

REPORT ON SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY 2020

Nova KBM Group
and Nova KBM d.d.

Nova
KBM 

BUILDING A FUTURE-PROOF BANK



INFO

Name of the Parent Bank: [Nova Kreditna banka Maribor d.d.](#)

Short name of the Bank: [Nova KBM d.d.](#)

Registered office: [Ulica Vita Kraigherja 4, 2000 Maribor, Slovenia](#)

Website: [www.nkbm.si](#)

Facebook: [www.facebook.com/novakbm/](#)

YouTube: [www.youtube.com/user/NovaKBMdd](#)

Instagram: [www.instagram.com/nova.kbm](#)

LinkedIn: [www.linkedin.com/company/nova-kbm-d-d-/](#)

E-mail: info@nkbm.si

Skype: [NovaKBM](#)

Switchboard: [00386 2 229 22 90](#)

Call Centre: [080 1770](#)

Share capital: [€150,000,000](#)

Registration number: [5860580](#)

VAT ID No.: [SI94314527](#)

Account No.: [01000-0000400014](#)

IBAN: [SI56 0100 0000 0400 014](#)

BIC (SWIFT): [KBMASI2X](#)

BLOOMBERG DEALING CODE: [NKBM](#)

LEI: [549300JOGSZ83GTKBZ89](#)

GIIN: [BGX87Q.99999.SL.705](#)

1 2 3 4 5 6 7 8





“To be the best bank” is our ambitious vision that we firmly pursue every single day.

We are realising our vision by meeting the strategic goals we set up, building ties, acting in compliance and in ethical manner, developing positive values, and communicating in a transparent way.

We are striving to maintain the trust of our key stakeholders in everything we do.

We are systematically taking care of corporate governance, the environment, and society in the process of making business decisions and with our overall conduct.

We are aware that a systematic and balanced management of these areas is the key that opens the door to a more sustainable and better world for future generations.

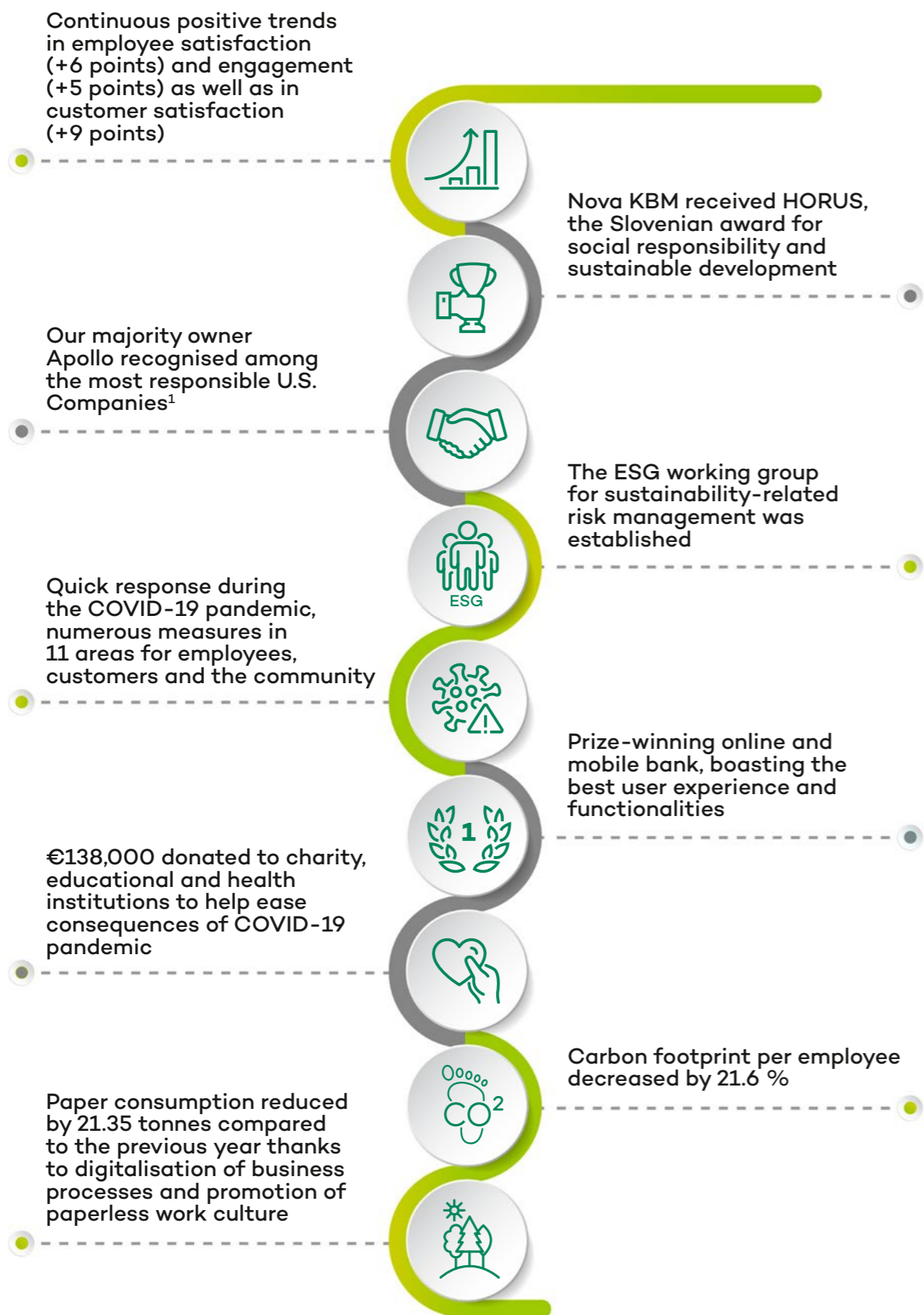


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Important milestones in 2020



In December, **Nova KBM received the 2020 HORUS award in the category of for-profit legal entities for its strategic and comprehensive approach to social responsibility and sustainable development**, activities, and monitoring of effects. Evaluation for the selection of winners was made by independent experts of IRDO Inštitut za razvoj družbene odgovornosti.

Nova KBM received a unique stone artwork made by Marko and Marika Pogačnik, with carved cosmograms speaking of the qualities of creativity, cooperation, and connecting.



¹ 100-percent owner of Nova KBM shares is Biser Bidco S.a r.l. The company, through which the purchase of shares was performed is managed by certain investment funds, affiliates of Apollo Global Management, Inc., and the European Bank for Reconstruction and Development.

² Data for Nova KBM Group as of December 31, 2020.



1. Statement by the President of the Management Board



Riding a bike requires to constantly maintain balance. Moreover, you need to bring yourself in line with the bike, the ground, and weather or traffic conditions, in order to reach the destination as soon as possible, safely, and to make a successful journey. The same applies to business. Balance, consistency, and management are the conditions to make significant progress.

The Nova KBM Group experienced a lot of changes and achievements in 2020. It was a year marked by the successful merger of Nova KBM and Abanka, two major banks in Slovenia, into a larger and even stronger Merged Bank. This merger, the largest one in the history

of Slovenian banking, gave us a new momentum. **We are prepared for the future, where digitalisation and green growth will be even more important than now.** Digital transformation is very strongly incorporated in our business model, which resulted in modern, paperless, and automated processes, the upgraded innovation system, and in other improvements. We are proud of having our efforts recognised by both our employees and clients, as our satisfaction surveys continuously show positive trends. Moreover, with our prize-winning online and mobile bank, we offer our clients the best user-experience solution with the largest number of useful functionalities in Slovenia.

We are also proud of having received **HORUS, the Slovenian Award for Social Responsibility in 2020.** It confirms the integrity of our sustainable development management. It also encourages us to keep developing sustainable corporate governance through business decisions and keep focusing on the **balance between economic, social, and environmental capital.**

The Nova KBM Group is a systemic financial institution in Slovenia, providing support to the economic and social environment, while strengthening its influence in these areas. This brings along our responsibility to remain a role model, to create best examples, and to build upon long-term effects. Therefore, we see our Bank as an important player in the pool of socially responsible and sustainable business entities that consider sustainable growth the key development driver.

With that being said, we are committed to **continue the journey with even stronger efforts.** We will continue following regulators' requirements and recommendations for the financial sector. We are upgrading internal organisation and processes to ensure a sound, effective, and comprehensive management and disclosure of climate and environment-

related risks. Furthermore, we are fully committed to address consequences of the unprecedented health and economic crisis caused by the Coronavirus pandemic.

In this Sustainability Report, we demonstrate how **social responsibility and sustainable development are embedded in activities throughout the Bank,** and how they have evolved during the past year. We measure, monitor, and manage sustainable development indicators in line with the ESG (environment, social, governance) methodology, which is also used by our majority owner and complies with the Global Reporting Initiative (GRI), the international reporting standard.

We believe that balanced governance, which takes into account various stakeholders, business aspects, and successfully manages ESG risks, is the path we have to follow. We are committed to contribute to the development of the economy and society, and to building a better and more sustainable world that we all strive for and owe it to future generations.

We are sincerely thankful for trust and cooperation to everyone who is joining us in this important journey.

John Denhof
President of the Nova KBM
Management Board



2. Sustainability reporting framework

In the Nova KBM Group's Sustainability Report, we disclose non-financial information demonstrating how we generate added value for our stakeholders. Disclosing is based on disclosure requirements referred to in Article 70c of the Companies Act, all key strategic acts of the Bank, and the Policy of Social Responsibility and Sustainable Development. The framework for this reporting is determined by **two reporting models**:

- The first one is the **GRI international reporting model**, which we used in determining the contents of the report, and it covers the broadest topics relevant to a wide range of stakeholders. The report is drawn up at the basic reporting level (2016 standard).
- The second framework includes **ESG reporting**, which reveals performance indicators to owners in environmental, social and management terms. ESG reporting is also becoming a useful tool for improvements in environmental and energy efficiency, employee engagement, and corporate governance efficiency. GRI and ESG indicators are disclosed in tables at the end of the report.

In addition, the Bank follows the **European Commission Guidelines on non-financial reporting**, introduced in 2020. Reporting is clear and transparent, and contains available and essential information. The criteria that influence the content design include the following:

- Activity-related materiality
- Stakeholder involvement, and
- Sustainability context.

We measured essential areas of interest and present them in the renewed materiality matrix, with all of them additionally classified by environmental, social, and corporate governance aspects.

Sustainability Report is published by the Nova KBM Group every year, and this one is the fourth in a row. It is published as a standalone report and refers to the Annual Report 2020 of Nova KBM Group and Nova KBM d.d. in disclosing contents of the indicators.

The Report is focused on Nova KBM, which is the Group's controlling company with 1,903 employees (as at 31 December 2020). It includes integrated contents for Nova KBM and former Abanka, which became 100- % owned by Nova KBM on 5 February 2020, and on 1 September 2020, the two banks legally merged. The data presented in the Report include data of both banks after the legal merger, except in specific cases where it is otherwise defined. In addition to data of the two merged banks, we included in sustainable reporting the data, if available, of Summit Leasing Slovenija³, which is part of the Nova KBM Group and has 162 employees. In this company, models on sustainability and social responsibility management are gradually being introduced based on the Bank's guidelines.

In the field of social responsibility and sustainable development, Nova KBM also cooperates with both owners. The majority owner, i.e., alternative investment funds managed by Apollo Global Management, Inc. (Apollo) branches, provides all of its companies, including Nova KBM, with training and support in improving their reporting practice in the form of webinars and conferences, as well as access to a wide range of best sustainability practices that can be integrated into our operations. Moreover, the majority owner takes care of a uniform ESG reporting methodology to be used by all of its companies. Accordingly, Nova KBM prepares the report for its majority owner once a year. The European Bank for Reconstruction and Development (EBRD) is a co-investor in the subordinated bond

issued by Nova KBM in 2019, which is also intended to financing green projects. Nova KBM also reports on its sustainable development activities to the EBRD.

The Newsweek magazine and the market data company Statista included Apollo in the list of the most responsible U.S. companies for 2021. Companies were selected based on their publicly available ESG reports and an independent survey



Apollo recognised as one of the most responsible U.S. companies.

