

Reporting on Sparkasse Bank Makedonija progress towards implementing the Principles for Responsible Banking - Self-Assessment

In 2020, Sparkasse Bank Makedonija signed the UN Principles for Responsible Banking, together with 129 other international banks. The signatories, representing one-third of the total assets of all banks worldwide, agreed that they will align their business strategies with the UN Sustainable Development Goals and with the Paris Climate Agreement. In this publication, Sparkasse Bank Makedonija reports on its progress towards implementing the Principles for Responsible Banking, using the self-assessment template provided by the UNEP FI.

This publication was published in March, 2021 and reports on our progress from the date of signing until publication date.

Principle 1: Alignment

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.

Reporting and Self-Assessment Requirements	High-level summary of bank’s response	Reference(s)
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Sparkasse Bank Makedonija offers a wide range of banking products and services through which it promotes stability, tradition and trust and strives to be a Bank for the whole family, satisfying the needs with innovative and modern banking solutions, adapted to the conditions of the domestic market.</p> <p>For individuals, the Bank offers a wide range of products and services: MKD and foreign currency accounts, payment operations in the country and abroad; MKD and foreign currency deposits, as well as child savings “Medo Shtedo”, loans (non-purpose and purpose loans, mortgage loans, deposit loans and permitted overdraft on transaction account; payment cards (debit and credit); e-banking; safety deposit boxes; fast money transfer via Western Union etc.</p> <p>Well-established business cooperation with insurance companies in offering competitive products in combination with life insurance, SMS notification service and modern S-banking application for mobile banking are part of the modern banking services that the bank implements in accordance with the development of new technologies.</p> <p>In terms of the potential for offering services, the Bank supports legal entities in its operations in the country and abroad. For legal entities the Bank offers the following products and services: loans (short-term and long-term loans, credit lines in cooperation with other financial institutions like EBRD); business cooperation agreements; leasing products; deposits (time and sight); payment operations in the country and abroad; payment cards (debit and credit); letters of credit; guarantees; documented payments, e-banking; fast money transfer and payments within the Sparkasse and Erste Group.</p>	<p>www.sparkasse.mk Annual report 2019 on the following link</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Following the Steiermeaerkische Sparkasse Group’s standards Sparkasse Bank Makedonija is working on implementation of environmental responsibility and implementation of group-wide environmental strategy that aims at minimizing both its direct and, more importantly, its indirect ecological footprint.</p> <p>At the moment Sparkasse Bank Makedonija is in the process of integration with Ohridska Banka AD Skopje and all planned projects and activities will be aligned after full integration (planned to be finished in July 2021).</p>	<p>Environmental policy of STSP (link)</p>

Principle 2: Impact and Target Setting

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.

Reporting and Self-Assessment Requirements

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

- a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

High-level summary of bank's response

Sparkasse Bank Makedonija as a subsidiary of Steiermaerkische Sparkasse AG Graz, Austria, operates on its local market and within the group network it provides banking products and services for all domestic and international companies.

Sparkasse Bank Makedonija AD Skopje takes great care for the diversification of risks and the volume of financing in different industries. Of course, an appropriate part of the loan portfolio is for financing energy projects, especially projects that affect the protection of the environment by reducing the emission of CO2 into the atmosphere. This part of the project financing, i.e. investing in projects for production of energy from renewable sources, has a special significance for the Bank and in general for strengthening the capacities of the state and of course improving the environment. ECO loans for Retail clients were included in the Bank's portfolio for the first time in 2018, as part of supporting GEFF program of EBRD.

Sparkasse Bank Makedonija recognized the advantages and benefits of financing projects to improve energy efficiency in North Macedonia and generate energy savings in the local market. ECO-loans for energy efficiency promotion integrate the benefits for households, suppliers of energy-efficient technologies, as well as for environmental protection, which is the focus of the Bank's corporate social responsibility strategy.

With the ECO loans from the Program for support of financing the green economy (GEFF), the beneficiaries received not only a loan with excellent conditions, but also an opportunity for a grant up to 20% of the investment amount.

