

Sustainability Report 2021



**Today for
Tomorrow**

BKS Bank

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Today for Tomorrow

“Be the change you want to see in the world,” said Mahatma Gandhi many years ago.

Our world is still struggling with social inequality. Climate change and the loss of biodiversity pose a major challenge that can only be overcome if we all work

together. At BKS Bank we know that what we do today will have a big impact on the quality of life for the coming generations. This is why we are engaged in numerous sustainability activities to help secure a livable future. The highlights of our activities in the year 2021 are presented below.

BKS Bank’s green and social bonds helped cut carbon emissions by 23,500 t per year

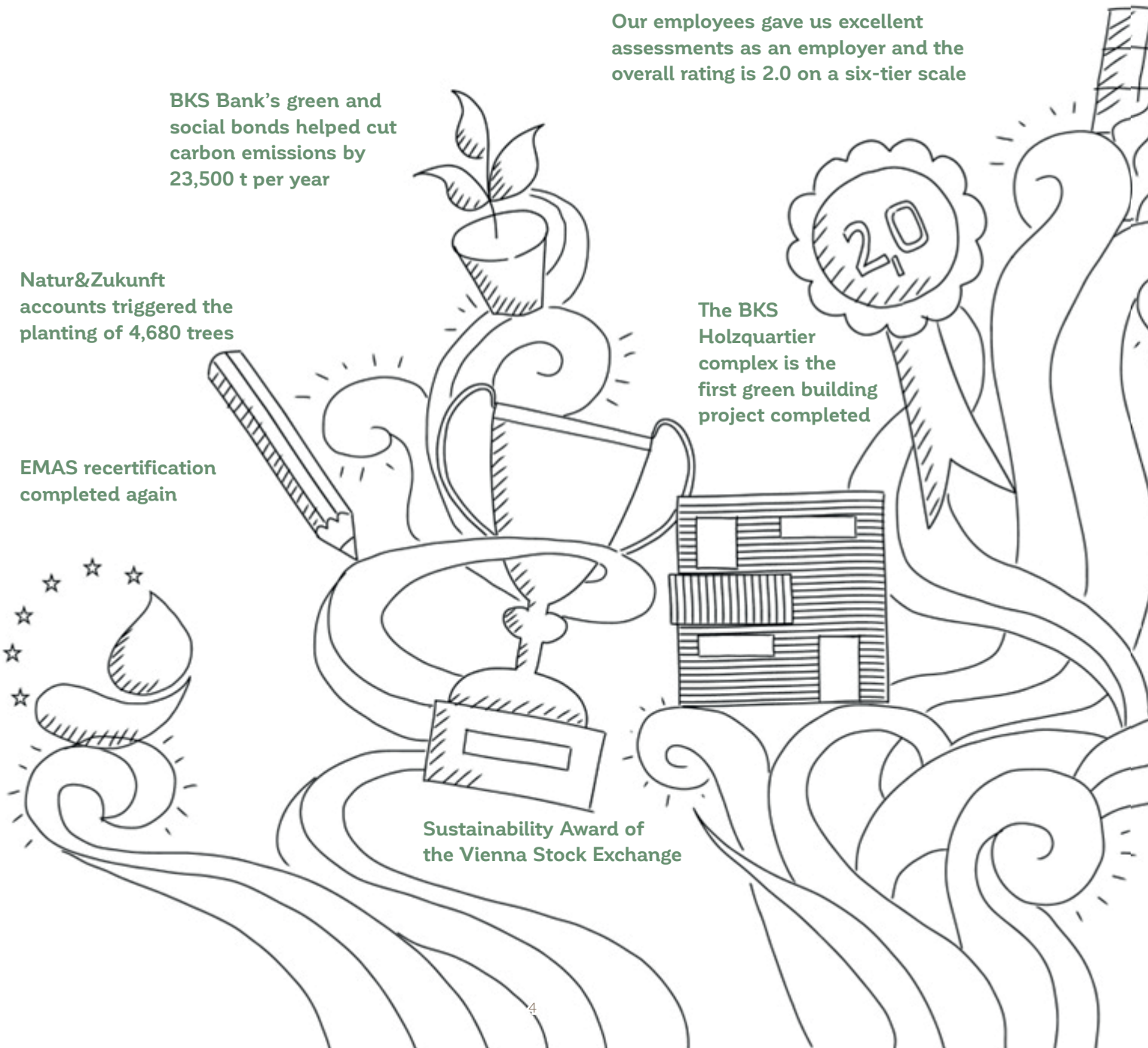
Natur&Zukunft accounts triggered the planting of 4,680 trees

EMAS recertification completed again

Our employees gave us excellent assessments as an employer and the overall rating is 2.0 on a six-tier scale

