



Make sustainability happen



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

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➤ Foreword by the Chair of the Supervisory Board

Dear Esteemed Readers,

In the face of unprecedented global challenges, including geopolitical shifts and economic uncertainties, Raiffeisen Bank Kosovo has not only sustained its market leadership but has also reinforced its commitment to integrating Environmental, Social, and Governance (ESG) principles into our core operations. Our unwavering dedication to sustainability has propelled us to the forefront of responsible banking in Kosovo.

2023 was a year where our resilience was on full display. We achieved significant financial growth and maintained robust performance across all key indicators, all while advancing our ESG initiatives. We have been proactive in reducing our carbon footprint, enhancing our green financing projects, and implementing strategic measures to ensure our operations are sustainable and responsible.

Our commitment goes beyond financial metrics; it is about making a positive impact on our community and the environment. We continue to pioneer innovative solutions that contribute to sustainable development goals, focusing on creating a balance between economic success and environmental stewardship.

As we look to the future, our goal is to maintain this momentum, ensuring that Raiffeisen Bank Kosovo remains a stable, innovative, and responsible leader in the banking industry. I am immensely proud of what we have achieved and optimistic about what we can accomplish together in the years to come.

On behalf of the Supervisory Board,

Peter Lennkh,
Chair of the Supervisory Board

➤ Foreword by the Chair of the Management Board

Dear readers,

As CEO of Raiffeisen Bank Kosovo, I am proud to lead an institution that not only adapts to market changes with agility but also embeds sustainability deeply into our business model. In 2023, our bank has not only marked its 20th anniversary in Kosovo, celebrating two decades of service and leadership, but we have also heightened our commitment to responsible banking through significant initiatives such as our ESG Summit held in Prishtina.

This summit was a landmark event for us, aimed at raising awareness about sustainable practices and fostering dialogue among stakeholders about environmental, social, and governance (ESG) principles. It demonstrated our leadership in promoting sustainable finance and our dedication to being at the forefront of the banking sector's transformation in Kosovo.

Throughout the year, we focused on expanding our ESG initiatives, which are integral to our strategic objectives. This includes enhancing digital platforms to improve customer service and operational efficiencies and introducing innovative products that meet stringent environmental standards while fulfilling customer needs.

Our journey towards sustainable banking is characterized by continuous commitment and innovation. At Raiffeisen Bank Kosovo, we are dedicated to developing solutions that support the economic, social, and environmental well-being of our communities. We invest in technology and partnerships that drive financial inclusion and promote sustainable practices across our operations.

As we move forward, our focus remains on leading the way in responsible banking by supporting our customers and stakeholders in their sustainable transitions. Celebrating our 20th year, we look back with pride and forward with excitement, ready to continue making a significant impact on Kosovo's banking sector and its broader economic landscape.

Anita Kovacic
Chair of the Management Board

Overview

> About the report

In this Sustainability Report, we describe the economic, environmental, and social impact of our business activities in the 2023 financial year (1 January to 31 December) and present our current activities in sustainability. The aim of the report is to give a comprehensive account of how Raiffeisen Bank Kosovo has fulfilled its sustainability mission during the reporting period and what plans to implement and improve in its sustainability performance in the future.

To ensure meaningful comparisons, we have included data from 2022 where applicable to demonstrate the actual progress made. At the same time, the report presents the commitments and measures the bank undertook to contribute directly and significantly to global sustainable development targets.

For the second consecutive year, we have taken the initiative to produce this report independently in Kosovo, distinct from the RBI Group. This deliberate choice underscores our commitment to pioneering environmental, social, and governance (ESG) practices and responsible banking. Through this action, we aspire to lead the way, setting unprecedented benchmarks within our industry.

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. ESG & Sustainability Management at RBKO is your point of contact concerning this report and welcomes 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 2023 to 31 December 2023. 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.

> 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, around 45,000 RBI employees serve around 18.6 million customers from more than 1,500 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 61.17 per cent of RBI AG shares, with the remaining per cent in free float.

As of the end of 2023, Raiffeisen Bank Kosovo has established a strong presence in the Kosovo market. With 36 business outlets, the bank serves over 321,079 clients, providing a wide range of financial products and services.

RAIFFEISEN BANK INTERNATIONAL:

18.6 million



clients

45 000



employees

1500



branches

➤ Mission, Vision, and Values

As Kosovo's leading bank, Raiffeisen Bank has been instrumental in driving the country's economic progress. We champion transparent and responsible business practices, recognizing their vital role in fostering sustainable development. By adhering to these principles, we actively contribute to Kosovo's economic advancement.

At Raiffeisen Bank Kosovo, we are committed to supporting local communities and enhancing their well-being through targeted initiatives. Moreover, we prioritize raising awareness about environmental protection, understanding the importance of safeguarding our natural heritage for future generations.

Over the past two decades, our dedication to Kosovo's economy has been unwavering. Through tailored financial solutions, we indirectly fuel the growth and prosperity of Kosovo's society. We firmly believe that the investments we make today will yield positive outcomes for the future.

In line with our parent company, Raiffeisen Bank International (RBI), we share a forward-looking vision. RBI's Vision 2025, introduced in 2019, aspires to transcend traditional banking by delivering exceptional customer experiences and exceeding expectations. This commitment to innovation and customer-centricity resonates deeply with our goals at Raiffeisen Bank Kosovo.

