

Sustainable development report 2023

Your first choice which lasts



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Address of the Chairman of the Board¹

Dear Sir or Madam,

The strategic commitment of Gorenjska banka to include environmental, social and governance sustainability dimensions in our operations stems from our mission. We are a bank that develops partnerships with its stakeholders and supports them in generating the future. In close cooperation with the environment in which we operate, we are developing an ambitious and relevant ESG strategy with which we are assuming responsibility for our own environmental impact and striving to achieve the best possible long-term solutions for individual people and the economy, society and nature.

As a European system bank, we are aware of our impact and the strong responsibility in the ambitious goals for the sustainable development of Europe, which is based on balanced economic growth and a high level of security and improvement of the quality of the environment, among other things. With its operations, Gorenjska banka wishes to make a positive contribution to the preservation of nature, natural habitats, biodiversity and natural resources. As an economic operator, we are adopting activities which are reducing our negative impacts on the environment and contributing to the reduction of environmental degradation. As a socially responsible organisation, we are building sustainable, transparent and responsible relationships with all our stakeholders. As a legal entity offering financial services to the population and households, the Bank is supporting the transition to a sustainable economy and a low-carbon society by linking its financing needs with financing sources.



¹ GRI 2-22

We wish to develop responsible environmental, social and governance operations as a strong internal competence and an integral part of our business strategy. At the same time, we wish to set an example and provide initiatives and products with which we intend to impact all our stakeholders and encourage them to transition to sustainable and socially responsible operations.

We are approaching the planning and implementation phases of the entire ESG transition of the Bank in a strategic and decisive manner. On the basis of the Business Strategy and in line with the commitment of Gorenjska banka towards the UN goals in achieving the global sustainability development goals, we have created an ambitious ESG and sustainable development strategy. This is a cornerstone of the systematic and active inclusion of environmental, social and governance dimensions of sustainability into the Bank's operations, and a framework for the development of new, green, business opportunities. We are vigorously focusing on areas which have the largest short-term, mid-term, and long-term impact on our ability to generate value for its stakeholders.

Our strategic commitments are encouraging us to internalise the key principles of sustainable development and to implement them in the environment in which we operate. We have therefore committed ourselves to implement eight goals which are guiding the development of the Bank to become a credible and exemplary part of the green economy. The sustainability strategy and management have become an integral part of the business strategy and daily operations of the Bank. Digitalisation and innovation are two key methods which are guiding the transition process and the implementation of the commitments. With sustainable operations, sustainable financing and investments, and sustainable procurement and responsibility of suppliers, we are

promoting the transition to the green economy in the environment in which we operate. Through partnerships with employees and for the company, we are realising our commitment of social responsibility. Long-term customer satisfaction is the cornerstone upon which we want to build our impact in promoting ESG awareness in our environment. We are prudently realising the set goals through various independent and partner projects, the success of which is the remarkable encouragement to strive on the path on which many results will be evident in time or are even meant for future generations. We are proud to have received the Socially Responsible Employer and the Green Star certificates, which validate our successes and sustainable operations and climate actions.

The commitment to sustainable advancement and long-term development is a long-term process, a new philosophy which understands that our operations do not have an impact only on ourselves, but also our generation. At Gorenjska banka, we are aware that we are a partner to our customers, suppliers, employees, and our broadest environment who helps them build the future. We believe in generating a future in which economic growth, social welfare, and environmental protection co-exist in balance. We also know that this is an ambition which we cannot realise alone. Therefore, through transparent communications of our sustainability commitments and performances, we are building an open dialogue with all our stakeholders.

The GRI sustainability report of Gorenjska banka in 2023 is an important source of information on our ESG commitments and our activities in their realisation. We believe it is an excellent starting point for all who wish to become our partner on the path to the green transition of the Slovenian economy and society. Together, as partners, we can create a bright future for all of us and the generations to whom we will pass on the world we are creating today.

Mario Henjak
Management Board President

About the report

The year 2023 was a landmark year for Gorenjska banka because it created the sustainability development report by using the GRI Standards 2021 for the very first time. The materiality principle of impact was implemented in the Bank through surveys sent to leading employees, as well as in the scope of the Sustainable Development Committee which gave its clarifications on the basis of internal stakeholder analyses and experiences.

The report includes reporting in line with the GRI Standard 2021 guidelines and includes key information on the governance, economic, environmental, and social aspects and their long-term impact on company operations. We used all six GRI standard sets to prepare the report and its content: GRI 1 (Foundations of reporting), GRI 2 (General standard disclosures), GRI 3 (Material topics), GRI 200 (Economic topics), GRI 300 (Environmental topics), and GRI 400 (Social topics).

Abbreviations

ZBS	Bank Association of Slovenia
BS	Bank of Slovenia
GRI	Global Reporting Initiative
SRE	Socially Responsible Employer
CER	Sustainable Economy Partnership of Slovenia
UN	The United Nations
EBA	European Banking Authority

The content of the report and the reporting thresholds represent Gorenjska banka d.d., which we have designed on the principles of sustainability framework, materiality, inclusive cooperation with stakeholders, and integrity. To achieve quality reporting, we pursued the principles of balance, accuracy, timeliness, comparability, clarity, and reliability. Considering the feasibility of disclosures, we are also referencing disclosures of the Gorenjska banka Group in some areas, part of which is also Gorenjska banka. The report has not been verified externally. The report presents an overview of operations between 1 January to 31 December 2023. Questions or comments regarding sustainable reporting can be submitted to our e-mail at trajnostni-razvoj@gbkr.si.

As the holder of the Socially Responsible Employer certificate, we are committed to reducing environmental impacts, therefore the report is only available online.

Save it as a digital copy and do not print it.

The report is available on the following website:
www.gbkr.si



Prominent achievements

First bank

Gorenjska banka is the first bank in Slovenia to have received the Socially Responsible Employer certificate from the Ekvilib Institute. The Socially Responsible Employer certificate is awarded to Slovenian companies with the highest standards in improving socially responsible management in relation to their employees. Those who strive to continuously improve the working conditions with flexible forms of work organisation, therefore establishing an attractive, vital, friendly, fair, and inspiring work environment. In 2023, the Bank received the advanced level of the Socially Responsible Employer certificate.



Družbeno odgovoren delodajalec
Napredni certifikat R.Š. 0052/2020 - N1

85%

The Bank is contributing to the transition to a low-carbon economy and society and is reducing its direct environmental footprint by implementing measures concerning energy efficiency, reducing energy consumption, water and paper. The Bank reduced its total carbon emissions in 2023, compared to 2021 by 85% (based on the market calculation method) or 15.1% (based on the local calculation method).

54

In the scope of the DOD certificate, the Bank adopted 54 measures in corporate governance, work-to-life balance, health and safety at work, and inter-generational cooperation.

Green star

In 2022, we received the Green Star certificate with three of the five stars in the category "decisive challenger" of the partnership for sustainable economy of Slovenia - CER.



400.000 kWh

The solar power plant of the Gorenjska banka Group generates 400,000 kWh of electricity per year, which represents 31% of the green electricity needed to power the buildings of the Bank.

About us⁴

Ownership structure

Shareholders of Gorenjska banka d.d., Kranj, 31 December 2023:

Shareholders	Number of ordinary shares	Share in capital, in %	Share of voting rights, in %
Agri Europe Cyprus Limited	355,723	91.7	100.0
Gorenjska banka, d. d., Kranj – own shares	32,215	8.3	0.0
TOTAL	387,938	100.0	100.0

The key financial performance indicators in 2023

The key performance indicators, such as yield, stability of financing and liquidity, cost-effectiveness, and the quality of assets are the motto of our financial performance. The organisation had no cases of legislation/regulation non-compliance in the reporting period⁵. More information about the indicators is published in the 2023 Annual Report.



Membership in associations⁶

The Bank is part of 17 various associations in which it has 125 memberships.

Table 1: Key memberships in sustainable development

Member organisations	Number
Bank Association of Slovenia (ZBS)	95
The Institute of Internal Auditors (IIA) - Slovenian institute	3
The Purchasing Association of Slovenia (ZNS)	1
Slovenian Directors' Association (ZNS)	3
ACI Slovenia	6
Chamber of Commerce of Slovenia (GZS)	1
CER Sustainable Economy Partnership	1



Vision

To be different and your first choice. Whenever, wherever.



Mission

We are developing partnerships and supporting you in creating our future.



Values

responsibility, excellence, trust, commitment, innovation

Business strategy, vision and values⁷

The vision of the banking group to be different and to be the first choice of customers wherever and whenever is being achieved on the basis of sustainable development and responsible banking in relation to all stakeholders.

Detailed information about the Bank and its operations can be found in the 2023 Annual Report.

Sustainable Development Strategy

The Bank is aware of the comprehensive responsibility and meaning of sustainable development, which includes the actions of the organisation in the environmental, social and governance areas. The strategic commitment of the Bank is to balance its sustainable financial performance by considering environmental, social and governance dimensions of risks that also offer new opportunities for competitiveness, development and growth.

Figure 1: Sustainable Development Strategy



The ESG and Sustainable Development Strategy serves as a cornerstone for the Bank to actively participate in the environmental, social and governance dimensions of sustainability in its operations. The Strategy also represents guidelines for the development and implementation of new business opportunities in the direction of sustainable development.

In forming the Strategy and including the ESG area in all its operating areas, the Bank is pursuing the following steps:

1. it focuses on **key ESG areas** that have the greatest impact on its ability to generate **value for its stakeholders**;
2. it defines the **relationship between the ESG areas and the financial performance** of the Bank;
3. based on the implemented analysis, it **promotes the development of products**, services, processes and business models that prioritise key ESG areas and uses them to define the goals and key performance indicators;
4. it regularly **communicates with the key stakeholders** on the sustainable operations of the Bank.