The BKS Holzquartier complex is the first green building project completed

Sustainability Award of the Vienna Stock Exchange



80,000 kWh solar power produced
by three photovoltaic plants

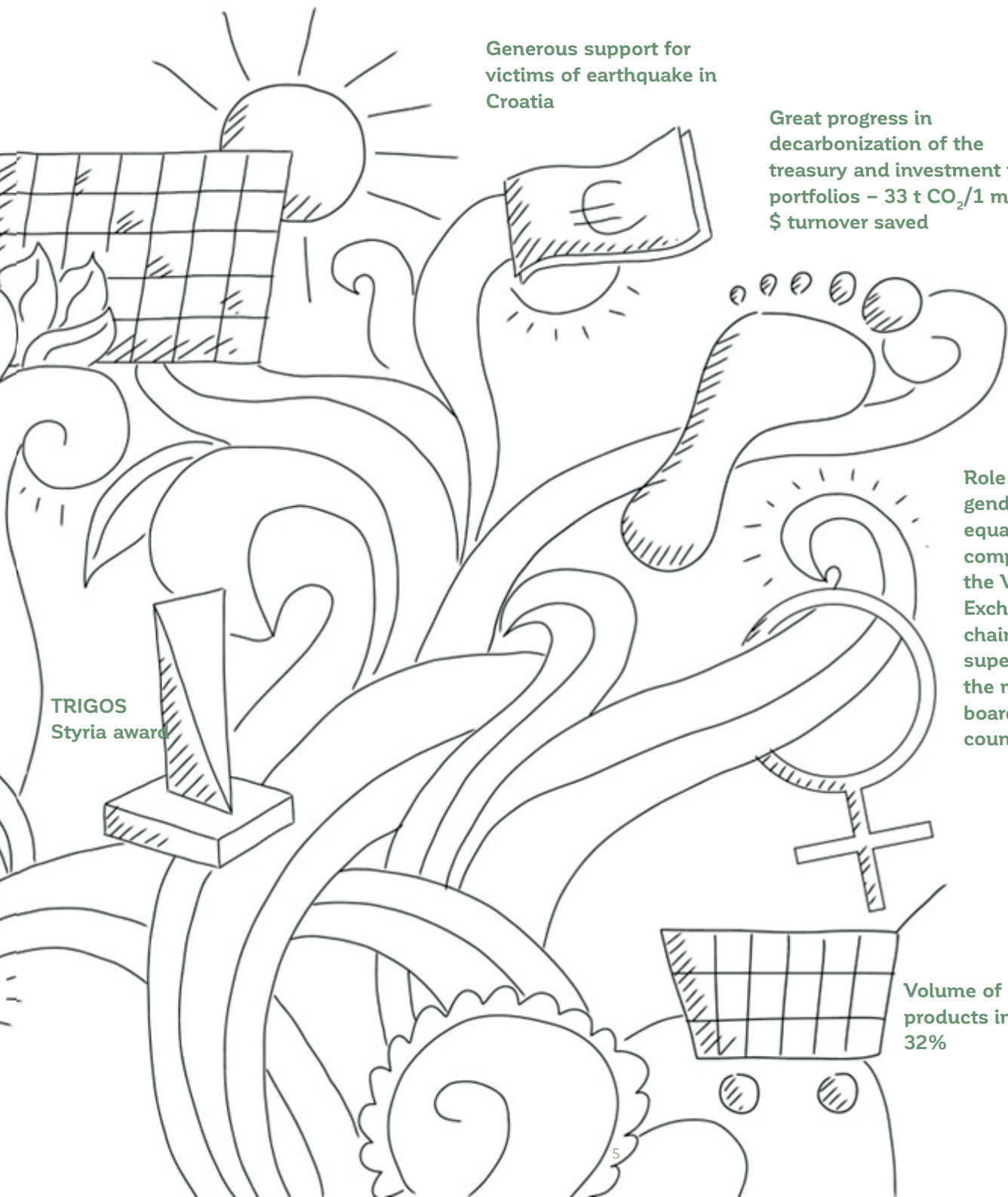
Generous support for
victims of earthquake in
Croatia

Great progress in
decarbonization of the
treasury and investment fund
portfolios – 33 t CO₂/1 million
\$ turnover saved

Role model for
gender
equality: only
company listed on
the Vienna Stock
Exchange with
chairwomen of the
supervisory board,
the management
board and the works
council

Volume of sustainable
products increased by
32%

TRIGOS
Styria award



Dear Readers,

In the banking industry, the EU Action Plan for Financing Sustainable Growth and the Green Deal have given sustainability enormous traction over the past year. Financial institutions which had paid little attention to the sustainability aspects of their business strategy are now challenged to implement many new legal and regulatory requirements within just a short period of time. We are very well-prepared for this new era. It is gratifying to see that many customers are explicitly asking for sustainable banking products and appreciate our strategy towards green banking.

BKS Bank is one of the sustainability pioneers of the Austrian banking industry. We will continue to pursue this course with elanto achieve the goal of retaining our top position. Sustainability and quality are the foundation of our corporate strategy. Our sustainability strategy is based, among other things, on the Sustainable Development Goals and the Principles of the UN Global Compact.

Focus on environment and climate change mitigation

The five fields of action of our CSR strategy currently focus on the strategic fields of "Products and Innovation" and "Environment and Climate Change Mitigation". First, we have long since established very high standards for the areas of "Employees" and "Society and Social Engagement". Second, the focus takes into account the risk assessment of the World Economic Forum¹. Of the ten existential listed in the report, there are five that are related to the environment and climate change. These risks can be mastered if a strong international community works hand in hand.

Principal goal: climate neutrality

The sustainability strategy defines, among other things, that

- we want to become climate-neutral over the long term,
- a significant portion of the loans we grant should go to sustainable projects, and
- we will align our real estate portfolio to green building standards.

This Sustainability Report, contains lots of good news on the implementation of our strategy. For example, we have made great progress in decarbonizing our own portfolio and integrating sustainable investment components into our asset management. We have added two green bonds to the range of our sustainable products. We now have more than 1,000 customers with Natur&Zukunft bank accounts. The BKS Holzquartier was our first green building, which was completed and ready for occupancy in the summer – and fully rented from the start. We also put two new photovoltaic systems into operation.

High degree of customer and employee satisfaction

I am also very proud of the excellent results of our Group-wide employee survey (see page 64). I would like to point out one figure: The overall employee satisfaction score of 2.0 on the six-point EUCUSA scale is an excellent result. In our current customer satisfaction analysis, we attained an overall satisfaction score of 1.5 and a recommendation rate of 36%.

¹ See World Economic Forum, The Global Risks Report 2021, 17th Edition, 2022, page 14

Difficult start into 2022

In February 2022, we discovered a case of fraud in Croatia. The entailing damage put a damper on our otherwise very good annual results. We are working intensely to fully clarify the incident.

Shortly before the copy deadline of this publication, Russian troops invaded Ukraine. We took note of this development with great regret and concern. Our thoughts are with all the people who are experiencing so much suffering as a result of this senseless war. BKS Bank has no direct business in either country and has no exposure to Russia or Ukraine. The effects on our customers are still difficult to assess. However, we assume that the consequences for the global economy and the financial sector will also indirectly affect our institution, such as the insolvency of Sberbank Europe AG. We hope that peace negotiations will soon bring an end to the war.

Ambitious sustainability goals

The work on a science-based climate goal has been progressing more slowly than planned in the reporting year. However, it is still on our agenda, and we plan to complete the calculations in 2022. In the coming year, we will also finalize two more real estate projects in accordance with green building standards and also complete the re-audit as a family-friendly company. We will also systematically increase the integration of sustainable investment components into our asset management in Slovenia. These are just a few of the many activities that are on our agenda in addition to from the implementation of the EU Taxonomy.



We are prepared for the next century of our company's history with a clear focus on sustainability.