Our sustainability agenda revolves around acting as a responsible corporate citizen and promoting the long-term welfare of Kosovo's people and businesses. By integrating sustainability into our core operations, we ensure that our growth is not only sustainable but also beneficial for 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

| Raiffeisen Bank Kosovo JSC | 2023 | 2022 | Change |
|--|------------------|------------------|---------------|
| Monetary values are in €mn | | | |
| Income Statement | 1/1-31/12 | 1/1-31/12 | |
| Net interest income | 63.8 | 52.5 | 21.4% |
| Net commission income | 14.8 | 14.4 | 3.1% |
| Gains or losses on financial assets and liabilities | 1.4 | (0.3) | 601.4% |
| Other operating income | 8.2 | 7.7 | 5.7% |
| General administrative expenses | (41.2) | (37.1) | 11.1% |
| Profit before tax | 34.6 | 33.1 | 4.4% |
| Profit after tax | 30.4 | 29.4 | 3.6% |
| Earnings per share | N/A | N/A | N/A |
| Balance Sheet | | | |
| Loans and advances to banks | 12.0 | 25.9 | -53.8% |
| Loans and advances to customers | 925.5 | 862.9 | 7.3% |
| Investment securities | 256.0 | 197.8 | 29.4% |
| Deposits and borrowings from banks | 7.7 | 8.4 | -8.4% |
| Deposits from customers | 1,219.3 | 1,129.0 | 8.0% |
| Equity (incl. minorities and profit) | 151.1 | 142.7 | 5.9% |
| Balance-sheet total | 1,425.3 | 1,298.2 | 9.8% |
| Local Regulatory information | | | |
| Risk-weighted assets B2, incl. market risk and ops. risk | 1,016.0 | 952.3 | 6.7% |
| Total own funds | 171.6 | 133.1 | 29.0% |
| Total own funds requirement | 121.9 | 114.3 | 6.7% |
| Excess cover ratio | 40.7% | 16.4% | 24.3 PP |
| Core capital ratio (Tier 1) | 15.7% | 13.5% | 2.2 PP |
| Total own funds ratio | 16.9% | 14.5% | 2.4 PP |
| Performance | | | |
| Return on equity (ROE) before tax | 25.9% | 25.9% | 0 PP |
| Return on equity (ROE) after tax | 22.8% | 23.0% | -0.2 PP |
| Cost/income ratio | 44.3% | 46.7% | -2.4 PP |
| Return on assets (ROA) before tax | 2.6% | 2.3% | 0.3 PP |
| NPL | 3.4% | 2.6% | 0.8 PP |
| NPL coverage ratio | 73.9% | 77.7% | -3.8 PP |
| Net provisioning ratio | 1.4% | 0.6% | 0.8 PP |
| Risk/earnings ratio | 15.4% | 7.5% | 7.9 PP |
| Resources | | | |
| Number of staff | 948 | 912 | 3.9% |
| Business outlets | 36 | 37 | -2.7% |

➤ Sustainability management and corporate responsibility

Raiffeisen Bank Kosovo, standing as a subsidiary of the esteemed RBI, upholds a fundamental principle that has steered RBI's corporate journey for over 130 years: sustainability. For us, sustainability means conducting responsible corporate activities that yield long-term, economically positive results while considering key societal and environmental aspects, entwined with our very essence, and deeply ingrained in our core values.

At the heart of our operations lies a commitment to conducting responsible corporate activities that yield enduring, economically positive outcomes while meticulously considering the societal and environmental impacts. This ethos is at the forefront of everything we do, shaping our decisions, actions, and strategies.

We firmly believe in the harmonious fusion of financial success and social responsibility. Sustainability isn't merely an add-on; it's an integral part of our leadership ethos and a foundational component of our overarching business strategy. We are relentless in our efforts to align our management structures and processes with this sustainability mindset, ensuring that it permeates every aspect of our operations.

In our relentless pursuit of sustainability goals, we've identified four key pillars that serve as guiding lights: "Core Business," "Employees," "In-house Ecology," and "Community Investments." These pillars are not disparate entities; rather, they are interconnected facets of our commitment to promoting sustainable development in tandem with our clients and society.

To ensure the effective implementation of our sustainability initiatives, we've established a steering group comprised of the Bank's management board and leaders for each pillar. This group serves as the driving force behind our strategic approach, outlining our ambitions for integrating sustainability into our business activities. Our unwavering focus remains on areas that wield significant impacts on the economy, the environment, and people's lives. We are committed to continually enhancing the positive outcomes of our business practices while mitigating any adverse effects. Moreover, we are actively engaged in developing robust measurement and verification mechanisms to track our progress, with a specific emphasis on enhancing data quality in the market.

Through these concerted efforts, we aim to catalyze 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.

In 2023, Raiffeisen Bank Kosovo achieved significant progress across several key areas, including the alignment with Environmental, Social, and Governance (ESG) principles, strategic engagements for green financing, financial education, and efforts to become an employer of choice in Kosovo. As a voluntary signatory to the United Nations Principles of Responsible Financing and a trailblazer in ESG principles, Raiffeisen Bank in Kosovo has been steadfast in supporting companies and individuals in their transition to a sustainable, green, and equitable economy since 2021. As part of the RBI Group, we are dedicated to upholding the rigorous standards outlined by EU regulations, including the EU Taxonomy.

To underscore our commitment to ESG principles, we released our inaugural Sustainability Report in August, offering a comprehensive overview of our economic, environmental, and social impacts during the 2022 financial year. This marked a significant milestone as the first such report published by a bank in Kosovo. Furthermore, in June, we hosted a two-day ESG Summit, facilitating discussions on sustainability, climate change, and mobilizing resources for green initiatives. The event saw active participation and contributions from representatives of the business sector, government, and local/international organizations.