We will continue our support for financing our corporate clients in energy projects, especially projects that affect the protection of the environment by reducing the emission of CO2 into the atmosphere. By developing different financing models the Bank will enable transformation of their businesses in order to improve their positive impact on the environment and climate change.

Reference(s)

www.sparkasse.mk
Annual reports on the following [link](#)

Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts 	<p>Through our analysis we identified Project financing as strongly associated with impacts that include climate change, care for water and air pollution, environment protection by developing new renewable sources of energy.</p> <p>With the EBRD's project aimed to support the investments made by micro, small and medium enterprises on the territory of the Republic of North Macedonia the Bank will help them to improve their ability to face competition by supporting the implementation of EU standards, providing financial resources, investment incentives and technical assistance at the level of SMEs in the field of environmental protection, health and safety of workplace and product quality and safety. We believe that this project will have a significant contribution to promoting the economic development of the country, improving the competitiveness of companies in the markets as a result of improving production technologies, increasing production capacity, and improving energy efficiency by installing technologies that will contribute to protection of the environment.</p> <p>Sparkasse Bank Macedonia has the opportunity to enlarge its cooperation with the EBRD and to be one of the leading banks on the financial market In North Macedonia for financing green energy projects in the upcoming years. In the Retail segment we foresee great potential for wellbeing of Macedonian citizens and the Macedonian economy. The added benefit for our clients is expert consultancy that is accompanied with this credit line.</p>	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

We will continue our support for financing our corporate clients in energy projects, especially projects that affect the protection of the environment by reducing the emission of CO2 into the atmosphere. By developing different financing models the Bank will enable transformation of their businesses in order to improve their positive impact on the environment and climate change. Through our analysis we identified Project financing as strongly associated with impacts that include climate change, care for water and air pollution, environment protection by developing new renewable sources of energy.

Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements

2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

High-level summary of bank’s response

According deep analyses of the Bank’s portfolio, we have identified two main targets to achieve in the most significant areas according our mid-term business strategy.

The first target relating the project financing and improvement of the energy efficiency of the SME’s is planned to increase their participation in the total loan portfolio of the Bank in the Corporate segment from 9.44% (2019), 8.99% (2020) to 10% till the end of 2025. In the Retail segment the participation of ECO loans for retail clients is planned to be increased from 1,5% (2019), 2,5% (2020) up to 3% till the end of 2025.

Small businesses competitiveness program from EBRD in North Macedonia started since 2018. The new initiative combined credit lines, grants to participating companies and technical assistance. The EBRD provided € 10 million to Sparkasse Bank Makedonija for further lend to commercial customers. The funds were accompanied by a package of technical assistance and incentive grants, from the EU National Instrument for pre-Accession Assistance (IPA). SMEs were able to use the funds to improve their production capacities and strengthen the processes and quality of products by introducing EU standards for environmental protection, safe production, quality etc. The cooperation with EBRD is planned to be continued in the next years especially in providing funds for further improvement of the energy efficiency of the total corporate segment.

From April 2018 Sparkasse Bank Makedonija has introduced ECO loans in its portfolio loans to retail customers in order to improve energy efficiency of households in cooperation with the European Bank for Reconstruction and Development (EBRD) and GEFF in North Macedonia. With the new range of ECO loans, Sparkasse Bank Makedonija confirmed its commitment to the implementation of projects aimed at protecting the environment, improving the energy efficiency of households, and thus to reaffirm the commitment to socially responsible banking.

At the same time, Sparkasse Bank Macedonia was the first bank in the Republic of North Macedonia which has become part of the EBRD and GEFF program, through which it placed new credit line in total amount of € 6 million intended for improvement of the energy efficiency in households.

Reference(s)

www.sparkasse.mk
Annual reports on the following [link](#).

Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
	<p>The second important target which will contribute to achievement of the Sustainable Development Goals is the Bank to provide gender equality in the organization, by ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making. In order to raise the share of women in executive positions, the company explicitly ensures that women are also identified as candidates for executive positions. In principle, however, qualifications are decisive when filling such vacancies. Our task in the next 5 years will be to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels. Our banking group Sparkasse Group advocates openness and fairness in the workplace, does not tolerate any discrimination, whether on the grounds of gender, sexual orientation, race, nationality, ethnic origin, age, religion or disability, irrespective of whether behaviour among employees is concerned or the placement of orders with third parties.</p> <p>Currently, the Management Board of Sparkasse Bank Makedonija doesn't have any female member, but intends to comply during 2021 by filling the target quota of 25% for women. On the executive management level the quota of women in the Supervisory Board is 33%% as of 31 December 2020. In the total number of employees 67% are women and the share of women holding middle and upper management positions is 55% by 31 December 2020. Our target is to keep the equal gender participation in senior and middle management structure and to provide increase in the executive management positions till 2025.</p>	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

The first target relating the green project financing and improvement of the energy efficiency of the SME's is planned to increase their participation in the total loan portfolio of the Bank in the Corporate segment from 9.44% (2019), 8.99% (2020) to 10% till the end of 2025. In the Retail segment the participation of ECO loans for retail clients is planned to be increased from 1,5% (2019), 2,5% (2020) up to 3% till the end of 2025.

Currently, the Management Board of Sparkasse Bank Makedonija doesn't have any female member, but intends to comply during 2021 by filling the target quota of 25% for women. Our target is to keep the equal gender participation in senior and middle management structure and to provide increase in the executive management positions till 2025.

Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements

2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

High-level summary of bank's response

In order to strengthen our leading position in the market in terms of project financing, especially in the field of energy and projects for renewable energy sources, for the next period certain priorities have been set that will further strengthen the position of the Bank, related to financing on larger projects such as: several biogas plants, a wind farm and several larger photovoltaic plants. In this way, the Bank will have a direct contribution to the preservation of the environment and participation in protocols and agreements (Kyoto Protocol and the Paris Agreement) for environmental protection through suppression or reduction, in the case of financing projects aimed at reducing emissions of CO₂, ie reduction of greenhouse gases (GHG) emissions.

The planned activities should be implemented during 2021, and the loan portfolio in the part of financing projects from renewable sources should be significantly increased in the next 2-3 years. In parallel with the plans and their realization, the capacities of the Bank for financing new projects are strengthened, and the education of the employees and their recognition of the importance of this issue has been improved.

As part of Erste & Sparkasse Group, the Bank will follow the new regulations in the financing policy of the group. At the end of 2020 in its "Responsible Financing Policy" Erste Group has committed itself to progressively reduce its financing for the thermal coal mining and power generation sectors, with the ultimate goal of achieving a net zero exposure by 2030. As a result of its updated policy, new direct financing of coal asset-specific investments or cash flows related to coal mining, coal processing, coke processing, or coal-based power generation are no longer eligible. This ineligibility includes the extension, refurbishment and servicing of existing plants, as well as the supply chain dedicated directly to assets of coal mining or coal-fired power plants. Furthermore, corporate financing will no longer be provided for companies or groups of companies which extend their coal mining or coal-based power generation (installed) capacities or those companies which derive more than 25% of revenues from the coal sector. Also, the trade of coal as a commodity, stocking and processing of coal will no longer be eligible for financing by Erste Group.

The project financing and ECO loans will be provided with new funding from EBRD programs or other EU financial institutions and also by internal sources from the Bank and Erste & Sparkasse Group.

For higher participation of women in the Top high-level management structure the Bank shall implement Erste & Sparkasse Group's policy for gender equality and to achieve the goal to keep the equal gender participation in senior and middle management structure and to provide increase in the executive management positions till 2025.

Reference(s)

Principle 2: Impact and Target Setting

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.

The planned activities should be implemented during 2021, and the loan portfolio in the part of financing projects from renewable sources should be significantly increased in the next 2-3 years. In parallel with the plans and their realization, the capacities of the Bank for financing new projects are strengthened, and the education of the employees and their recognition of the importance of this issue has been improved.

The project financing and ECO loans will be provided with new funding from EBRD programs or other EU financial institutions and also by internal sources from the Bank and Erste & Sparkasse Group.