3. Strategy and sustainability goals

"To be the best bank in Slovenia" is the vision that is being firmly pursued through sustainable transformation. It is evidenced by business results, numerous achievements in the field of digitalisation, and especially by the largest merger of banks in the history of Slovenia, in which two large banks, Nova KBM and Abanka, merged into an even larger and stronger bank. Upon the merger of the two banks, employees of Nova KBM and Abanka co-created common positive values that build a strong corporate culture of the larger and stronger Nova KBM. These values are reflected through behaviour, actions, decisions, and good practices.

The strategic pillars of Nova KBM are firmly linked to the strategic sustainability goals of the Nova KBM Group. They are

covering more than 7,500 U.S. residents. Apollo was ranked 194th among 400 most responsible companies.

The persons responsible for reporting on sustainable development are **Jure Bračko**, Director of Marketing and Communication, and **Karidia Toure Zagrajšek**, expert associate - specialist in the Corporate Communication Department who is in charge of coordinating and preparing the Sustainability Report. With reference to the report, interested parties may contact us via e-mail pr@nkbm.si.

More about social responsibility and sustainability in Nova KBM is available at www.nkbm.si/social-responsibility.

³ In the Report, the name Summit Leasing Slovenija d.o.o. is also referred to as Summit Leasing Slovenija or SLS.



Table 1: Overview of the Nova KBM vision, strategic pillars and values in SDG and ESG framework

VISION					
TO BE THE BEST BANK IN SLOVENIA					
STRATEGIC PILLARS	Growth and Profitability	Client Excellence	Strong Risk Management and Compliance	Operational Efficiency	Culture & Talent
STRATEGIC DEVELOPMENT GOALS (SDG)					
ESG*	G, S	S	G	E, G	S
VALUES	 WE DELIVER	 CLIENT EXCELLENCE	 TRANSPARENCY AND HONESTY	 EFFICIENCY AND INNOVATION	 BEST TALENT TOGETHER
BEHAVIOUR AND ACTS	We do our job to the best of our ability, and we take responsibility for our actions.	We are actively striving to understand clients' needs.	We are honest and we expect the same from our partners.	We constantly search for ways to enhance our processes and business through innovation and forward-thinking approach.	We provide our employees with tangible career and professional development opportunities.

* In each strategic pillar, the table lists the ESG aspect, which is most intensively pursued through the observed pillar: E (environmental aspect), S (social aspect), G (corporate governance)

In 2020, the Nova KBM Group carried out numerous activities that followed in particular the five global sustainability goals defined in the 2030 Agenda. Table 2 shows the sustainability goals that are most closely linked to the Nova KBM

Group's sustainability priorities, and represent the areas where we can make the most significant contribution to increasing positive and reducing negative impacts.

Table 2: Nova KBM Group's activities in the light of 2030 Agenda sustainable goals

SUSTAINABLE GOALS	HOW WE CONTRIBUTE ADDED VALUE?
3 HEALTH AND WELL-BEING	<ul style="list-style-type: none"> ✓ By developing modern banking services, we focus on improving the quality of life and health care. ✓ We promote active maintaining of physical and mental health and reduction of stress among employees.
4 QUALITY EDUCATION	<ul style="list-style-type: none"> ✓ We invest in the development and knowledge of our employees, and strive for a quality qualification level. ✓ We liaise with schools and faculties for quality and practical training and education.
8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> ✓ Through banking and leasing activities, we support entrepreneurship and the creation of new jobs that contribute to sustainable growth. ✓ We support equal opportunities and meritocratic values, where achieving an award results from efforts, commitment and ability.
12 RESPONSIBLE PRODUCTION AND CONSUMPTION	<ul style="list-style-type: none"> ✓ We make borrowers and investors aware of their needs and financial capabilities as well as their risk profile. ✓ We are striving to mitigate negative impacts on the environment by sustainable management of energy consumption, natural resources, and by reducing our carbon footprint.
13 CLIMATE CHANGE-RELATED MEASURES	<ul style="list-style-type: none"> ✓ We help fund energy efficient and green projects aimed at achieving better energy efficiency and the transition to low-carbon economy. ✓ We issue bonds aimed at financing projects that contribute to the realisation of sustainable development goals.

4. ESG, sustainable development and social responsibility

Due to climate change, environmental degradation, and other sustainable issues, as society, we are facing challenges that expand the range of risks. Efforts and firm actions are urgently needed. **Nova KBM, as an important player in the Slovenian financial sector, takes its role.**

The merger of Nova KBM and Abanka in 2020 made the Nova KBM Group an even larger and more important player in the Slovenian banking market, which has been significantly consolidating during

recent years. A growing market share and influence also require a growth of our responsibility to create best examples, and to continue integrating the care of environmental and social effects of our business into our decision-making.

During recent years, the Nova KBM Group has been actively monitoring developments in the field of sustainable development, and incorporating in its operations certain sustainable and socially responsible activities that

have become an important part of our business and organisational culture. In 2020, we started preparations for a systematic upgrade and adaptation of our business model to new conditions, expectations, recommendations, and regulatory requirements.

To this end, the **Nova KBM Group set-up a special ESG Working Group in November 2020**. The Group brings together representatives of all key business areas in the Bank, and aims in particular at aligning operations with regulatory requirements, which become effective from 2021 onwards. The Working Group also works in the field of upgrades to the system of ESG indicators management and reporting of risks, its own activities and impacts related to environmental, social, and governance aspects, and it informs employees, clients and other key stakeholders, raising awareness among them.



We set up the ESG working group.

We believe that the **transition from managing sustainable development and social responsibility to a comprehensive ESG framework is an urgent and responsible evolution of our business model**. We believe that this transformation will further demonstrate our responsibility for and the ability of

even more effective governance of ESG issues. We will strive to ensure compliance with legislation, ethical standards, and national and international norms, while also satisfying our own business interests through multi-stakeholder dialogue that provides for a broader social welfare and preservation of the natural environment.

Through its current Policy of Social Responsibility and Sustainable Development, the Bank pursues the following general goals, while creating synergy effects:

- Building trust in the Bank
- Sustainable care of human resources development
- Assuming responsibility and managing risks
- Fair and consistent relationships with stakeholders in a long run
- Quick and innovative recognition of opportunities arising from sustainable development
- Increasing efficient use of resources, which reduces costs and the environmental footprint
- Transparent and credible communication of ESG, social responsibility, and sustainable development topics.



Graph 1: Pursuing sustainable development in the Nova KBM Group using ESG indicators



* For the sake of comparability, the data for 2019 and 2020 only refer to Nova KBM.

** The set of training courses performed by external institutions and usually attended by Nova KBM employees, changed during the epidemic. Training courses with participation in person were severely reduced and even cancelled in certain periods due to national preventive measures. The result was a lower number of conducted training courses and a shorter time of some training courses, while training providers gradually adapted and moved their training courses to the online environment. Consequently, the number of online training courses, both internal and external, increased significantly in 2020. Despite the decrease, the average number per employee remained high.

*** There was an increase of 4,8 % in total energy consumption per employee. We will look into ways of reducing it by actions such as rationalization of business premises and internal culture change towards efficient use of energy.

■ positive trend
■ negative trend

The graph shows evolution of key ESG indicators between 2019 and 2020. See more on page 26.

5. Development challenges and opportunities

We consider challenges of ESG, social responsibility and sustainable development as an opportunity for growth and development of Nova KBM. Moreover, we use these challenges to identify the areas that will require **improved ESG-related risk management and disclosure of data in the future.**

Performance of the Nova KBM Group is not only affected by economic conditions and financial markets, but also by regulatory requirements and stakeholders' expectations of the company. These have been changing and strengthening recently, especially the role of banks in more decisively combating financial crime, money laundering as well as climate change.

The COVID-19 pandemic reinforces the need for appropriate solutions to sustain the economic development of our societies. New PSD2 requirements and the impetus of digitalisation experienced during this period have

further strengthened the need for cyber security and provision of security in digital banking.

Nova KBM's goal and aspiration is to be **part of the solution** and play one of the key roles in economic recovery following the pandemic, in a responsible and sustainable manner.

We strongly believe that the development of the ESG framework, social responsibility and sustainable development provides the Bank with four key advantages in a long run:

1. Strengthening the engagement of employees
2. Managing a wide range of risks, including sustainability and climate change-related
3. Ensuring safety and strengthening socially responsible investing
4. Strengthening the Bank's reputation

6. Sustainable relations with key stakeholders

The culture of transparency and open dialogue with key stakeholders is a key tool to achieve the growth and development of the Nova KBM Group. We are aware that long-term development and success are only achievable if our strategic stakeholders are involved:

1. Employees, including trade unions
2. Owners
3. Regulators
4. Clients
5. Suppliers
6. Professional public
7. Media
8. Local community



Table 3: Breakdown of stakeholders by types of dialogue and prevailed expectations

STRATEGIC STAKEHOLDERS	PREVAILED EXPECTATIONS	MOST OFTEN COMMUNICATION TOOLS/DIALOGUE TYPE
EMPLOYEES	Education, development, and opportunities for advancement Open, collaborative, and healthy work environment Good relationships	Satisfaction and engagement survey Annual employee interviews, goal setting Intranet, circulars, and internal newsletter Employees' meetings with Management Board members Directors and heads' meetings with the Management Board Sports, social, and motivational events for employees Video circulars and video stories Personal discussions and meetings Internal contests and prize schemes
TRADE UNIONS	Open communication Opportunity to negotiate Representation of employees' rights	Coordination and negotiation meetings Internet/Intranet nook Personal communication
OWNERS	Stable financial return and business performance Sound risk management Excellent corporate governance Disclosure of ESG indicators	Supervisory Board meetings Reports on performance Discussions and meetings Big internal events attended by owner's representatives
REGULATORS	Compliance with laws and regulations Transparency	Informing and regular reporting Discussions and meetings (in person and via modern digital media) Annual business reviews Reports on performance Website
CLIENTS	Excellent user experience Access to secure banking services for all Business relationship confidentiality Help with understanding products, and advice on basic financial issues	Meetings with clients and visiting business clients at their headquarters Individual client's discussions with staff and Bank's representatives Website Contact Centre Social networks of the Bank Surveys, focus groups Product and service satisfaction survey Expert meetings and networking events
SUPPLIERS	Fair business practices	Discussions and meetings Standard communications in the supply process and negotiations Website

STRATEGIC STAKEHOLDERS	PREVAILED EXPECTATIONS	MOST OFTEN COMMUNICATION TOOLS/DIALOGUE TYPE
PROFESSIONAL PUBLIC	Cooperation and support by the Bank with key topics and in developments in key professional areas	Website Social networks of the Bank Round tables Expert conferences and workshops Annual report Sustainability Report
MEDIA	Credible information about the Bank Open and transparent communication	Press releases Press conferences, briefings and regular communication with journalists Interviews Media centre on the website, social media
LOCAL COMMUNITY	Investing in social development Taking care of natural environment Ethics and integrity	Events and press releases Sponsorships and donations Sustainability Report Corporate volunteering

A comprehensive approach to stakeholder engagement defined by continuous dialogue with different stakeholder groups is an important aspect of maintaining sustainable context. It enables us to reflect on our achievements and co-creates new, improved sustainable paths. Research, active listening, responding to views and opinions are of key importance for continuous improvement, which does not emerge only internally, within the Bank, but also externally, among stakeholders.