The Bank is aware of the short-, medium- and long-term impacts of climate and environmental risks on the business environment in which it operates. This is why the activities that it will pursue have been set in such a way that they will successfully achieve the final goal - a carbon-neutral economy. The Bank will strive to contribute to an easier transition to a low-carbon society and serve as a role model for the circular and green economy. It will divert its financial flows to sustainable investments and sustainable supply chains; it will strengthen the role of sustainable approaches in risk management and therefore improve transparency and its long-term consideration concerning the aforementioned topic.

Commitment of the Bank to UN goals

The Bank recognises its role in achieving the global sustainable development goals by promoting investments and financing in the direction of sustainability-oriented technologies and business models that contribute to the establishment of a low-carbon and circular economy. By pursuing the sustainable strategy, the Bank may proactively contribute to a more balanced and inclusive economic and social system.

Agenda 2030 for sustainable development combines three aspects of sustainable development - economic, social and environmental - in a more balanced manner, and intertwines it among 17 sustainable development goals. The Bank is aware of

its responsibility in solving the challenges of sustainable development and therefore pursues the goal to strengthen its contribution to the goals of sustainable development. The goals of the UN and the ESG approach offer a strategic framework that directs the Bank in the development and growth towards the sustainability of the organisation, products and services for eight sustainability goals.

The Bank is aware of its role as an important system bank in Slovenia and its impact on the further development of the ESG area. It systematically includes the environmental, social and governance factors in its business strategy, with which it is initiating its own strategic ESG transformation. In line with the above, it plans to include the ESG goals in its internal policies, methodologies, processes and instructions, and it is also active in the planning of measures to adjust its current investment and credit portfolio.

Figure 2: The Bank's commitment to the UN sustainability goals



Health and well-being

The Bank contributes to the realisation of the goal to have a healthy life and to promote general well-being in all life stages, by:

- developing banking solutions with which it may improve the general quality of life;
- ensuring safe and healthy workplaces and ergonomic equipment;
- promoting a healthy lifestyle and reducing the stress of employees;
- enabling a good work-life balance;
- promoting intergenerational cooperation;
- developing an organisational culture of the Bank and improving the sense of belonging among the Bank's employees;
- its socially responsible projects refer to the area of health and well-being, with which it is improving the quality of life of all.

Quality training and gender equality

The Bank is contributing to the realisation of the goal of enabling everyone to have quality training and promoting lifelong learning for everyone, by:

- investing in the development and skills of its employees and by having additional training and education sessions to improve the qualification levels;
- investing in the financial literacy of customers;
- promoting the development of skills of older employees;
- carrying out scholarship programmes;
- cooperating with scientific institutions in order to transfer know-how and experience;
- implementing measures to achieve gender equality and the empowerment of women.

Climate measures

The Bank is contributing to the realisation of the goal of adopting emergency measures in the fight against climate change and its consequences, by:

- assessing credit and investment portfolios based on policies that also include environmental, social and governance factors;
- developing banking solutions that help customers achieve better energy efficiency and transition to a low-carbon economy;
- reducing its negative impact on the environment in its operations and by being efficient in energy consumption; it encourages customers and business partners to pursue the same goals.

Decent work and economic growth

The Bank is contributing to the realisation of the goal of promoting sustainable, inclusive and enduring economic growth, full-time and productive employment and proper work for all by:

- supporting entrepreneurship and generating new workplaces, as well as contributing to sustainable economic growth;
- supporting the development of new companies and supporting the financing of research, development and innovation;
- protecting the rights of workers and enabling a safe and reliable working environment;
- encouraging and including employees in seeking innovative and development-oriented solutions.

Eradication of poverty, and affordable and clean energy

The Bank is contributing to the realisation of the goal by providing services to eradicate poverty in all forms and to provide everyone with access to affordable, reliable, sustainable and modern energy sources by:

- planning the development of banking services that promote investments into the energy infrastructure to accelerate the transition into an inclusive low-carbon economy.

Responsible production and consumption

The Bank is contributing to the realisation of the goal of ensuring sustainable production and consumption methods by:

- striving to reduce its own negative impact on the environment by trying to improve the energy efficiency of its own real estate, to use water, paper and waste efficiently, and to improve the use of sustainable mobility;
- striving to develop sustainable financial products and services;
- promoting sustainable procurement.





Key stakeholders

The Bank wishes to generate a solid foundation for a multi-stake dialogue that would allow the build-up of long-term and proper relationships, monitor the expectations, needs and satisfaction of stakeholders and adjustments thereof. It builds a culture of dialogue on the basis of responsibility, innovation,

trust, excellence, dedication and transparency, which promotes long-term development and sustainable progress.

The principle of the Bank is to have open, two-way and permanent communication with its key stakeholders. The Bank is regularly cooperating with its stakeholders in deciding on priorities and generating added value.

Table 2: Key stakeholders

Stakeholders	Expectations and needs	Dialogue goals
 Owners	<ul style="list-style-type: none"> • Protection against risks and events that could have an impact on profitability, assets and reputation. • Achieving the strategic business goals. • Long-term development of the Bank. 	<ul style="list-style-type: none"> • Achieving business goals and the long-term development of the Bank. • Compliance of operations. • Risk management.
 Employees	<ul style="list-style-type: none"> • A safe and healthy working environment. • Education, career and personal development. • Satisfaction, enthusiasm and motivation at work. • High organisational culture, good interpersonal relationships. • Quality work-life balance. 	<ul style="list-style-type: none"> • Increase in the satisfaction and motivation of employees. • Establishment of an organisational culture that promotes regular and open communication, considers the opinions of employees and includes them in adopting decisions. • Improvement of the relationships between co-workers. • Empowering employees.
 Regulators	<ul style="list-style-type: none"> • The continuous and timely exchange of information. • Seeking common solutions for open issues. 	<ul style="list-style-type: none"> • Ensuring compliance in all areas of operations.
 Customers	<ul style="list-style-type: none"> • Understanding the needs and purchasing habits of customers. • The quality and competitiveness of financial products and services. • Innovative comprehensive solutions to improve the user experience. • A high level of trust. • Compliance with the legislation. • Promoting sustainable financial decisions. 	<ul style="list-style-type: none"> • Reinforcement of long-term business relationships and trust. • Offering sustainable financial products. • Increasing environmental mindsets and promoting sustainable purchasing decisions of customers.
 Suppliers	<ul style="list-style-type: none"> • The quality and competitiveness of products and services. • Compliance with the legislation and standards, even in view of sustainable development. • Good purchasing conditions. • Delivery reliability. • Promotion of sustainable procurement. 	<ul style="list-style-type: none"> • Ensuring competitive services and products that achieve sustainable goals. • The reinforcement of good business relationships.
 The media	<ul style="list-style-type: none"> • Timely and accurate information on the Bank's operations. • High integrity of relationships. • Professional and developmental cooperation and networking. • Communication on the sustainable operations of the Bank. 	<ul style="list-style-type: none"> • Accurate news on the Bank's operations. • Maintaining a positive media footprint and reinforcing the Bank's reputation.
 Non-governmental organisations and associations	<ul style="list-style-type: none"> • Showing the values of the Bank mainly in the segments of society and the environment. • Building integrity and the reputation of the Bank. 	<ul style="list-style-type: none"> • Reinforcing long-term relationships with non-governmental organisations, especially sports and humanitarian ones, to improve the quality of the environment and the lives of people in the local community.
 The local community	<ul style="list-style-type: none"> • Regular communications on important activities, including the sustainable operations of the Bank. • Building integrity and the reputation of the Bank. • Sponsorships, donations and other forms of promoting the development of the local environment. 	<ul style="list-style-type: none"> • Education of the local community. • Increasing the quality of life level in the local community.

Essential topics and materiality matrix

In the framework of its Sustainable Development Committee, the Bank has defined the core ESG factors that are important for its commercial success and for the expectations and needs of stakeholders.

The Bank is therefore considering the materiality impact principle when the central ESG areas are defined based on the impact of the Bank's operations on stakeholders (environmental, social and economic impacts - materiality impact). All the factors were

