to responsible business practices, and contribute to the long-term success and sustainability of our bank.

## Sustainable corporate management

Sustainability was anchored within the organizational structure in an agile set-up and cross functional as follows as of 31 December 2022:

<b>Management Board level</b>	
Chief Executive Officer of Raiffeisen Bank Kosovo - Anita Kovacic and members of the Management Board	
<b>Management and program level</b>	
B-1 Steering Group – Pillar leaders Operational Task Force for each pillar	
<b>Dealing exclusively with ESG topics</b>	
Sustainability & Communications	Corporate ESG Finance Retail Sustainability/ESG
<b>Topics with members around the company dealing with ESG</b>	
Brand recognition measures	Social aspects and products development
Structured know-how transfer, cross-divisional trainings	Risk management with positive impact
PRBs – fulfillment target setting	Sustainable and transition finance
	ESG Advisory & "Prevent Greenwashing"

## Sustainability/ESG Steering Group and working group

The Management Board at Raiffeisen Bank Kosovo receives valuable support in making ESG (Environmental, Social, and Governance) decisions through the collaboration of the cross-functional and cross-divisional Sustainability/ESG B-1 Steering Group. This steering group consists of heads of departments responsible for each sustainability pillar, namely core business, employees, in-house ecology, and community investments. It functions as an advisory and recommendation body for the Management Board, providing expert insights and guidance.

Each member of the B-1 Steering Group possesses a high level of expertise and experience in ESG activities. By involving representatives from all relevant areas, we ensure a comprehensive and vigilant approach to addressing ESG risks while embracing a holistic perspective on sustainability.

The coordination of this steering group is overseen by the Sustainability and Communications Department, which plays a pivotal role in facilitating effective communication and collaboration among members. Through the combined efforts of the Sustainability/ESG B-1 Steering Group and the dedicated team we aim to drive sustainable practices and initiatives across our organization, fostering positive impacts on the environment, society, and our stakeholders.

The Steering Group assumes several crucial tasks and responsibilities, including:

- Advisory role to the Management Board on ESG issues: The Steering Group, together with relevant members of the departments, provide appropriate and timely information to the Management Board regarding potential or existing material impacts, risks, and opportunities related to sustainability. This enables informed decision-making regarding ESG strategies, implementation of provisions, and fulfillment of ESG-related commitments.

- Recommendation of ESG Key Performance Indicators (KPIs): The Steering Group suggests relevant ESG KPIs to be incorporated into the performance management activities. This ensures that ESG goals and targets are effectively monitored and integrated into the performance assessment process.
- Oversight of the comprehensive alignment with responsible banking principles: The Steering Group continuously monitors the holistic adherence to the principles for responsible banking. This includes assessing the bank's practices and initiatives in relation to sustainable development, social responsibility, and environmental stewardship.
- Discussion and review of ESG strategy: The Steering Group engages in thorough discussions and reviews of ESG strategy, with a focus on achieving "Paris alignment" objectives and adhering to the UNEP FI (United Nations Environment Programme Finance Initiative) Principles for Responsible Banking. This ensures that the bank's ESG approach aligns with global sustainability frameworks and best practices.

Through these tasks and responsibilities, the Steering Group actively contributes to the development, implementation, and monitoring of ESG initiatives, fostering responsible and sustainable practices throughout the organization.

## Internal Audit

Raiffeisen Bank Kosovo's Internal Audit is a dedicated and independent organizational unit operating within the bank, conducting year-round auditing activities in accordance with Group-wide regulations. The internal auditors exclusively work for Raiffeisen Bank and are overseen by RBI Group Internal Audit.

A risk-based approach guides Bank's auditing activities, determining the nature and extent of audits. The Internal Audit independently plans, executes, and reports on audits, as well as evaluates audit results. The unit and its employees are strictly prohibited from involvement in decision-making, business processes, or any tasks that conflict with their audit function.

The quality of internal auditing is ensured through ongoing monitoring, periodic self-assessments, and external quality assessments, which verify compliance with audit-specific regulations such as the International Standards for Internal Auditing (IIA Standards) and the corresponding Code of Ethics..

Internal Audit has integrated strategically important Environmental, Social, and Governance (ESG) topics into its auditing activities. Given that ESG topics have implications across various business and risk areas, Group Internal Audit systematically monitors ESG aspects within relevant audit areas. ESG topics are either audited directly or incorporated as part of broader audit coverage.

## Compliance

### Code of conduct

Our Code of Conduct (CoC) serves as the foundation of our business practices and reflects our corporate culture at Raiffeisen Bank Kosovo.

The CoC is applicable to all employees throughout the Bank. It is based on Raiffeisen's core values and tailored to meet the specific requirements of our everyday business operations.

Emphasizing collaboration, proactivity, learning, and responsibility, our CoC goes beyond legal requirements and outlines how we interact with customers, business partners, and employees. It ensures compliance with international standards, including anti-money laundering and counter-terrorism financing laws, anti-fraud and corruption measures, market abuse prevention, conflict of interest avoidance, adherence to financial sanctions, data protection standards, and environmental laws.

We expect all individuals acting on behalf of the bank and our business partners to uphold regulations and standards that align with our Code. Compliance with the CoC is incorporated into contracts with contractors, suppliers, and service providers.

To promote awareness of CoC principles, mandatory e-learning is provided to all employees, covering the fundamentals of the CoC. Employees also sign a compliance declaration, committing to uphold the CoC and regularly update conflict of interest statements.

The Management Board of Raiffeisen Bank Kosovo holds ultimate responsibility for the CoC, while the Compliance department oversees CoC coordination and addresses legal requirements. All members of management are responsible for ensuring CoC compliance within their respective areas, which is linked to employee remuneration and performance appraisals.

Regular reviews of the CoC's effectiveness are conducted, with input from various stakeholders, in 2022 a process of review was initiated focused on ESG-related topics and compliance with the latest regulatory guidelines. The updated CoC is scheduled for publication in early 2023.

We have established mechanisms for employees to report serious CoC violations, such as market abuse, fraud, theft, bribery, or corruption. An anonymous electronic reporting system provided by an external service provider is available, along with other channels like telephone and email. We proactively inform our employees about these reporting options. All reports are processed through RBI's internal compliance investigation mechanism, adhering to our zero-tolerance policy against harassment and discrimination.

Where violations are identified, appropriate disciplinary action, up to and including dismissal, is carried out in accordance with group policy. We constantly analyze our rules and regulations in order to minimize the risks for the future as far as possible.

As one of the signatory of the UN Global Compact (UNGC), we are committed to proactively and consistently comply with the principles contained therein, which cover the core areas of human rights, labor regulations, environmental protection and anti-corruption.

Human rights violations may generate illicit profit, support slavery and human trafficking, promote the continuation of poor working conditions, and lead to other abuses. The Bank also does not directly or indirectly finance any businesses, projects or parties in which human rights violations are evident. Our

employees have been instructed to take information on forced or child labor into account and, in case of doubt, to involve Compliance.

Position statements on customer relationships, lending and our investments in certain sectors (e.g. military equipment and technology, gambling and nuclear power) are also communicated proactively. Business inquiries involving these sectors are forwarded to Compliance for further evaluation to ensure that risks of this nature are adequately managed, minimized or avoided. Our processes and control mechanisms are aimed at identifying potential environmental, social or reputational risks resulting from such companies in good time and revising them regularly in the event of changes to our risk appetite.

## Compliance

The Bank places great value on compliance with all relevant regulations in Kosovo. We do not tolerate any form of financial crime (e.g. bribery/corruption, tax evasion, money laundering, terrorist financing, evasion of sanctions, fraud or market abuse) and we work actively against such activities.

A prerequisite in our business and operational practices is the fair, ethical and legally compliant behavior of all members of staff. Mechanisms for complying with laws as well as internal or external codes of conduct are established through our CoC and the clear, detailed regulations contained in the Compliance Policies, which are continuously adapted and improved in response to the latest regulatory requirements and global challenges. Internal reports (ad hoc, quarterly, annual) discuss various aspects of the implementation of compliance guidelines and processes.

The compliance area has an important managing and checking function in our company, particularly in the context of the development of group standards and their implementation.

In 2022 the bank has run an internal awareness initiative to build a better culture of compliance. All employees are given regular training on compliance topics in line with their compliance-relevant function. All new employees must complete training courses on the topic of compliance. In particular, these cover aspects of preventing economic crime (especially combating money laundering and the financing of terrorism, international sanctions and embargoes, and corruption and fraud prevention), market abuse and conflicts of interest as well as appropriate measures and rules concerning internal reporting obligations. Furthermore, defined groups of employees are required to attend regular refresher training. In order to raise the level of employee compliance and risk awareness, we have now updated training concept and sessions to incorporate advanced techniques and user-centric approaches to learning. In addition, managers, compliance ambassadors and employees of selected areas are trained in line with the specific requirements of their role and responsibility.