My special thanks go to all employees, in particular, to the CSR Officers and members of our CSR teams, for their hard work and commitment. Without their engagement, the many special achievements of 2021 would not have been possible. We were very pleased to receive the Vienna Stock Exchange Sustainability Award, the Austrian Sustainability Report Award (ASRA) in the category Large Corporates, and to have successfully completed our EMAS recertification. I would also like to express my appreciation to all our shareholders and customers. Their loyalty and their trust is an important motivation for our work. And last but not least, I would like to cordially thank the members of our Supervisory Board for their prudent and professional support.

Cordially,

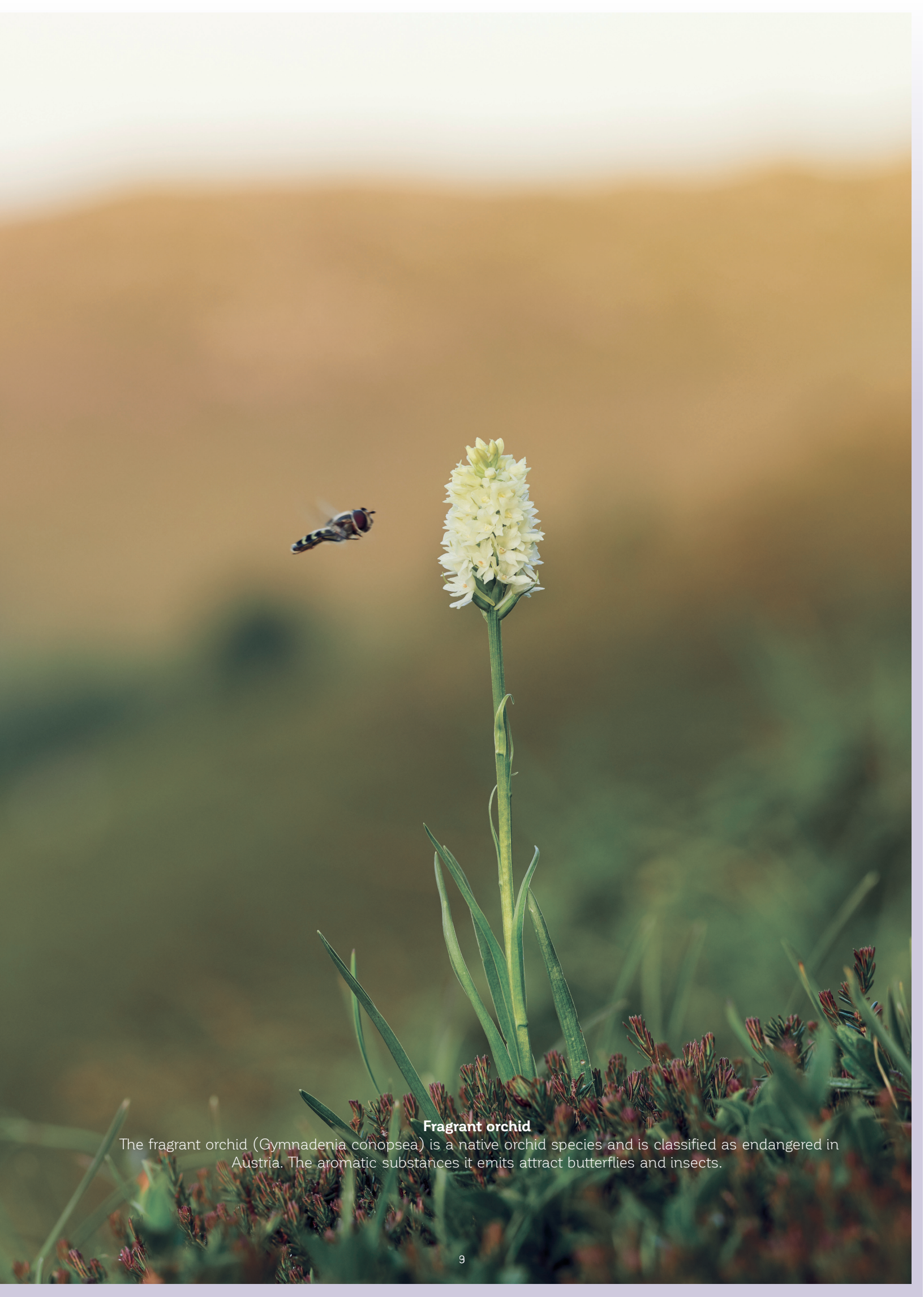
A handwritten signature in dark ink, appearing to read 'Herta Stockbauer'.

Herta Stockbauer
Chairwoman of the Management Board
of BKS Bank

Protecting Biodiversity

Biodiversity is essential for life on Earth. Biological diversity means diversity of species, genetic diversity among the members of one species, and number of ecological systems. The continued loss of biodiversity will have similarly severe consequences for humanity as climate change. The overexploitation of natural resources, the extensive use of space for settlement, transportation and industry, but also the high degree of pollution are factors already decimating numerous species and even causing their extinction. Many species are highly endangered, even in our latitudes. The aim of our sustainability activities is to help protect endangered species. Nature photographer Günther Gailberger captured many rare species on his camera.

We are very pleased to present a selection of his photographs to our readers in this sustainability report. Several of the photographs were taken practically at our doorstep in the Dobratsch Nature Park whose mountain ranges are typical of Carinthia's landscape. Dobratsch is home to 125 bird species, 1,400 butterfly species, numerous lizards, snakes and a native scorpion species. The flora is no less diverse than the fauna. There are many different species of orchids and also highly endangered plants such as the wild gladiolus (*Gladiolus illyricus*), silver saxifrage (*Saxifraga crustata*) and the Siberian iris (*Iris sibirica*).



Fragrant orchid

The fragrant orchid (*Gymnadenia conopsea*) is a native orchid species and is classified as endangered in Austria. The aromatic substances it emits attract butterflies and insects.



About Us

Eventful history – 100 years of
BKS Bank



Checkered lily

The checkered lily (*Fritillaria meleagris*) is a species that belongs to the lily family. It thrives in damp loamy soil and in clay soil with moderate nitrogen content.

Eventful history since 1922

100 years of BKS Bank

BKS Bank's success story began 100 years ago on 25 February 1922. Kärntner Kredit- und Wechselbank Ehrfeld & Co was founded at the time to meet demand for the growing financial and credit needs of the Carinthian timber and sawmill industry. The main institution was established in Klagenfurt, with branches in Spittal an der Drau, Villach and Wolfsberg. For several decades, these operations formed a solid foundation for the credit institution.