We remain dedicated to fostering responsible banking practices for a more sustainable future by implementing eco-friendly initiatives. Internally, we recognize the importance of understanding and addressing the impact of our activities on the environment.

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.

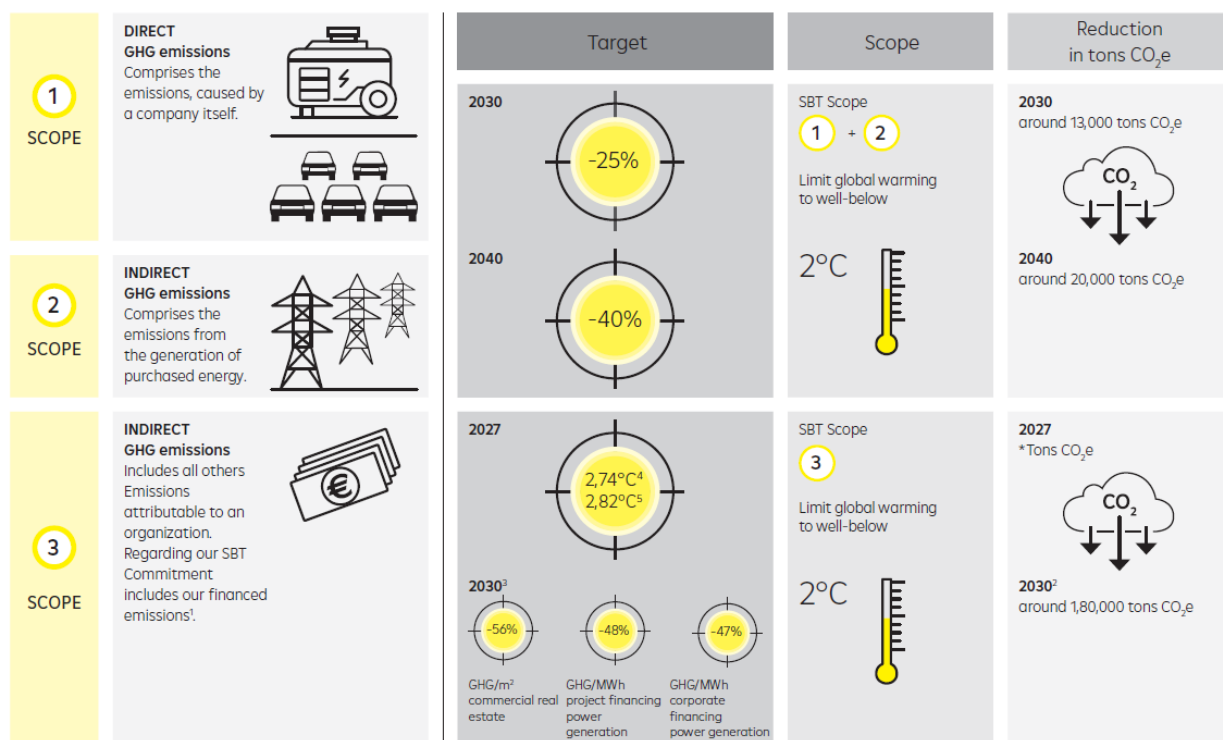
The ten principles of the UN Global Compact

| | | |
|---------------------------------|---------------|--|
| Human rights | Principle 1: | We support and respect the protection of international human rights within our sphere of influence. |
| | Principle 2: | We make sure that we are not complicit in human rights abuses. |
| Labor | Principle 3: | We uphold the freedom of association and the effective recognition of the right to negotiations about the Collective Bargaining Agreement. |
| | Principle 4: | We support the elimination of all forms of forced and compulsory labor. |
| | Principle 5: | We support the abolition of child labor. |
| | Principle 6: | We support the elimination of discrimination in employment and occupation. |
| Environmental protection | Principle 7: | We support a precautionary approach to environmental challenges. |
| | Principle 8: | We undertake initiatives to promote greater environmental responsibility. |
| | Principle 9: | We encourage the development and diffusion of environmentally friendly technologies. |
| Anti-corruption | Principle 10: | We work against corruption in all its forms, including extortion and bribery. |

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 (Worldwide 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.



¹ The portfolio targets of Raiffeisen Bank International cover 23% of the total investment and lending activities (as of 2021).
² Assuming constant base values (square meters for commercial properties, MWh for electricity generation).
³ Intensity targets for project finance and corporate lending in power generation (GHG per kWh) and for corporate lending in commercial real estate (GHG per m²). Base year 2020.
⁴ 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.
⁵ 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 six 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

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:

Management Board level

Chief Executive Officer of Raiffeisen Bank Kosovo - Anita Kovacic
and members of the Management Board

Management and program level

B-1 Steering Group – Pillar leaders
Operational Task Force for each pillar

Dealing exclusively with ESG topics

Sustainability &
Communications
Corporate ESG Finance
Retail Sustainability/ESG

Topics with members around the company dealing with ESG

| | |
|--|---|
| 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

Raiffeisen Bank Kosovo's commitment to environmental, social, and governance (ESG) considerations is bolstered by the collaborative efforts of the Sustainability/ESG B-1 Steering Group. Comprised of department heads overseeing core business, employee relations, in-house ecology, and community investments, this group serves as a vital advisory body for the Management Board, offering expert insights and guidance.

With each member bringing a wealth of expertise and experience in ESG activities, the Steering Group ensures a comprehensive approach to addressing ESG risks while embracing a holistic perspective on sustainability. The oversight of the group's coordination falls under the purview of the Sustainability/ESG Management Lead within the Sustainability and Communications Department, facilitating effective communication and collaboration among members.