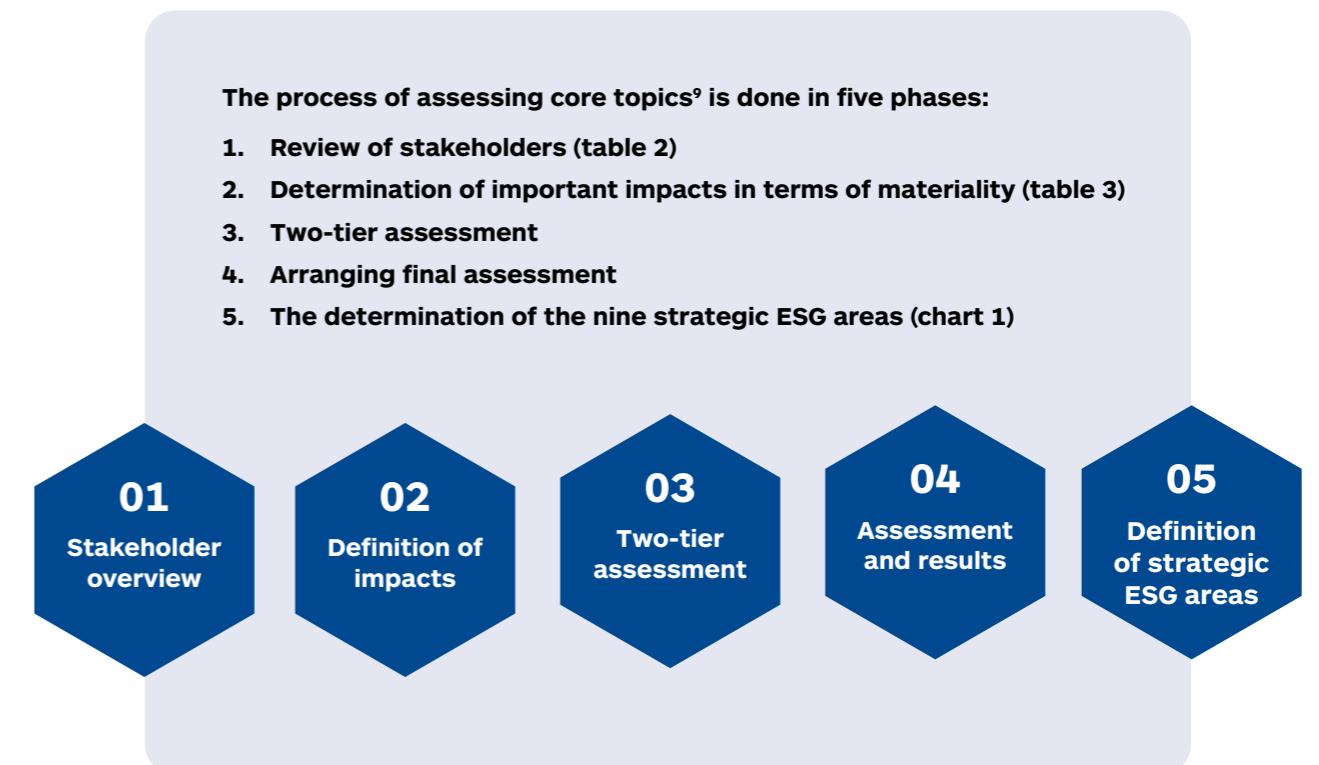
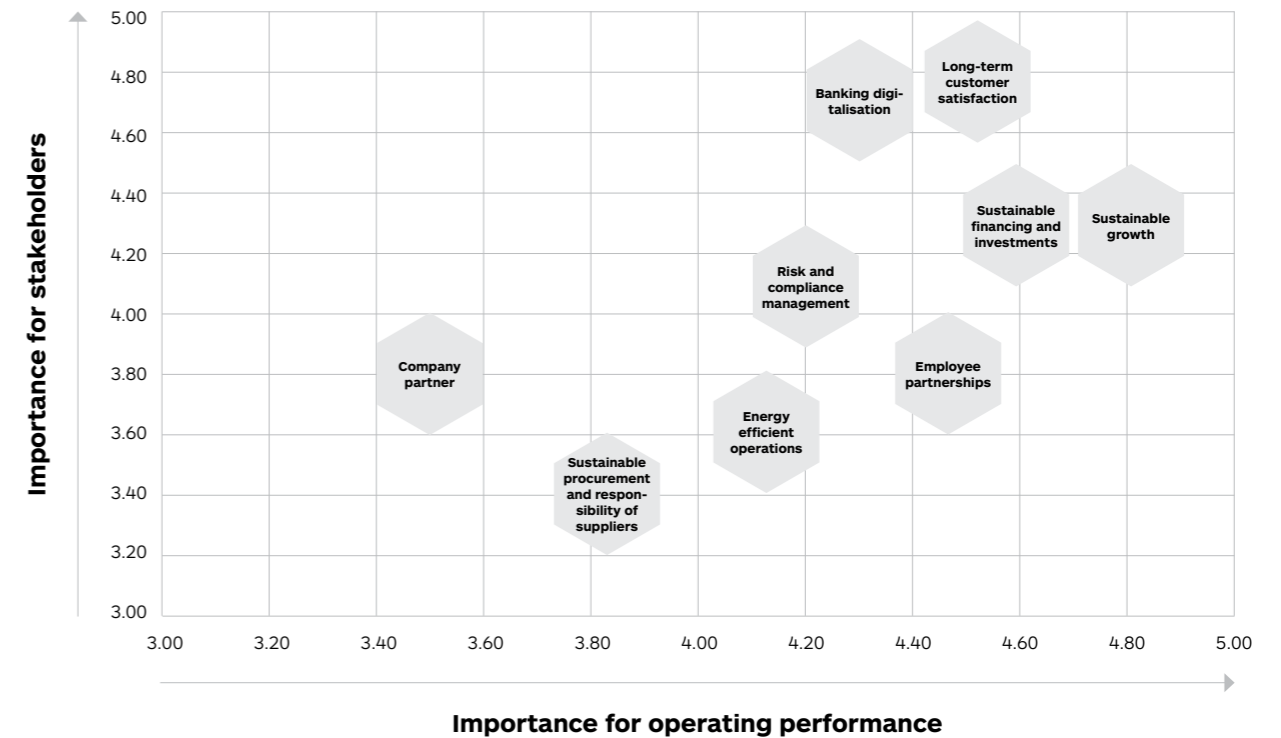
assessed in the twin-track manner, initially through an online survey and then through a workshop by the members of the Committee. It consists of internal professionals from various business areas in the Bank who have contributed with clarifications on the basis of internal stakeholder analyses and experiences. Based on the results, the Bank has defined its materiality matrix on the impact of the Bank's operations on the environment, broader society and corporate management where it defined five environmental impacts, nine social impacts, and ten governance impacts.

Table 3: The range of material impacts

Environmental aspect	Social aspect	Management aspect
<ul style="list-style-type: none"> greenhouse gas emissions (from own activities and from financed investments) efficient use of energy sources digitalisation and the related reduction of resource use and waste financing the green transition of companies and the public promoting sustainable ordering and procurement 	<ul style="list-style-type: none"> ethical organisational culture safety at work, health and satisfaction of employees the development of know-how and competencies of employees responsible cooperation with suppliers and contractual partners satisfaction and responsibility to clients digitalisation of banking services transparency in presenting products to clients financial literacy donor and sponsorship projects 	<ul style="list-style-type: none"> stable and profitable operations statutory compliance ethics and integrity prevention of corruption prevention of money laundering and terrorist financing safety and security of people and assets of the Bank efficient risk management online safety privacy and data protection, reputation of the Bank

The Bank has defined its key ESG areas with a combined materiality and impact analysis, which it then merged into the nine ESG strategic areas, as shown in chart 1.

Chart 1: Strategic ESG areas



Functional ESG strategy

In 2023, the Bank also adopted the functional ESG strategy for the period of 2024-2026, with which it is pursuing activities of the new ESG regulatory requirements.

Table 4: Sustainability goals

Environmental aspect

- 20% of green investments in 2026 (AEC)
- 15% share of green mortgages in 2026
- 2050 net zero portfolio
- 2030 net zero operations
- 75% of electricity purchased from zero-carbon sources in 2030

Social aspect

- Expansion of the existing regional programme "Podpora družinam" (> EUR 0.5m per annum)
- Subsidised loans to aid in the transition of small and medium sized companies
- Support for sport organisations
- Organisation of activities with focus on education
- Support for health institutions and individuals
- Equal working conditions for all diverse groups
- 300 volunteer hours and other socially responsible activities per year

Management aspect

- The new consumer protection policy (including unfair business practices)
- Upgrade of the internal management policy
- Succession plan
- Update of the business ethics code
- Training for various levels of employees in the prevention of bribery and corruption, antitrust legislation, etc.
- New tool to report suspicious irregularities

Table 5: Activity plan

E

1. Upgrade of the online and mobile banking as sustainable and fundamental channels for banking operations.
2. Increase in the share of active digital users in the retail and corporate segments.
3. Increase in the share of collected ESG questionnaires from our customers.
4. Organisational and investment measures to reduce energy consumption and carbon footprint.
5. A gradual transition to electric vehicles, use of car sharing services, and waste reduction at business premises.
6. Development of new products for corporate and retail customers.

S

1. Considering various risks which have an impact on satisfaction in the business environment and in the engagement of employees in the short-, medium- and long-term periods in forming and implementing the Bank's business strategy.
2. Increasing the training hours for all employees.
3. Reducing volunteer fluctuations, establishing work-to-life balance, improving well-being in the workplace, and reducing absences, promoting health in the workplace through the project "Vitalno podjetje".

G

1. Establishment of reporting and disclosures regarding sustainability and ESG in line with the legislation.
2. Considering environmental and climate risks that have an impact on the business environment of the Bank in forming and implementing the Bank's business strategy.
3. Development of products, services and operations which ensure the achievement of the ESG goals.
4. Improving the satisfaction of customers with services, banking points and banking professionals.
5. Inclusion of sustainable development and ESG factors into the implementation of donation and sponsorship projects.

Managing corporate impacts

For the successful realisation of the sustainable strategy, the Bank is gradually implementing the ESG factors into its business strategy, business model, policies, methodologies, processes and instructions. Considering the goals of ensuring the performance of operations, capital soundness, liquidity and cost-efficiency, the assessment of ESG factors is to be included in the framework of forming the following areas:

- risk management system,
- operational compliance with statutory and regulatory requirements,
- code of commercial behaviour, ethics and fraud prevention,
- system for the prevention of money laundering and terrorist financing,
- safety and security of people and assets,
- ensuring continuous operations of processes,
- privacy and data protection,
- procurement and selection of suppliers,
- transparent reporting.



Managing sustainable development

The Bank has established a comprehensive 5-level sustainable development management structure. The Management Board and the Supervisory Board are responsible for the approval, strategic supervision, and efficient implementation of content related to sustainability. The Sustainable Development Committee and the Risk Committee support the Supervisory Board in the sustainable development process.¹⁰

- 1. The Supervisory Board and the Risk Committee** approve the business strategy of the Bank and the ESG and Sustainable Development Strategy, and regularly monitor the implementation of the activities in the ESG area through reports of the Management Board.
- 2. The Management Board and its responsible person for ESG** are tasked to confirm and implement the ESG and Sustainable Development Strategy, to establish sustainable culture and business processes that conform to the strategy, to approve decisions and operational plans for sustainable development, to ensure the establishment of an efficient ESG risk management and internal controls management mechanism, and to ensure transparency in reporting in line with the regulations and standards;
- 3. The Sustainable Development Committee** discusses topics related to sustainable development in each business area; it forms the ESG and Sustainable Development Strategy and propos-

als for action; it monitors the implementation of the Strategy, action plans and the achievement of the sustainability goals; it prepares proposals and supplements to the Strategy (annual overview), and it prepares reports for the Management Board.