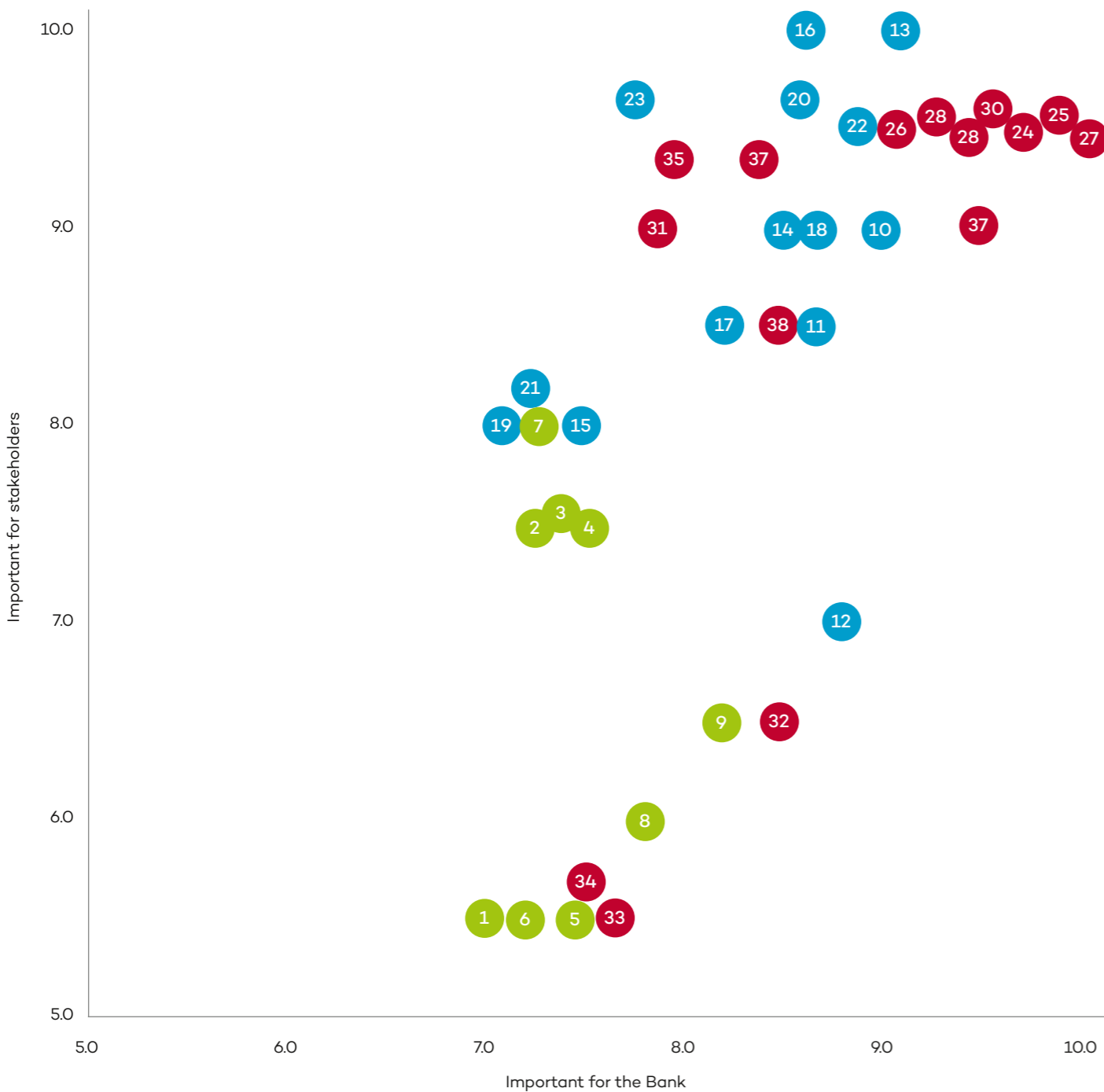


Materiality matrix

The materiality matrix is a tool used by the Bank to measure, recognise, and manage risks, opportunities, and challenges brought by relationships with strategic stakeholders. The key factors that act as key development drivers were identified together with stakeholder groups, and they reflect a broader understanding of

the Bank that is aware of its sustainable impact. With a purpose of better transparency, we arranged the main factors into three categories, defining the environmental, economic, governance, and social aspects of sustainable development.

Graph 2: Materiality matrix



Legend

ENVIRONMENT		GOVERNANCE	
1	carbon footprint (CO ₂ in metric tonnes)	24	cybersecurity
2	efficient use of energy (electricity, water, fuel)	25	data privacy
3	waste management	26	financial resilience
4	paper consumption	27	regulatory compliance
5	climate change and environmental impact of financial services	28	risk management
6	waste computer equipment	29	ethics and integrity
7	sustainable mobility	30	anti-corruption
8	responsible investing (in securities)	31	gender equality
9	green financing (loans, bonds)	32	employer reputation (employer brand)
SOCIAL		33	supplier assessment according to ESG aspects
10	digitalization of banking services	34	process efficiency
11	responsible lending	35	innovation
12	satisfaction and engagement of clients (NPS)	36	anti-money laundering and terrorist financing
13	satisfaction and engagement of employees (VOE)	37	talent aquisition
14	organizational culture	38	capital adequacy
15	financial literacy		
16	health and safety at work		
17	work-life balance		
18	transparency in the offer of services and products		
19	access to finance for vulnerable groups of people		
20	client excellence		
21	digital literacy for vulnerable groups of people (older)		
22	employee development		
23	sponsorships and donations in local environment		



7. Corporate governance

7.1 United against COVID-19

In March 2020, the pandemic cut deep into economic activities and the way of life we were used to. In Nova KBM, the Crisis Committee started its work



The Crisis Committee was in charge for a quick response to the epidemic-related crisis.

immediately after the epidemic was declared in Slovenia. The Committee met on a daily and later on a weekly basis and took care of introducing internal rules, protocols, and the implementation of preventive measures used to actively respond to epidemic control. The Crisis Committee has been meeting regularly since March 2020, and it will continue its activities in 2021. Activities were carried out in a harmonised manner in all companies of the Nova KBM Group.



The Nova KBM Group responded well and quickly to the crisis situation due to extensive activities in business digitalisation implemented in recent years.

The Nova KBM Group responded well and quickly to the crisis situation due to extensive activities in business digitalisation implemented in recent years. This is proven by the key projects that suffered no delays in meeting the planned deadlines. Employees of the Bank are aware of the importance of measures introduced to control the spread of the infectious COVID-19 disease, and they respect them. The table highlights the key measures taken in response to the crisis conditions.

The Group had the Incident and Crisis Contingency Plan already in place before the COVID-19 pandemic, and in 2020, it was renewed in terms of its structure and optimised. The plan aimed at quickly and effectively responding to crisis and incidents, which, *inter alia*, defines management, information, escalation, and reporting. In case a crisis is declared, the management shall be taken over by the Crisis Committee, and actions shall be implemented in accordance with internal acts in this field⁴ and in line with the Rules of Procedure of the Crisis Committee.

The Group has an overall definition of crisis management set in its Business Continuity Policy, which results from ISO 22301 standard. In accordance with the Policy, the Bank has established a response structure (the Crisis Committee) with a system of informing, a contingency plan, and specific contingency plans, which are regularly maintained and tested by the Bank in accordance with the testing programme.

Table 4: Measures to mitigate the COVID-19 pandemic

MEASURES DURING THE PANDEMIC	E	C	LC	NPO	DESCRIPTION
Protective and preventive measures: hand hygiene, use of protective masks, social distance, ventilation, protective barriers in branch offices, disinfection of vehicles and premises	■	■			The measures introduced in 2020, when the pandemic started, will continue in 2021, in accordance with recommendations and instructions issued by competent institutions.
Adjusting the organisation of work to reduce the risk of infections and ensure continuity of work	■	■			Work from home was introduced where the nature of work allows it, along with online meetings and distance learning. Teams in support services of Nova KBM worked alternately, Summit Leasing Slovenija established so-called COVID-19 zones where the work was performed by mixed teams of different organisational units.
Preparation of a new internal act on safe remote work and setting up relevant information links for remote work	■				Remote work was performed by 1,148 employees.
Upgrade to the internal act – Safety Statement with Risk Assessment	■				Amendment to the Bank's internal act, in which the Bank re-assessed the risks in case of the pandemic, and defined appropriate measures.
Adjusting working hours of branch offices or their closures in accordance with interbank agreements in the Bank Association of Slovenia	■				During the pandemic, 55 branch offices and 11 specialised bank offices were closed only for a short time, in the period of most rigorous measures, and for the time of disinfection of the premises after occurrence of a suspected infection. Through open branch offices and digital channels, the Bank provided access to all its services throughout the pandemic.
Appropriate organisation of work for employees with chronic diseases	■				Employees with chronic diseases were enabled to work from home.
Introduction of a confidential protocol in case of a suspected COVID-19 infection	■				To this end, we set up a special notification e-mail address, which was accessible only to authorised persons. Confidential treatment is ensured throughout the procedure.
Communication with employees and clients	■	■			During the pandemic, we set up a special internal e-newspaper that complemented communications through the Intranet and circulars. We used these channels to consistently and timely inform our employees about current preventive measures, advise them on safe work from home, and introduced various activations aimed at ensuring that employee teams remained as connected as possible despite the remote work. We used all available channels to keep clients promptly informed on operations of the Bank, availability of services and organisation of work processes during the pandemic. We provided numerous practical tips on the use of digital channels, on safe transactions and on recognising online scams. During the pandemic, we set up a special project Let's Stay Connected, and offered to our clients virtual events on various topics (culture, health, sport, lifestyle ...). In 2020, we carried out five virtual events and we will continue organising them in 2021. Thus, we kept the brand's promise on interesting events and remained in touch with clients even at the times when personal socialising was not possible due to restrictions.

⁴ In line with the Rules of Procedure of the Crisis Committee in Nova KBM; in line with business continuity-related documents in Summit Leasing Slovenija.



MEASURES DURING THE PANDEMIC	E	C	LC	NPO	DESCRIPTION
Moratoriums (delays) on repayment of a principal of existing loans		■			According to the number of applications for moratoriums on payment of obligations from loan agreements, Nova KBM stands on average among Slovenian banks. The Bank received the majority of applications between the adoption of the intervention law and the first cancellation of the epidemic. If a client does not meet the statutory conditions for moratorium on payment of obligations, we look for solutions with clients on case-by-case basis. The Bank was involved in drafting intervention legislation through the Bank Association of Slovenia.
Corporate employee volunteering		■	■	■	In Štafeta dobroteljnosti (Charity Relay), one of the largest charitable initiatives in our country, employees of the Nova KBM Group performed more than 216 charitable activities and helped more than 400 people in need, humanitarian associations and organisations.
In 2020, the Nova KBM Group supported more than 50 associations, clubs, institutions, and projects. This table shows charity donations exceeding €10,000			■	■	We provided the National Education Institute with 172 tablets worth €40,000, enabling children for distance learning.
			■	■	With a joint donation of €28,000, we joined the socially responsible programme called "Veriga dobrih ljudi" (the Chain of Good People), which is run by Zveza prijateljev mladine Ljubljana Moste-Polje.
				■	The Bank also donated €20,000 to the Red Noses Association, which helped the youngest hospitalised patients ease their stay in hospitals, while also helping medical staff improve patient care.
			■	■	We donated €25,000 to Sklad za pomoč in razvoj Mestne občine Maribor (the Municipality of Maribor Support and Development Fund).

Legend:
E: Employees, C: Clients, LC: Local Communities, NPO: Non-Profit Organisations

7.2 Corporate governance policies

Corporate governance is the system of rules, business practices, and processes that guide and control our operations. It is of key importance to include the ways to balance interests of different stakeholders, such as owners, management, regulators, clients, employees, the local community, and others. The Nova KBM Group has its processes regulated by internal acts, which are regularly updated, at least once a year. The table below highlights the key policies that belong to corporate governance in a sustainable context and were subject to special training courses in 2020.

7.3 Risk management

For the purposes of managing sustainability-related risks, the ESG Working group was launched in 2020. The group works to ensure regulatory compliance and establish sustainable ESG indicators.

All of the companies in the Nova KBM Group consider risk management a continuous process of identifying, measuring, and managing the risks that arise in their operations. The Nova KBM Group monitors several types of risk:

1. Credit risk
2. Market risk
3. Operational risk
4. Business/strategic risk
5. Capital risk
6. Funding risk/liquidity risk
7. Interest rate risk
8. Profitability risk

Table 5: Overview of key corporate governance policies included in training courses in the Nova KBM Group

TRAINING COURSES ON CORPORATE GOVERNANCE POLICY	NOVA KBM	SUMMIT LEASING SLOVENIJA
Anti-monopoly policy	■	■
Anti-bribery policy	■	■
Suspected illicit practices (Whistleblower policy)	■	■
Crisis response	■	×
Code of Conduct	■	■
Policy on Social responsibility and sustainable development	×	×
Internet & cyber security	■	■
Personal data security	■	■
Health and safety at work	■	■

Legend: ■ YES × NO



ESG risks will be included in the risk portfolio in 2021.

See more information on risk types in the Annual Report 2020 of Nova KBM Group and Nova KBM d.d, pages 28-32.