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Principle 2: Impact and Target Setting

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p>2.4 Progress on Implementing Targets For each target separately:</p> <p><i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><i>Or explain</i> why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><i>Report</i> on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>In the Project financing segment, more than 20 million euros have been approved to corporate clients in 2019 and 2020. The funds provided from EBRD for SME Competitiveness Program were in total amount of 10 mil. EUR and they were completely placed to customers during 2019 and 2020. They participated in the total loan portfolio of the Bank in the Corporate segment with 9.44% in 2019 and 8.99% in 2020. It's expected that Project financing will have higher participation in the Bank's loan portfolio, especially the SMEs as they provide inclusive economic growth in North Macedonia and in the creation of more productive and decent employment. The national SME Strategy establishes a framework for public, private and civil society actors to collaborate in the support of SME development and innovation to improve SME competitiveness in order to help SMEs in North Macedonia to become highly productive and competitive participants in European and other international markets.</p> <p>During 2019 and 2020 the Bank placed total amount of € 6 million intended for improvement of the energy efficiency in households. These funds were provided from the EBRD credit line, "Green Economy Financing Program" in North Macedonia. Their participation in the Retail loan portfolio of the Bank was 1,5% in 2019 and 2,5% in 2020.</p> <p>On the executive management level the quota of women in the Supervisory Board is 33%% as of 31 December 2020. In the total number of employees 67% are women and the share of women holding middle and upper management positions is 55% by 31 December 2020.</p>	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.

It's expected that Project financing will have higher participation in the Bank's loan portfolio, especially the SMEs as they provide inclusive economic growth in North Macedonia and in the creation of more productive and decent employment.

Principle 3: Clients and Customers

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.

Reporting and Self-Assessment Requirements

3.1 *Provide an overview* of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

High-level summary of bank's response

Sparkasse Bank Makedonija has fully accommodated its operations to respond to all the challenges posed by the health crisis caused by COVID-19. As a matter of priority, we have taken all necessary actions to increase the safety and health standards, both for our employees and for the Bank's clients. During each measure taken to protect and prevent the spread of the coronavirus, in accordance with the protocols adopted by the Government of the Republic of North Macedonia, we took care to ensure the necessary distance in the Bank, mandatory wearing of protective equipment, availability of funds for disinfection, but at the same time constant education and appeal to the clients for reduced visits to the branches and directing them to use the digital services of the Bank. The employees of the branches showed high professionalism in conditions of a global pandemic and maintained the continuity in the operation of the business network.

The global pandemic has contributed to the Bank accelerating its operations and customer service through accelerated digitalization and the use of e- channels as the main channels for performing the necessary banking operations. In order to facilitate the communication with our employees, the Bank has introduced a new channel for direct communication with its new and existing customers through the official Viber Chat Assistant "Sparky", in a simple way through "chatting" to obtain the necessary information about products and services. what they need, to apply online, make an online appointment or ask a question. In accordance with the recommendations for reduced use of cash in payments and reduced visits to the Bank's branches, the promotion of digital banking services was present throughout 2020. For that purpose, the promotional periods for free use of the services for making electronic payments through NetBanking and the mobile application S-Banking were introduced, as well as the availability of the wide network of 120 ATMs of the Sparkasse Group throughout the country.

On annual basis the Bank is measuring the level of customer satisfaction of retail and corporate clients. Compared to other banks, the clients from the retail segment ranked Sparkasse Bank Makedonija on the 2nd place, with a noticeable increase in the total satisfaction from 8.7 in 2019 on 9.1 in 2020. In the corporate segment, the Bank is ranked first together with Ohridska Banka AD Skopje, with a high level of total satisfaction in 2020 and a high level of recommendations for the Bank of 8.9. This incentive for keeping high satisfaction score regarding the previous year is included in the KPI's of all employees.

Reference(s)

www.sparkasse.mk
Annual reports on the following [link](#)

Principle 3: Clients and Customers

Reporting and Self-Assessment Requirements

3.2 *Describe* how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.

High-level summary of bank's response

To minimise its environmental impact, Sparkasse Bank Makedonija runs paper-saving initiatives. Regarding the reducing of paper consumption, in the Bank it has been started project for digitalization. Project objectives and goals are:

- Reducing paper consumption through identification of processes in the Bank where documents that do not have to be printed and stored in paper form.
- Introducing digital signing in internal processes in the Bank (within the department and among other departments).
- Introducing digital signing in processes in the Bank where also clients are involved (based on change in law regulations).