After the Second World War, it took some time before expansion steps could be taken. With the addition of the retail business to our operations, the bank laid the foundation for further expansion. The 1970s saw the start of an unprecedented branch expansion and within a decade, the Carinthian branch network was enlarged from four to 26 branches.

The solid development of business enabled growth, and Bank für Kärnten started to open new branches outside of Carinthia. In 1983, the move into the market in Styria was successful. The first branch in Styria was opened in Graz. The company's name was changed at the time to Bank für Kärnten und Steiermark Aktiengesellschaft. A few years later, the first branch in Vienna was opened in 1990. Acquisition of a majority stake in Burgenländische Anlage & Kredit Bank AG was a move made in the year 2003 to establish the important east-west axis.

Just before the turn of the millennium, a representation office was established in Croatia and a leasing company was acquired in Slovenia, which marked the start of our international expansion. Today's foreign markets include Slovenia,

Croatia and Slovakia where we are represented by bank branches and leasing companies. With the international expansion, it again became necessary to change the company's name. "Bank für Kärnten und Steiermark" became today's BKS Bank.

The past 100 years have been eventful in many ways. The banking business has undergone several fundamental changes. Major crises have had to be mastered but there were also some positive events such as the introduction of the euro, which brought about major changes. Mastering today's challenges requires foresight and courage. These two characteristics were strong points of BKS Bank in the early days, and they still are. And the Bank's original philosophy of being a reliable partner for the business sector has not changed to this very day. One important principle that has served as guidance for all generations of management up to now is the focus on long-term success rather than on short-lived gains. This has made it possible for the bank to develop from a regional bank in Carinthia into an international banking group.

The story of BKS Bank is not yet over. It continues and we are confronted with major new tasks: At the moment, our efforts are focused on solving the case of malversation in Croatia. Climate change and the transition to a low-carbon economy as well as the advance of digitalization are major issues that will bring about enormous changes. We are ready for these changes. We will exercise caution in all decisions we make and work to create a future worth living together with our customers, employees and business partners.

About BKS Bank

BKS Bank AG is a universal bank founded in Carinthia 100 years ago with headquarters in Klagenfurt am Wörthersee.

Our company was founded in 1922 as a bank for corporate and business customers, and it was not until the 1960s that we started providing services to retail customers. With over 1,100 employees, we now serve some 168,000 retail and 26,400 corporate and business customers at 64 branches. In Austria, our markets include Carinthia, Styria, Vienna, Burgenland and Lower Austria. Our international markets are Slovenia, Croatia and Slovakia. In 2021 we started the procedures to establish a leasing company in Serbia. We have postponed the opening until the geopolitical situation calms.

In Austria and Slovenia, we offer all the services of a universal bank, but in Croatia

and Slovakia we do not offer securities services. Our leasing companies complement our offerings in all markets.

With BKS Bank Connect, we also created a digital bank in Austria in 2020 that specifically targets digitally savvy customers and helps reduce travel by car to branches and paper consumption.

All services are offered under the brand name BKS Bank.

Our products are designed for both corporate and business customers as well as retail customers. Our corporate customers include primarily companies from industry, commerce and trade, non-profit housing developers, members of the liberal professions, farmers, forestry, as well as municipalities and public-sector companies. In retail banking we provide services to private individuals and members of the healthcare professions.

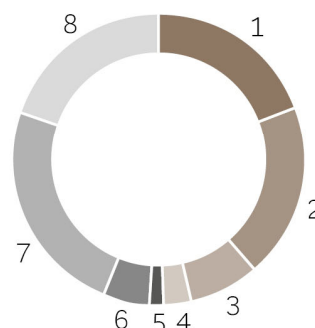
Our core regions



Shareholders of BKS Bank

in %

1	Oberbank AG (incl. sub-syndicate with Beteiligungsverwaltung GmbH)	19,2
2	Bank für Tirol und Vorarlberg Aktiengesellschaft	18,9
3	Generali 3Banken Holding AG	7,4
4	Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H.	3,0
5	BKS-Belegschaftsbeteiligungsprivatstiftung	1,6
6	UniCredit Bank Austria AG	6,6
7	CABO Beteiligungsgesellschaft m.b.H.	23,2
8	Free float	20,1



BKS Bank is known for the high level of expertise of its customer advisors. For example, our customers value our expertise in the finance and guarantee business, our solid knowledge of the diverse subsidized loan schemes, our range of investment services, modern payment transaction solutions, and innovative digital products and services. They also highly appreciate the sustainable products we offer such as the account “Natur&Zukunft”, the investment product “BKS Portfolio-Strategie nachhaltig” and our green and social bonds.

Ownership and organisational structure

BKS Bank AG's shares have been listed on the Vienna Stock Exchange since 1986 in the segment 'standard market auction'. The share capital is EUR 85,885,800 divided into 42,942,900 ordinary bearer

shares. In 2021, there were no significant changes to the shareholder structure.

Changes to the management and organisational structure

Nikolaus Juhász became a member of the Management Board on 1 July 2021. His remit on the Management Board includes Sales in Austria as well as the related areas of “Finance and Investing” and “Investments and Retirement Planning” as well as Private Banking.

The “Proprietary and International Business” department was divided and allocated to the two departments “Sales International” and “Treasury and Financial Institutions” on 1 January 2021. “Sales International” is responsible for sales on our foreign markets, while “Treasury and Financial Institutions” is responsible for proprietary and agent trading, and cooperation with our correspondent banks.