The Risk Committee (RECO) discusses ESG risk management reports, especially in the area of credit risks, as well as the impact of ESG risks on other risks in the Bank; it discusses the methodologies for managing environmental risks.

- 4. The Sustainable development department** is a linking element between the Sustainable Development Committee, the member of the Management Board and authorised persons for sustainability in each area; it coordinates and harmonises the activities on each level of management and in each commercial area.
- 5. Authorised persons for sustainability and ESG** monitor and implement activities in each business area (risk management, financial management and reporting, corporate operations, retail operations, product and process development, marketing and public relations, staff management, legal affairs, compliance, health and safety at work, real estate management, operations of subsidiaries in the Group).

With its multilevel management of sustainable operations, the Bank is making sure that the sustainable development and ESG areas are seen as an important area for the highest decision-making bodies and are proactively included in the everyday activities of departments that are linked with ESG and sustainability the most.¹¹

Figure 3: The 5-level sustainable operations management structure of the Bank



¹⁰ GRI 2-13, ¹¹ GRI 2-14

Sustainable Development Committee

The Sustainable Development Committee at Gorenjska banka is responsible for the preparation, implementation and monitoring of the implementation of the action plan, which allows for the implementation of strategic commitments and goals concerning sustainable development. The management structure of Gorenjska banka is also part of the AEC Group structure, which connects local sustainable development leaders. They are responsible for the implementation of the ESG management model and measures on the local level in line with the Group standards, and operate as a horizontal contact point in order to ensure that climate and environmental risks are duly incorporated into the risk management framework of the Group.

Management structure¹²

The Bank has a two-tier management system (Management Board - executive body, Supervisory Board - non-executive body). The table includes the Supervisory Board committees and committees which are managing impacts on the economy, the environment, and people based on gender, competencies, number of additional functions and obligations, position dependence and inclusion of stakeholders.

The organisation of the Bank is based on the functional and procedural division of work, where the following principles are especially taken into consideration:

- procedural approach,
- flexibility of the organisation and the distribution of employees,
- efficient resource management (human and material),
- internal relationships between the authorisations and responsibilities on all hierarchical and organisational levels, which comply with the rules for the prevention of conflict of interest on all levels of the Bank, are precisely defined, transparent, consistent and enforced,
- transparent reporting flows between the hierarchical and organisational levels are established,
- effective communication and cooperation is ensured at all and between all hierarchical and organisational levels with the purpose of:
 - an effective, transparent and documented process of making business decisions and decisions regarding the Bank's risk management,
 - allowing the Bank employees' access to information that is important for an appropriate realisation of their authorisations and responsibilities.

Following the acquisition of a new/additional executive or non-executive director function and any other function, the Nomination Committee prepares another assessment of the member's suitability. A re-assessment may be performed whenever there is suspected non-fulfilment of all the conditions required to perform the function of the MB or SB member, which includes, inter alia, know-how, skills, experience, education, reputation, availability, or conflict of interest.

Table 6: Management structure

Management bodies	Total	M	F	Competencies	No. of add. obl.	Mandate	Dependent/independent	Interest of stakeholders
Management Board - executive members	3	2	1	high	2	5 years		1
Supervisory Board - non-executive members	7	4	3	high	8	5 years	4/3	1
Audit Committee	3	2	1	high				
Risk Committee	3	2	1	high				
Remuneration Committee	3	2	1	high				
Nomination Committee	3	2	1	high				
The Assets and Liabilities Committee	8	2	2	high				
Watch Loan Committee	4	0	0	high				
Risk Committee	5	2	2	high				
Project management committee	4	0	0	high				
Sustainable Development Committee	15	4	4	high				

Nomination and selection of the highest management body¹³

a. Nomination process

The management body member candidates complete the fit and proper questionnaires prepared by the European Central Bank. They include all the key topics to analyse the answers and assess whether the candidate meets all of the appointment criteria as per the Banking Act and the Companies Act: whether the candidate possesses sufficient knowledge, skills and experience to control and monitor operations of a bank or company of comparable size and activity such as the Bank or other comparable operations; that the candidate is reputable and does not violate Article 38, paragraph three of the Banking Act (on the number of additional executive and non-executive functions) and the time availability, conflicts of interest and independence, and the collective suitability of the structure of the governed body.

Following the submission of all the required documents, the Nomination Committee interviews the candidates and prepares a suitability report and proposal for the Supervisory Board. The Nomination Committee discusses the proposal at its session, after which it submits its conclusions and findings to the Supervisory Board for decision-making. If the

Supervisory Board agrees with the proposal, it appoints the candidate (candidate for the Management Board), or the General Meeting appoints the candidate (candidate for the Supervisory Board). Following the appointment of the Management Board member at the session of the Supervisory Board and the appointment of the Management Board member at the General Meeting, the regulator of the Bank assesses the newly appointed member, i.e. the Bank of Slovenia and the European Central Bank. All documents concerning the member are submitted for review and decision-making to the regulator who decides, within three months, whether to issue a licence to the member for the performance of the function. The member's mandate begins on the day of the granting of the licence.

b. Nomination criteria

When appointing and selecting candidates for the highest management body, the Bank, in addition to all the laws, internal acts, EBA guidelines, ZBS recommendations, stakeholder opinions, competencies, independencies and diversities, also considers the ESG recognition criteria because the management body needs to operate in line with the sustainability principles and consider ESG. A new criterion has been included in the selection process of the most suitable member of the management body - knowledge of and experience in ESG.

The president of the highest management body¹⁴

The president of the highest management body is also a senior executive employee. The management function has been defined on the level of the Articles of Association of Gorenjska banka. Conflicts of interest are prevented with the help of the European and Slovenian regulations and with the following internal acts:

- Internal Management Policy, section: Conflicts of interest and the prevention thereof,
- AEC Group policy for conflicts of interest
- Rules of Procedure of the Management Board: Conflicts of Interest
- The protocol on the conduct of employees of Gorenjska banka d.d., Kranj - in the case of a conflict of interest
- The Rules on performing business consistency functions at GBKR and in the GBKR Group, section: General and Special Measures for Managing Conflicts of Interest,

- Code of business ethics of Gorenjska banka employees,
- Rules of Procedure of the Supervisory Board - Conflicts of Interest section

Role of the management body in managing impacts¹⁵

The role of the management body and executive workers in managing ESG impacts is defined in the internal management policy, which has been updated with environmental, social, and governance risk factors. The purpose of the policy is to establish an efficient management system used to ensure all the conditions for the sustainable development of the Bank. Partner and related relationships with stakeholders are key for managing impacts and risks and to update the strategy. The results of stakeholder cooperation processes are included in strategic management.

Table 7: Inclusion of the Management Board and the Supervisory Board in the ESG documents

Documents with ESG content	Supervisory Board	Management Board
ESG Functional Strategy AEC Group – 2024–2026		
ESG Functional Strategy Gorenjska banka Group 2024–2026	YES	YES
ESG and Sustainable Development Strategy of Gorenjska banka d.d., Kranj		

Conflict of interest¹⁶

By adopting the internal acts, the highest management body ensures and allows for the efficient prevention of the conflicts of interest in the Bank.

The Supervisory Board of the Bank decides on the conclusions of the Committee regarding the suitability assessment of candidates for the management body member function. Each member of the Management Board and Supervisory Board is obliged to complete and sign a statement in the appointment process and every year for the duration of their mandate or at each amendment in which they list

their current employment and all the executive and non-executive director functions, memberships or managerial functions in organisations or associations (sport, cultural, humanitarian or other organisations or associations), the qualifying holding in legal entities, information on their close relatives and the procurator of the Bank. New statements are submitted to the external auditor every year. Conflicts of interest are also governed by the Rules on related parties, large exposures and persons in a special relationship with the Bank, Gorenjska banka, d. d., Kranj.

Communication of critical topics to the management body¹⁷

Internal controls and internal control mechanisms ensure systematic control over all the relevant risks of the Bank. The Bank has established rules and controls over the implementation of the Bank's organisational, business and work procedures. The internal control functions, which are an important part of the comprehensive framework of the Bank's risk management, are directly subordinated to the Management Board and are functionally and organisationally separated from other functions where business decisions are made and where a potential conflict of interest may arise.

The internal control functions check the correct implementation of the policies, mechanisms and procedures established in the framework of internal controls according to area competence, and report to the Management Board and the Supervisory Board about major deficiencies. The heads of the internal control functions are independent of the business areas or organisational units under their control. They are responsible directly to the management body in an executive function, and have direct access to the management body in a supervisory function and its commissions.

The know-how, skills and experience of the highest management body on sustainability¹⁸

In line with the Rules of procedure on the training of members of the Supervisory Board, an annual report is made on all the training sessions in which the Supervisory Board members participated in the previous year, as well as the training session plan for the next year. The Supervisory Board members may choose among several training sessions offered on the market. The Bank also organises training sessions on the current topics every year. For 2024, the education topics performed by the Bank will be as follows: ESG and sustainability reporting, CSRD directive and the EU taxonomy.

Evaluating the performance of the highest management body¹⁹

As a rule, once per year, the members of the Supervisory Board carry out a self-assessment of the performance of their work and a self-assessment of collective suitability in terms of composition diversity, and adopt a series of measures to improve the performance of their work. This is also prepared for the Management Board of the Bank, and the basis for the assessment is the annual report of the Bank.