By working in tandem with the dedicated team, the Sustainability/ESG B-1 Steering Group endeavors to drive sustainable practices and initiatives across the organization, fostering positive impacts on the environment, society, and stakeholders alike.

The Steering Group fulfills several critical responsibilities, including:

- Advising the Management Board on ESG issues: Providing timely and relevant information on potential or existing material impacts, risks, and opportunities related to sustainability, enabling informed decision-making on ESG strategies and commitments fulfillment.
- Recommending ESG Key Performance Indicators (KPIs): Proposing relevant ESG KPIs for integration into performance management activities, ensuring effective monitoring and integration of ESG goals and targets into the performance assessment process.
- Ensuring alignment with responsible banking principles: Continuously monitoring adherence to responsible banking principles, assessing the bank's practices and initiatives concerning sustainable development, social responsibility, and environmental stewardship.
- Reviewing and discussing the ESG strategy: Engaging in comprehensive discussions and reviews of the ESG strategy, with a focus on achieving "Paris alignment" objectives and adhering to global sustainability frameworks such as the UNEP FI Principles for Responsible Banking.

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.

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 to minimize the risks for the future as far as possible.

As one of the signatories 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.

Regularly the bank has run an internal awareness initiative to build a better culture of compliance where 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. 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. 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.

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. To identify, prevent and fight against corruption, the bank assesses its operations on an annual basis 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 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 to make them appear legitimate. This system typically involves three stages: the placement of funds in a financial system, the stratification of transactions 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 few components, including the following:

- Appointment of an anti-money laundering officer
- Risk identification and classification regarding customers and products as well as risk-based due diligence obligations
- Systematic, continuous due diligence obligations regarding 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 drivers 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 is 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. 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 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 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 considers 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 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 considered, 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 Inhouse ecology, the main environmental impact factor was identified as consumption related greenhouse gas emissions. 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"> - Combating money laundering and terrorism - Combating Corruption - Security in financial business |
| Core Business | Sustainable financing | <ul style="list-style-type: none"> - Climate Change - Circularity |
| | Societal Aspects within the Core Business | <ul style="list-style-type: none"> - Financial Inclusion - Customer Data Protection - Responsible Sales Practices and Marketing |
| | Economic value creation | <ul style="list-style-type: none"> - Economic Sustainability - Tax Compliance |
| Employees | Employee Concerns | <ul style="list-style-type: none"> - Employment - Diversity - Health and wellbeing - Employee Development - Employee Involvement |
| In-house Ecology | Internal ecology | <ul style="list-style-type: none"> - Emissions - Energy - Business Travel - Waste |
| Community Investments | Commitment to Society and Environment | <ul style="list-style-type: none"> - Donations and Corporate Volunteering - Commitment to support SDG community investments - Financial Literacy |

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.

➤ 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 Program 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 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.

> 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, CO2-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 these 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

At Corporate division, the environmental initiatives are at the forefront of our sustainability efforts. Corporate banking in Raiffeisen Bank Kosovo has had very good 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 2023, the bank placed a high priority on ensuring full compliance with increased regulatory requirements both at the local and group levels. The department strategy 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 2023. It worked in developing a comprehensive strategy for ESG Financing, which involved increasing training and awareness both internally and externally. However, the 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 2023, the corporate segment had a green ESG portfolio of € 18.7 million.

Through strategic investments in renewable energy, energy-efficient technologies, and other responsible business activities, we have significantly reduced our greenhouse gas emissions and achieved notable progress towards our sustainability goals. The bank is committed to continue to direct flow of financing 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. We will continue to innovate, collaborate, and adapt to emerging challenges and opportunities, striving to create a more sustainable and equitable future.

Small and Micro enterprises

The year 2023 was characterized by a strong focus from the banking sector for SMEs as the level of lending continued to be robust. In this regard Raiffeisen Bank was a strong performer as it managed to grow its portfolio for 10.8 M as it provided support new and existing customers of the bank.

In the micro segment, the year was intense in terms of developments as a new scorecard model was introduced that will contribute to sound and sustainable portfolio development. On the same time a new credit application platform was introduced that will impact efficiency and enhance customer journey.

On the small business side, the department joined the Retail board area as it merged with micro. In this regard there were several changes that affected positively the segment and its performance as the branch management was organized through a regional approach. In terms of products, there was development on the daily banking offer through the introduction of a new package that targets new customers.

On the same time risk sharing facility was introduced in a standard procedure as necessary changes were implemented in the system to support the implementation of the instrument which will support lending and growth.

In terms of technology and innovation, the bank continued investing in improving customer interaction and experience as it launched digital onboarding through SME On and RAIPOS which tackles the payments segment. Both initiatives proved to be successful as the rate of digital onboarding exceeded 30% while 940 new customers joined the RAIPOS platform. Through this, the customer experience was further enhanced as it strives to be seamless in terms of access, connectivity, and interactivity.

Private Individuals, Affluent Banking, and Branches

In addition to being market leaders, and innovative in banking products and services with main emphasis on customer centricity we also are present in all regions of Kosovo with 36 branches and sub-branches, which coincides with Raiffeisen Bank having the largest branch network in the market. During 2023 we have managed to have yet another successful year in particular lending where we have managed to grow Year over year by 19%. This was attributed thanks to our model on creating mutual profitable relationship with our customers, in addition to fine tuning our lending products to meet market / customer demand. Another success for Private Individuals and Premium Banking is widening our investment product range with Capital Guaranteed Certificates, a new and modern way of investments allowing our customers to invest in a guaranteed investment products with 100% protection and exceptional yield possibilities.