7.4 Data protection and cyber security

Properly protected and commercially applicable information and the Nova KBM's information system together with business processes are of key importance for Nova KBM to achieve its business goals.

In 2020, we continued the implementation of the information security management system. The main purpose was to put in place an adequate protection of the Bank's information resources against all sorts of threats, whether external or internal, intentional or incidental, with the aim of ensuring:

- An acceptable level of information security, regardless of the communication channel, medium or format
- Following and introducing legal requirements in the field of information security
- Protecting information against unauthorised access
- Maintaining information confidentiality
- Preventing unauthorised persons to access confidential data and information
- Maintaining the integrity of information by preventing any tampering
- Ensuring access to information to authorised users
- Raising awareness of the importance of information security among all employees
- Recording and reporting all incidents and taking appropriate action
- Regularly review and update of information security policies.

In the area of personal data protection, the Bank effectively addressed and implemented requirements imposed by the General Data Protection Regulation (GDPR), and raised awareness of the importance of personal data protection among its employees.

7.5 Anti-fraud management

Online frauds and internet scams have been rising sharply in the world during recent years. Nova KBM pays an increasing attention to information and awareness raising. In Nova KBM, the area is covered by the Anti-Fraud Management Department, and in Summit Leasing Slovenia, by the scam detection and prevention officer within the Compliance and AML Office. The Group established the system of reporting and warning of fraud, and all such illegal practices are reported to enforcement authorities.

Once a year, the Bank organises **mandatory e-training on fraud** for all its employees. Moreover, using various internal channels, we regularly inform and raise awareness among employees that have contacts with clients.

We make sure that also our clients are well informed about scams they may be exposed to in online banking. Through media, social networks, and personal conversations, we make clients aware of the importance of secure online operations. In 2020, we regularly published detected cases, including general descriptions of scam, on the Internet and social networks, and we completely renovated the contents on the Bank's website on Safe Business Online <https://www.nkbm.si/varno-poslovanje>; we strengthened awareness raising activities related to online scam, whereby we established a good cooperation with media. Representatives of the Bank attended several conferences on cyber security.

8. Sustainable relations to social environment

8.1 Employees

In 2020, key projects in the human resources management field related to the merger of the two banks, and the response to emergency conditions related to the infectious COVID-19 disease.

An important project under the merger of the banks aimed at establishment of new common values and designing a new common organisational culture. To this end, the Bank established **eight thematically designed initiatives within its action plan** for the promotion of common culture, and employee satisfaction and engagement, which consists of a large number of activities. We appointed responsible persons for each activity to take care of the implementation of activities in accordance with the time schedule, and the implementation of activities is regularly monitored on a monthly basis.

As part of the merger of the two banks, one of the major projects was related to the **harmonisation and adoption of a new corporate collective agreement**, which brings a number of benefits to employees. We also updated the **performance management system**, and supported it properly with a new IT solution. In most areas of the Bank, we introduced a quarterly employee assessment and bonus scheme, which replaced the previous annual one. The ongoing monitoring, and quarterly assessment and rewarding the achievement of employees' goals are considered an advantage of the quarterly rewarding, which is more motivating for employees, as they systematically obtain feedback on their work performance throughout the year, and are properly rewarded for their performance.



We adopted rules for safe work from home.

As part of the merger of banks, we **unified the HR-IT system**, and successfully migrated data into a unified human resources record. We also unified and implemented the e-learning platform, unified the application for working hours recording and the application for electronic approval of absence from work. The key project, which is currently still in progress, concerns the review of outsourcing contracts and their unification for the Merged Bank.

Restructuring continued in terms of reorganisations and establishment of the new organisational structure as well as a reduction in the number of employees. This was mainly due to a duplication of certain jobs resulting from the merger of banks, and the automation of processes. The Bank used soft methods to reduce the number of employees, wherever possible, and we sought to ensure that conditions were more favourable for employees than those required by law. During the entire process of reducing the number of employees, we cooperated and communicated transparently with the unions.

We were recruiting mainly in the areas where new competencies not previously available internally in the Bank were needed.

In 2020, an unforeseen, though major project was the launch of activities related to the prevention of the spread of the infectious COVID-19 disease. In response to the emergency conditions in the country, we worked with the authorised officer to carefully check the conditions for safe work from home, and we revised the Safety Statement with Risk Assessment, which now covers also infectious diseases and relevant action.

We adopted an internal act, which transparently and in one place combines all current measures to prevent the spread of the disease, and it is updated promptly, in accordance with the measures adopted at the state level. We



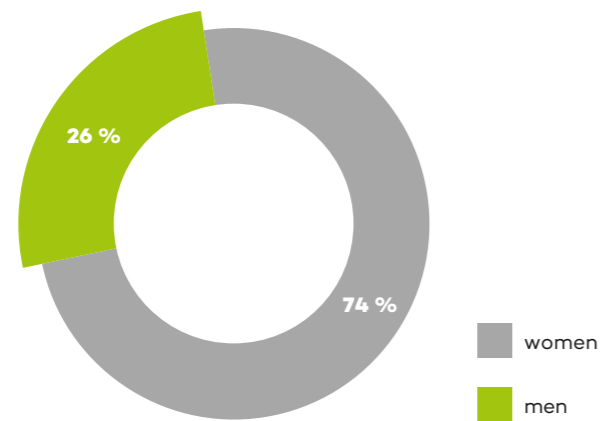
also adopted all necessary rules and instructions related to work from home, and these will remain effective even after the pandemic. This is a significant improvement in terms of both better work/life balance and a positive impact on the environment as a result of reduced commuting to work.

Employee demographic

At the end of 2020, the Bank had 1,903 employees, 74 % of them were women, which was by 1 percentage point more than in 2019, and 26 % men, which was by 1 percentage point less than in 2019.

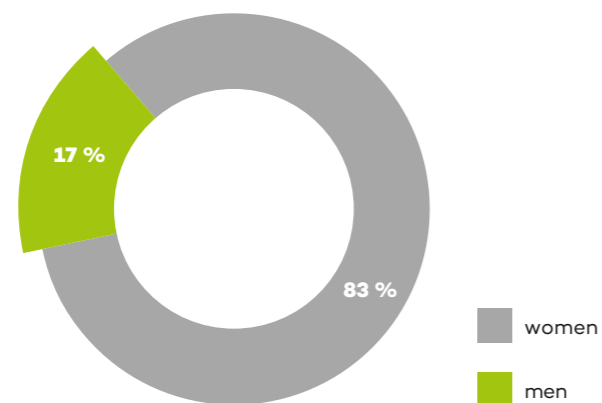
Out of the total of 23 directors in Nova KBM, 11 were women, which represents a 48 % share. Compared to 2019, the representation of women among directors increased by 18 %.

Graph 3a: Share of employees by gender in Nova KBM



At the end of 2020, Summit Leasing Slovenija as a member of the Nova KBM Group, had 162 employees, of which 83 % were women and 17 % men. The share of women was 2 percentage points higher than in 2019.

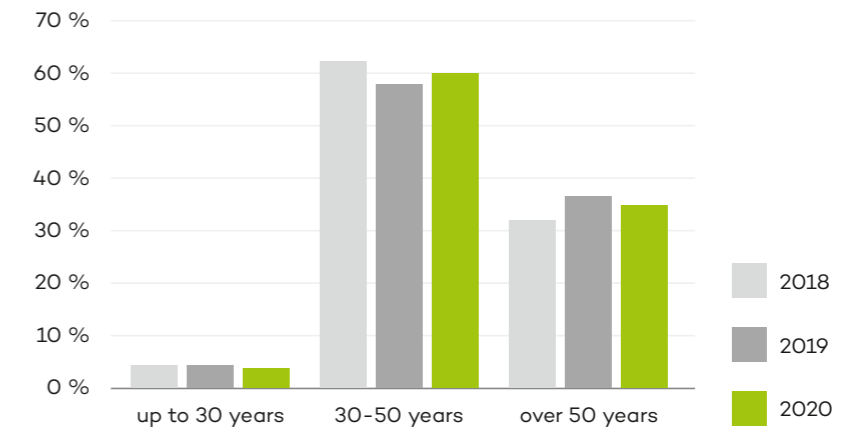
Graph 3b: Share of employees by gender in Summit Leasing Slovenija



Structure of employees by age groups

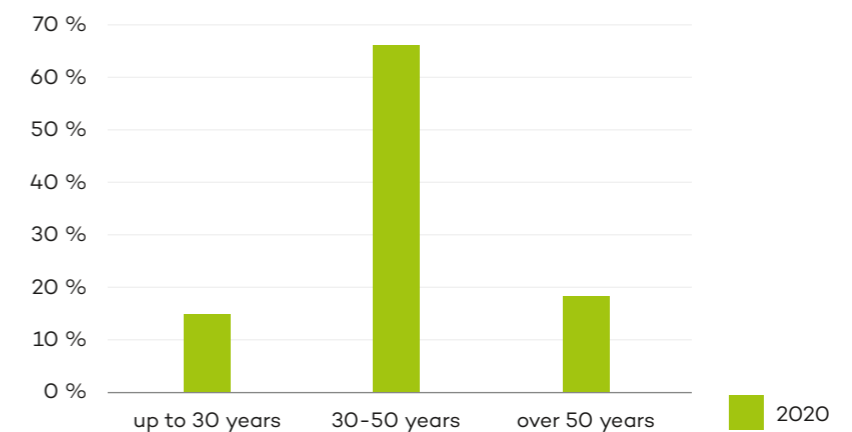
The average age of employees at the end of 2020 was 45.9 years, which exceeds the figure for 2019 by one year. The age group of up to 30 years included 4 % of employees, which is by 1 percentage point less than in 2019, the age group of 30 to 50 years included 60 % of employees, which is by 2 percentage points more than in the last year, and 36 % of employees were older than 50 years of age, which is by 1 percentage point less than in 2019.

Graph 4a: Structure of employees by age groups in Nova KBM



In Summit Leasing Slovenija, the age group of up to 30 years included 15 % of employees, which is by 2 percentage points more than in the previous year, the age group of 30 to 50 years included 66.5 % of employees, which is by 1.5 percentage points less than in the previous year, and 18.5 % of employees were older than 50 years of age, which is by 0.5 percentage point less than in the previous year.

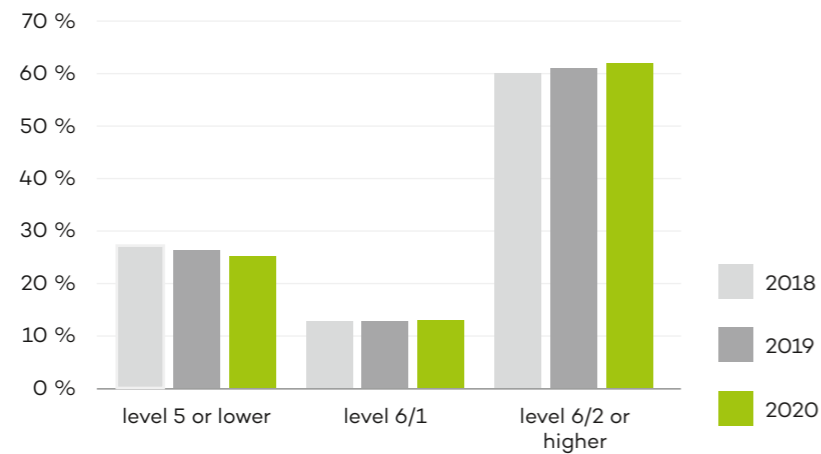
Graph 4b: Structure of employees in Summit Leasing Slovenija by age groups



Educational structure

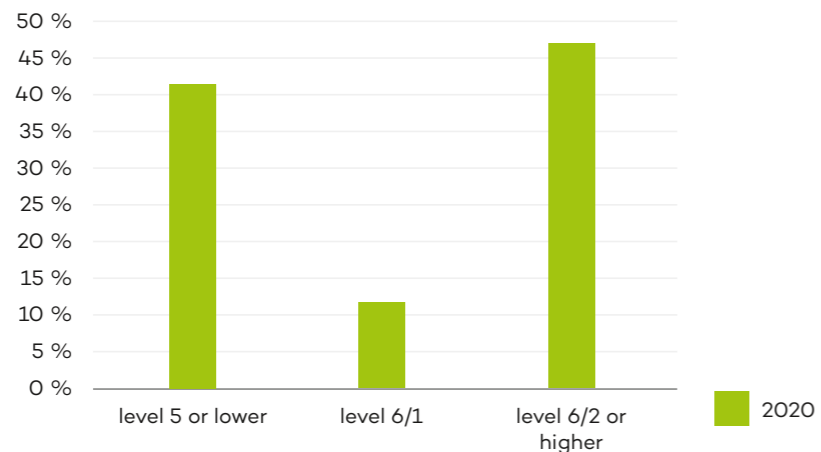
At the end of 2020, 25 % of Nova KBM's employees had 5 level of education or lower (secondary school education or lower), 13 % of employees had 6/1 level, 29 % of employees had 6/2 level, and 33 % of employees had 7 level of education or higher. Compared to 2019, the number of employees with 5 level of education decreased by 1 percentage point, whereas the number of employees with 6/2 level or higher increased by 1 percentage point. The number of employees with a 6/1 level of education remained the same as in the previous two years.