A Group-wide campaign to raise awareness of the importance of whistleblowing was also launched in 2022. It is mandatory for all employees to attend these training sessions.

## Anti-corruption

Customers and all stakeholders of the Bank are expected to comply with business ethics and to act with integrity, beyond professional competence. In order to identify, prevent and fight against corruption, the bank assesses its operations on an annual basis in order to identify the potential risks associated with corruption. These risks are monitored and managed by the permanent update and communication of procedure and policies via training and awareness sessions. Bank employees receive annual information on bribery and corruption for the purpose of raising awareness, preventing, and discouraging potential risks of inappropriate behavior. Within the Orientation training session, each new employee must attend a session concerning



compliance and the prevention of acts of fraud and corruption. New employees receive information guidelines on the manner of preventing fraud and acts of corruption, as well as on the manner of reporting breach situations within the internal regulation framework.

Annually, all employees pass online courses, followed by a test inspecting the knowledge acquired so as to establish a common level of understanding and awareness in terms of fraud and corruption. The company supports a zero tolerance policy towards acts of corruption. All employees have the possibility to report anonymously any incident that might be related to corruption, money laundry and financial sanctions, internal fraud, external fraud and insider trading, conflict of interest, harassment, inappropriate behavior. Employees are encouraged to inform on any deviation or suspicion concerning fraud, bribery and corruption.

## Anti-money laundering

Money laundering is the act of concealing the existence, origin, movement, intended purpose or use of illegally obtained assets or funds in order to make them appear legitimate. 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. We recognize that money laundering undermines confidence in the financial system.

Based on our mission of becoming the most recommended financial service provider, we are committed to combating money laundering by complying with all the applicable legislation on money laundering as well as international best practice standards, such as the recommendations of the Financial Action Task Force (FATF), in all areas of responsibility in which we are active. In order to design the statutory preventive mechanisms in a targeted manner, RBI supports legal initiatives wholeheartedly and has co-initiated and been regularly involved in a number of working groups in Austria (e.g. Compliance Package, Financial Crime), as well as participating in several initiatives at a European level (such as the EU AML package 2021). Raiffeisen Bank in Kosovo is an active contributor to the FIU in Kosovo as well as in Kosovo Banking Association.

The Group has created a comprehensive AML framework to ensure that AML risks are properly identified, evaluated and appropriately mitigated. Our AML framework provides orientation for all employees and group units and obliges them to conduct transactions in accordance with the applicable laws and regulations. It is based on a number of components, including the following:

- Appointment of an anti-money laundering officer
- Risk identification and classification with regard to customers and products as well as risk-based due diligence obligations
- Systematic, continuous due diligence obligations with regard to customers (including identifying politically exposed persons and beneficial owners), comprising enhanced due diligence for high-risk customers and management approval for certain types of customers (e.g., customers associated with politically exposed persons or certain high-risk countries)
- Role-based training and awareness programs (classroom-based, e-learning, micro-learning)
- Customer data, transaction and account monitoring, including coherence screening
- Reporting on suspicious activities

In addition we give an emphasis has been placed on the Know Your Customer (KYC) process, developed for identifying and verifying the identity of customers, anti-money laundering, terrorism financing and stock market manipulation.

## Conflict of interests

The RBI Group has an internal policy for managing conflicts of interest. The employees are expected to report actual or potential conflict of interest situations in accordance with the existing reporting guidelines.

The notifications are then processed by the Compliance Department, which at the same time implements the measures it deems necessary. Regular monitoring of the detection of conflicts of interest, which we strive to prevent and avoid with appropriate mechanisms, is also foreseen.

The Management Board is regularly informed about the notifications of conflicts of interest. Raiffeisen Bank in Kosovo discloses conflicts of interest to its stakeholders in accordance with legal requirements relating to the capital markets or other relevant regulations. We inform stakeholders about the occurrence of potential conflicts of interest, which may relate to membership in other committees, mutual co-ownership with suppliers and other stakeholders, the existence of controlling shareholders (there is only one shareholder of the Bank), and related parties, their relationships, transactions and outstanding balances.

We have an internal Conflict of Interest Management Policy that includes mitigating conflicts of interest of the highest governing body.

## Tax compliance

Raiffeisen Bank Kosovo has been combating tax evasion and tax avoidance continuously and with dedication, where due diligence and good understanding of clients have played an important role. Raiffeisen Bank Kosovo has also defined additional requirements for companies based in offshore financial centers when establishing a business relationship and its constant monitoring, where special attention is paid to checking and verifying that all transactions are conducted according to the law.

In these cases, the ownership structure and the nature and purpose of the business relationship as well as the source of funds are examined in the most detailed way possible. This includes a focus on the transparency of a business model, the existence of legal and economic ties with onshore companies, and the actual business activities of the company.

## Impacts and material topics

In January 2022, Raiffeisen Bank Kosovo embarked on a significant initiative to assess materiality in the Kosovo market. Materiality assessment is a crucial process that helps identify and prioritize the most relevant environmental, social, and governance (ESG) issues for our stakeholders and the bank itself.

By assessing materiality, we demonstrate our commitment to understanding the evolving needs and concerns of our stakeholders in Kosovo. This enables us to align our business practices with the most relevant ESG issues, contributing to the sustainable development of the local market while enhancing trust and collaboration with our stakeholders.

The financial sector itself has for years been confronted with many challenges and risks. In order to remain profitable over the long term, these challenges call for a strong culture of risk management and sustainability. Compliance with appropriate due diligence processes is therefore of particular importance.

We intensively address RBI's impacts on the economy, environment and society, and the risks and opportunities associated therewith. This includes risks and opportunities for RBI and also those for the economy, the environment, and society. Our own activities or business relationships can have an impact, resulting in a positive or negative contribution to sustainable development. The aim is to mitigate negative impacts and enhance positive ones, and at RBI, we try to ensure this through strategic and operational sustainability management.

## Material topics

The principle of materiality forms the core of our reporting. The GRI emphasizes in its GRI Standards 2021 that sustainability reports should focus on material sustainability issues. This requires us to take an "inside-out approach" – and with it the impact of the company on the economy, the environment and people, including human rights, known as "impact materiality" – in order to identify material topics. The process of identifying and prioritizing the relevant topics and aspects must also be systematic and well documented.

### Identification of relevant topics

The selection of material topics takes into account internationally recognized criteria and sustainability standards, primarily those of the GRI, but also the United Nations Global Compact and current laws and regulations. In addition, we consider feedback and evaluate dialogs with individual stakeholders.

The first step was to review the material topics that were identified on the group level in the Sustainability Report 2021. These were:

- Inhouse ecology and supply chain
- Engagement with society and the environment
- Employee concerns
- Sustainability in the core business
- Economic added value
- Organizational governance
- Regulations and control
- Risk management
- Stakeholder engagement
- Transparency and disclosure

We then examined whether these topics actually all have a directly attributable impact, or whether they are in fact management tools used to measure and manage the positive and negative impacts of other topics. Organizational governance, risk management, stakeholder engagement, and transparency and disclosure were among the topics identified. They continue to be material in the sense of "We apply them to manage our material topics" but they are not material topics in the sense of "impact materiality".

To ensure a comprehensive understanding of material topics, we conducted internal and external stakeholder questionnaires. This was the first time such an assessment was carried out in the Kosovo market, highlighting our commitment to responsible and transparent business practices.

Internal stakeholders, including employees at various levels and departments within the bank, were actively engaged in providing insights and perspectives on the issues they consider significant for the bank's operations and its impact on stakeholders. Their invaluable input helped identify key ESG aspects relevant to our daily business activities.

Furthermore, we extended our reach to external stakeholders, including customers, community representatives, non-governmental organizations, regulators, and industry experts. By gathering their opinions and expectations, we gained a comprehensive view of the ESG topics that are considered vital by the Kosovo market. This inclusive approach ensured that a wide range of perspectives was taken into account, promoting transparency and accountability in our materiality assessment process.

The results of the internal and external stakeholder questionnaires allowed us to identify and prioritize the most material ESG issues for Raiffeisen Bank Kosovo. These issues serve as the foundation for our sustainability strategy, guiding our actions and decision-making processes to address the concerns and expectations of our stakeholders effectively.

Besides the questionnaire we also got feedback through workshops as well as evaluations of discussions held with individual stakeholder groups, including customers, employees, non-governmental organizations and sustainability experts.

All identified GRI standards were assigned to the existing material topics and their sub-topics. Sub-topics include those topics that were previously assigned to a main topic.