Our Branch Transformation Program continued to also be implemented throughout 2023. It has modernized and optimized the operations and services of branches and sub-branches. In addition, 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. Our branches now offer 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. 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' was regarded from our customers continuously highly were we have customer education activities which inevitably resulted in a tangible increase of the usage of alternative 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 2023, 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 and customer satisfaction positively thus increasing number of promoters. The bank also continued to further enhance Rai Connect, and it will do so also during 2024 to enable even more 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 25 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. 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. As the portfolio did not change materially in 2023, the results are still up to date.

The scope of the analysis included the business activities of consumer banking, business & corporate banking and the market positions in Central and Eastern European (CEE) countries. In business & corporate banking, the gross profit per sector and country, as well as the NACE code for the respective customers were analyzed. In the consumer banking business, the impacts of five banking products were analyzed. In the data collection process, industries with negative key sectors for the 38 impact themes in twelve impact areas were prioritized. The results of the analysis showed that the two main positive impact areas were financial services in general (public access to financial services) and growth in SMEs (development and value creation thanks to successful SMEs). Both areas had positive impacts on SDGs 8 and 9. The main negative impact areas relating to the largest proportion of the exposure were climate stability and circularity, including resource intensity and waste.

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:

technical and organizational measures have been implemented to guarantee the security of customer, employee, and partner data. Our cybersecurity strategy undergoes regular updates and is endorsed by the Management Board. Furthermore, our information security management system holds certification 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.

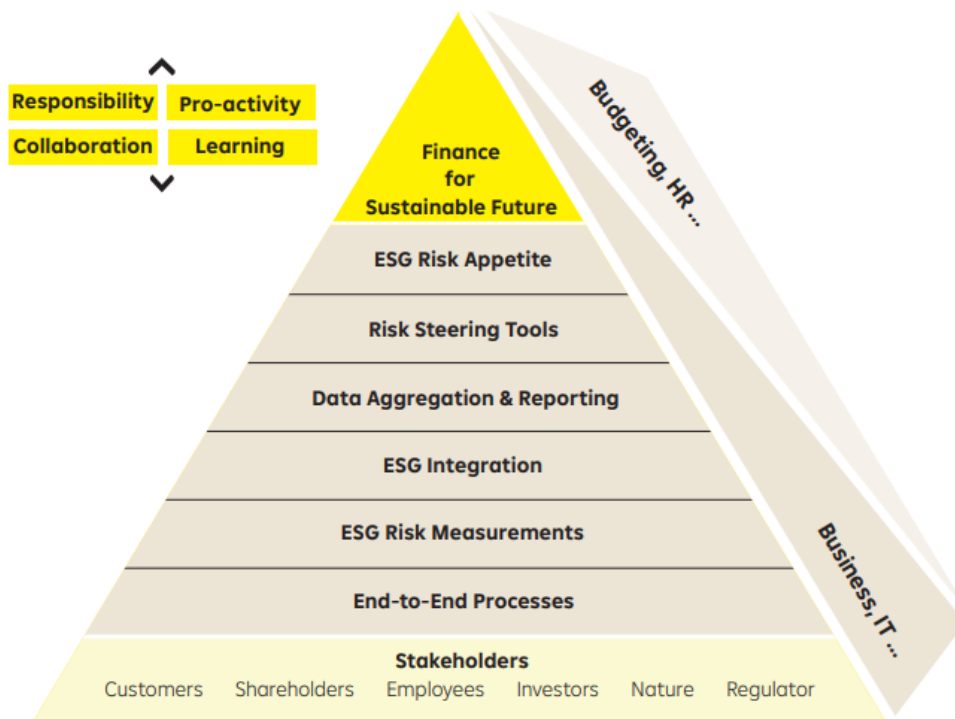
To reinforce awareness regarding data protection and security, we conduct employee training sessions. These initiatives are designed to enhance the conscientious handling of personal data and facilitate practical implementation across various employee segments. We diligently monitor, review, process, and document complaints and instances of data protection breaches. Each complaint or breach is thoroughly investigated to determine its underlying causes, and appropriate measures are taken to safeguard affected individuals, including notifying the relevant data protection authorities as necessary.

In terms of sales practices and marketing, we prioritize trust and transparency. It's imperative that we communicate clearly and openly about our products and services, furnishing customers and stakeholders with comprehensive and easily digestible information. Our advertising and marketing guidelines strictly adhere to these principles, aiming to shield customers from potential losses and maintain objectivity in recommendations. We are steadfast in our commitment to clearly delineate and elucidate the risks associated with our products, and we unequivocally prohibit the dissemination of false or misleading information under 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.

To illustrate the affected areas of the risk management framework, we have mapped the respective requirements in the following pyramid, which provides a concise overview of the steering set up within the risk area:



ESG Risks are integrated within existing risk management processes and structures. This approach enhances our existing classical four 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.

RBI Group, including RBKO have 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.

| 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"> ■ Climate-related and environmental risks ■ Identifying risks according to: <ul style="list-style-type: none"> ✓ Climate-change risk ✓ Circularity ✓ Biodiversity ■ Social risks ■ Governance risks | Use of metrics for measurement of ESG on a customer and portfolio dimension: <ul style="list-style-type: none"> ■ Environmental, Social and Governance score ■ Green Asset Ratio ■ Financed GHG emissions ■ Science-based targets | <ul style="list-style-type: none"> ■ Sectoral strategies & special policies ■ Climate stress testing | <ul style="list-style-type: none"> ■ Credit processes enhancement ■ Prevention of liability, reputational and greenwashing risk in the design phase |

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 (CROs), ensuring commitment across the entire risk organization.