Graph 5a: Structure of employees by levels of education in Nova KBM



At the end of 2020, 41 % of Summit Leasing Slovenija's employees had 5 level of education or lower, 12 % of employees had 6/1 level, 21 % of employees had 6/2 level, 23 % employees had 7 level, and 3 % of employees had 8/1 level of education. Compared to 2019, the number of employees with 7 level of education decreased by 2 percentage points, while only minimum deviations were observed in other segments compared to the previous year.

Graph 5b: Structure of employees by levels of education in Summit Leasing Slovenija



Employee turnover, absenteeism, and injury at work

In 2020, employment contracts ended with 243 employees, while 942 employees were recruited anew, of which 910 came from the merged Abanka. We recorded a 3.6 % voluntary employee turnover (regular resignations by employees and agreement-based termination of employment contracts), which was by 0,9 percentage point lower than in 2019. In 2020, absenteeism was 4.7 %, which is by 0.6 percentage point less compared to the last year. In 2020, we recorded 3 injuries at work (one of them was recorded in the acquired bank before the legal merger), which is one more than the year before.

In 2020, there were two terminations of contracts in Summit Leasing Slovenija, 9 employees were recruited anew, and 6 employees terminated their contract in agreement or by a regular employee resignation. In 2019, 3 contracts were terminated (by employer), 25 employees were recruited anew, and 11 cases were regular employee resignations. There were no injuries at work. The average yearly level of absenteeism was 4,7 % in 2020.

Satisfaction and engagement survey

The Bank carried out two employee satisfaction and engagement surveys (VOE – Voice of Employees) also this year. The results of the most recent survey, which was expanded to the entire Nova KBM Group (including Summit Leasing Slovenija) this time, show an increase in the engagement rate by 5 percentage points, and an increase in employee satisfaction by 6 percentage points compared to the results of the survey conducted at the end of 2019 (excluding Abanka and Summit Leasing Slovenija).



To gain even better insight, 56 HR Skip meetings with 330 employees were organised.

This year, representatives of the HR Management held meetings with employees with no presence of their managers and directors ("HR VOE skip meetings"). The purpose of these meetings was to provide employees with an opportunity to be heard in person and not just as part of the research. Their feedback helped us better understand the results of the conducted research, and it was also useful for the development of additional activities aimed at promoting a common culture and at increasing engagement and satisfaction. We organized 56 meetings attended by more than 330 employees from all departments of the Bank.

Education

The pandemic had an impact on the course of education. Consequently, for the first time in several years, we recorded a decline in participation in external training in 2020, while as part of response to the pandemic, various forms of distance learning were intensified.

Employees of both banks attended 287 different training courses totalling 80,000 hours, which is 42 hours per employee on average. 2020 was marked by the merger also in the field of employee education. Under the banks' merger project, 44 different sets of training courses were carried out, and 1,751 participations recorded the total of 42,718 hours.

Employees of Summit Leasing Slovenija attended 22 external training courses. Eight educational sets were conducted with a total of 628 participations.

E-learning

In 2020, employees were involved in 37 different e-learning topics, and the total number of participants was 14,047, which is 7.5 training courses on average per employee. Despite the fact that the use of distance learning tools in the Bank is already traditional, we further improved online learning in 2020, by switching to the new ECHO+ platform that offers more options and allows even better flexibility of the learning process.



Special courses for employees

Teambuilding is one of popular activities to strengthen team spirit and employee satisfaction, and all employees had the opportunity to attend it early in 2020. In response to the pandemic-related emergency, we later promoted mainly informal online gatherings, such as team online breakfasts and the like, as part of the plan to promote a common culture and increase employee satisfaction and engagement.

Being aware of the importance of continuous development of competencies and potentials of the management staff, we organised **individual coaching** for all directors this year. Individual coaching was carried out by renowned external coaches that adapted their methods of implementation in line with the conditions in the country and transferred events to the online environment.

We organised training in **management skills** delivered by an external provider for our managers also this year, whereby we transferred most of the courses to the online environment.

Liaising with high schools and faculties



The Nova KBM Group places special emphasis on a cooperation with high school and university students that bring fresh knowledge and skills to the Bank.

Both Nova KBM and Summit Leasing Slovenija allow professional internships for young people, and the Bank provides occasional student work and scholarships for scholarship holders.

In 2020, Nova KBM, under the professional supervision of mentors, enabled 22 high school and university students from various high schools and faculties to perform internships, which is two more than in 2019. Last year, we provided scholarships to 10 scholarship holders in the field of IT and Risk Management. In the 2020/21 academic year, we continue providing scholarships to four students, and we employed one scholarship holder.

In order to connect the academic and business worlds, the Bank cooperates with various faculties preparing various projects. In cooperation with the Faculty of Economics, University of Ljubljana, we organised a 4-day educational event for students in September 2020. The Banking School was attended by 21 students from various faculties and study courses. The Banking School covered two main topics: credit risk, and assessment of the suitability of members for a management body and holders of key functions (i.e., "Fit & Proper" assessment).

Career fair

As in previous years, we also participated at the Career Fair in 2020, with the only difference that it was carried out in the online environment this time due to the emergency situation in the country. Representatives of the HR Management were available to candidates through the online chatroom for all questions related to employment with the Bank, student work, scholarships, and mandatory internships. We were present in as many as three virtual halls (IT Hall, Natural Sciences Hall, and the Students' Hall).

Family-Friendly Company

Nova KBM has been a holder of the full Family-Friendly Company certificate since 2015, and currently, it has 15 different measures in place to facilitate the work/life balance. In 2020, we adopted three new measures

proposed by employees in an internal survey, i.e., flexible working hours, additional hours for medical doctors and thematic lectures for employees older than 50 years of age.

Summit Leasing Slovenija provides employees with many opportunities to balance their private and professional life, with the measures such as a paid leave to introduce a child to kindergarten, an additional day-off to accompany child on the 1st school day, and others.



Promotion of health at work

The care of maintaining and improving the health of employees is important, as healthy and satisfied workers that work in a safe and stimulating work environment are more productive and creative, less likely to get sick, and less likely to take sick leave. Promotion of health at work programmes are designed to maintain and enhance physical and mental health and well-being of employees. In 2020, the Bank adapted its health promotion programme to current conditions and issues.



Promotion of health at work programmes are designed to maintain and enhance physical and mental health and well-being of employees.

At the beginning of the year, when the situation still allowed live training, Nova KBM organised a workshop for employees on the topic of stress management. Later in the year, we replaced classic live education with e-learning. We provided employees with interesting e-contents (resistance to stress, healthy spine and limbs, and healthy work with a computer), which

we supplemented with concrete tips for working from home. We also paid significant attention to raising the awareness of employees regarding the infectious COVID-19 disease using various articles in internal media. With appreciation for overcoming challenges in this different and demanding year, and for maintaining health and well-being, we gave employees a "symbolic health package" at the end of the year.

In the part of 2020, when it was still possible due to the pandemic, Summit Leasing Slovenija enabled its employees to visit a fitness gym free of charge, and provided them with fruit and massages at work.

Management and prevention of psychosocial risk factors support programme

Since March 2018, Nova KBM has been involved in the Comprehensive Support Programme for Companies with management and prevention of psychosocial risk factors (PSDT programme or NAPREJ programme), which provides a possibility of anonymous psychological counselling by phone or in person, and twice a month, we issue a newsletter to inform employees about mental health issues. In 2020, as many as 133 counselling sessions were carried out, and employees most often sought help due to mental distress and personal and professional problems.

Solidarity aid scheme

The Bank takes care of its employees in less favourable living conditions, by awarding scholarships to children of deceased employees. Accordingly, we awarded scholarships to four students in 2020, and in the 2020/21 academic year, we continue providing scholarships to two students, of which one scholarship was awarded anew.

In 2020, Summit Leasing Slovenija granted its employees solidarity aid under the Collective Agreement, namely to employees in the event of death of their parent or to employees in case of long-term sick leave.



Educational events for better connections with students.



Internal programmes of Management Board Roadshows, Skips, and Bank Olympics

The Bank regularly and systematically runs several programmes aimed at improving internal communication and overcoming obstacles to implementing positive changes.

Since 2017, the Bank has been implementing an **internal programme called Skips**, aimed at improving and strengthening a direct dialogue between employees and all members of the Management Board. Through these meetings, the Bank encourages **open communication about daily challenges between the operational and strategic levels** of activity in the Bank. The programme aims at skipping obstacles that would otherwise slow down the Bank on its path of positive changes. In addition, Management Board members regularly visit colleagues at their work places. In 2020, we adapted both programmes to the conditions related to the pandemic, and carried out 43 virtual meetings.



Internal programme called Skips are aimed at improving and strengthening a direct dialogue between employees and all members of the Management Board.

Along with its involvement in daily tasks and projects, the Management Board holds regular Monthly and Quarterly Business Reviews. In 2020, all Business Reviews were held virtually, and we carried out 7 meetings in total.

Since 2016, the Bank has been organising the Nova KBM Olympics, which is an annual meeting of the Nova KBM Group's employees and representatives of the Supervisory Board.

The aim of this gathering is to raise awareness of the Bank's strategy and key values, and to promote teamwork and employee engagement. Considering that the legal merger of Nova KBM and

Abanka took place this year, we wanted this year's Olympics to encourage cooperation and getting to know the employees of both banks.

This year, due to the health limitations of socialising during the pandemic, we held virtual instead of live Olympics, and the response exceeded all our expectations. 44 teams registered with a total of approximately 430 employees, which is more than one fifth of all employees of the Nova KBM Group. They participated in five tasks – challenges. The response of employees to the charity challenge was particularly good.

Read more in Chapter 8.5. Support for wider social environment.

Internal programmes to promote creativity among employees

Early in December 2020, the Bank set up a special application, called IDEJOMAT and an idea management process in which all employees can participate with their ideas. The programme aims at development of creative and entrepreneurial thinking among employees, and to obtain concrete and feasible proposals for improvements in various areas of the Bank's operations.



Idejomat

8.2 Clients

Committed to excellence

Responsibility to our clients and commitment to client excellence are an important strategic pillar. We were focused on strengthening positive user experience and client satisfaction also in 2020, providing a dialogue and obtaining client's feedback.

Key activities performed:

- We conducted several surveys on client satisfaction with our services, banking staff, and paths to the Bank. We listened our clients carefully, analysed their feedback, suggestions, and complaints. The most frequent complaints were additionally discussed by **the Quality Committee**, a special working group at Nova KBM, which examines the most common complaints, analyses their causes, and use this basis to introduce continuous improvements in banking processes and operations.



Client satisfaction rate increased by 9 points.

- We carried out several powerful employee engagement programmes. We continued **training** of sales staff having direct contact with clients, and exchange best business practices. The internal programme, **Arena prvakov**, aimed at enhancing teamwork spirit and fair competition among sales staff was completed successfully for the second year in a row. We also continued the **Adopt a branch office programme**, where senior managers from different areas adopt a specific branch office and help the team realise their initiatives and improve in client excellence. These activities aimed at strengthening engagement of employees and, consequently, **their relationships with clients improved**.



ARENA PRVAKOV



Online and mobile bank recognised as more useful and with a wider range of functionalities.