The impact of the individual sub-topics was evaluated on a case-by-case basis, using the likelihood of occurrence and the level of severity to assess their significance. The most important tool for our core business is the UNEP FI Impact Analysis Tool, used to identify the most positive and negative impact areas (for details see page 56 onwards). For Inhouse ecology, the main environmental impact factor was identified as consumption related greenhouse gas emissions (see page 180 f.). For the other sub-topics, we used qualitative descriptions combined with an assessment of each to determine the degree of impact and subsequently identify materiality.

Based on this, the material topics and their sub-topics are as follows:

Strategic area of action	Material topic	
All	Compliance (regulation and control)	<ul style="list-style-type: none"> <li>- Combating money laundering and terrorism</li> <li>- Combating Corruption</li> <li>- <b>Security in financial business</b></li> </ul>
Core Business	Sustainable financing	<ul style="list-style-type: none"> <li>- Climate Change</li> <li>- Circularity</li> </ul>
	Societal Aspects within the Core Business	<ul style="list-style-type: none"> <li>- Financial Inclusion</li> <li>- Customer Data Protection</li> <li>- Responsible Sales Practices and Marketing</li> </ul>
	Economic value creation	<ul style="list-style-type: none"> <li>- Economic Sustainability</li> <li>- Tax Compliance</li> </ul>
Employees	Employee Concerns	<ul style="list-style-type: none"> <li>- Employment</li> <li>- Diversity</li> <li>- Health and wellbeing</li> <li>- Employee Development</li> <li>- Employee Involvement</li> </ul>

In-house Ecology	Internal ecology	<ul style="list-style-type: none"> <li>- Emissions</li> <li>- Energy</li> <li>- Business Travel</li> <li>- Waste</li> </ul>
Community Investments	Commitment to Society and Environment	<ul style="list-style-type: none"> <li>- Donations and Corporate Volunteering</li> <li>- Commitment to support SDG community investments</li> <li>- Financial Literacy</li> </ul>

## Our stakeholders

Raiffeisen Bank Kosovo defines its stakeholders as those people or groups of people that have a legitimate interest in the company through their direct or indirect business activities. Stakeholders are therefore primarily employees, customers, owners, as well as business partners/suppliers. There are also several other stakeholder groups with regular mutual relations.

The bank is a fair business and dialog partner to all stakeholders. In this role, we interact in an open and respectful manner with employees (see chapter Fair partner - Employees), customers, business partners, shareholders and other stakeholder groups.

However, we also consider environmental and climate protection to be part of our social responsibility and see ourselves as a fair partner to the environment.

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# SUSTAINABILITY IN THE CORE BUSINESS





# Sustainability in the core business

At Raiffeisen Bank Kosovo, we embrace our role as a "responsible banker" with a primary objective of creating long-term added value. Sustainability is deeply ingrained in our business strategy, and we align our products, services, and processes accordingly. Our holistic approach revolves around minimizing ESG risks and seizing opportunities to enhance environmental protection and social standards.

Raiffeisen Bank Kosovo, as a subsidiary of Raiffeisen Bank International (RBI), fully embraces the commitment to responsible banking and the pursuit of long-term added value. Sustainability is deeply embedded in our business strategy, reflecting our dedication to aligning our products, services, and processes with sustainable practices. We adopt a holistic approach that actively seeks to mitigate ESG (environmental, social, and governance) risks and capitalize on opportunities to enhance environmental protection and social standards.

In line with our responsible banking approach, RBI became the first Austrian banking group to sign the Principles for Responsible Banking (PRBs) of the UNEP Finance Initiative in early 2021. This global framework, developed through a pioneering partnership between banks and the United Nations Environment Programme Finance Initiative (UNEP FI), provides a comprehensive guide for fostering sustainability in the banking industry. By committing to these principles, we reinforce our dedication to integrating sustainability into all areas of our business, maximizing our potential to contribute to a sustainable world. The PRBs serve as our overarching framework, guiding our actions and decision-making processes.

At Raiffeisen Bank Kosovo, our goal is to offer sustainable financial products and services that empower our customers in their journey towards a sustainable future. By doing so, we aim to make a positive impact on society, aligning with our Vision 2025 and the broader sustainability goals of RBI. Through responsible banking practices, we strive to support the transformation of our customers and contribute to the creation of a sustainable world for generations to come.

**6 Principles**  
**Driving change, realizing Impact**

- Alignment**
- Impact & target setting**
- Clients & customer**
- Stakeholders**
- Governance & culture**
- Transparency & accountability**

RBI, including Raiffeisen Bank Kosovo, is dedicated to fulfilling the six principles outlined by the UNEP FI within the specified timeframe. We manage the requirements arising from these principles through a project-based approach, integrated within our holistic governance framework (refer to pages 27-28) and supervised by an operational steering group. To set targets and monitor progress, we conduct annual



impact analyses and produce progress reports on our adherence to the UNEP FI Principles for Responsible Banking. This transparent approach enables us to showcase our achievements and identify areas for further improvement. Embracing agility and integrating innovative and digital initiatives within the Group, we continuously strive to implement these guidelines, which can be summarized as follows:

#### **Principle 1: Alignment**

We align our business strategy with the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks to contribute to individuals' needs and society's goals.

#### **Principle 2: Impact & target setting**

We continuously enhance our positive impacts while mitigating negative effects on people and the environment resulting from our activities, products, and services. By focusing our efforts on areas where we can create the most significant changes, we set ambitious targets to drive meaningful progress.

#### **Principle 3: Clients & customers**

Raiffeisen Bank Kosovo actively collaborates with our clients to foster sustainable practices and facilitate economic activities that promote shared prosperity for present and future generations.

#### **Principle 4: Stakeholders**

We are committed to engaging in proactive and responsible consultations, partnerships, and engagements with relevant stakeholders. By working together, we aim to achieve society's goals and drive positive change.

#### **Principle 5: Governance & culture**

At Raiffeisen Bank Kosovo, we prioritize effective governance and cultivate a culture of responsible banking to ensure the implementation of the Principles. Through robust governance structures and practices, we embed sustainability into our operations and decision-making processes.

#### **Principle 6: Transparency & accountability**

We are dedicated to periodically reviewing our individual and collective adherence to the Principles, promoting transparency and accountability. We strive to be transparent about our positive and negative impacts, and we take responsibility for our contributions to society's goals. For a comprehensive overview of our progress in implementing the Principles, including a self-evaluation, please refer to the PRB report at the end of this report (page 218).

### **Responsible Banker**

Raiffeisen Bank Kosovo recognizes that the most impactful way to drive sustainable change is through its core business activities, especially in granting loans and investing funds. Across all business areas and products, we prioritize long-term resilience, actively avoiding social and environmental risks, and capitalizing on opportunities to enhance environmental protection and social standards. Trust and reliability have always been fundamental principles for Raiffeisen Bank Kosovo.

Our commitment to delivering an exceptional service culture goes beyond meeting customer expectations. It is ingrained in RBI's Mission and Vision 2025, where we strive to be the most recommended financial services provider by simplifying our customers' lives through innovation. We continuously seek to enhance the customer experience and support our customers in achieving their goals. As part of our comprehensive range of financial services, we provide guidance and assistance on their sustainable transformation journey. We are attuned to the growing demand for products and services that integrate social, environmental, and economic criteria. We provide honest and fair recommendations, ensuring customers are well-informed about associated risks. Moreover, we actively assess and optimize the significant impacts of our business activities on the economy, the environment, circularity, and human rights. This approach contributes to a positive experience for both customers and stakeholders. Our focus is on engaging with sustainable segments, aligning with our strategic goals.

Enhancing our product offering to incorporate ESG components and introducing new ESG products are top priorities for us. We also actively support the development of the regulatory framework, foster increased cooperation, and facilitate the exchange of information among all stakeholders.

## Ecological and social product responsibility

Raiffeisen Bank Kosovo is deeply aware of the potential economic, social, and ecological impacts that can arise from the use of its products and services. In our Code of Conduct, we have outlined our commitments to ecological and social responsibility.

Environmental considerations hold significant importance for our Bank. In 2022 we have started assessing the environmental consequences associated with the products and services we offer. We are committed to avoiding any involvement in transactions or projects that pose lasting risks to the environment, as it contradicts our business policies. Our aim is to minimize the negative impacts of our business activities on the environment and continuously improve the environmental footprint of our product and service portfolio. To achieve this, we actively support the transition to a low-carbon economy and have established science-based targets.

Every employee is responsible for considering the potential risks associated with a transaction or project that may have negative environmental impacts. These risks range from environmental harm to potential damage to our reputation and the financial implications for our business. We ensure that each financing and project approval aligns with regional and EU environmental legislation, as well as international agreements on environmental protection. Additionally, we have developed sector guidelines that specifically address sensitive, CO<sub>2</sub>-intensive sectors. These guidelines identify key environmental risks within each sector and define corresponding improvement measures.