As of 2024, all ESG-related topics in the CRO area will be addressed via the line organization, thus ensuring full integration into our daily activities.

RBKO aim is to always adhere to the regulatory requirements, while aligning our actions with the RBI business model. From a regulatory perspective, our efforts are based on the ECB guide on climate-related and environmental risks.

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 |
|---|--|---|
| The functioning of business activities in the management of natural environment (waste and pollution; resource depletion; greenhouse gas emissions; deforestation; climate change) | 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 | Ways in which the corporation conducts its policy (company management, focus on tax strategy, executives remuneration, management of donations, political lobbying, corruption and bribery; diversity management and steering board structure) |

➤ 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.

➤ Awards

Our commitment to customer satisfaction and our employees' expertise once again earned us numerous awards in 2023. Below are our awards from the four most internationally renowned financial journals and local institutions:

- Was recognized by the UNFPA (United Nations Population Fund) as a champion company in Kosovo for a family-friendly corporate culture.
- Was recognized by Euromoney as "Best Bank" in Kosovo
- Was recognized by Euromoney as "Best Bank for ESG" in Kosovo
- Was recognized by Euromoney as "Best Bank for Corporate"
- Was recognized by Euromoney as "Best Bank for Digital Solutions"
- And we were also awarded by Kosovo Chamber of Commerce as the "Taxpayer of the year 2023"

➤ 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 .

➤ Our Employees

At the core of our cultural beliefs and firmly rooted in our approach to building a strong workforce is the goal of being the top choice for employers in Kosovo. Throughout 2023, this goal guided our efforts in creating a workplace where top talent feels welcomed and valued. We focused on fostering an environment that promotes high performance, learning, career growth, and the well-being of our team members. A significant milestone was the introduction of our Employee Value Proposition, aimed at attracting and retaining top talent, which we successfully launched by the end of the year.

Our workforce consisted of 948 individuals in 2023.

Just like in the preceding year, 2023 saw continued emphasis on our tech community. Aligned with market trends and our objectives in technology and digitalization, we prioritized providing an outstanding experience for our tech professionals. Throughout the year, we organized various activities focused on employer branding, talent acquisition, retention, and professional development within the tech sector. Notable initiatives included Tech4Tech, Data Hackathon, IT Security sessions, Open Day, and the RISE - Raiffeisen Internship and Scholarship for Engineers program, resulting in a moderate level of employee turnover throughout the year.

Looking at the demographics of our workforce, we have a diverse and relatively young team, with an average age of 36. Women make up 57 percent, while men make up 43 percent of our total workforce.

Professional development

The bank is fully committed to the growth and development of its employees, providing a diverse range of learning opportunities. These efforts have resulted in enhanced knowledge across various areas, including banking products, management practices, innovative work methods, and technology. This commitment has positioned the bank as a market leader, offering customers a more professional and efficient service through adaptive approaches.

In 2023, there was a specific focus on promoting self-development through online learning, facilitated by the advanced Learning Management System (LMS). Collaborating with training providers both within and outside Kosovo, the bank continuously identifies training needs, tailoring programs to meet the evolving requirements of its employees.

Individual development plans target specific competencies by increasing the likelihood of personal growth. eLearning has gained widespread acceptance, with significant employee interest and support for internally developed courses. The year 2023 also saw an increased emphasis on externally provided online courses, enhancing learning efficiency and variety. Additionally, physical training sessions were organized.

The bank's support for employees extended to licensed courses covering technical and soft skills, aligning with the corporate value of "Learning." Lifelong learning remains a central theme, with a heightened focus in 2023 on topics like new way of work, digital transformation, health, safety, and diversity, delivered mostly online by key speakers from RBI and local experts.

The corporate value of "Learning" serves as the foundation for the Learning Organization, with the "Learning Festival" acting as a catalyst for unique learning experiences. In 2023, the festival theme, "Make > the art of Learning < Happen," featured presentations and training sessions on Data & Technology, Business, UX Design, ESG, Climate Awareness, Supply Chain, and Leadership during Transformation.

Talent management

Throughout 2023, there was a sustained effort to enhance the awareness and skill set of people managers regarding human capabilities. The Talent Management Program and Leadership Program were strengthened and officially supported. These initiatives are designed to recognize talent and enhance the skills of the most promising bank employees and managers. They utilize a blend of practical, unconventional, and academic learning methods to deepen expertise and foster innovation.

Safe Working Environment

As a preferred employer, we understand that the well-being of our organization hinges on the well-being of our employees. Our commitment to providing a modern working environment, inclusive of new working models and contemporary offices, coupled with health and well-being initiatives, is geared towards unlocking the full potential of our workforce.

With flexible working hours and a hybrid working model, our aim is to afford our employees greater flexibility and the option to work remotely. By empowering our employees to choose their working schedules and environments conducive to their productivity, we believe we enhance their happiness, promote mental well-being, and ultimately drive better performance and productivity.

Furthermore, our on-site amenities such as the canteen foster a sense of community and collaboration, aligning with our core values. Our sports room is designed to support our employees' health, well-being, and enjoyment during their working hours.

The team building activities, excursions, and outdoor events organized contribute to a supportive and enriching work culture.

A month dedicated to well-being featuring a variety of activities centered around health management and overall wellness, known as "Feel Good October." Activities included morning runs, cycling, hiking, mental health sessions, healthy cooking and eating programs, free yoga, Pilates, kickboxing, blood donation drives, and a steps challenge. Additionally, sessions were organized for mothers on maternity leave to address positive discipline in everyday parenting in collaboration with external entities.