GRI 102-1 Name of the organisation

GRI 102-2 Activities, brands, products and services

GRI 102-3 Location of the headquarters

GRI 102-4 Location of operations

GRI 102-5 Ownership and legal form

GRI 102-6 Markets served

GRI 102-7 Scale of the organisation

GRI 102-10 Significant changes to the organisation and its supply chain

Corporate Strategy

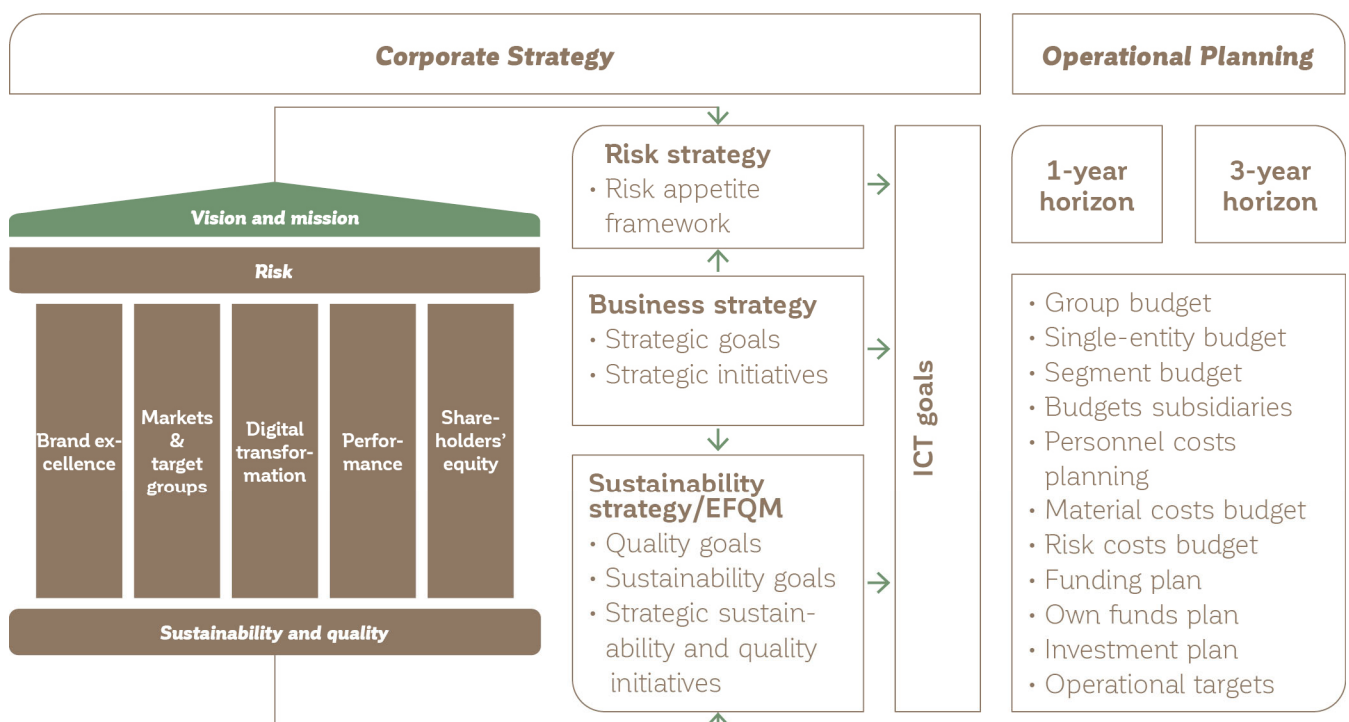
In 2021, we adapted our corporate strategy to the new challenges.

The setting in which banks operate is very challenging. The financial industry is highly competitive, with new market players such as fintechs pushing their way into the market. Fierce price wars and increasingly stringent regulatory requirements add to the challenges we face, and customer expectations are very different today than they were just a few years ago. Climate change and the transition to a low-carbon economy will create many changes for our customers and also for us as a bank. The government's "Eco-Social Tax Reform" adopted in 2021 and the Renewable Energy Expansion Act are just a few of the current innovations to the legal framework of the Austrian federal

government resulting from the goals of the EU Green Deal and the related "Fit for 55" programme. Many other European countries have also already presented their climate change mitigation plans.

An established and structured strategy process carried out annually ensures that we address all these challenges in good time, manage the resulting risks well and make the most of the opportunities. The fundamental strategic orientation of BKS Bank is growth in line with sustainability principles. The corporate strategy has several sub-strategies. Starting out from the business strategy, we define the risk strategy, sustainability strategy and ICT strategy, and also formulate the strategic goals, strategic initiatives and actions. The progress achieved is regularly reported within the company, in particular, to the Supervisory Board, and also externally.

Visualization of the corporate strategy



Our brand positioning

As a bank with strong regional roots that cares about people, our aim is to ensure the prosperity of our customers. We offer excellent advisory services and products, and promote networks that foster the values we stand for. Together, we work to shape the future and assure a high quality of life.

A warm-hearted bank for a livable future



Our values

Future-oriented

We are curious, recognize trends that fit our mission early on, and take advantage of these with a view to future benefits without losing sight of the essentials.

Excellent

We only do what we are really good at, but we do it better than our competitors and exceed expectations.

Warm-hearted

We foster personal relationships and treat our customers as equals: respectfully and with empathy.

Responsible

We are a flagship and multiplier for social responsibility; we work and invest to achieve healthy and long-term growth.