Also the process of paper requirements is centralized which with the process of paper consumption is controlled and the cost centers are located. For 2020 the target for reduction of office paper was 15% and is already filled. In the past few years new generation of printers has been introduced in all premises with software to optimize the process and quantities of documents being printed.

The trend towards digitalization of the banking business is also reducing paper consumption, in that direction credit and debit card holders were asked to give consent for receiving e-statements for their daily and monthly transactions.

The Bank is making efforts in stimulating the customers to process all standard banking transactions electronically by introducing lower fees for transactions by e-channels and higher fees for paper transactions and statements proceeded in the branch offices. The Bank is planning to invest in improvement of its digital services (e-banking & m-banking) and also implement more inovative and contemporary digital services in order to decrease the number of paper transactions in the branches. The planned digital service improvement will also provide better customer experience and support the intention of creating image of modern and inovative bank.

On monthly basis all organizational units are informed about the number of printed copies and comparing with the previous year its reduced by cca 15%. All print areas have special paper boxes for collection of paper waste an then proceeded to recycling company "Pakomak".

Reference(s)

www.sparkasse.mk
Annual reports on the following [link](#)

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

Reporting and Self-Assessment Requirements

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

High-level summary of bank’s response

Sparkasse Bank Makedonija through its many years of tradition promotes its own strategy for corporate social responsibility, which is developed within the "SPARKASSE LIFE" platform.

This platform includes projects aimed at supporting several segments (local community, culture, education, health, sports) through which the Bank creates additional values for customers, employees, associations, the local community and environmental protection. Thus, through the numerous projects, Sparkasse Bank Makedonija cooperates with health institutions, NGO’s and civil organizations which main aim is to improve the environment protection, proper waste management, improvement of energy efficiency and decreasing of the unemployment in the country by supporting the start-up’s.

For proper waste management (recycling) the Bank has established cooperation in 2019 with the recycling company “PAKOMAK” DOO Skopje. Start-up companies and development of new innovative social impact business ideas are being promoted by the organization “Social Impact Award” and supported by Sparkasse Bank Makedonija. The cooperation with the business incubators and business labs is intensive in order to provide access to finance for the newly established start-up companies and mentoring support in the “Step by step” program.

The Bank also supports NGO’s which are concerning the rights of the social vulnerable groups:

- SOS Children’s Village in Skopje for supporting children without parents and parental care
- “In my world” for supporting people with autism, ADHD and Asperger syndrome
- “Organization of women of the city of Skopje” - SOS line for victims of home violence people
- Red Cross in North Macedonia – care of homeless people, home care for people in the older age and rising awareness for Dementia (early detection and treatment).

Reference(s)

www.sparkasse.mk
Annual reports on the following [link](#)

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

Reporting and Self-Assessment Requirements

5.1 *Describe* the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

High-level summary of bank's response

The Bank has established the Corporate Governance Code which encompasses the supervision and management rules in the Bank. This document enables the establishment of a clear organizational structure, with clearly defined and transparent lines of responsibility.

The Bank has also established the Code of Ethics with purpose to encourage and promote a system of values and desirable behaviour of all employees in the Bank. The values: support, responsibility, trust, innovation and creating values for all stakeholders are prescribed in details in this document. The Code of ethics contains the following principles:

- We act professionally and with integrity
- We build and take care of the Bank's reputation
- We fight against corruption
- We have clear Policy for conflict of interests
- We respect the data confidentiality and do not abuse the insiders information
- We are high professional team
- We work fair and correctly
- We respect our employees
- We respect our clients and external collaborators
- We contribute to the development of the society and the community in which we work

The Bank has established the Team for Code of Ethics. The employees who are part of this team are people with strong personal integrity who are nominated to ensure remarkable implementation of the Code of Ethics based on the lead-by-example principle.

The Bank has high awareness about the importance of the sustainability. As part of one of the most powerful banking groups in the region of Southeast Europe, the Bank act in accordance with the rules and principals for ensuring good overall impact on sustainable development. The Bank is part of the Erste Bank Sustainability Reporting process.