On the 20th anniversary of Raiffeisen Bank Kosovo, we organized a large summer event for our employees and their children. This event emphasizes our ongoing dedication and recognition of our employees and their families, setting our position as an Employer of Choice.

We are also proud to emphasize our commitment to gender balance and equal opportunities.

Furthermore, it's worth noting that our commitment to Employee Sustainability within our Employee Value Proposition extends to championing a workplace that is diverse and inclusive. With a representation of over 50% women in the bank and over 40% in leadership roles, we actively promote employee well-being, talent retention, and the attraction of skilled individuals.

This concerted effort has a direct impact on our Environmental, Social, and Governance (ESG) strategy.

Family Friendly Employer

In 2023, the bank continued to be recognized through the "Expanding Choices through Family-Friendly Policies" project by UNFPA (United Nations Population Fund) for its commitment to family-friendly workplace policies. These policies are designed to assist both women and men in achieving a balance between their professional

and personal responsibilities, fostering women's economic empowerment, and encouraging increased participation of men in parental care responsibilities.

Raiffeisen Bank Kosovo is acknowledged by UNFPA as a "Champion Company" for its family-friendly policies and practices, this recognition is in harmony with our broader Environmental, Social, and Governance (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. 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.

During 2023 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,

Five Principles for Diversity & Inclusion Strategy



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

| GRI Indicator | Description | Unit | value |
|----------------|------------------------|---------|--------|
| GRI 2-7 | Total employees | Persons | 921.00 |
| GRI 2-7 | Male employees | Persons | 409.00 |
| GRI 2-7 | Female employees | Persons | 512.00 |
| G4-10 | Share male employees | % | 44% |
| G4-10 | Share female employees | % | 56% |

Approximately 97% of the employees are full time employees:

| GRI Indicator | Description | Unit | value |
|----------------|---|---------|--------|
| GRI 2-7 | Full-time employees | Persons | 896.00 |
| G4-10 | Full-time employees, share of total employees | % | 97.3 |
| GRI 2-7 | Male full-time employees | Persons | 401.00 |
| GRI 2-7 | Female full-time employees | Persons | 495.00 |
| G4-10 | Share of full-time male employees | % | 44.8 |
| G4-10 | Share of full-time female employees | % | 55.2 |
| GRI 2-7 | Part-time employees | Persons | 25.00 |
| G4-10 | Part-time employees, share of total employees | % | 2.7 |

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 |

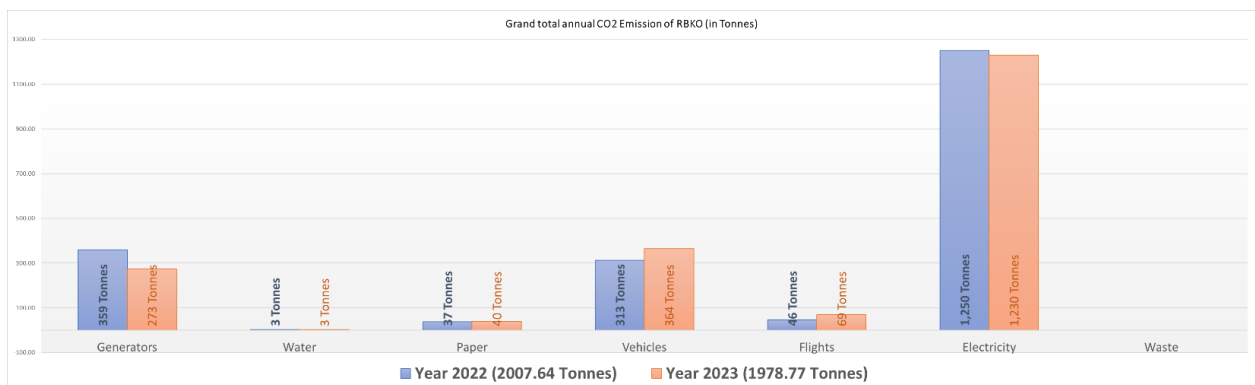
And by end of the year 2023 we have achieved 53% vs the target of 35% of women representative on the management level (Supervisory board, Management Board and B-1 management combined).

➤ Inhouse ecology

We are dedicated to enhancing environmental and climate protection as an integral aspect of our social responsibility, positioning ourselves as responsible stewards of the environment. Over recent years, capturing emissions data presented a notable challenge; however, we are pleased to report significant progress in identifying and measuring pertinent data points. We have meticulously identified factors influencing environmental pollution and proactively developed measures and initiatives to mitigate their impact. Our ongoing implementation plan underscores our commitment to effecting positive change.

Comparing data from 2022 to 2023, we achieved a commendable 1.4% reduction in CO2 emissions, attributable to various strategies including:

- Enhancing energy efficiency through solar panel installations at our headquarters, contributing approximately 2% of total energy consumption.
- Retrofitting buildings with LED lighting systems.
- Transitioning to hybrid company vehicles.
- Implementing measures to reduce and monitor business flight travel.
- Expanding bicycle parking facilities for both staff and customers.
- Utilizing recycled paper for operational needs and minimizing paper consumption.
- Implementing waste management improvements such as segregated bins and electronic equipment recycling partnerships.
- Streamlining asset disposal processes.
- Opting for alternative water sources, utilizing underground and rainwater for non-potable purposes.
- Sustaining green spaces within our premises.



Furthermore, we have made significant strides towards ISO 14001 certification, a globally recognized standard for Environmental Management Systems (EMS).

Anticipated certification by the end of Q1 2024 underscores our commitment to adhering to the highest environmental standards.