The collective composition suitability is carried out by the Supervisory Board with a self-assessment of the management performance by using the suitability assessment matrix of each member. When deficiencies are found, the Supervisory Board prepares corrective measures by training its members or proposing candidates with appropriate practical experience and theoretical know-how and when mandates of the existing members of the Supervisory Board expire. The collective composition suitability of the Management Board of the Bank is carried out by the Nomination Committee by assessing the suitability of candidates for members of the Management Board, whereby it considers areas for which the Management Board members are primary responsible. The efficiency measurement and assessment is also carried out indirectly by every external auditor during the preparation of the annual report. The measures are selected/set carefully based on the results of each assessment and are aimed at improving the efficiency and functioning of the management body.

Variable remuneration elements^{20, 21}

The variable part of remunerations refers to the payment which depends on the achieved results directly related to the achievement of the goals in Gorenjska banka as a whole, the goals of the individual organisational unit, and the goals of the individual, and are given and paid in the form of cash and/or instruments. These goals are meant to ensure the sustainable development of the Bank. The ESG criteria are as follows:

- ensuring the development of human resources,
- strategic projects,
- performing in line with company values,
- operating in the framework of a socially responsible employer.

Commitments and goals²²

In line with the strategic ESG areas, the Bank adopted the following specific commitments and goals:

Figure 4: Strategic commitments and goals



²² GRI 2-23

Table 8: Commitments and goals of the Bank

Topics	Commitment of the bank ²³	Goal
Sustainable strategy and management	<ul style="list-style-type: none"> The Bank will improve the business strategies, policies, methodologies and processes, with a focus on the general framework for risk management, by including assessments, monitoring processes and ESG risk management. 	<ul style="list-style-type: none"> In establishing and implementing its business strategy, the Bank will consider environmental and climate risks that have an impact on the Bank's business environment in the short-, medium- and long-term periods.
Digitalisation and innovation	<ul style="list-style-type: none"> The Bank will continue with its digital transformation, which is based on the innovative development of digital banking products and paths to the Bank, and the implementation of automated processes. It will also provide the highest possible degree of data protection and online security. 	<ul style="list-style-type: none"> In line with the development and upgrades to digital banking and digital financial literacy, increase the share of active digital users.
Sustainable operations of the bank	<ul style="list-style-type: none"> The Bank strives to implement an environmentally responsible approach in its operations. To reduce the carbon footprint of its own activities, it will introduce energy-efficient solutions in retail management. 	<ul style="list-style-type: none"> To achieve carbon neutrality in its own operations by 2030 and the investments portfolio by 2050.
Partnerships with employees	<ul style="list-style-type: none"> Protecting and exercising the rights of employees, their lifelong learning and training and development, with which the Bank is building mutual respect, trust and cooperation. 	<ul style="list-style-type: none"> With the Socially Responsible Employer certificate, to position itself on the labour market as a desired employer.
Sustainable financing and investments	<ul style="list-style-type: none"> The Bank will indirectly reduce its carbon footprint by financing projects that contribute to the transition to a low-carbon or carbon-neutral economy. It will inform customers and business partners and present sustainable financial solutions to them. 	<ul style="list-style-type: none"> Implement at least one new sustainable product within each product category by 2030. Harmonisation of the credit portfolio and general investment strategy with the ESG data model, which is used to monitor the goals in sustainable financing.
Long-term customer satisfaction	<ul style="list-style-type: none"> With the transparent and responsible presentation of products, and the adjustment of products and services based on client feedback, the Bank will continue to increase customer satisfaction with banking services, paths to the Bank and banking professionals. 	<ul style="list-style-type: none"> On the basis of the performed research on customer satisfaction, to continue improving their satisfaction with services, paths to the Bank and banking professionals.
Sustainable procurement and the responsibility of the suppliers	<ul style="list-style-type: none"> When choosing suppliers in the procurement process for assets and services, the Bank will include sustainable development and ESG factors and use these as criteria for choosing suppliers. 	<ul style="list-style-type: none"> The inclusion of the sustainable development and ESG factors in the policy and the rules on centralised procurement, whereby the factors are one of the selection criteria for all the procurement and centralised procurement processes with a value exceeding EUR 50,000.
A partner for society	<ul style="list-style-type: none"> The socially responsible activities of the Bank will pursue at least one of the UN sustainable development goals. The Bank will inform clients and business partners in the ESG area. 	<ul style="list-style-type: none"> The inclusion of the sustainable development and ESG factors in the policy, the principles of assessing and implementing donor and sponsorship projects of the Bank. To establish reporting and disclosures related to sustainability and ESG in line with the legislation.

²³ GRI 2-23

Inclusion of commitments²⁴

The leadership of the organisation carries the final responsibility for the realisation of the commitments and ensuring compliance with policies, regulations and goals of the organisation, and provides clear guidelines, monitors progress in the implementation of commitments, and provides the necessary resources and support for the successful fulfilment of commitments. Certain commitments can be allocated to specific functional units or departments, depending on the nature of the commitments and their relation to business processes. Each functional unit is responsible for the implementation of commitments related to their specific field, as well as for reporting on the progress and possible issues. Certain commitments can be allocated to individual employees

or groups within the organisation, responsible for performing specific tasks or activities. Committees or special work groups are also established in the Bank, responsible for specific aspects of managing commitments. External stakeholders (external service providers, regulators) may also be included in some cases of implementing certain commitments or monitoring compliance with regulations and standards.

When assigning responsibilities, a key goal is also pursued - to ensure clear understanding as to who is responsible for each commitment, what are their tasks, and how the advancement in meeting the commitments will be monitored. Regular communications, monitoring and reporting are key factors for an efficient management of commitments and for ensuring compliance in the organisation.

Integration of commitments

Because the integration of commitments into the strategies, policies and procedures in the Bank is not a one-off process but rather a continuing one, the Bank always monitors and assesses the efficiency of its approaches and uses the results thereof to implement the necessary adjustments and improvements. Thus, the Bank ensures that commitments are harmonised with the strategies and goals and that they are also appropriately included in the operational processes and procedures of the Bank.

Chart 2: Key steps for integrating commitments



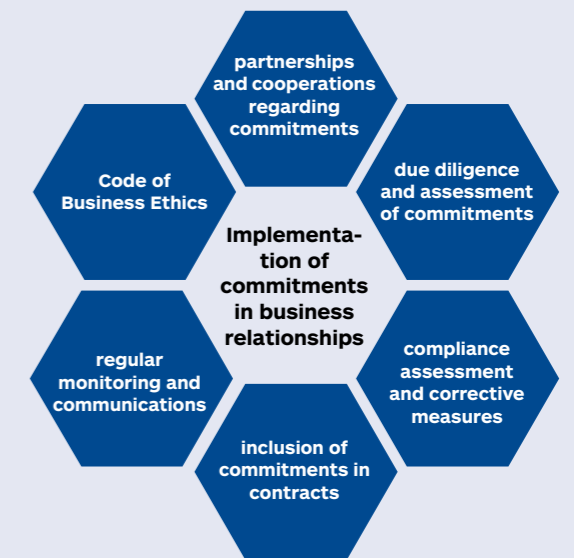
Implementation of commitments in business relationships

By implementing commitments and cooperating with the business relationships, the Bank is pursuing an efficient risk management, compliance with regulations, and strengthening of its own reputation and trust in the business environment.

Training for commitments

The Bank informs its employees about policies, standards and procedures related to their commitments. This includes understanding of the codes of ethics, compliance rules with regulations, reporting procedures concerning irregularities, and other material policies for which various training courses are organised. The Bank regularly monitors the efficiency of training and progress of employees in meeting their commitments.

Chart 3: Key elements of implementing commitments with our own business relationships



Operations assessed based on corruption-related risks²⁵

The Bank has not had a specific case or operation which would be suspected of corruption and therefore requiring a risk assessment. The corruption risk assessment is the key step in the identification and management of corruption-related risks for the Bank. The relevant risks which the Bank may identify through the assessment include factors as shown in the picture.

The Bank is aware of the urgency of the regular implementation of the corruption risk assessment and adopting the necessary measures to prevent corruption and promote integrity in operations. The Bank has a zero tolerance policy for corruption.

Chart 4: Corruption-related risk factors



Communication and training on the policies and procedures concerning corruption²⁶

The Bank is regularly communicating with the management members, employees and business partners and is training them in the field of policies.

Table 9: Management members

No. and % of the management members who are familiarised with the corruption procedures or are being trained in the field*	Management Board	Assistants to the Management Board	Senior management members
Anti-bribery and Corruption Policy	3 (100%)	2 (100%)	25 (100%)
Internal Management Policy	3 (100%)	2 (100%)	25 (100%)
Compliance Culture Policy	3 (100%)	2 (100%)	25 (100%)
Code of Conduct	3 (100%)	2 (100%)	25 (100%)

* Training had not been planned in the reporting period.

Table 10: Stakeholders and anti-corruption

No. and % of the stakeholders who are familiarised with the corruption procedures or are being trained in the field*	Employees at GB	AEC Group (Cyprus, Serbia)	Business partners
Anti-bribery and Corruption Policy	417 (100%)	n/a	n/a

* Training had not been planned in the reporting period.

The AEC Group announced the preparation of the new Compliance Risk Assessment (CRA) tool for all its members to assess risks in the fields of bribery and corruption.

Risk Management

The implementation of climate and environmental risks in the governance risk processes

In 2023, the Bank continued with the implementation of climate and environmental risks in the governance risk processes in line with the ECB Guide on Climate-Related and Environmental Risks. The Bank therefore included climate and environmental risks into its risk management framework as follows:

The risk register in the Risk Management Strategy has been amended to include climate and environmental risks, which include two main risk factors: physical risk relating to the financial impact of climate change, which includes more frequent destructive weather events and gradual climate change and environmental degradation, such as air, water and ground pollution, water shortages, floods, avalanches, fires, destruction of biodiversity and deforestation, as well as the transition risk which refers to financial losses of an institution that occur directly and indirectly due to adjustments to a low-carbon and more sustainable economy, and they may be triggered by factors such as the relative sudden introduction of climate and environmental policies, technological advances, mood changes on markets, or changes in market choices.