Reference(s)

Principle 5: Governance & Culture

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>The principals described in the Code of Ethics are communicated with all employees and appropriate trainings were performed. The employees are able to reach this document which is placed on the Bank's intranet portal and can always address to Code of ethics team members for any clarification or help.</p> <p>In the upcoming years additional measures and initiatives will be implemented in order to provide culture of responsible banking among our employees according the Erste & Sparkasse Group's sustainability strategy.</p>	
<p>5.3 <i>Governance Structure for Implementation of the Principles</i> <i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The KPIs of the senior management in the Bank contain ponder for achieving the goals in responsibility, proactivity, flexibility and client orientation, which are measured on annual basis.</p> <p>The Bank, in the spirit of the Code of Ethics and the applicable regulations, will take measures in case of disrespect of the principles prescribed with the document.</p> <p>Also, the Bank encourages the employees to consult the Compliance Department and HR Department in case when they are not sure which procedure is correct, or in case when they doubt, trust or know that the Code of Ethics is violated.</p> <p>In the next period the Bank will comply its government structure according with the Erste & Sparkasse Group's sustainability policy.</p>	

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

The KPIs of the senior management in the Bank contain ponder for achieving the goals in responsibility, proactivity, flexibility and client orientation, which are measured on annual basis.

The Bank, in the spirit of the Code of Ethics and the applicable regulations, will take measures in case of disrespect of the principles prescribed with the document.

In the next period the Bank will comply its government structure according with the Erste & Sparkasse Group's sustainability policy.

Principle 6: Transparency & Accountability

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.

Reporting and Self-Assessment Requirements

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

High-level summary of bank's response

Sustainable finance aims to equip the core business with sustainable and long-term business models and products. The financial system is to be comprehensively redesigned by taking economic and social criteria into account. Our banking group is aware of its important role as a sustainable financial partner and has set itself the goal of also adopting a pioneering role in this area too.

The environmental policy of Steiermärkische Sparkasse Group has been divided into 6 thematic areas. This categorisation serves to enable the rapid recognition and measurement of changes and progress in the individual thematic areas. Based on these results, environmental policy can be constantly expanded and adapted in an efficient way. The 6 thematic areas include:

- Employees - Regular communication activities aim to sensitise all levels of the company to environmentally relevant topics. Here, the focus is not only on conveying information but also on specific further training opportunities and courses for employees. The goal is to establish the environmental policy principles and measures in the minds of the employees so strongly that sustainable thinking and action become a matter of course in our everyday work. Ideally, these communication measures will result in employees also thinking and acting in a sustainable and environmentally friendly manner in their home lives.
- CO2 - One of the most important environmental policy goals of our group is to reduce CO2 emissions. This goal is pursued through a continuous monitoring of existing and potential sources of emissions and the highlighting of emission-free alternatives by the persons responsible.
- Energy / Climate protection - The use of sustainable electricity has been an important standard measure for years. Continuous improvement of the resource-friendly energy balance also takes place with regard to the heating systems. The successive changeover to renewable energies and further individual measures such as thermal refurbishments optimise and reduce the consumption of energy and ensure efficient usage.
- Procurement, resources and regionality - The regional proximity to the providers plays a fundamental role in the procurement of products or services. The ecological standards of the companies, in addition to the regionality, are decisive when selecting providers. An efficient and exact planning prevents unnecessary consumption of resources.
- Waste - Another essential environmental policy measure is the avoidance of waste. Digitalisation and the associated software and hardware solutions are making a fundamental contribution to the success of this waste avoidance. Through a responsible handling of resources and conscious separation of waste, all employees can contribute to the achievement of this environmental policy goal. Responsible persons are also continuously working on reducing hazardous waste.
- Mobility - The employees are encouraged to use bicycles for their business needs. Also, employees are encouraged to use public means for transport during their business trips abroad.

Reference(s)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

Sustainable finance aims to equip the core business with sustainable and long-term business models and products. The financial system is to be comprehensively redesigned by taking economic and social criteria into account. Our banking group is aware of its important role as a sustainable financial partner and has set itself the goal of also adopting a pioneering role in this area too.