Social responsibility arises from the vital role that banks play in society through the products and services they provide. Banks, including Raiffeisen Bank Kosovo, facilitate the majority of payment transactions and have influence over the purpose for which funds are used through loan granting decisions. Our products and services have a direct impact on the lives and consumer behavior of individuals. Furthermore, our investments in projects or companies can have indirect effects on society, either benefiting or potentially disadvantaging people.

Respecting human rights is a fundamental requirement that underpins all our products and services, as outlined in our Code of Conduct. Specifically, we strive to avoid financing transactions associated with

forced or child labor or in violation of the European Convention on Human Rights, labor and social laws of respective countries, regulations issued by international organizations (including relevant UN conventions), and the rights of local populations or indigenous people. We take our responsibility seriously in ensuring that our business practices align with human rights standards.

## **Business strategy**

Raiffeisen Bank's strategic goal is to become the most recommended financial services provider in Kosovo. This is to be achieved through continuous innovation, superior customer experience, digital transformation, and sustainability. Sustainability is a fundamental pillar of this strategy, and the bank aims to be a responsible banker and a pioneer in ESG. The Bank not only offers sustainable financial services but also supports its customers in transitioning to sustainable business models.

To realize this ambitions, the bank has implemented a holistic approach across all customer groups, prioritizing responsible banking. The establishment of a Group-wide ESG competency center caters to corporate and institutional customers, providing advisory services and integrated financing solutions. Efforts are also focused on strengthening the integration of ESG aspects into bank products for retail customers and small companies.

Through its comprehensive approach, the Bank strives to drive business growth while promoting responsible banking and meeting the evolving needs of its customers. Alongside the internal motivation to fully align its business operations with this aim, RBI signed the UNEP FI Principles for Responsible Banking in early 2021, thereby underscoring its efforts to proactively participate in meeting the Paris targets and redirecting capital flows toward sustainable activities.

## **Business segments**

### **Corporate**

Corporate banking in Raiffeisen Bank Kosovo has had a remarkable year, despite the challenging economic climate. The bank's efforts in relationship management, people, products, technology, and innovation have made it possible to maintain long-term and mutually beneficial relationships with corporate customers, while also maintaining its competitive advantage in the market.

In 2022, the bank placed a high priority on ensuring full compliance with increased regulatory requirements both at the local and group levels. It has implemented strict measures to ensure that operations and activities are in line with the latest regulations and guidelines. This enabled the bank to maintain a high level of transparency and credibility.

Promoting sustainability and responsible banking practices has also been one of the main priorities of the bank during 2022. It worked in developing a comprehensive strategy for ESG Financing, which involved increasing training and awareness both internally and externally. The main aim was to engage its customers in understanding the benefits of financing the transition to a low-carbon economy, which supports their sustainable and inclusive growth. This interaction with customers was reflected in the increase of their interest in ESG-focused lending. Thus, in 2022, the corporate segment had a green social portfolio of € 14 million. The bank is committed to continue to finance flows towards customers who are

actively contributing the transition to green economy and continues to be a valuable partner to government institutions in implementing green agenda.

## **Small and Micro enterprises**

During 2022, the small and micro enterprises faced a challenging year due to the impact of the supply chain disruptions and high inflation. In response, the bank focused on finding ways to support SME customers in overcoming these difficulties. Through its experienced relationship managers located in various regions of Kosovo, the bank continued to foster strong customer relationships and introduced a new mobile working model that proved to be effective. Initiatives were taken to improve and simplify the customer experience and increase efficiency, with a focus on digitalization. The loan application process was made simpler and faster, allowing SE Relationship Managers to have a 360-degree view on the customer file, resulting in improved efficiency and customer experience.

Regarding micro businesses, the main aim in 2022 was to establish Raiffeisen as their home bank providing lending and ease through extending the product range, with an emphasis on digital products. Raiffeisen was the first bank in the market to introduce an application to accept contactless transactions using the phone built in NFC stack, or the RAIPOS.

Another key focus area for Raiffeisen Bank was supporting SME businesses in their transition towards sustainable practices. In collaboration with the European Bank for Reconstruction and Development (EBRD) through the "SME Competitiveness Programme," the bank disbursed €2.64 million in loans to support SMEs in their green transformation. This initiative aimed to facilitate the adoption of sustainable practices and contribute to the overall competitiveness of SMEs.

## **Private Individuals, Affluent Banking, and Branches**

Being physically present in all regions of Kosovo with 37 branches and sub-branches, Raiffeisen Bank has the largest branch network in the market. One of the main initiatives, 'Branch Transformation Program' continued to be implemented in 2022. It aims to modernize and optimize the operations and services of branches and sub-branches. This program involves implementing new technologies, streamlining processes, improving customer experience, reducing costs and revenue growth by increasing the sales capabilities with a multitasked staff approach. The reinvented branch offers a variety of new features such as the new self-service area in which the customer can use online banking services 24/7, a comfortable yet discreet space to meet and discuss financial with a modern touch and with digital corner, as well as new product such as Glory ATM which is used for large deposit by business customers. Furthermore, the bank added convenient cash services for customers in all branches of Raiffeisen Bank Kosovo.

It should be highlighted that the 'Branch Transformation Program' has been complemented by the continuous promotion of customer education activities which inevitably resulted in a tangible increase of the usage of digital channels. In addition to various digital awareness campaigns, a great impact on raising customers' awareness on the benefits of digital channels usage had the increase of the number of sales employees in branches. The employees in branches worked closely with customers by providing them concrete support and making their journey toward digital banking usage much easier.

In 2022, the bank managed to design and develop its own communication platform / application that is used for direct remote communication between relationship officers and customers remotely. It enabled the bank to serve more than 3,000 customers through this channel, something which was also reflected in

the increase in sales. The bank also continued to further enhance RaiConnect that enabled customers to receive branch services from their home or office. Currently, the bank has six remote relationship officers and based on the usage, it will expand their number accordingly.

Another channel that contributes to selling of banking products and services is the Sales Agent Network. This team enables the bank to have an immediate access to the target market with the aim to be close to potential customers. At the same time, the customer benefits from the direct personal presentation and sale of products or services usually in their homes or at their working places. The team of 27 sales agents is present in all bank branches throughout Kosovo. These developments both in branches and development of digital solutions are based in bank's strategy to remain a traditional bank that aims to use digitalization for customer's effortless access towards bank's products and services, something which creates mutual values and profitability for both customers and bank.

## Impacts, risks and opportunities

Raiffeisen Bank Kosovo, as part of RBI, has recognized and understood its important role as a bank and understands that its activities and relationships can impact the economy, environment, society, and human rights. These impacts can be either positive or negative for sustainable development. In order to promote sustainability and align its strategy, RBI has assessed the effects of its core banking business on the environment and society.

During this assessment, RBI identifies key topics that directly influence its impact and uses management tools to steer positive outcomes and manage risks. These material topics include creating economic value, addressing societal aspects like customer privacy, practicing responsible sales and marketing, promoting financial inclusion, ensuring sustainable financing, and supporting sustainable investments.

The importance of human rights, which cuts across all these areas, is also acknowledged by RBI, as it is listed separately as a significant impact area by the Global Reporting Initiative (GRI). To uphold human rights, RBI has developed a human rights policy applicable to the entire RBI Group, including Raiffeisen Bank Kosovo. This demonstrates RBI's commitment to respecting and promoting human rights within its operations.

In 2022, RBI conducted a sustainability impact analysis of its portfolio using the UNEP FI Portfolio Impact Analysis Tool. This analysis consists of two stages: impact identification and consequence estimation. The purpose of this analysis is to understand the specific impacts and identify the main areas of impact, aligning with the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

The analysis focused on RBI's business activities, including consumer, business, and corporate banking, as defined by UNEP FI. Consumer banking accounted for approximately 31% of the portfolio, while business and corporate banking accounted for around 56%. The missing percentages are due to Kosovo missing from the UNEP FI tool, and individual products not being included in the analysis to maintain accuracy. Data collection for the analysis was conducted as of June 30, 2022.

For business and corporate banking, further analysis was done based on the gross profit per sector and country, as well as the NACE codes of the respective customers. The impact analysis covered twelve markets. Consumer banking analysis examined the impacts of five banking products, such as credit cards, loan agreements, structured loans, building loans, and vehicle loans.

The analysis also considered the industries identified as negative key sectors for the 38 impact themes in 12 impact areas, based on UNEP FI's key sector mapping. This mapping provides insights into which sectors are crucial for achieving or undermining the 12 impact areas. The report also highlights the country-specific needs related to the impact areas and the Sustainable Development Goals. (which can be found in the RBI Group Sustainability report 2022 pg. 58).

The material negative impact areas with the largest share of exposure are related to "climate change" and "circularity." "Circularity" includes impact themes such as resource efficiency and waste management. The chart provided in the report indicates the country-specific actions needed for each impact area. Green columns represent key positive impact areas, such as financial services accessibility and flourishing SMEs, which contribute positively to SDGs 8 and 9.