The Risk Appetite Statement has been amended to include the climate and environmental risk measurement matrices and their short-term and mid-term goal values.

The Bank carried out another materiality assessment with which it established the methodology and a structured approach to the materiality assessment of the various climate and environmental risks. A detailed analysis of all the physical and transitional risks has been carried out for Slovenia, whereby the main physical risks in connection with floods, avalanches and fires had been identified. The Bank is using the results of the materiality assessment to establish further measures and future strategic challenges with the aim to better manage and mitigate the impact of climate and environmental risks.

In 2023, the Bank continued with the establishment of the ESG data model and digitalisation of collecting ESG data. It collected customer data through the ESG questionnaire for large undertakings, which had been developed in the framework of the workgroup of the Bank Association of Slovenia. For this purpose, the Bank created a website which allows customers to simply submit the completed questionnaire, and the Bank may verify and centralise the collected ESG data in its data warehouse. In addition, the Bank also paid particular attention to the collection of energy certificates of buildings, whereby it approached to the common development of a portal to obtain and create parameters of the transitional, physical and ESG related risk in cooperation with other banks. The Bank also participated in the amendment of the summary of the appraisal report on the level of the Bank Association of Slovenia, which has been amended with the data concerning transitional and physical risk.

In 2024, the Bank is continuing with the implementation of climate and environmental risks in the governance risk processes, whereby it is especially focusing on the further inclusion of climate and environmental risks in the loan approval and monitoring process. For this purpose, the Bank is continuing with the collection of ESG data, whereby it is expanding its customer pool to SMEs by using a shorter version of the ESG questionnaire.

For the purpose of collecting further information on real estate, the Bank is cooperating with an external advisor who has prepared a basis for the assessment of transition risks and an assessment on the energy efficiency on the basis of publicly available data from the energy certificate register and provided data on physical risks (fire, creeping risk, floods) for real estate in the collaterals portfolio which does not have an official energy certificate.

For the purpose of including climate and environmental risks in the process of approving and monitoring loans, the Bank is in the process of implementing an ESG due diligence tool for clients, which is based on the collected data from the ESG questionnaire, customer and industry data in which the client operates, as well as the location and energy efficiency of the real estate. In addition, the Bank also implemented the methodology to calculate the assessment of financed CO₂ emissions, which is based on the publicly available data on the average CO₂ emissions on the basis of the industry in which the customer operates. The Bank's long-term goal is to gradually replace the assessment of financed CO₂ emissions with the actual and verified assessments of CO₂ emissions, which customers will provide in the ESG questionnaire or report in their sustainability reports.

Banking digitalisation

The Bank is continuing with the digital transformation in several directions:

- digitalisation of the internal processes and the implementation of new decision-making and reporting processes which reduce the occurrence of errors and are cost-efficient;
- the Bank used the digital IT architecture for new partnerships with fintech companies;
- the customer is placed in the centre of operations and is given an excellent and simple user experience;
- we include our customers in the digital processes of the Bank; we are thus educating them and ensuring improved satisfaction and inclusion of customers due to the quick response.

Managing environmental impacts

The Bank is contributing to the transition to a low-carbon economy and society by reducing its direct environmental footprint by pursuing energy efficient operations, reducing water and paper consumption, which it is promoting by introducing paperless operations in the internal and external communications of the Bank. The Bank is improving its indirect environmental footprint by developing innovative commercial solutions that contribute to the realisation of the commitment to sustainable development.

It is offering customers an “eco” housing loan with favourable financing terms for ecological investments and sustainable projects in cooperation with public institutions on the national and European levels. In 2023, the Bank continued with the realisation of its strategic commitment to sustainable operations, whereby in the framework of activities concerning the protection of the environment, it cooperated with Ecologists Without Borders, one of the leading organisations in the field of environmental protection and conservation in Slovenia. With the “Every Step Counts” project, it called on the public to make small changes in the area of sustainability which may contribute long-term to major changes in preserving the environment. Activities in the field of environmental protection were enhanced by the Bank by financially supporting the Slovenian Forest Service and the project of forest recovery at the burned site of Potoška gora above Preddvor. At the end of 2023, the Bank received the Green Star sustainable operations and climate action certificate, thus joining the commitments of the green Slovenian economy which strives to achieve ambitious sustainable operations and climate action goals.

Environmental responsibility refers to the reduction of its own environmental footprint directly through the Bank’s organisation and indirectly through the Bank’s operations. In order to contribute to the transition to a low-carbon economy and company, the Bank plans to implement the following activities in order to directly reduce its environmental footprint:

- pursuing energy efficiency in operations in line with the guidelines on efficient energy use and legislation concerning the construction of facilities that, inter alia, refer to the area of the energy-efficient cooling and heating of premises, purchases of energy from renewable sources, photovoltaics, energy bookkeeping, etc.;
- reducing the use of paper, which the Bank pursues with its paperless operations in its internal and external communications;

- reducing water consumption;
- responsible waste management and recycling;
- renewal of the vehicle fleet and the responsible and sustainable management of real estate;
- performing activities that increase the health and safety of employees in the workplace;
- further digitalisation of internal and external processes.

The Bank is improving its indirect environmental footprint by developing innovative commercial solutions that contribute to the realisation of the commitment to sustainable development. In line with the above, the Bank plans to implement the following:

- promoting sustainable financing that supports economic growth and also reduces the negative impact on the environment and considers the social and governance factors. The Bank is offering more favourable financing terms and conditions for ecological investments (e.g. eco housing loans, eco investment loans) and also the favourable financing of sustainable projects in cooperation with public institutions on the national and European level (e.g. SID Bank, SPS);
- the development of banking products and services that support sustainable growth; this is based on innovative development, with which it intends to fulfil the needs of clients (e.g. payment cards from recycled materials, virtual cards, mobile wallets for entrepreneurs, soft POS terminals),
- the further digitalisation of the processes and paths to the Bank;
- the acceleration of the development of sustainable investments in the form of securities, e-trade funds, mutual funds and bonds with which it contributes to the fulfilment of the environmental goals;
- promoting sustainable consumption by clients.

Energy efficiency²⁷

The Gorenjska banka Group installed a solar power plant for its energy self-sufficiency, which has a capacity of 400,000 kWh of electricity per year, or 31% of green electricity, to power facilities of the Gorenjska banka Group. By reducing its needs for energy supplies, the Gorenjska banka Group is a step closer to achieving carbon neutrality in its own operations.

GHG emissions²⁸

The Bank is contributing to the transition to a low-carbon economy and society and is reducing its direct environmental footprint by implementing measures concerning energy efficiency, reducing energy consumption, water and paper. In addition, the Bank is improving its indirect environmental footprint by developing innovative commercial solutions that contribute to the realisation of the commitment to sustainable development.

To calculate our carbon footprint, we are using the standardised method in line with the international standard on determining and reporting on greenhouse gas emissions - GHG Protocol: A Corporate Accounting and Reporting Standard. Reporting is adjusted to the reporting needs on the organisation's carbon footprint.

The reporting period represents the calendar year of 2023, and the base year of reporting on greenhouse gas emissions is the year 2021. The scope of the emission categories and the calculation method are the same for both years.

The calculations include all the emissions of recognised greenhouse gases as required by the GHG protocol.

The calculation considers the location method in determining the Scope 2 emissions, in line with the requirements of the GHG protocol and ISO 14064-1:2018. In 2023, the calculation on the basis of the market method (Scope 2) was considered. Green energy was used at locations where Gorenjska banka has a direct offtake of electricity.

The total assessed Scope 1 and 2 greenhouse gas emissions under the location calculation method amounted to 584.6t CO₂ eq. in 2023. The table below shows a comparison of quantities in individual emission categories for the years 2021 and 2023. Based on 2021, emissions from the supplied electricity (-99.1%) significantly decreased under the market approach because the majority of supplied electricity was supplied from renewable sources. Based on 2021, emissions from mobile combustion decreased (-33.2%), and fugitive GHG emissions from anthropogenic sources increased by 5.6%. Emissions of other key categories - S1-1, S2-1, and S2-2, also decreased, mainly due to the additional measures aimed at reducing energy consumption in 2023.

The total assessed Scope 1 and 2 greenhouse gas emissions, calculated by using the market approach, amounted to 205.5t CO₂ eq. in 2023. Compared to 2021, Scope 1 and 2 GHG emissions amounted to 1,367.4t CO₂ eq.

The table shows a significant reduction of the total greenhouse gas emissions calculated under the market method by 85%, which is mainly due to the fact that the majority of electricity had been supplied from renewable sources.

Compared to 2021, emissions from mobile combustion reduced by 33.2% in 2023.

Emissions of other key stationary combustion categories - S1-1 and indirect emissions from thermal energy consumption S2-2 - also decreased, mainly due to the additional central supervisory system and additional measures aimed at reducing energy consumption in 2023.

Table 11: Emissions

	2023 [t CO ₂ eq.]	2021 [t CO ₂ eq.]	Index 21/23 [%]
TOTAL EMISSIONS - location S1 + S1 (t CO₂ eq.)	584.6	688.5	-15.1
TOTAL EMISSIONS - market S1 + S1 (t CO₂ eq.)	205.5	1,367.4	-85.0
Scope 1 emissions	130.6	205.5	-36.4
S1-1: Emissions from stationary combustion	82.6	146.9	-43.8
S1-2: Emissions from mobile combustion	23.8	35.6	-33.2
S1-4: Fugitive GHG emissions from anthropogenic sources	24.3	23.0	5.6
SCOPE 2 (S2) - location approach	454.0	483.1	-6.0
SCOPE 2 (S2) - market approach	74.9	1,161.9	-93.6
S2-1: Indirect emissions from using electricity (location approach)	393.5	408.5	-3.7
S2-2: Indirect emissions from using thermal energy (location approach)	60.5	74.6	-18.9
S2-3: Indirect emissions from using electricity (market approach)	9.5	1087.3	-99.1
S2-4: Indirect emissions from using thermal energy (market approach)	65.4	74.6	-12.3

Waste²⁹

At Gorenjska banka, we strive to reduce the quantity of mixed waste. We wish to achieve this through an improved waste separation process.