Looking ahead to 2024, we remain steadfast in our endeavors, with key initiatives including:

- Increasing our hybrid vehicle fleet to 60%.
- Implementing electric vehicle charging infrastructure.
- Expanding the use of LED lighting and sensors.
- Transitioning our banking applications to cloud-based platforms.
- Evaluating suppliers based on their environmental impact.
- Installing ecological water filtration systems.
- Promoting environmentally friendly business travel options.

Our overarching objective for 2024 is to achieve an annual 5% reduction in carbon emissions (Scope 1 and 2) from our operations, reflecting our unwavering commitment to environmental sustainability.

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 2023 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.

Group Environmental targets

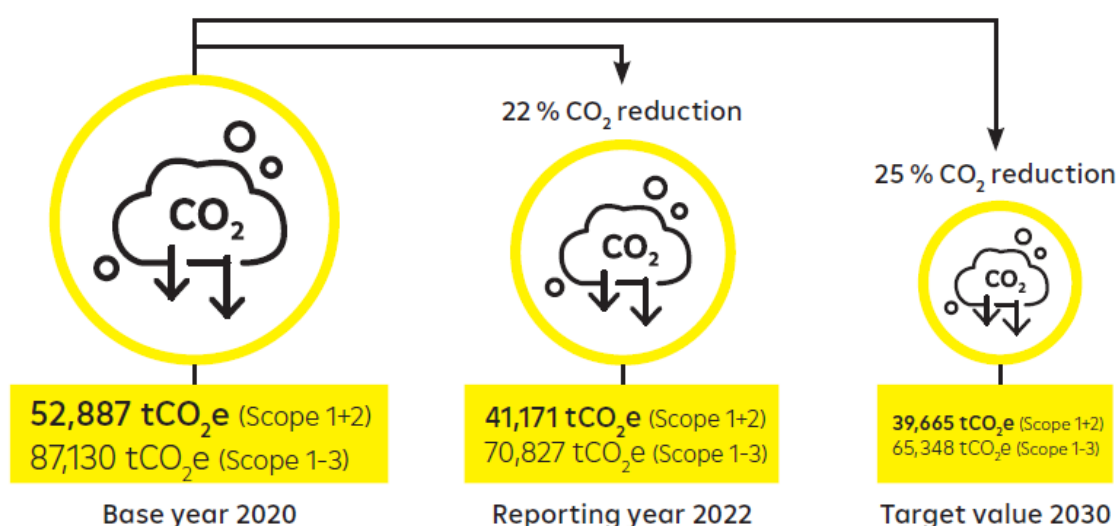
To understand the categorization of CO₂ emissions, they are divided into three "Scopes" according to the Greenhouse Gas Protocol:

- **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.



➤ Community Investments

As a responsible bank, we recognize our integral role within the communities we serve. Our commitment extends beyond financial services as we are dedicated to actively contributing to local development and educational advancement, therefore we have sponsored local art programs, educational initiatives aimed at enhancing financial literacy and sport federations.

For the past five years, in partnership with Stepic CEE charity, Raiffeisen Bank Kosovo has undertaken meaningful initiatives to support education. We've provided resources such as schoolbags, educational materials, and tablets to facilitate online learning. These donations have benefited schools across various cities including Prishtina, Prizren, Gjilan, Mitrovica, and the latest in Peja where we have distributed 530 schoolbags and essential materials to students from 26 schools in the Peja region, ensuring that education remains accessible and inclusive.

Collaborating with cultural and artistic organizations underscores our commitment to promoting cultural diversity and creative expression, enriching the cultural fabric of our community therefore we have supported Prifest, Fondacioni Shtatembedhete, 7 Arte, Autostrada Bienale and Chopin Piano Fest. For over a decade, the bank has been a steadfast supporter of various initiatives undertaken by the National Gallery of Kosovo. Another commitment to fostering artistic talent has provided a platform for over 80 art students to showcase their work in the Raiffeisen Gallery, located within the Albi Mall shopping center, completely free of charge for a duration of one month.

In order to promote sports and recreation, fostering a healthy and active lifestyle among community members we have supported Kosovo Volleyball Federation and Football Federation.

Sponsoring Austria Kosovo Friendship Society and Austrian National Day through Austrian Embassy in Kosovo highlights our international outreach efforts, fostering diplomatic relations and cross-cultural exchange to drive positive change both locally and globally.

Our collaboration with RTK enabled us to amplify our message and reach a broader audience, promoting awareness and engagement in our community initiatives as well as promoting the importance of environmental protection and SDGs through our collaboration with INDEP.

In 2023, our commitment to impactful partnerships was resolute as we collaborated with a diverse array of organizations, governmental bodies, and influential institutions. Partnering with the United Nations agencies (UNICEF, UNDP, UNFPA, UN Women) underscores our dedication to advancing global development goals, particularly in areas such as education, health, and gender equality. Partnering with CEL Kosova and Handikos shows our dedication to empowering marginalized communities which underscores our commitment to inclusivity and social welfare, striving to create a more equitable society for all. Another important partnership is our collaboration with the CSR Network that emphasizes our commitment to corporate social responsibility, fostering sustainable business practices and community engagement.

For several years, one of our recurring volunteer initiatives has been the organization of a Blood Donation Day in collaboration with the Blood Transfusion Center of Kosova. This event aims to facilitate blood donation by hosting transfusion staff directly within our bank premises, making the process more convenient and accessible to our employees for the community.

Through above mentioned collaborations and partnerships, Raiffeisen Bank Kosovo remains steadfast in our mission to drive positive social change, fostering a more inclusive, sustainable, and prosperous future for all.

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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