As a result of the extensive data analysis using the UNEP FI Portfolio Impact Analysis tool, RBI identified two impact areas of strategic importance that are highly significant as material themes in all three business segments:

- Climate stability/SDG 1, 7, 12 and 13
- Circularity/SDG 6, 8, 11, 12, 14

Targets and measures for the two key themes of "climate change" and "circularity" were subsequently stipulated by the business areas. This is reflected in the sector-specific Group policies (steel, oil & gas, real estate) and in new policies such as those for agriculture and transport. In addition, target-setting is also supported by the Science Based Targets, which were approved in 2022. With a view to better addressing the

negative impact in circularity, RBI has since 2022 been an active member of the UNEP FI "PRB Resource Efficiency and Circularity Target Setting" working group.

## **Societal aspects in the core business**

We understand the importance of considering our customers' requirements and concerns when designing, selling, and using our products and services. Customer security is a crucial consideration for us, and responsible sales practices and marketing play a key role in ensuring this. We strive to provide our customers with access to relevant information, verifiability of claims, and explanations of potential risks associated with our products or services. For example, we carefully assess a customer's ability to repay a loan before granting it. Any complaints brought to our attention are thoroughly investigated and promptly addressed. We also aim to provide comprehensive and accessible financial services for disabled individuals. Protecting customer data is part of our social responsibility, and we have specific measures and processes in place to ensure data protection and data security.

To ensure a positive customer experience, satisfaction, and loyalty, we maintain a broad range of products and continuous innovation. All new products, product combinations, and variations undergo a formal Product Approval Process (PAP) to optimize them, identify risks and potential controversies, and ensure alignment with our risk strategy, risk appetite, and regulatory requirements. We offer products and services only when we have the necessary expertise, infrastructure, licenses, and approval. We also take market trends and developments into account during product development.

The protection of customer data and data security are integral parts of our business activities. We adhere not only to mandatory statutory requirements but also to internal principles and processes for data protection. Compliance with data protection regulations is managed by dedicated organizational units overseen by the Data Protection Officer. We have implemented a range of technical and organizational measures to ensure the security of customer, employee, and partner data. Our cybersecurity strategy is regularly updated and approved by the Management Board. Our information security management system is certified according to the ISO 27001 standard.

We also implement fully requirements of the General Data Protection Regulation (GDPR) and we have internal data protection principles and processes in place to achieve full compliance. In addition to GDPR compliance, we ensure compliance with applicable national laws in Kosovo.

To enhance awareness of data protection and data security, we provide employee trainings. These training initiatives aim to improve the careful handling of personal data and enable practical implementation for different employee groups. Complaints and data protection violations are diligently monitored, reviewed, processed, and documented. We investigate the reasons behind each complaint or violation and take necessary measures to protect the affected individuals, including notifying the responsible data protection authority when required.

When it comes to sales practices and marketing, we prioritize trust and honesty. Clear and transparent communication of our products and services is essential, providing comprehensive and easily understandable information to our customers and stakeholders. Our advertising and marketing guidelines strictly adhere to these principles, aiming to protect customers from losses and ensuring objectivity in recommendations. We are committed to clearly demonstrating and explaining the risks associated with our products, and we strictly prohibit false or misleading information in any circumstances.



## Risk and lending

RBI Group, including Raiffeisen Bank Kosovo, is committed to supporting the transition to a low-carbon economy. We have published approved Science Based Targets, and these targets guide our portfolio structure and engagement with customers as we contribute to the well-below 2 degrees target. We are adjusting our business model to identify business opportunities that support the financing needs of customers striving to achieve the transition. This operational approach includes developing specific sector strategies, such as thermal coal, oil & gas, and steel, to align with our risk perspective.

RBI has aligned its risk management approach with the long-term trend of Environmental, Social, and Governance (ESG) considerations. We recognize and address the additional risks stemming from ESG factors at both industry and counterpart levels. While Social and Governance aspects are equally important, we primarily focus on climate and environmental-related risks, including transition and physical risks.

This approach enhances our existing classical 4 Pillars of Risk Management on various operational levels, including the identification and definition of ESG risks, measurement methodologies and analytics, steering approaches, and risk processes and governance. ESG risk assessment is integrated into our daily risk activities.

I. Identification & definition of ESG risks	II. Measurement methodologies & analytics	III. Steering approaches, reflecting risks & opportunities	IV. Risk processes and governance
<ul style="list-style-type: none"> <li>■ Climate-related and environmental risks</li> <li>■ Identifying risks according to:               <ul style="list-style-type: none"> <li>✓ Climate-change risk</li> <li>✓ Circularity</li> <li>✓ Biodiversity</li> </ul> </li> <li>■ Social risks</li> <li>■ Governance risks</li> </ul>	<p>Use of metrics for measurement of ESG on a customer and portfolio dimension:</p> <ul style="list-style-type: none"> <li>■ Environmental, Social and Governance score</li> <li>■ Green Asset Ratio</li> <li>■ Financed GHG emissions</li> <li>■ Science-based targets</li> </ul>	<ul style="list-style-type: none"> <li>■ Sectoral strategies &amp; special policies</li> <li>■ Climate stress testing</li> </ul>	<ul style="list-style-type: none"> <li>■ Credit processes enhancement</li> <li>■ Prevention of liability, reputational and greenwashing risk in the design phase</li> </ul>

To ensure coordinated and structured efforts, RBI launched the ESG Risk Project in 2022, bringing together all risk-related activities under one umbrella. This project is directly sponsored by the Risk Board Member at RBI Group level and cascaded to local Chief Risk Officers, ensuring commitment across the entire risk organization.

In addition to minimizing environmentally damaging activities, RBI has adopted sustainability and sustainable finance as key topics. We have begun integrating ESG evaluation into our processes, in line with market expectations and supervisory authorities' requirements. The inclusion of ESG aspects in risk management is implemented at multiple levels within the organization, considering the needs and expectations of various stakeholders.

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

They are as follows:

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

## Sustainable Finance

### Sustainable Finance Strategy

The growing momentum around sustainability has led financial institutions to play a crucial role in redirecting capital flows towards a more sustainable economy. Investors are increasingly demanding information about the use of their assets and the positive impact of their investments on the environment and social issues. Customers also have a growing demand for products and services that integrate social, environmental, and economic criteria. In line with this, Raiffeisen Bank in Kosovo has focused on selected ESG (Environmental, Social, and Governance) topics to advance its sustainable strategy.

### ESG Rulebook for sustainable customers and transactions

To assist customers in improving their carbon footprint and ensuring a sustainable transformation, RBI has developed an ESG rulebook. This rulebook provides a harmonized definition of sustainable customers and transactions, including the customer's ESG score. It has been made available throughout the RBI Group and serves as a binding policy at the group level. The ESG Rulebook establishes uniform definitions for sustainable customers and various types of sustainable finance, such as green, social, and ESG-linked finance. When classifying transactions, RBI considers its in-house definitions and incorporates the provisions of the EU taxonomy where possible, aiming to prevent greenwashing.

### Framework for Green and Social Loans

RBI's Retail Banking division has published its own "Framework for Green and Social Loans" to ensure that loans provided to private individuals and SMEs align with Green and Social Bond Principles and regulatory requirements. This framework, validated by Sustainalytics, sets definitions for "green" loans for private individuals and SMEs and "social" loans for SMEs. Subsidiary banks including Raiffeisen Bank Kosovo implement these definitions in the markets where RBI operates, supporting mitigation and adaptation goals. The framework is part of RBI's broader sustainability strategy, focusing on assets with positive environmental and social impacts to facilitate the transition to a sustainable future.

## **ESG Customer Advisory**

Raiffeisen aims to provide best-in-class ESG advisory services to customers and maintain a high standard of quality. The dedicated ESG Advisory Team at RBI's head office conducts expert analyses and evaluations of corporate and institutional customers from an ESG perspective. Together with local ESG experts they help customers identify green and social aspects of their business profiles and provide expert advice on structuring new products and adapting existing ones to meet specific ESG requirements.

## **ESG risks and prevention of greenwashing**

Raiffeisen Bank in Kosovo has implemented processes to integrate ESG risks and prevent negative impacts within the overall financing process. An exclusion list of corporate activities in which Raiffeisen Bank does not wish to be involved has been created, and employees have received training on identifying sustainability-critical activities and sectors. For critical customers and projects, an ESG expert opinion is prepared, analyzing ESG factors at the project and company levels and assessing their environmental and social impacts. This opinion influences lending decisions, preventing negative impacts from an ESG perspective.

## **Greenwashing prevention check**

RBI has established a process to prevent greenwashing, which is part of the RBI Group Rulebook. This process focuses on the structure and communication of sustainable financial products, including those designated as "green," "social," or "sustainability-linked." The Bank commits to internal process steps that involve the participation of ESG experts in critical customer transactions, especially during the bid, execution, and decision phases. By involving ESG experts, the Bank minimizes greenwashing risks and contributes to preventing such practices.