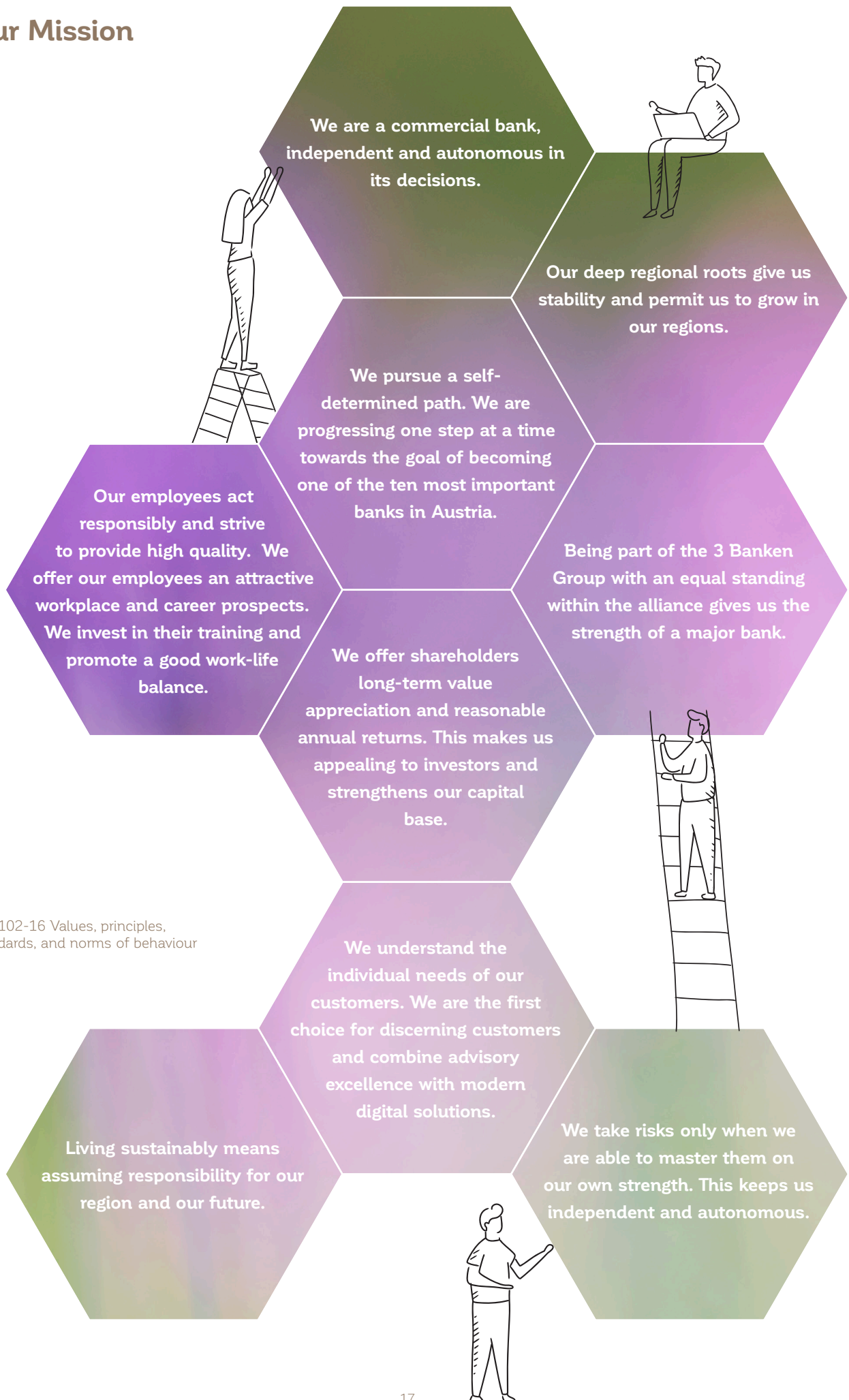
Regionally-committed

We are proud of our origins, we work across regions and contribute to our local communities.

Strong in relationships

We develop employees, customers and partners into real supporters and create networks that foster the values we stand for.

Our Mission



GRI 102-16 Values, principles, standards, and norms of behaviour

In 2021, we adapted our strategy concept. Sustainability and quality are the stable foundation. The cornerstones of brand excellence, markets and target groups, digital transformation and equity were redefined as the main pillars of our success. Greater efficiency, optimized earnings and new business fields were defined as the areas that will keep us successful under the heading "performance". For more details, please refer to the chapter "Corporate Strategy" in the Annual Report.

Strategic goals and initiatives

Sustainability is a key component of the business model

BKS Bank has made sustainability part of its culture, its daily work routines and customer business for many decades. It is our ambition to continue this pioneering role as a sustainable bank, and to live and breathe green banking. Therefore, we are working hard to meet the key role assigned to banks in the

EU's Green Deal. Key goals are enlarging the range of sustainable products, decarbonization, and measures to improve the ecological impact of our business operations. The focus is also on how to skilfully manage ESG risks and take advantage of opportunities.

Digital transformation on track

Digitalization makes an important contribution to climate change mitigation. Massive change processes are also under way in the banking industry, with branch-based business moving into digital business channels and the coronavirus pandemic giving the trend an enormous boost. Our customers can now conduct everyday banking transactions online and use many different cashless payment options. With BKS Bank Connect, the digital bank within the bank, we address new customer groups, help avoid people traveling by car to bank branches, and reduce paper consumption.

Strategic sustainability goals

We place the **needs of our customers** at the centre of our activities. In this way, we win new retail and corporate customers.

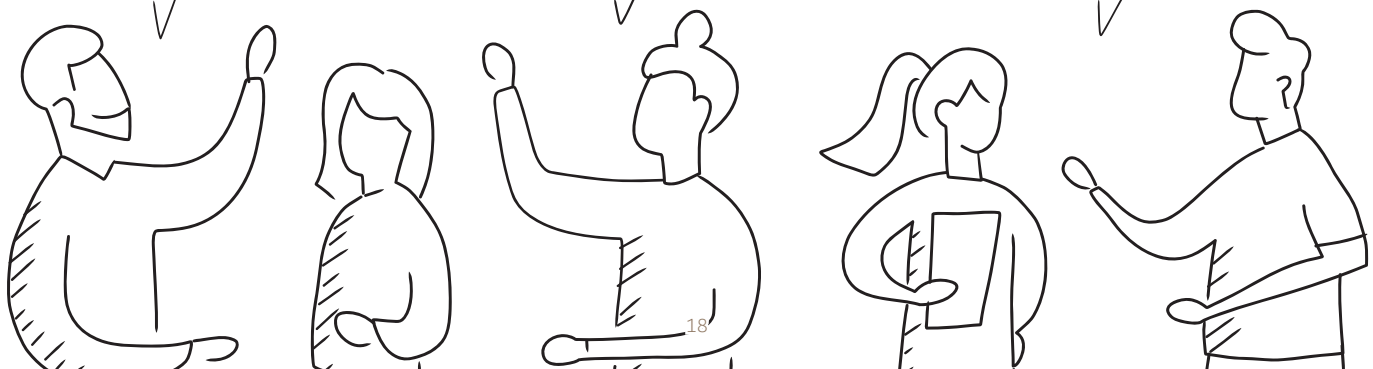
We are **transforming our organisation** for the digital age.

We adequately **limit (credit) risks**.

We are profitable, productive, and continuously achieve solid earnings.

We believe sustainability is an **innovation driver** for sustainable banking

We **focus** our growth in **non-lending** business areas.



The digital transformation is far from complete. Apart from creating new customer applications, we are working on the digitization of internal processes and making our employees digitally fit so that they can keep pace with the new requirements.

Key strategic initiatives

In 2021, we achieved the following key milestones in strategic implementation:

- We continued the brand strategy process launched in 2019. With the redesign of the first branches in the new brand style and the makeover of the customer portals, apps and almost all printed materials, the BKS Bank brand is now tangible at all customer contact points.
- Our account models for retail and corporate customers have been simplified and a new account model, Smart&Simple, has been launched for company founders and small businesses.
- The digital offering was expanded to include the option of opening accounts online with the "MeinGeld fix" and by the digital payment option "Swatch Pay".
- As part of our "Branch of the Future" project, we completed the implementation of the Service Desk designed to ensure a uniform and friendly BKS experience at every branch.
- We worked intensely on implementing the measures from the EU Action Plan for Financing Sustainable Growth, and started collecting data on ESG factors for the rating process and disclosed them for the first time pursuant to the Sustainable Finance Reporting Directive.
- We made great progress in aligning our own portfolio with the goals of the Paris Climate Agreement.
- We issued two further green bonds.