Results:

- In 2020, based on a systematic introduction of improvements, **we reduced the number of the most common complaints by as much as 30 %**, which is a great achievement. According to the survey, our clients expressed their satisfaction with addressing and resolution of their problems and complaints. They also praised friendly, helpful, and professional banking advisers who help them find the best solution. Read more about resolving complaints in chapter Improving support for clients.
- Based on the results of the survey, we introduced several improvements in operations of the Bank, which increased client satisfaction. The changes reflected in the assessment of the **"Net Promoter Score (NPS)" survey, which increased in 2020 by 9 points** compared to 2019, and reached the **highest value ever**.

The best online and mobile bank

Surveys and constant search for feedback from our clients have significantly helped us better understand the user experience with the online bank, Bank@Net. Consequently, in 2020, we introduced more than 100 improvements in digital banking, which contributed to the recognition of our online and mobile bank, Bank@Net as the best in 2020.



According to the online banking survey in Slovenia that involved all Slovenian banks and savings banks, and the fintech company's online bank, Nova KBM won in the overall ranking the highest number of points and, as a result, became **the best online bank in Slovenia in 2020**. A month later, the best online bank was complemented by the mobile bank that won the title of **the best mobile bank in 2020**.



The online bank Bank@Net was recognised as more useful, with a wider range of the content and functionalities than on average. While the average score in the survey was 58 points, the online bank Bank@Net won as many as 10 points more. The E-laborat company that conducted the survey, included for the first time an assessment of the overall user's experience when using the online bank for transactions, which provides the title with an additional value.

The Nova KBM brand received the Superbrands title for the second year in a row



The Nova KBM brand received the Superbrands title for the second year in a row and ranked among top 1% brands in the market. The title proves that Nova KBM is a unique brand that consumers know, trust in, and identify with it.

Responsible lending

Nova KBM is committed to responsible lending, ensuring that its borrowers have a thorough understanding of the terms of the loan, interest rates, and the risks it brings along. In this area, the Bank assumed the following five commitments:

1. Transparent communication and full disclosure
2. Professionalism
3. Advice on choosing a suitable loan and a clear price list
4. Creditworthiness check
5. Clear advertising

However, the Bank expects the borrowers to read and understand loan documents before taking an appropriate loan, to

take credit obligations in a responsible manner and fulfil them regularly, and to inform the Bank of any changes in their data.

In 2020, in order to promote responsible lending, the Bank conducted 21 workshops where clients learned about:

- How to choose between different types of loans and interest rates available on the market in relation with client's wishes and needs and the situation
- How to check the cost of loans
- How to act in case they are heavily indebted and find paying monthly expenses and credit obligations difficult, and what to do if they find themselves in a difficult financial situation

In order to enable borrowers to better understand their needs and financial capabilities, there is also a special responsible lending website (<https://www.nkbm.si/odgovorno-kreditiranje>), which presents all the information that borrowers need to know either before they decide to take a loan or at the time of its repayment. On its website, the Bank also published a creditworthiness calculator based on which clients can calculate the maximum of any loan amount, and familiarise themselves with the items that affect the calculation of creditworthiness.

Responsible investing

Nova KBM is committed to and encourages its clients to invest in a responsible manner, with the right attitude to risk. We strive **for clients to have a good understanding of their needs and financial capabilities**. To this end, the Bank set up the Investment Guide website (<https://www.nkbm.si/nalozbeni-vodnik>) intended for clients taking decisions on investing, where all the information they need to know before they decide to invest is presented.

Together with our clients, our marketing staff completes a questionnaire, which is a mandatory step before investing, as this is the way we determine the client's

attitude to risk and offer them a suitable set of investments in accordance with their risk profile.

Digital banking

Digitalisation is one of strategic pillars in Nova KBM. The COVID-19 pandemic accelerated activities in this area, and substantially and in a very short period of time changed the way people pay and receive funds. Contactless, mobile, and online payments become part of everyday business; consequently, the need for safe and responsible use of digital banking channels has become even stronger. Since the beginning of 2019, active use of digital services has increased approximately by 90%. More about development of digital channels and services is available in the Annual report, page 46.

In the digital banking area, Nova KBM ensures compliance with applicable legislation, builds strategic partnerships, and introduces solutions aimed at developing new and even safer ways of digital banking. Moreover, digital banking services have a positive impact on the environment by reducing travel and related GHG emissions, the use of plastics, and more.

Payment card transactions

The long-term and strategic **partnership with the Visa company** gives our clients an exclusive use Nova KBM's Visa payment cards, while also encourages innovation and development in payment card operations. The **exclusive benefit programme** developed by Nova KBM in cooperation with Slovenian merchants, allows clients for additional benefits when paying with Nova KBM Visa cards, while also promotes a healthy lifestyle and quality leisure time.

Recent **legislative changes** that require a two-stage client authentication when shopping online with payment cards within the EU have been changing the method of online shopping. Nova KBM adapted to these changes timely and, in cooperation with Visa, redirected the confirmation of online purchases with payment cards to the **mobile wallet called**

mDenarnic@. Consequently, the level of safe and responsible use additionally increased, as we enable clients to:

- Make even safer online shopping.
- Reduce the number of plastic cards in their "physical" wallet, as mDenarnic@ enables contactless payments at salespoints in Slovenia and abroad, cash withdrawals and deposits as well as insights into the balance in their accounts at contactless ATMs, instant payments using the Flik system, and storage of loyalty cards.

Virtual sales unit

In February, before the pandemic outbreak, the Bank set up a virtual sales unit, which enables clients access to numerous services without visiting the Bank in person. In April, after intensive preparations, testing, and coordination with regulators, we started selling the first banking services to clients through the virtual outlet, over the phone, without the need for clients to visit a branch office in person. In the virtual outlet, clients can conclude Komplet bundle, get an extraordinary overdraft on their personal account, take out a consumer loan or obtain Visa deferred payment card. Clients responded extremely well to the new banking service, and the number of sold banking products doubled in the last 6 months, while the volume of new consumer loans tripled in the same period. A survey conducted among clients that obtained the Komplet bundle and took the Kredit Naprej bundle over the phone showed that the level of satisfaction with the new channel was as high as 84%.

Improving support for clients

In addition to sales staff, the work of the Nova KBM's Contact Centre has a significant importance for comprehensive and responsible work with clients. Upon the legal merger on 1 September 2020, the contact centres of the two banks were successfully merged, in terms of technology, organisation, and unification of the information support. In the Merged Bank, all advisers, regardless of which former bank they come from, jointly and responsibly manage communication



with clients, and equally participate in interactions with them.

During the process of merging Abanka and Nova KBM, we took care of a timely and comprehensive provision of information and resolving issues encountered in clients during these changes, with the aim of ensuring the best possible transparent and professional communication with clients.

With the announcement of the pandemic, daily lives of our clients have changed, and accordingly, also their access to certain services. The Bank responded quickly and responsibly to new conditions by introducing new solutions that enable customers to access banking services and information safely, without a need to visit a branch office in person.

- On our website, we introduced the online chat tool, enabling a new modern client interaction with advisers in the Contact Centre, in addition to a phone call and voicemail. We introduced online chat with the robot called Niko that can guide the chat with a client independently, especially when collecting demands for banking services, such as consumer loan and the Komplet bundle. The client is enabled to provide their contact information via 24/7 chat, and then be contacted by one of our advisers during business hours. The service is popular in both young people and clients that contact the website in order to find new offers of banking services.
- In order to improve accessibility of banking services during the pandemic, we have been enabling banking transactions for simple banking products by phone since May 2020. Consequently, we offer to our clients to conclude the Komplet bundle, order a credit card, and increase an overdraft in their personal account simply by phone.

- We introduced a simplified method of client authentication upon a telephone call, and even easier and faster client access to their data without the need for a visit to their branch office in person.
- We introduced automatic sending of SMS notifications containing information about account balance, 5 most recent transactions, and balance of loans.
- Moreover, we provide clients with additional 11 services related to cards, online banking, and SMS notifications, which clients can turn on or off without visiting branch offices in person.

Improved complaint resolving processes

In 2020, we completed additional improvements in complaint resolving, as we centralised, accelerated, and updated the procedures. Therefore, complaints are resolved faster, we actively and comprehensively monitor their progress in the improved IT support, and regularly measure client satisfaction with solutions. In resolving complaints, we are striving for a high level of transparency, high responsiveness, responsible and professional resolution of issues, and seeking acceptable solutions for customers. At the end of the year, the number of received complaints was comparable to the figures of early 2020, while we reduced the time for complaint resolution by 25 %. In the last quarter of 2020⁵, the average time used to resolve client's complaints decreased from 5 to 4 days compared to 2019, and **client satisfaction improved by 3 points compared to 2019**.

8.3 Suppliers

In 2020, the Central Procurement and Cost Management department updated the procurement process in the area of service outsourcing and other provision of services, roles and responsibilities, and service monitoring.

In 2020, the Bank continued optimising the number of suppliers and building partnerships with the aim of pursuing

business optimisation and cost-effectiveness. The Bank performs due diligence of external providers and suppliers, with assessment of a supplier's compliance with anti-corruption rules, its credit risk, and compliance of its operations. Each supplier signs statements confirming business compliance and confirming that it is familiar with the Bank's Code of Conduct. This is the way the Bank not only pursues its economic interests, but also monitors the aspects of social responsibility, sustainability, and governance of each supplier.

8.4 Media

In the context of sustainable development and social responsibility, the Bank aims at making wider public and key stakeholders understand its vision and role in the national environment, strategic goals, products and services.

This is why the Bank, in the increasingly digitalised environment, devoted even more attention to the use of a wide range of communication channels, through which it can inform the public in a comprehensive, timely, and accurate manner. We intensified activities in our own communication channels and social media (website, FB, LinkedIn, and Instagram profiles). We also keep journalists informed and maintain good relationships with them. Accordingly, we support media in their role of objectively informing and educating the public.

Nova KBM encourages its positive and professional presence in public; it provides assistance with understanding banking contents, and with proactive communication of socially responsible and sustainable topics. In 2020, despite the pandemic, we managed to keep a high number of our representatives taking part in various conferences where they presented our strategy, products, services, and achievements.

As the impact of social media has been evolving significantly, we believe that responsible use of them is one of the most important commitments for both our Bank and our employees. Therefore,

we set guidelines in our Code of Conduct that are followed by all employees. We use social networks, online chatrooms, and public forums in a responsible way, and we clearly separate private messages from business ones, always being aware that stakeholders associate our messages and actions with our values and corporate culture, even if we express and take them in our free time. Therefore, we always communicate with the aim to avoid any harm to the reputation of the Bank, but rather to protect and strengthen it.

We assess the efficiency of our relations with external public by regular monitoring our media coverage, and analysing its contents in terms of quality and quantity. In total, 1,739 relevant publications were made on Nova KBM in 2020. After a decrease, negative publications in the last two years remained at a very low level. Numerous positive announcements in media and social media were recognised in wider public, contributing in a positive manner to the Bank's reputation.

8.5 Support for wider social environment

Nova KBM having a long tradition of operations and integration into a wider societal environment, is an active supporter of social responsibility, contributing to a higher quality of life and development of both the local and national environments. Nova KBM has been a general sponsor of many sports clubs, arts and culture events, and competitions for many years. Until the merger, former Abanka was an important supporter in its local environments, and the cooperation has continued also after the merger. Summit Leasing Slovenia also supports social and humanitarian activities with smaller sponsorships and donations.

The Bank seeks to develop genuine partnership relations with recipients in each sponsorship or donation. The Bank plays an active role in supporting projects, individuals, non-profit organisations, societies, institutes, and clubs in the areas of sports, culture, education, healthcare, humanitarian projects, and other activities



Average complaint resolving time was reduced by 1 day.

⁵ The data only applies to Nova KBM's clients, as Abanka did not perform client satisfaction measurements.



useful for society. The sponsored projects are upgraded by partnership cooperation, and encouraged to act in a sustainable manner.

Despite the demanding year of 2020, which was marked by the pandemic and consequent cancellation of events, entertainments, concerts, and sports matches, the Bank maintained the amount of sponsorship and donor funds in cooperation with individual partners, and even increased the total volume of funds by €215.000. The Bank worked with more than 50 clubs and institutions, supporting projects in the fields of sports, culture, innovation, education and professional development, and charity.