## **ESG data**

This year we have started the process of ESG data collection for our biggest corporate clients. ESG Data Collection is important, there is one thing we all know for sure: climate change is affecting the whole world and, the responsibility for a future in a sustainable environment lies with each and every one of us.

This is where sustainable finance comes in. The primary goal of sustainable finance is to make the economic system more resilient to climate-related financial risks. Going forward, costs of physical and transition risks will need to be factored in.

ESG data is important for companies and investors alike. Companies collect and report on ESG data to show progress on sustainability goals and attract investments. Investors look at ESG data to determine the sustainability of potential investments and to make sure they are making responsible decisions.

ESG data can include anything from a company's carbon emissions to their water consumption and inclusion initiatives. Collecting this data is the first step in measuring a company's ESG performance, and it can be used to

- create benchmarks
- compare companies
- track progress over time

It is important for companies to have a clear understanding of the data they are collecting, the methods used to collect it, and the accuracy of their data.

## Awards

Our commitment to customer satisfaction and our employees' expertise once again earned us numerous awards in 2022. Below are our awards from the four most internationally renowned financial journals and local institutions:

The Financial Times publication "The Banker" recognized the Raiffeisen Bank Kosovo as "Bank of the Year"

The EMEA Finance "Europe Banking Awards" in 2022 (for 2021), Raiffeisen Bank Kosovo was awarded as "Best Bank"

And we were also awarded by Kosovo Chamber of Commerce as the "Taxpayer of the year 2022"



## Memberships

We are proud to be active members and contributors to the following organizations.

The most important and that we have an active role is the Kosovo Banking Association (KBA) where our CEO sits as a Board Members, and many of our colleagues lead committees within the KBA that lead the financial industry to adapt and implement regulations within the EU standards such as GDPR, KYC, ESG and so on.

The second most important is the CSR Network where our Bank chairs the board and also sets the agenda for the whole private sector on adopting principles of responsible business such as UN Global Compact, Human rights, SDG framework to use for their strategy on being responsible business player in Kosovo. Other memberships we are active however we do not have a steering role to put our agenda across, but they play a big contribution on our government dialogue they include European Investors Council, American Chamber of Kosovo, Advantage Austria, British Chamber of Commerce, and Kosovo Chamber of Commerce through KBA.

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# OUR EMPLOYEES



## Our Employees

Raiffeisen Bank Kosovo is aiming to be the employer of choice in Kosovo. In 2022, the bank invested in attracting and retaining top talent, by enabling an environment that fosters peak performance, learning, career progression and most importantly sound health and wellbeing. In this sense, designing the suitable Employee Value Proposition that would attract and retain top talent was a key strategic objective topic in people's agenda.

2022 has noted continued distinct focus on technology employees. In June, the bank established a Tech4Tech Community, which brings together technology employees that work in different departments. Amongst many activities that have enriched bank's calendar of 2022, the focus on technology people was also reflected in activities related to employer branding, acquisition, retention, and development. The bank's partnership with the first Albanian Developers Conference and launch of RISE - Raiffeisen Internship and Scholarship for Engineers program were two of the well-noted developments in 2022.

Overall, the total number of employees in 2022 was 912. The average age of employees was 36.5 years, whereas 55 per cent of total employees were women, and 45 per cent of total employees were men. The employees had the possibility to express their assessment through "Voice of employees" internal surveys that the bank conducted. This survey has revealed satisfactory numbers in the year 2022 regarding employee engagement and enablement dimensions.

### Professional Development

The bank is committed to grow and develop people, their knowledge and skills by offering a variety of learning and development opportunities. These development opportunities resulted in knowledge improvements in the field of banking products and services, management topics, new working methods and technology. In this way, the bank gained a competitive advantage in the market by offering a more professional and efficient service to its customers with new adaptive approach. A specific focus was continuously given to the concept of self-development for online self-learning in 2022. The newly upgraded online Learning Management System (LMS) offers high quality services and modern learning experience for learners using the latest technology. During 2022, LMS was further upgraded with new features and refreshed design, whereas the most significant upgrade was development of mobile solution. This feature enables employees access in their mobile phones all the time (24/7) in their learning topics of their choice.



From the learner's experience point of view, this upgrade goes hand in hand with the hybrid working model.

The bank cooperates with various training providers in and out of Kosovo for specific training programs. Training needs identification is done continuously to have tailored programs that meet employees' needs. Individual development plans are provided with focus specifically on the competencies of an individual and increase the chances of personal development.

eLearning is already a very well accepted learning methodology and became one of the most important, attractive, flexible and efficient methods of learning by most employees. In 2022, there was an impressive level of interest and support by bank employees to attend and design internally developed courses. Additional focus

was also given to externally provided online courses to increase efficiency and variety in learning. Besides eLearning, during 2022 we organized different training sessions with physical presence of learners.

In addition to the activities already mentioned, the bank continued to support employees for their specific professional needs and provided licensed courses on a range of topics from technical to soft skills. Lifelong learning remains one of the key messages in the bank. 2022 continued to be a special year (post-pandemic), beside technical and soft skills there was a higher focus on remote working guidelines, pandemic prevention, digital transformation, health, safety, managing mental health, dealing with stress and anxiety were some of the most important topics offered mostly online with the aim to achieve an acceptable work-life balance and develop team spirit amongst employees.

One of bank's corporate values is "Learning" which also serves as the catalyst of the Learning Organization. One of the enabling activities of the Learning Organization is the "Learning Festival" that aims to provide unique learning opportunities, trigger learning curiosity, and promote learning culture. In 2022, the theme of the Learning Festival was "Learn and Grow to Inspire" where different presentations and training sessions were organized on topics of Technology, Business, Innovation, Artificial Intelligence, Treasury, Learning alternatives, information security.

## Talent Management

During 2022, the focus on increasing the awareness and skills of people managers toward human capabilities continued. The bank continued to run the development initiatives of rotation and cross-functional programs and tailored learning assignments. These internal and international programs aim to deepen the expertise of the most talented bank employees and managers through an innovative combination of practical, alternative and academic methods of learning. Talent Management model went through upgrades of the process and its operating architecture.

In 2022, the bank continued to advance the PCL technological infrastructure and ensured a high-degree digitalization.

## Safe Working Environment

The bank's efforts in the health and wellbeing topic have continued throughout the year 2022, with a special focus on the post-pandemic situation. The bank reopened Canteen and the Sports Room within the building. Besides eating and having a nice morning coffee or a lunch break, we aim through canteen to bring people together by creating an interconnected working place that idea takes on new meaning as well as a new importance. Informal meet ups in a relaxed environment foster creative thinking, which helps employees generate new ideas or identify potential synergies.

The Sports Room on the other hand, enabled the bank to offer various indoor activities that would contribute to the health and wellbeing of employees, such as, gaming tournament (CSGO), pilates and yoga. In addition, there were organized also outdoor activities such as hiking and football tournament.

Furthermore, the bank also introduced the hybrid way of work in 2022. It aims to provide a better work-life balance to employees through the new way of work.



## Family Friendly Employer

Through the “Expanding Choices through Family-Friendly Policies” project by UNFPA (United Nations Population Fund), the bank continued to be one of the promoters of the benefits that a company can have out of creation of family-friendly policies in the workplace. The bank will continue to cooperate with UNFPA in 2023 as well since this is also aligned with the bank’s overall ESG strategy.

## Diversity and inclusion

Raiffeisen Bank in Kosovo (RBKO) shares the commitment of RBI Group to equal opportunities for all employees, regardless of age, gender, nationality, sexual orientation and identity, disability, religion, or belief. As a large organization, we recognize our role model function and the impact we can have on the lives of our employees, customers, stakeholders, and society as a whole. Embracing our societal responsibility, RBKO has made a concerted effort to address diversity and inclusion systematically.

To guide our approach to diversity and inclusion, we adhere to the RBI Group Diversity and Inclusion Policy. This policy defines the attitudes, roles, and responsibilities necessary for effectively addressing this topic and outlines the principles that underpin our diversity and inclusion strategy within the Group. At RBK, we have appointed diversity and inclusion officers, and we have adopted local strategies aligned with the Group's objectives at all key subsidiaries.

The primary objective of our Diversity and Inclusion Strategy is to embed this topic throughout our entire organization. We aspire to move beyond isolated initiatives driven solely by our People, Culture and Learning department or the diversity officers. Instead, we seek to integrate diversity and inclusion into all our processes and make it a responsibility of our management teams. Rather than focusing on individual dimensions of diversity separately, we adopt a holistic approach based on five principles that integrate dimensions such as gender, sexual identity, and different abilities.