In 2023, we implemented a pilot waste separation project, which we will expand to all locations of the Bank in 2024.

We introduced green corners in offices with shared waste separation bins which replaced individual waste bins at workplaces of employees. We are separating waste into appropriate bins, emptied by utility services. These measures and employee awareness processes are aimed at reducing the bin capacities in our commercial buildings and branches. Paper waste is destroyed at a company specialised in paper recycling, where they re-use it in the production process. We are thus ensuring the recycling of paper waste.

Materials (paper consumption)³⁰

We are collecting waste paper in bins, which is then transported to be destroyed and recycled. In 2021, we directly recycled 13.9 tonnes of paper, in 2022 13.2 tonnes and in 2023 10.4 tonnes.

Concerning the use of office paper, we printed 585,000 pages in 2021, 1,042,000 pages in 2022 and 964,870 pages in 2023.

Managing social impacts

The social responsibility of the Bank prioritises the commitment of the Bank towards its employees, customers and the local community. In its relationship with its customers, the Bank strives to form responsible, long-term and professional relationships, cultivating trust and data protection, as well as transparent communications. By presenting its products in a transparent manner and by having clear communication in place, it helps customers in deciding on financial matters.

Employees³¹

In its relationship with employees, the Bank strives to provide decent work positions that ensure gender equality, respect the labour legislation, enable social security and social dialogue, the professional and personal development of employees, and fair pay. The Bank is continuously upgrading and implementing its policies concerning employee management, reflected in flexible working hours, time accounts, time bonuses due to children, and time bonuses for care-related issues and work from home. The Bank is also promoting the development of the know-how, competencies and innovative thinking of employees by organising training programmes, managing talent and key staff, promoting the rotation of employees, and having various forms of mentorship in place.

The Bank is placing considerable emphasis on the promotion of health, which enables employees to become aware of and to manage risks concerning their health, as well as to implement measures aimed at increasing the level of health and well-being in the workplace. By upgrading its organisation as a socially responsible employer, the Bank is becoming and maintaining its position as an attractive employer. The Bank is ensuring high social dialogue standards and regular communications with employee representatives.

94.7% of employees are included in collective agreements.³²

In line with the requirements of the Reporting Persons Protection Act, the Bank created a complaint mechanism for employees to express their concerns. It received no submissions in 2023.³³

Socially Responsible Employer

Gorenjska banka is the first bank in Slovenia which obtained the Socially Responsible Employer certificate in 2021, which confirms its current efforts and sets the foundations for the strategic and systematic management of the Bank's socially responsible operations.



Družbeno odgovoren delodajalec

Napredni certifikat R.Š. 0052/2020 - N1

47 ambassadors of social responsibility

There are 47 ambassadors of social responsibility in the Bank who are inspiring and encouraging employees, promoting measures, educating and raising awareness and providing feedback in social responsibility and sustainable development. This is a measure which is part of the Socially Responsible Employer certificate and had been introduced in the Bank at our own initiative. Ambassadors are also taking part in the "Organisational Culture" project.

³¹ GRI 2-7, ³² GRI 2-30, ³³ GRI 2-26

Employee structure

In addition to employment for an indefinite and fixed term, the Bank also employs people on a part-time basis due to parental protection and disability. We do not have contractual workers, all permanent workers have flexible working hours.

Table 12: Employees by gender and region³⁴

Description	Total no. of employees	Male	Female
No. of employees and division by gender and region	417	129	288
Permanent employees by gender and region	404	127	277
Temporary employees by gender and region	13	2	11
Employees with flexible working hours by gender and region	404	129	288
Full-time employees by gender and region	404	129	275
Part-time employees by gender and region	13	0	13

Table 13: Number and share of new employees and fluctuation for the reporting year³⁵

Description	Total no. of employees	Male	Female	< 30 years	30–50 years	> 50 years
a. Total number and level of new employees in the reporting period - by age group, gender and region	58	18	40	13	35	10
b. Total number and level of outbound employees in the reporting period - by age group, gender and region	50	13	37	1	28	21

Employee benefits

Benefits provided to all employees, regardless of the form of employment:³⁶

- 16 hours recognised for seeking medical aid for oneself or a family member
- inclusion in the collective pension scheme
- at the opening of the top package account for employees
- gifts for children up to 7 years of age
- collective accident insurance for employees and family members (favourable premiums)
- collective accident insurance for children up to 14 years of age
- gift at the birth of a child
- additional leave on a round anniversary
- additional leave to accompany a child on the first school day in 2nd grade
- the “Supporting Family” programme when a child is born in the current calendar year
- co-financing sporting activities and promoting the health of employees (vital company, lease of sport halls, organised sporting activities)
- flexible working hours for all employees

Table 14: Parental leave³⁷

Description	Total no. of employees	Male	Female
a. Total number of employees who had the right to parental leave, by gender	417	129	288
b. Total number of employees who used the parental* leave, by gender	22	6	16
c. Total number of employees who returned to work in the reporting period following the end of the parental leave, by gender	15	5	10
d. Total number of employees who returned to work following the end of the parental leave and were still employed 12 months after returning to work, by gender	30	7	23
Return to work ratio	68.18	83.3	62.5
Retention rate	83.3	70	88.5

**paternity and maternity leave*

³⁴ GRI 2-7, ³⁵ GRI 401-1
Methodology description: Number of employees, calculated on the basis of hours from employment contracts. Full-time equivalent (FTE) is calculated on the basis of the employment contract (e.g. full-time work = 1 FTE, part-time work = 0.5 FTE).

³⁶ GRI 401-2, ³⁷ GRI 401-3

Education and training

A total of 417 employees trained for a total of 1803 hours in the reporting period, which is 20.35 hours per year per employee. Training and education sessions were also organised for soft skills and stress management, where a total of 207 employees took part, which is **49% of all employees**.

Table 15: Average number of training hours

Average number of training hours in the reporting period:	No. of performed training sessions	Male	Female	avg. no. of hours/year ³⁸
Based on gender	1803	559	1244	
Based on age				
• < 30 years	150	58	93	20.35
• 30–50 years	1371	490	945	
• > 50 years	282	11	206	

Table 16: Share of employees with regular performance and career development evaluations³⁹

Share of employees receiving regular performance and career development evaluations	Total	Male	Female
Share of the total number of employees by gender and employee category who received regular performance and career development evaluations in the reporting period	417 (100%)	129 (100%)	288 (100%)

Health and safety at work⁴⁰

The Bank is also paying particular attention to the health and safety in the workplace because it is implementing 11 DOD-certificate measures. Union and employee representatives take part in the review of the health and safety at work and the draft of the Safety Statement with Risk Assessment. The Bank is ensuring good climate working conditions and workplace ergonomics; it is promoting healthy nutrition and exercise with various programmes; it is allowing time for health checks and extensive health checks. A total of 28 employees underwent an extensive preventive check during the year, a workshop and testing session were organised with kinesiologists and physiotherapists of the Primary Health Centre Kranj.

Diversity and equal opportunity

The Bank adopted the rules on diversity management and in addition to the applicable legal requirements, the following aspects are pursued in the composition of the management body, senior management and other employees in the GBKR Group:

- **Professional profile:** professional diversity in order to ensure complementary know-how and skills, considering the activity of the Bank.
- **Interdisciplinary know-how:** when choosing candidates for the position of Management Board Member, Supervisory Board Member and Senior Management Member, their formally achieved education levels and areas are considered, as well as their interdisciplinary know-how in the banking area.

- **Work continuity and age structure:** by ensuring continuity, we try not to replace all members of the Management Board and senior management; the continuity and mixed-age structure of the members of the Management Board, Supervisory Board and senior management allows for the transfer of know-how and experience, thus ensuring a quality succession.
- **Age:** appropriate balance based on the representation of age.
- **Gender:** all the criteria for selecting the members of the Management Board, Supervisory Board and senior management must be set in a gender-neutral way, including the remuneration policy.

- **Personal integrity:** appropriate personal integrity, a high level of personal integrity and fairness.
- **Geographical origin:** diversity based on knowing the specificity of markets, legal framework and cultural differences for areas outside Slovenia where the Bank is exposed to risks

Table 17: Diversity of management bodies and employees⁴¹

Description*	Total no. of employees	Male	Female	< 30 years	30–50 years	> 50 years
1. Diversity of management bodies	38	17	21	0	26	11
2. Diversity of employees	379	112	267	39	263	77

*Minority or at-risk groups of employees are not recognised in Gorenjska banka.

Discrimination

The Bank had no discrimination reports in the reporting period. In line with its Internal Management Policy, Compliance Culture Policy, Code of Business Ethics, and good banking practice, the Bank has an established system of principles and values which provide the basis for monitoring and eliminating any issues that may arise. The integral part of the preventive processes consists of regular training sessions and the spread of a positive organisational culture in line with the Compliance Culture Policy.

Customers

In its relationship with its customers, the Bank strives to form responsible, long-term and professional relationships, cultivating trust and data protection, as well as transparent communications. By presenting its products in a transparent manner and by having clear communication in place, it helps customers in deciding on financial matters. It encourages their financial literacy in order for them to adopt sound financial decisions. It is especially focused on young people and the elderly, whom it strives to introduce to everyday digital banking.

With the aim of raising the financial literacy of customers, the Bank organised days of housing loans, investments, collateral, and digital banking, and shared its professional know-how and experience with customers.