Sports

In 2020, the Bank supported many teams, individuals, and events in nine different sports disciplines: basketball, football, volleyball, handball, tennis, alpine skiing, running, hockey, and kayaking. By supporting sports, Nova KBM contributes to the development of sports disciplines in the country and helps teams and individuals achieve the best results. In spirit of promoting sports among young people, the Bank joined the #PODAMDAIGRAM project by enabling 10 talented young athletes to watch two NBA basketball games in Miami, and

helped arrange a smart playground in the Municipality of Maribor in 2020.

During the pandemic, the Bank supported the Nova Banka runs project – virtual and customised runs, which followed the measures taken to contain the spread of coronavirus. Nova KBM supported the charity event called Tek za dober namen (Run for Good Purpose) organised by the Europa Donna society, and invited its employees to join individual activities as part of the campaign. The bank also participated in the #gibajmaribor running campaign, and organised the run for children to Kalvarija.

Nova KBM and sports share the same values and practices, such as bringing together best people for best results, and goal-orientation, which both sports and the Bank use to plan a precise path to success. By promoting these values among its employees and in sponsorship schemes, and by involving employees in sponsorship projects, the Bank seeks to enhance employee loyalty and engagement.

Furthermore, employees have an opportunity to take part in the Nova KBM Sports Society all year long, where they can take care of their physical exercise and health, and socialise with co-workers outside their work environment.

Highlighted sponsorships:

- Maribor Football Club
- Nova KBM Branik Volleyball Club
- Basketball Federation of Slovenia
- Bravo Football Club

Culture

The Bank is a traditional sponsor of and donor to the Slovene National Theatre Maribor, whereby making a valuable contribution to cultural development in the Eastern region. Moreover, the Bank supports young talented musicians in Nova Music Society in Goriška region, and seniors in the Nova KBM Choir and Nova KBM Cultural and Artistic Society. As one of larger sponsors, Nova KBM is also present at both Lent Festival and Ljubljana Festival.

Conferences, education and professional development

Nova KBM supports professional conferences and education. In this area, employees of the Bank are well aware of their responsibility to participate as experts in exchange of knowledge, experience, and good practices, whereby contributing to building an effective

educational environment and high-quality human resources.

Many employees of the Bank are associated with educational institutions as lecturers and mentors in the preparation of seminar papers, diploma and master's theses. They are also involved in the committees and management of various professional organisations and participate in expert projects.

Highlighted sponsorships:

- AmCham Slovenia
- British-Slovenian Chamber of Commerce (BSCC)
- Best business idea Conference by Časnik Finance
- The Faculty of Law – Willem C. Vis Moot contest

Charity

Nova KBM often joins humanitarian campaigns, while initiating charity activities also by itself. For the second year in a row, the Bank joined the socially responsible programme Veriga dobrih ljudi (the Chain of Good People) and provided a donation of €28,000 to help many families in Slovenia living below the poverty threshold. The Bank also



Above and the next page: In 2020, The Nova KBM Group supported more than 50 associations, clubs, institutions and projects in the fields of sports, culture, education and economy.



financially supported the all-Slovenian sponsorship project called Botrstvo, which helps socially disadvantaged families, and with a donation of €25,000 provided 5,000 meals for children from families in need during the epidemic first wave. Under new circumstances during the epidemic, Nova KBM donated 172 tablets worth €40,000 to the National Education Institute Slovenia and thus helped children from socially disadvantaged families with equipment for remote schooling. Nova KBM donated €25,000 to the Municipality of Maribor, which the latter will allocate for humanitarian aid and assistance in the development of economic activity in the municipality. The Bank also donated €20,000 to the Red Noses Association, which helped the youngest hospitalised patients ease their stay in hospitals, while also helping the medical staff improve patient care.

In 2020, we paid special attention to charity, which has become an important part of the organisational culture

in Nova KBM. **The virtual Olympics**, traditional sports and team games, which we moved to online environment this year due to changed circumstances, covered several challenges. **In its charity challenge, employees from the entire Slovenia carried out more than 216 charitable activities and helped more than 400 individuals in need**, humanitarian societies, organisations and institutions. We used these activities to create Štafeta dobroteljnosti (the Relay of Charity), one of the largest voluntary and charitable initiatives in Slovenia, and we spread awareness of the importance of listening to fellow human beings and the environment. Activities chosen by employees included blood donation, beautifying the Christmas and New Year holidays for children and the elderly, joining Santas for a day, donating to charitable organisations, and helping socially deprived families. See more at: <https://www.nkbm.si/stafeta-dobroteljnosti>



One of 44 groups who participated in the virtual Olympics' charity challenge.



The Red Noses Association was one of the charities that the Bank supported in 2020.



Sustainable relations to the environment

Environmental reporting is an important part of sustainability reporting, where we monitor, measure, and manage various energy sources. Through the merger of Nova KBM and former Abanka, we strengthened our role of a bank of national importance that considers energy efficiency and careful use of limited resources of raw materials important impacts, and pays increasing attention to the development of responsible investing, where it enables investors to implement green projects.

9.1 Carbon footprint

We are striving to mitigate negative impacts on the environment by sustainable management of energy consumption, natural resources, and through our efforts to reduce our carbon footprint, which we have been measuring and monitoring for two years.

Table 6: Carbon footprint (in tonnes)

CARBON FOOTPRINT	2019	2020
Carbon footprint – CO ₂ emissions (scope 1)	1,250.91	1,706.53
Carbon footprint – CO ₂ emissions (scope 2)	1,703.71	1,953.76
TOTAL	2,954.62	3,660.29
TOTAL per employee ⁶	2,454	1,923

In 2020, the total carbon footprint volume was 3,660.29 tonnes of CO₂. **Carbon footprint per employee decreased by 21.6 % compared to 2019.**

9.2 Energy resource management

In energy efficiency management, the Bank is focusing on energy management of office buildings, which all together include 51,580 square metres of office space, and vehicle fleet management. The Bank has **a central control system** set up at nine locations, which is used to monitor energy efficiency and any measures to be taken in case of deviations from the parameters set up. In 2020, the Bank **conducted energy audits** in accordance with laws and regulations. In renovations and major maintenance of office buildings and branch office premises, the Bank **complies with the guidelines for efficient energy use** and the legislation in the field of building construction. Through optimisations of use and management of unnecessary property, the Bank reduces the area used and, consequently, energy consumption. In 2020, the Bank continued the process of **selling off older own service vehicles and switching to renting new ones**. Following the acquisition of former Abanka on 1 September, the Bank's vehicle fleet increased from 61 vehicles to 96 vehicles. Vehicles of former Abanka are mostly older, therefore, they are planned to be replaced. In 2020, a total of 79,000 litres of motor fuel was used for business and the combination of business and private trips.

Table 7: Management of various energy sources in 2020 (in kWh)

VARIOUS ENERGY SOURCES	2019	2020
Total energy consumption	9,730,000	16,117,000
Total energy consumption per employee ⁶	8,081	8,469.25
Fuel consumption for the vehicle fleet (in litres)	106,800	79,000

There was an increase of 4.8% in total energy consumption per employee. We will seek the ways to reduce it with actions, such as rationalisation of business premises and change in the internal culture focusing on efficient use of energy.

Waste management

Waste separation at source is one of the important conditions for a circular economy. The Bank has been conducting separate collection of waste for many years, depending on ordinances of individual municipalities and their concessionaires. 100 percent of non-hazardous waste, which is separately collected and disposed of, are sent to recycling. Considering the fact that for each location, collecting containers are assigned in certain sizes, emptied periodically and regardless of their occupancy, volumes of municipal waste cannot be traced, and actual volumes of waste cannot be determined. Costs are paid according to the container size and are not tied to the volume of waste in containers.

Table 8: Waste management costs (in €)

WASTE MANAGEMENT COSTS	2019	2020
Waste management costs	155,999	66,523
Waste management costs per employee ⁶	129.56	34.95

In 2020, **waste management costs per employee decreased from €129.56 to €34.95, which represents the savings of 73 %.** They partly result from work-related restrictions caused by the pandemic.

Water consumption

Water is the source of our lives, and the care for conservation of natural resources is not only a value but also the way of work. Wherever possible, we encourage employees, partners, and other stakeholders to drink tap water. When doing that, we are raising the awareness that drinking tap water is healthier and more environmentally friendly than taking pre-packaged water, and it results in a reduction in plastic packaging and a lower carbon footprint.

⁶ Data for Nova KBM Group include both the consumption of Nova KBM in 2020 and Abanka after legal merger. The number of employees as at 31 December is used.



Table 9: Water consumption (in m³)

WATER CONSUMPTION	2019	2020
Water consumption	20,318	18,615
Water consumption per employee ⁶	16.87	9.78

In 2020, water consumption in the Bank's premises **dropped by 42 %**, which partly results from work-related restrictions caused by the pandemic.

9.3 Paper consumption and printing

In 2020, we continued the implementation of measures and initiatives that generate savings in paper consumption, while reducing costs.

We kept our employees informed and aware of the measures and the importance of economical use of paper as part of internal programmes. Nova KBM ran the "Click for the Environment – Print Less" programme, while Summit Leasing Slovenija ran the Green programme.



Realised savings

As a result of its internal programmes and partially due to pandemic-related measures, Nova KBM decreased its paper consumption by more than 17.1 tonnes compared to the previous year and, as a result of all the above activities, preserved 408 trees. In doing so, it reduced the cost of paper and paper printing by as much as 53 percent compared to the previous reporting period.



The Nova KBM Group used 21.35 tonnes of paper less than last year, saved 510 trees and reduced costs by more than 53 %.

In 2020, by taking measures in the field of paperless operations, Summit Leasing Slovenija saved approximately 850,000 sheets of paper per year or 4.25 tonnes of paper and as a result preserved 102 trees. In 2020, Nova KBM Group used 21.35 tonnes of paper less than last year and thus saved 510 trees.

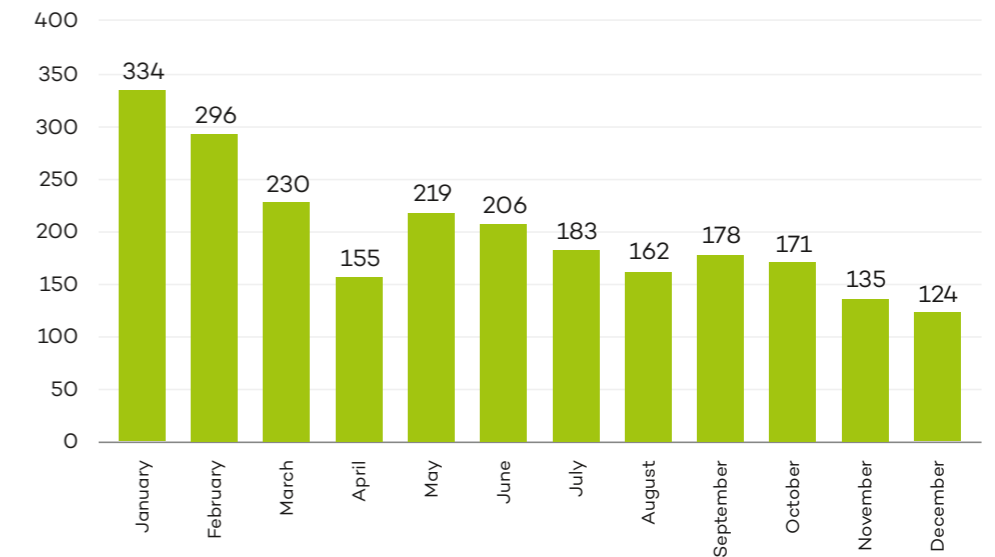
Paperless operations

Since the Bank installed digital sign pads in all branch offices in the autumn of 2019, the trend of decreasing in the volume of printed documents in dealing with clients has also continued in 2020.

⁶ Data for Nova KBM Group include both the consumption of Nova KBM in 2020 and Abanka after legal merger. The number of employees as at 31 December is used.



Graph 6: Trend in the number of printed sheets in Nova KBM branch offices (in 000)



In 2020, we collected **more than 2 million digital signatures** of our clients in branch offices. More than 3.7 million of digital documents or 10 million pages were created.