By embracing diversity and inclusion at all levels, we aim to create an environment where every employee feels valued, respected, and empowered. We believe that fostering diversity and inclusion not only contributes to a more equitable workplace but also enhances our ability to understand and meet the needs of our diverse customer base. We are committed to promoting a culture of openness, collaboration, and continuous learning, where diversity is seen as a strength that drives innovation and success.

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### Five Principles for Diversity & Inclusion Strategy

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Our engagement and commitment to diversity and inclusion begins at the very highest level of management



Our management teams are diverse and aware of the importance of diversity



We empower all employees to contribute to an inclusive work culture



We actively integrate diversity and inclusion into HR processes and practices



We work transparently and on the basis of data

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During 2022 on the focus of diversity and inclusion we have achieved the following results:

We have a good mix of male and female participation in the workforce of the Bank,

GRI Indicator	Description	Unit	value
GRI 2-7	Total employees	Persons	885.00
GRI 2-7	Male employees	Persons	408.00
GRI 2-7	Female employees	Persons	477.00
G4-10	Share male employees	%	46%
G4-10	Share female employees	%	54%

Approximately 97% of the employees are full time employees:

GRI Indicator	Description	Unit	value
GRI 2-7	Full-time employees	Persons	860.00
G4-10	Full-time employees, share of total employees	%	97.18
GRI 2-7	Male full-time employees	Persons	401.00
GRI 2-7	Female full-time employees	Persons	459.00
G4-10	Share of full-time male employees	%	46.63
G4-10	Share of full-time female employees	%	53.37
GRI 2-7	Part-time employees	Persons	25.00
G4-10	Part-time employees, share of total employees	%	2.82

Also there is a good mix of age groups within the Bank, so that we are inclusive based on age as well:

GRI Indicator	Description	Unit	value
G4 LA12	Male and female employees, < 30	Persons	225
G4 LA12	Male and female employees, 30 - 49	Persons	583
G4 LA12	Male and female employees, >= 50	Persons	77

And by end of the year 2022 we have achieved 40% vs the target of 35% of women representative on the management level (Supervisory board, Management Board and B-1 management combined).

### Ratio of basic salary and compensation of women to men

Ratio basic salary women/men				Ratio total compensation women/men			
B-1 (second tier of management)	B-2 (third tier of management)	Other managers	Other employees	B-1 (second tier of management)	B-2 (third tier of management)	Other managers	Other employees
93	91	97	80	90	90	93	78

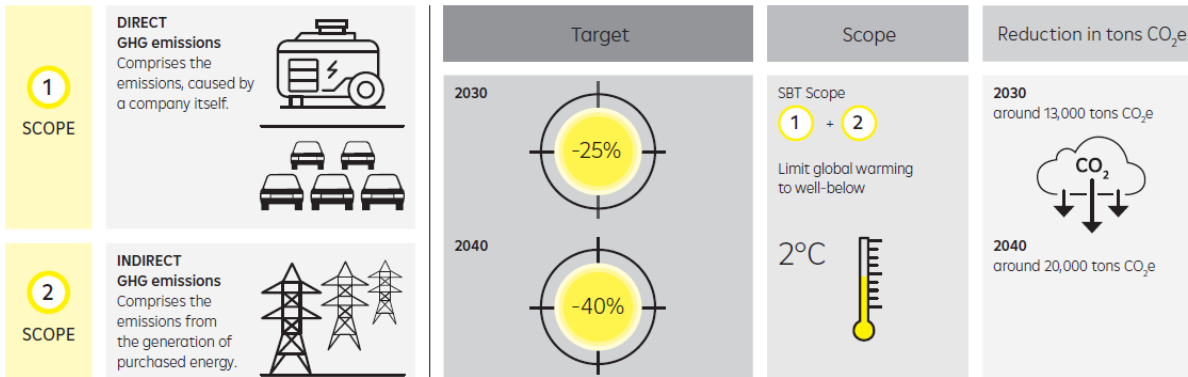
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# INHOUSE ECOLOGY



## Inhouse ecology

As far as inhouse ecology is concerned, climate change is the most important aspect in the sustainability materiality analysis. In signing the Science Based Targets (SBT) in 2022, RBI set itself the goal of limiting its greenhouse gas emissions (GHG) to well below 2 degrees Celsius by 2040. In its approach to inhouse ecology, RBI is therefore focusing on its greatest drivers of greenhouse gas emissions, which are energy and business travel; therefore also Raiffeisen Bank in Kosovo is committed to contributing to achieving such goal.



GHG: Greenhouse gas emissions

In its Global Risks Report 2022, the World Economic Forum identified climate action failure as the most severe global risk. Companies that do not set climate protection targets, that do so only to an inadequate extent or that do not incorporate any climate-related aspects into their corporate strategy should expect their profitability to suffer in the medium to long term. Effective climate protection has therefore become a competitive factor in the capital market. The management of climate risks – not just in inhouse ecology – is an increasingly important task for the economy.

At Raiffeisen Bank Kosovo, we view environmental and climate protection as part of our responsibility to society, and we see ourselves as a fair partner to the environment. The direct environmental impacts of our operational activities are limited compared with those of production industries. Nevertheless, as a Bank we have the goal of limiting negative environmental impacts at all of its sites. We therefore work to continuously improve the main environmental parameters in the most relevant areas.

In Kosovo throughout 2022 we have worked on the implementation of the environmental management systems (ISO14001), which we are planning to be certified in 2023.

In 2022, as a Banking group we have published our own environment policy, in which follows the inside-out approach to describing the impact areas and the measures taken to mitigate its impact on the environment. In general, energy efficiency, renewable energy and environmentally friendly mobility are particularly important in our Bank's inhouse ecology.

## Impacts, risks and opportunities

In terms of internal sustainability, Raiffeisen Bank Kosovo (RBKO) recognizes the importance of understanding and addressing the impact of its own activities on the environment. The key indicator for RBKO is the absolute greenhouse gas emissions (Scope 1-3), which contribute to climate change. RBKO aims to mitigate these negative impacts by promoting renewable energy and energy efficiency, which also has positive societal effects.

RBKO acknowledges the risks associated with its operational activities, and the biggest risk lies in the unwillingness of companies to combat climate change, leading to adverse global warming effects. To address these risks, RBKO and RBI group has set environmental targets to reduce its in-house CO2 emissions. The targets were officially confirmed in 2022, with a goal of reducing emissions by 25% by 2030, resulting in approximately 13,000 tons of CO2 savings; as a Group and each network bank will be contributing to this reduction.

Raiffeisen Bank Kosovo (RBKO) is actively contributing to society by taking concrete steps in environmental management. Our efforts align with the goals set in the UN Climate Change Conference in Paris (COP 21), where we are committed to reducing greenhouse gas emissions and promoting renewable energy across various sectors of the economy.

One significant opportunity for RBKO lies in consistent cost-cutting measures, particularly in areas such as business travel and energy consumption. By implementing these measures, we not only achieve operational cost savings but also contribute to environmental sustainability. Additionally, by reducing our ecological footprint, we minimize reputational risks, foster new collaborations in research and development, and enhance our resilience in the face of climate change impacts.

To mitigate risks in our value chain, such as delivery delays, we prioritize purchasing regional or local products, and in 2022 Raiffeisen Bank in Kosovo had 62% share from local suppliers. This approach reduces the associated risks and strengthens our commitment to supporting local businesses.

RBKO remains dedicated to sustainable practices, seeking opportunities to make a positive impact on the environment and society as a responsible financial institution.

## Environmental targets

To understand the categorization of CO2 emissions, they are divided into three "Scopes" according to the Greenhouse Gas Protocol:

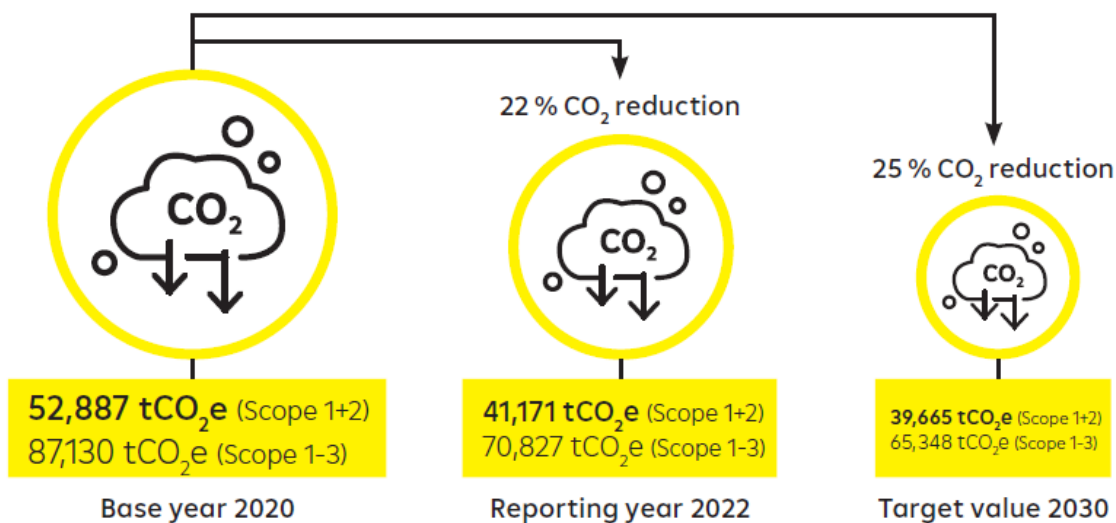
- **Scope 1:** This includes direct greenhouse gas emissions produced by the company itself. Examples include emissions from stationary sources like power plants and boilers, emissions from mobile sources like company-owned vehicles, emissions from production processes, and transient emissions.
- **Scope 2:** This includes indirect emissions resulting from the company's energy supply. It encompasses emissions associated with the energy provided by external suppliers for powering or heating company facilities.