TCFD, strategy, recommended infor-



Opportunities and Risks from ESG Factors

At BKS Bank we define sustainability and ESG risks as events or conditions from the areas of environment (E), social (S) or governance (G) which may – in fact or potentially – have negative effects on the assets, financial position and result of operations or on the reputation of our company. This also includes any negative impact that our business activities may have on social, employee and environmental matters. We consider ESG opportunities to be those that generate tangible or intangible benefits for our company through our sustainability activities or achieve positive impacts on the environment through our activities.

Management of sustainability risks

Risk Management has subunits for strategy, operations and auditing. The Management Board has overall responsibility for the revision and implementation of the risk strategy and for monitoring risk management – and therefore for ESG risk management. The

Management Board regularly informs the Risk Committee and the Supervisory Board of risks and opportunities arising from ESG factors.

The management of sustainability risks resembles a tight mesh within the individual risk types of BKS Bank. Therefore, the risk policy principles for managing ESG and, in particular, climate risks refer to the different management levels and risk categories of BKS Bank.

Generally, the Bank's operating units manage risks independently within the framework of the specifications for their areas. Several interdisciplinary risk committees provide comprehensive support for this process. Risk is monitored by Risk Controlling. Internal Audit is an independent unit that also audits how sustainability risks are managed. To ensure that Risk Management is sufficiently informed about CSR issues, the Head of Risk Controlling participates in the quarterly CSR jour fixe meetings.

ESG risk management process



A detailed description of how risk management is organized at BKS Bank is given in the "Risk Report" contained in the Annual Report.

Due diligence processes to identify ESG risks and opportunities

We rely on many due diligence processes to identify, evaluate and manage ESG risks and opportunities. A few examples are given in the tables on the following pages. Our assessment of ESG risks is based on a medium to long-term observation period¹. This applies in particular to risks arising from climate change, because transitory and physical risks do not have an immediate impact.

ESG factors and the related opportunities and risks are a holistic factor of influence that we assess individually under the aspects of dual materiality². Sustainability risks and opportunities are assessed once a year in the risk assessment and evaluated in the risk strategy. Above all, we also consider the potential interaction between ESG and financial risks.

Impact of ESG factors on BKS Bank

Gross/net risk assessment

The basis of the ESG risk assessment in the reporting year was a gross/net risk assessment. By gross risk, we mean the maximum risk that may arise without

applying any mitigation measures. The net risk indicates the remaining risk when mitigation measures are considered. In this risk assessment, all risk types were evaluated by probability of occurrence, the magnitude of potential gross risks and net risks with the categories low, medium and high. Furthermore, the risks are assigned to E, S or G, and a detailed analysis is made regarding possible physical or transitional risks from climate change³.

In most cases, the findings showed a low the probability of occurrence of ESG risks. With few exceptions, such as credit risk, reputational risk and risk arising from the bank's business model, the gross risk was rated as low or medium. The dependence of Oberbank on natural capital is also low. The diverse range of risk-reducing techniques and measures used at BKS Bank resulted in the net risk being classified as low. The only exceptions were risks from the macropolitical environment, which were classified as medium. Adjustments to the business model motivated by climate change will not have any significant impact on the number of employees.

ESG risks in credit risk

The EU's Green Deal and the related plans for changes and regulations such as emissions pricing, transitioning to a circular economy, and the Directives that may be expected on biodiversity, mobility, etc., will affect many of our customers.

¹ BKS Bank defines a period of one year as short term, a period of one to five years as medium term, and period of over five years as long term.

² Dual materiality perspective means that in addition to financial materiality, environmental and social materiality are also considered.

³ Physical risks from climate change are those that arise as direct consequences of climate change. These can be extreme weather events or natural disasters, for example. Transition risks or transitory risks arise from the transition to a climate-neutral economy and society, for example, from legislation, changes in customer behaviour, and technology developments.

Selected due diligence processes and mitigation measures

ESG risk type

Examples of due diligence processes and mitigation measures

Due diligence processes	
A structured strategy process ensures that we address ESG risks in our business, sustainability and risk strategies, and derive mitigation measures.	E, S, G
Once a year, the Risk Controlling department carries out a risk assessment and a stress test. In this context, transition and physical risks are transposed to bank-specific risks and the customer portfolio is reviewed with respect to its vulnerability to climate risks.	E, S, G
CLIMAID is a dynamic tool for identifying and visualizing ESG risks at the portfolio level and for determining ESG scores for individual clients. Based on these results, we create heat maps that indicate which customer groups and geographic regions may be especially exposed to ESG risks.	E, S, G
We document soft facts on ESG risks in the credit rating.	E, S, G
In the materiality analysis and stakeholder engagement, we assess the impact of our business model on society, the environment, and what stakeholders expect from us.	E, S, G
Opportunity and risk analyses as well as a context analysis reveal the threats, as well as the potential ESG has for our company.	E, S, G
We conduct regular analyses to assess the threat to BKS Bank's critical infrastructure from the physical risks of climate change.	E
An analysis of the carbon footprint of our product portfolios shows what we need to change the way to a low-carbon economy.	E
Our regular employee surveys are an important tool for measuring the appeal of BKS Bank as an employer.	S
The customer surveys conducted every two years help us find out how attractive BKS Bank is to customers.	S
The units responsible for compliance, anti-corruption and AML management prepare comprehensive risk analyses and ensure compliance with the law.	G
Mitigation measures	
We have a structured sustainability organisation established.	E, S, G
An internal framework for sustainability management defines the areas of responsibility for all CSR-related tasks.	E, S, G
We use EFQM and EMAS management systems.	E, S, G
We use external ratings and certifications (e.g. ISS ESG, Green Brand, ÖGNI, EMAS) as a basis for further development.	E, S, G
We have an internal structured product introduction process, which also covers sustainability aspects.	E, S, G
Sustainable products are an essential part of the products we offer.	E, S
We train our employees on the topics of governance, environment and social issues.	E, S, G
We conduct regular fit & proper training courses for Supervisory Board and Management Board members as well as for senior management staff on sustainability and ESG risks.	E, S, G
An Ombudsman's Office for complaints management has been set up.	E, S, G
We have defined exclusion and positive criteria for agent and proprietary transactions as basis for deciding with whom we do business.	E, S, G
We have manuals that present the guidelines and processes in a structured manner.	E, S, G

The effects of the measures taken will be felt already in the short to medium term. Over the long term, some industries are expected to adapt their business models to the risks of climate change. Even though many companies are currently focused on mastering the healthcare crisis and the challenges of climate change, measures to mitigate social and governance risks are gaining importance. In Germany, supply chain legislation was passed which, among other things, stipulates high standards for human

rights compliance for the entire value chain of a company.