Consultants in branch offices informed clients actively and encouraged them to use digital channels, also due to easy management of banking documents. Namely, users of electronic banking and E-notification services receive all banking documents in electronic form. This allows them to easily access, view, and storage banking documents.



3.7 million digital documents were created in 2020.

Employees in branch offices actively contributed to reducing the volume of printing through changing their habits. We carried out several internal activities aimed achieving the goal of a "paperless" branch office. We monitored **the volume of printing by branch offices**, and in 2020, it **dropped by 183 % to 124 thousand sheets** in all branch offices due to the promotion of paperless branch offices and pandemic-related measures. We promoted the use of tools for sharing and accessing internal documents among managers in branch offices (shared folders for instructions, minutes, reports, ...), and conducted 2 training courses on digital skill improvement for 169 employees.

Summit Leasing Slovenija carried out several activities in the field of digitalisation, including electronic signing of agreements, paperless operations in issuing invoices to clients and in approving leasing agreements, introduction of e-signatures for internal documents, and optimisation of payments.

E-statements

In 2020, the Bank continued encouraging its clients to opt for e-mail notifications and account statements. About 25,000 opted to receive e-statements, which is five times more than in 2019.

E-internal acts

Employees of the Bank use all internal acts in their entirety only in a digital form. In October 2020, printing of internal acts was disabled, which helped taking another step towards reducing paper consumption.

E-archiving

We continued activities in the field of e-archiving, which started in 2019. Using the programme, we raised awareness among employees about an efficient organisation of office without excessive use of paper, and rational use and storage of documents. Using the programme, we changed employees' behaviour, so they decide on using and archiving electronic documents instead of paper copies.

9.4 Financing green projects

In 2020, the Bank borrowed long-term funds of €48,500 thousand from SID Banka, where these funds, pursuant to the concluded agreement, may also be used to finance the development of environmentally friendly companies and production.

At the end of 2020, 26 % of bonds or 17 % of pair value of the entire debt securities portfolio had the Bloomberg ESG rating. The Bank plans to increase the share of such investments in the future.

Nova KBM looks for new investment opportunities in sustainable development,

green technologies, and environment-friendly projects. In 2019, it issued a subordinated bond that was supported, among others, also by the EBRD, the 20 % owner of the Bank, which made its investment conditional on the financing of green projects.

The budget line earmarked for financing green projects was spent in 2020. Such projects mainly concern funding of the construction of new energy-efficient residential buildings as well as tourist facilities (e.g. hotels) and business premises. We will strive to finance projects that contribute to realisation of sustainable development goals also in the future. In addition to the said financing of energy-efficient facilities, Nova KBM also strives to finance the construction of infrastructure facilities, renewable energy power plants, and material-recycling facilities.

Nova KBM has been active in this field already in previous years. In 2017, it invested in the first Slovenian green bond issued by GEN-I Sonce. In 2018, it invested in the SID Bank's green bond, the first Slovenian green bond issued on the international market.

In cooperation with several importers dealing in electric vehicles, Summit Leasing Slovenija introduced Eco leasing in 2020. This is a new product aimed at financing electric vehicles, which provides customers with favourable financing conditions comparable to those of Eko sklad (Eco Fund).

10. Non-financial statement

Nova KBM d.d. Management Board hereby declares that its non-financial report contains information on environmental, social, and employee matters, respect for human rights, and anti-corruption and bribery matters, in the context and to the extent necessary to understand the development, performance, position of the Bank, and impacts of its activities. It describes the business model of the Nova KBM Group and the Bank, which is based on the Code of Conduct (the latter defines risks in the field of corporate integrity, including the risks of non-respecting human rights, and risks relating to corruption and bribery) and the Bank's Strategy.

The Nova KBM Group's Policy on Corporate Social Responsibility and Sustainable Development is incorporated in all policies, strategic and implementing documents, and other internal regulations of Nova KBM d.d. (Nova KBM's Code of Conduct, Reputational Risk Management Policy, Rules on Managing Conflicts of Interest and Corruption Risk, Compliance Policy, Procurement Policy, Human Resources Development Policy, etc.).

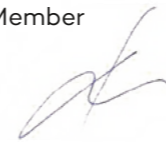
The content of the Policy on Corporate Social Responsibility and Sustainable Development includes all strategic stakeholders of the Bank, and defines the focus of the efforts, plans, conduct, and relations managed by the Bank.

In the field of corporate social responsibility and sustainable development, the Bank includes risk management, in particular through reputational risk management, operational risk management, and compliance. The scope and areas of disclosing non-financial key performance indicators relevant to the Bank's business, corporate social responsibility and sustainable operations are based on due diligence, where the Bank relied on the GRI Standards methodology. We also use the ESG methodology to report on the successfulness of sustainable progress.

Report on non-financial operations is a complete and comprehensive document enabling stakeholders to understand the material dimensions of the development, performance, position of the Bank, and the impact of its activities.

Management Board of Nova KBM d.d.

Aytac Aydin,
Member



Matej Falatov,
Member



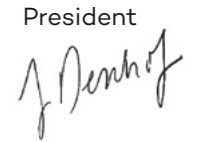
Sabina Župec Kranjc,
Member



Jon Locke,
Deputy President



John Denhof,
President




11. Table of GRI indicators

INDICATOR	PAGE IN AR 2020	PAGE IN SR 2020
ORGANISATIONAL PROFILE		
102-1 Name of the organisation	20	1
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102-3 Location of headquarters	1	1
102-4 Location of operations	57-59	
102-5 Ownership and legal form	26, 52	
102-6 Markets served	39-44	
102-7 Scale of the organisation	21	1
102-8 Information on employees and other workers		12-14
STRATEGY		
102-14 Statement from senior decision-maker		2
102-15 Key impacts, risks, and opportunities		7
ETHICS AND INTEGRITY		
102-16 Values, principles, standards and norms of behavior		4
GOVERNANCE		
102-18 Governance structure		
120-19 Delegating authority		3
102-20 Executive-level responsibility for economic, environmental, and social topics		2
102-21 Consulting stakeholders on economic, environmental, and social topics		7-9
102-22 Composition of the highest governance body and its committees	24	
102-23 Chair of the highest governance body	11-13, 24	
102-29 Identifying and managing economic, environmental, and social impacts		4-5
102-30 Effectiveness of risk management processes		10-11
102-31 Review of economic, environmental, and social topics		9
102-32 Highest governance body's role in sustainability reporting		2, 4, 5
102-33 Communicating critical concerns		7, 8, 9

INDICATOR	PAGE IN AR 2020	PAGE IN SR 2020
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups		9
102-42 Identifying and selecting stakeholders		7-8
102-43 Approach to stakeholder engagement		8
102-44 Key topics and concerns raised		9
REPORTING PRACTICE		
102-47 List of material topics		9
102-50 Reporting period		3
102-51 Date of most recent report		3
102-52 Reporting cycle		3
102-53 Contact point for questions regarding the report		3, 27
102-54 Claims of reporting in accordance with the GRI Standards		25
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MANAGEMENT APPROACH		
103-1 Explanation of the material topic and its boundary		9
202-1 Proportion of senior management hired from the local community	22, 55	
203-2 Significant indirect economic impacts		23
205-1 Operations assessed for risks related to corruption		11-12
205-2 Communication and training about anti-corruption policies and procedures		11
MATERIALS		
301-1 Materials used		22
ENERGY		
302-1 Energy consumption within the organisation		21
WATER		
303-1 Water withdrawal		22



INDICATOR	PAGE IN AR 2020	PAGE IN SR 2020
EMISSIONS		
305-1 Direct (scope 1) GHG emissions		21
305-2 Energy indirect (scope 2) GHG emissions		21
305-3 Reduction of GHG emissions		21
EMPLOYEES		
401-1 New employee hires and employee turnover		12-13
401-2 Benefits provided to full-time employees		14
OCCUPATIONAL HEALTH AND SAFETY		
403-1 Worker health and safety		12, 15
403-2 Work-related injuries		14
TRAINING AND EDUCATION		
404-1 Average hours of training per year per employee		14
404-2 Programmes for upgrading employee skills		14-16
404-3 Career development		14-16
406-1 Incidents of discrimination and corrective actions taken		6, 13
DIVERSITY AND EQUAL OPPORTUNITY		
405-1 Diversity of composition of governance bodies		13
LOCAL COMMUNITIES		
413-1 Operations with local community engagement		18-20
MARKETING AND LABELLING		
417-1 Requirements for product and service information and labelling		17

Legend:

AR = Annual report, SR = Sustainability report

The report is drawn up in accordance with GRI standards-basic version.



12. Evolution of key ESG Indicators

ESG WHEEL	SEGMENT	KPI	2019	2020	Δ 2019/2020
E	Environment	Carbon footprint (scope 1 and 2) per employee	2.454 tonnes CO ₂	1.923 tonnes CO ₂	-21,6 %
		Total energy consumption (kWh) per employee	8,081 kWh	8,469.25 kWh	+4,8 % ^{***}
		Water consumption per employee (in m ³)	16.87 m ³	9.78 m ³	-42 %
		Waste management costs per employee	€129.56	€34.95	-73 %
		Paper consumption per employee*	2546 kg	749 kg	-70,5 % [†]
		Consumption of fuel in vehicle fleet per employee	88.70 l	41.51 l	-46,8 %
S	Social aspect	Engagement rate of employees	+8 points	+5 points	+5 points
		Satisfaction rate of employees	+9 points	+6 points	+6 points
		Training hours per employee	54 hours	42 hours	-22,22 % ^{**}
		Number of different topics in online education****	15	37	+146 %
		Voluntary employee turnover	4.5 %	3.6 %	-0,9 %
		Absenteeism	5.3 %	4.7 %	-0,6 %
		Number of working days lost for injuries****	123	39	-68,29 %
		Net promoter score (satisfaction level)	+7 points	+9 points	+9 points
		Complaints [†]	no available data	-30 %	-30 % [†]

ESG WHEEL	SEGMENT	KPI	2019	2020	Δ 2019/2020
G	Corporate governance	Balance sheet total (€000)	€5,106,028	€9,176,868	+79,72 %
		Net interest income (€000)	€112,712	€154,458	+37 %
		Net non-interest income (€000)	€80,910	€304,450	+376 %
		Representation of women among directors (B-1)	30 %	48 %	+18 %
		Number of corporate policies included in training courses conducted by the organisation	77 % (7/9)	77 % (7/9)	0 %
		Violations of personal data security	183	0	0 cases (100 %)

* For the sake of comparability, the data for 2019 and 2020 only refer to Nova KBM

** The set of training courses performed by external institutions and usually attended by Nova KBM employees, changed during the pandemic. Training courses with participation in person were severely reduced and even cancelled in certain periods due to national preventive measures. The result was a lower number of conducted training courses and a shorter time of some training courses, while training providers gradually adapted and moved their training courses to the online environment. Consequently, the number of online training courses, both internal and external, increased significantly in 2020. Despite the decrease, the average number of training hours per employee remained high.

*** There was an increase of 4,8 % in total energy consumption per employee. We will look into ways of reducing it by actions such as rationalization of business premises and internal culture change towards efficient use of energy.

**** Indicator is not presented in Graph 1.



13. Persons responsible for reporting

Compliance Office	Simon Tantegel Director
Human Resources Development Department	Vesna Reich Director
Marketing and Communications	Jure Bračko Director
Banking Operations	Aleksandra Brdar Turk Director
Client Excellence	Yasemin Altinyay Advisor
Product and Segment Development	Silvia Gabriela Birla Director
Digital Marketing Department	Tolga Rifat Yurteri Director
Sales Support Centre	Branka Vujanovič Director
Physical and Information Security Management Department	Božidar Dajčman Director
Operational Risk	Nataša Tkalec Goršek Head
Anti-Fraud Management Department	Laura Jekler Head
Central Procurement & Cost Management Department	Barbara Dobovičnik Černec Head

Sustainable reporting – project coordinator: Karidia Toure Zagrajšek,
Expert associate – specialist, Marketing and Communications, Nova KBM

Project manager: Jure Bračko, Director, Marketing and Communications

Simona Roškar, Creative Communication and Karidia Toure Zagrajšek, Nova KBM

Photos: Mediaspeed, Bank's archive

Maribor, March 2021