- Scope 3:** This encompasses all other emissions within the company's operational boundaries. This includes emissions from business travel, office supplies (including paper), waste, and energy-related emissions such as transmission losses. In this chapter, we focus on reporting Scope 3 emissions related to inhouse ecology.

RBI is committed to the Science Based Targets initiative and has set a target of reducing its inhouse CO2 emissions by 35 percent. The base year for this target is 2020, and it applies separately to Scope 1+2 and Scope 3 emissions. To achieve this target, RBI aims for an annual reduction in CO2 emissions of at least 2.9 percent, improved energy efficiency, increased use of renewable energy, reduced business travel, and employee awareness measures.

Since 2020, RBI has already achieved significant progress in emissions reduction. CO2 emissions have been reduced by 22 percent in Scope 1 and Scope 2, and by 13 percent in Scope 3. Overall, including all three scopes, emissions have decreased by 19 percent since 2020. We are well on track to meet our defined reduction targets by 2030.

RBI target path Scope 1+2 CO2 reduction according to Science Based Targets commitment, in which Raiffeisen Bank Kosovo will contribute to achieving the target value until 2030.



In 2022 Raiffeisen Bank Kosovo, has reduced the electricity consumption by 3.2% year on year compared to 2021, mainly to renovations in the branches as well as implementing solar panels on the roof of the Head Office. In 2022 we have generated in total 38 MWh electricity from our solar panels. The additional effort to reduce our scope 1 and 2 CO2, has been also to change the car fleets, and we have invested in hybrid cars, the effect is planned to be seen in 2023.

To implement and enhance further environmental targets in Raiffeisen Bank Kosovo we are preparing for implementation of environmental management system ISO 14001 requirements, and in 2023 we are expecting to be certified and validated according to its standards.

The responsibility for implementing the environmental targets and evaluating their progress lies with the Procurement, Outsourcing and Facility Management.



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# COMMUNITY INVESTMENTS



## Community Investments

As a part of its sustainability and ESG strategy, Raiffeisen Bank Kosovo has been very active as an engaged citizen and invested in activities within the community. The bank's support for the community has been twofold, through direct support of various projects and through cooperation with various organizations and institutions operating in Kosovo.

### Sponsorships, donations and corporate volunteering

Regarding the direct support of projects, the bank has been focused on selecting projects that have a clear vision, are sustainable, and can contribute to the development of culture, education and innovation and social welfare in the country. As example of this selection of projects are the PriFilm Fest and Chopin Festival.

When these projects were presented to the bank, they were just an idea, and the bank trusted them by becoming their partner, supporting them for more than 15 years. Today, both festivals represent the main cultural events in Kosovo. Visual art is another area, which the bank supported within the culture area.

For more than a decade the bank supported several projects of the National Gallery of Kosovo. At the same time, more than 80 art students had the opportunity to use the Raiffeisen Gallery, an area in the Albi Mall shopping center, to promote their works free of charge for a month.

In the field of education and innovation, the bank supports for more than a decade Atomi, which focuses on identifying and supporting people with extraordinary intelligence, gifted and talented people in Kosovo. More precisely, the goal of Atomi is early identification of students with extraordinary intelligence, gifted and talented students (hereafter: atomist) in order to offer proper possibilities, conditions, care and special schooling (enrichment) for these students based on their intellectual potentials, giftedness, talent, personality, ambitions, interests, motivation and their socio-economic conditions and circumstances. All these services and activities are provided in order to enable these students to develop and realize their full intellectual potential and therefore contribute firstly to their personal development and at the same time to social and national interest.

For the fourth year in a row it is implementing another project covering both education and social welfare fields. It is realized in cooperation with CEE Stepic Charity and UNICEF in Kosovo. The project involves distribution of about 500 schoolbags with relevant school materials to children that belong to families that receive social support every year. The distribution of bags is carried by the bank employees who volunteer to join the project. So far, the project was implemented in the Municipality of Prishtina, Prizren, Gjilan and Mitrovica, while it will continue to cover other municipalities each year.

In 2022, the bank continued to also support some local projects in certain municipalities, such as "Festival of Theaters" in Ferizaj, "Anibar" Festival in Peja and "Lumbardhi" in Prizren. In its role as active citizen, the bank establishes cooperation with various organisations and institutions that operate in Kosovo to broaden the possibility of contribution in many important aspects of the society. In 2022, the bank supported the "Kosovo Economic Forum", organized in cooperation with the Embassy of Austria in Kosovo, which has brought potential investors from Austria to Kosovo. While, in cooperation with the Government of Kosovo, the bank supported and enabled the holding of the Digital Summit of the Western Balkans. Further, the

bank continued to cooperate with UNICEF, UNFPA, SOS Kinderdorf and Handikos. This is done with the aim to push forward many issues related to the promotion of children's rights, women's rights, the importance of creating a family-friendly environment in workplace, promotion of the rights of persons with disabilities, the green transformation of businesses, which are very important and contribute to the sustainable development of the country.

## Sustainable entrepreneurship

Elevator Lab is a leading fintech partnership program powered by Raiffeisen Bank International and one of the most important acceleration programs in Eastern and Central Europe. Elevator lab, is organized in a competition format between applicants, aiming to engage the actors of the innovation local ecosystem and partnership with startups and fintech's, with the highest purpose of developing and renewing the banking business model of the future. Through the program, the interested parties such as startups and fintech's could escalate their innovative products and services in the entire regional network countries where Raiffeisen Bank operates. This year we are aiming to find innovative solutions for the bank and for our customers, therefore the fintech-startups will have the possibility to expose their solutions not only to the bank top management but also to important clients who are seeking to innovate their business models as well.

This program is offered in three different programs:

Partnership Program – offering later-stage fintech startups support in developing unique pilot projects: develop your proof of concept, gain access to real customer data and work in close collaboration with leading banking experts across the CEE region.

Fintech Bootcamps - offer the possibility of developing a minimum viable product (MVP) with the help of local banking experts. Bootcamps welcome applications from early-stage startups, single founders and startups in the local seed stage. If you've taken the first steps towards launching your product and are looking for a program that boosts your product development, you should consider applying for our local or regional fintech Bootcamp:

Fintech Challenge -held once per year and support startups in product development and market entrance. Start-ups get the **chance to demonstrate the benefits of the solution to the experts in the local Raiffeisen Bank**, develop a joint solution with the help of experienced mentors and access to real customer data.

In investing in similar projects and supporting the entrepreneurship in Kosovo we maintain a culture of open dialog with a focus on the future issues of a sustainable financial sector.



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# GRI INDEX



# GRI Content Index

General disclosures		
	Indicator	Where to find it
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	GRI 2-2 Entities included in the organization's sustainability reporting	6
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	GRI 2-4 Restatements of information	6
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<b>Activities and workers</b>	GRI 2-6 Activities, value chain and other business relationships	48
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<b>Governance</b>	GRI 2-9 Governance structure and composition	18,19
	GRI 2-10 Nomination and selection of the highest governance body	19
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	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	19,24
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	GRI 2-23 Policy commitments	21,22,23
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<b>Stakeholder engagement</b>	GRI 2-28 Membership associations	40
	GRI 2-29 Approach to stakeholder engagement	27
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<b>Environment</b>		
<b>Material topics</b>	GRI 3-1 Process to determine material topics	24
	GRI 3-2 List of material topics	25,26
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<b>Material topics</b>	GRI 3-1 Process to determine material topics	24
	GRI 3-2 List of material topics	25,26
	GRI 3-3 Management of material topics	26
<b>Professional development and education</b>	403-5 Worker training on occupational health and safety	42
	404-1 Average hours of training per year per employee	42
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<b>Governance</b>		
<b>Material topics</b>	GRI 3-1 Process to determine material topics	24
	GRI 3-2 List of material topics	25,26
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