In 2023, the Bank had no incidents concerning non-compliance with market communications.⁴³

In 2023, the Bank had no reasonable complaints regarding the violation of customer privacy and loss of customer data.⁴⁴

Relations with the local community

In its relationship with the local community, the Bank is proactively implementing its donor and sponsorship policy, with which it is increasing the quality of life of the local and broader community and strengthening its main mission, set values and ethical commitments. The Bank is strategically focusing on environmental protection, aiding families and financially weak individuals, and supporting sporting activities.

In 2023, the Bank continued with the “Supporting Families” project with which it strengthened its efforts to increase the quality of living for future generations by providing donations for the renovation of seven kindergartens in Slovenia.

During the August weather disasters, the Bank helped several local communities where it especially focused on the well-being of children in care and education facilities which were affected by the flash floods, and it also organised several community work campaigns to aid in the cleaning and restoration efforts after the floods. During the August flash floods, the Bank adopted several measures to aid affected customers, waived some of their everyday banking operation costs, and listened to them individually.

Even in 2023, the Bank traditionally contributed donations for families and individuals in need in the scope of the humanitarian initiative “V Kranju dobro v srcu mislimo”, and it also supported the Matevž Langus Training, Work, and Care Centre, Radovljica and the Malči Belič Youth Care Centre, Ljubljana with donations and common activities.

In 2023, the Bank continued its long-lasting tradition of supporting local sporting events, clubs and associations that promote movement and an active lifestyle, as well as the development of sports on the local and national levels.

Relations with suppliers⁴⁵

The Procurement Department/Compliance Division reviews suppliers and assesses their compliance. Major suppliers sign a statement with which they confirm compliance of their operations and that they have familiarised themselves with the code of conduct. We will also include the ESG questionnaire in our procurement process for suppliers to complete when providing offers. This way, the Bank will promote and support socially responsible, environmental, sustainable and governance practices among suppliers.

Based on the scope of operations of the Bank's suppliers, 99.99% of procurements are made with local Slovenian suppliers.

⁴⁵ GRI 204-1

GRI-Table

Statement	Gorenjska banka d.d. reported by referencing GRI standards 2021 in the period from 1 January 2023 to 1 December 2023
GRI 1	GRI 1: Basics 2021
Sectoral standards	Not available in the reporting period

GRI-standard	Disclosure	Chapter, Page	Waivers		
			Omitted requirement	Reason	Explanation
General disclosures GRI 2					
2-1	About the organisation	About us, p. 6			
2-2	Included organisations	About the report, p. 4			
2-3	Reporting period, frequency and contact point	About the report, p. 4			
2-4	Information corrections	/			
2-5	Foreign assurance	/			
2-6	Activities, value added chain, and business relations	Business strategy, vision, values, p. 7			
2-7	Employees	Employees, p. 36, 38			
2-8	Workers not employed in the organisation	/	Yes	Irrelevant	The Bank does not hire workers who work for an organisation
2-9	Management structure	Management structure, p. 20, 21			
2-10	Nomination and selection of the highest management body	Nomination and selection of the highest management body, p. 21			
2-11	The president of the highest management body	The president of the highest management body, p. 22			
2-12	Role of the management body in managing impacts	Role of the management body in managing impacts, p. 22			
2-13	Delegated responsibility for managing impacts	Managing sustainable development, p. 18			
2-14	The role of the highest management body of the organisation in sustainability reporting	Managing sustainable development, p. 19			
2-15	Conflicts of interest	Conflicts of interest, p. 22			
2-16	Communication of critical topics to the management body	Communication of critical topics to the management body, p. 23			

GRI-standard	Disclosure	Chapter, Page	Waivers		
			Omitted requirement	Reason	Explanation
2-17	The know-how, skills and experience of the highest management body	The know-how, skills and experience of the highest management body on sustainability, p. 23			
2-18	Evaluating the performance of the highest management body	Evaluating the performance of the highest management body, p. 23			
2-19	Rewards policy	Variable remuneration elements, p. 23			
2-20	Procedures of determining rewards	Variable remuneration elements, p. 23			
2-21	Total annual rate of remunerations	/	Yes	Limits due to confidentiality	The data is monitored internally as a business secret. All public information is published in the 2023 annual report.
2--22	Sustainable development strategy statement	Address of the Chairman of the Board, p. 3, 4			
2-23	Commitments	Commitments and goals, p. 24			
2-24	Inclusion of commitments	Inclusion of commitments, p. 26			
2-25	Processes aimed at reducing negative impacts	Material topics and materiality process, p. 25			
2-26	Mechanisms for seeking advice and expressing concerns	Employees, p. 35			
2-27	Compliance with the legislation and regulatory requirements	The key financial performance indicators in 2023, p. 6			
2-28	Membership in associations	Membership in associations, p. 6			
2-29	Approach to the inclusion of stakeholders	Material topics and materiality process, p. 14			
2-30	Collective agreements	Employees, p. 35			
MATERIAL TOPICS GRI 3					
3-1	The process of identifying material topics	Material topics and materiality process, p. 14			
3-2	List of material topics	Material topics and materiality process, p. 15			
3-3	Managing material topics	Material topics and materiality process, p. 25			

GRI-standard	Disclosure	Chapter, Page	Waivers		
			Omitted requirement	Reason	Explanation
Topic standard disclosures					
ECONOMIC IMPACTS (G)					
GRI 204: Purchasing practices					
3-3	Managing material topics	Material topics and materiality process, p. 14			
204-1	Share of assets used for local suppliers	Suppliers, p. 40			
GRI 205: Combating corruption					
3-3	Managing material topics	Material topics and materiality process, p. 25			
205-1	Operations assessed based on corruption-related risks	Operations assessed based on corruption-related risks, p. 27			
205-2	Communication and training on the policies and procedures concerning corruption	Communication and training on the policies and procedures concerning corruption, p. 28			
ENVIRONMENTAL IMPACTS					
GRI 301: Materials (paper)					
3-3	Managing material topics	Material topics and materiality process, p. 25			
301-1	Material weight	Materials, p. 33			
301-2	Used recycled input materials (paper)	Materials, p. 33			
GRI 305: GHG emissions					
3-3	Managing material topics	Material topics and materiality process, p. 25			
305-1	Direct greenhouse gas emissions (Scope 1)	GHG emissions, p. 32			
305-2	Indirect greenhouse gas emissions (Scope 2)	GHG emissions, p. 32			
305-5	Reduction of GHG emissions	GHG emissions, p. 32, 33			
GRI 306: Waste [2020]					
3-3	Managing material topics	Material topics and materiality process, p. 25			
306-3	Waste	Waste, p. 33			
SOCIAL IMPACTS					
GRI 401: Employment					
3-3	Managing material topics	Material topics and materiality process, p. 25			
401-1	Number and share of new employees and fluctuation	Employee structure, p. 36			

GRI-standard	Disclosure	Chapter, Page	Waivers		
			Omitted requirement	Reason	Explanation
401-2	Benefits provided to full-time employees and not to temporary workers or part-time employees	Employee benefits, p. 37			
401-3	Parental leave	Parental leave, p. 37			
GRI 403: Health and Safety at Work					
3-3	Managing material topics	Material topics and materiality process, p. 25			
403-4	Participation of workers, counselling and communication on health and safety at work	Health and Safety at Work, p. 38			
403-6	Promotion of health at work	Health and Safety at Work, p. 38			
GRI 404: Training and education					
3-3	Managing material topics	Material topics and materiality process, p. 25			
404-1	Average number of training hours per year per employee	Education and training, p. 38			
404-3	Share of employees receiving regular performance and career development evaluations	Share of employees with regular performance and career development evaluations, p. 38			
GRI 405: Diversity and equal opportunity					
3-3	Managing material topics	Material topics and materiality process, p. 25			
405-1	Diversity of management bodies and employees	Diversity of management bodies and employees, p. 39			
GRI 406: Non-discrimination					
3-3	Managing material topics	Material topics and materiality process, p. 25			
406-1	Discrimination incidents and performed corrective measures	Discrimination, p. 39			
GRI 417: Marketing and marking					
3-3	Managing material topics	Material topics and materiality process, p. 25			
417-1	Incidents concerning non-compliance with market communications	Customers, p. 39			
GRI 418: Privacy of customers					
3-3	Managing material topics	Material topics and materiality process, p. 25			
418-1	Reasonable complaints regarding the violation of customer privacy and loss of customer data	Customers, p. 39			

Statement on non-financial operations

Management Board of the Bank, Mario Henjak, Management Board President of Gorenjska banka, by signing this statement, I hereby state that:

- we at Gorenjska banka are committed to transparent and responsible banking which promotes sustainable development and a positive impact on the environment and society; we are aware of the importance of non-financial information and the comprehensive approach to reporting in generating value for our stakeholders;
- the Bank has prepared a rounded and comprehensive document which allows the interested parties to understand the sustainability strategy, the core dimensions of development, performance and position of the Bank and the impacts of its activities, and it used the Global Reporting Initiative (GRI) standard 2021 for the first time;
- the Bank prepared a separate report titled Sustainability Report for 2023 for the first time, which refers to the annual report and is published at www.gbkr.si;
- the Bank prepared a sustainability report which is one of the core measures of the Socially Responsible Employer certificate;

Kranj, 4. July 2024

Mario Henjak
Management Board President

- we are committed to reducing our environmental footprint with projects which promote energy efficiency and sustainable resource management; our functional sustainability strategy includes ambitious goals to achieve carbon neutrality in our own operations by 2030 and carbon neutrality of our portfolio by 2050, whereby we offer support to the transition to a low-carbon economy by financing green projects and investing in renewable energy sources;
- the Bank gives priority to social justice and inclusion within our organisation and in communities in which we live and cooperate; our social initiatives are focused on improving the well-being of employees, on promoting diversity and inter-generational cooperation and inclusivity, and on supporting programmes aimed at developing communities;
- our sustainability management framework provides responsibility, transparency, and ethical actions in all aspects of our operations; we are complying with the regulatory requests and best practices in corporate management, which strengthens the trust and integrity in our operations and among our stakeholders.

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