We have been collecting soft facts on ESG factors for the credit rating process of corporate and business customers since July 2021. The very gratifying result: only one to two percent of BKS Bank customers have a greater exposure to ESG risks, while 22% to 27% scored better than the average in the assessment, as shown in the table below.

Loan portfolio: Results of the soft fact analysis

Ranking ¹	Environment: Physical risks	Environment: Transition risks			Social risks	Governance risks
	Object of business	Assets	Stranded assets	Renewable energy, circular economy		
1 to 3	22%	21%	26%	27%	27%	24%
4 to 7	76%	78%	73%	72%	73%	76%
8 to 10	2%	1%	0%	1%	0%	0%

¹ Companies ranked from 1 to 3 performed above average in the scoring, with those ranked from 4 to 7 being average, and those ranked from 8 to 10 negative.

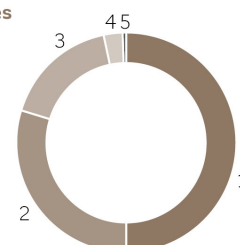
The loan portfolios of retail and corporate customers were also analysed using CLIMAID. This tool assesses ESG risks for individual customers and for portfolios. The calculation of ESG risk scores is based on data queried from several external data sources. ESG risk scores from 0 to 100 indicate the extent to which customers are affected by ESG factors. Around 80% of our loan portfolio has a very good score, and 16.8% in a good range. Only 2.9% was rated as requiring improvement. 0.3% will be investigated further and monitored due to the poor scoring.

The industry evaluation “exposure by ESG risk scores” on the next page shows that the industries in which BKS Bank has high

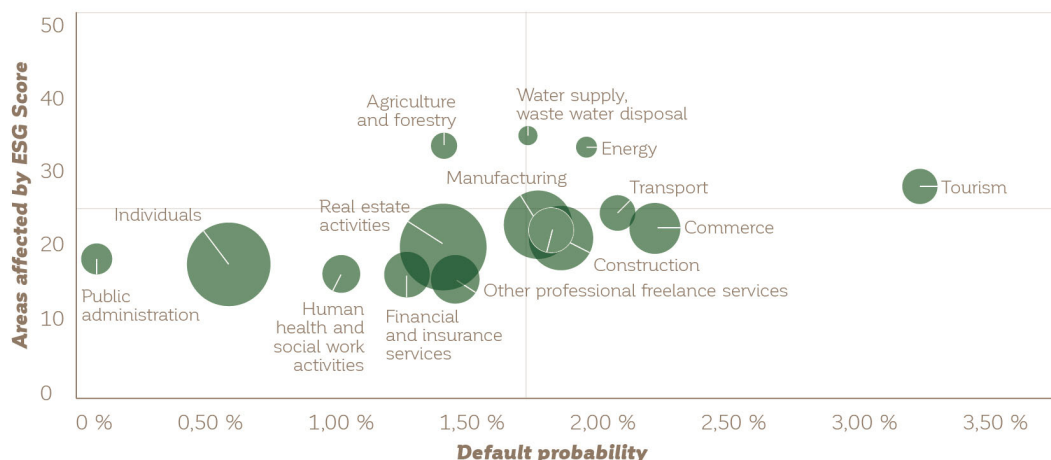
lending volumes have below-average ESG risks. Industries in the upper right quadrant are the ones most affected. The size of the sphere indicates BKS Bank's lending volume in the respective industry. Agriculture, water supply and waste management, the energy sector and tourism have the highest risk exposures.

Share of loan portfolio pursuant to CLIMAID ESG risk Scores

	ESG-Score	in %
1	0-10	50,0
2	11-20	29,9
3	21-30	16,8
4	31-40	2,9
5	41-50	0,3
6	51-100	0



Exposure nach ESG-Risikoscores



Geographical risk assessment

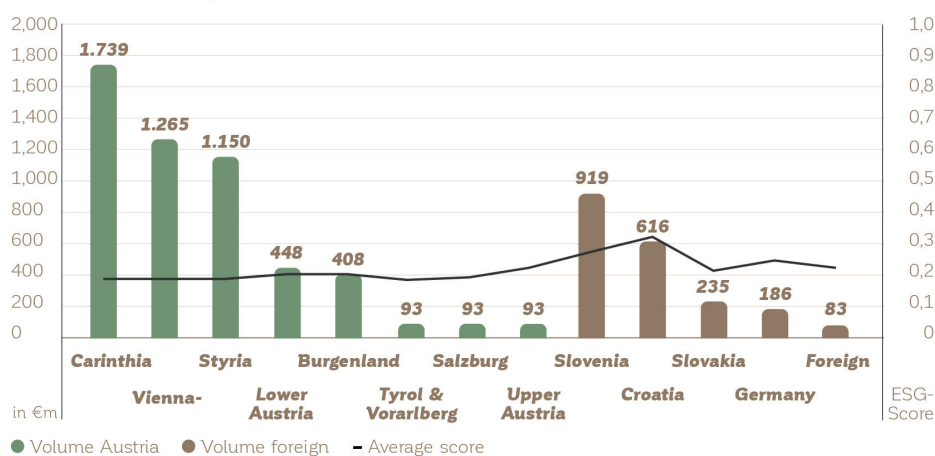
BKS Bank's main markets are located in different climate zones, so the impact of climate change varies from country to country. Therefore, the geographical CLIMAID score distribution also varies by ecological aspects. While the Austrian markets generally performed well, Croatia and Slovenia still have some catching up to do, as shown in the chart "ESG risk scores by target market". The bars represent credit volumes in the target

market. The black line stands for the mean value of the ESG risk score.

Critical infrastructure

We also analyse our critical infrastructure for physical climate risks. Basically, the findings show a low threat potential. In 2021, Business Continuity Management investigated whether flooding could pose a significant risk to our site in Rijeka. To safeguard headquarters against a blackout, it was equipped with an emergency power supply in 2021.

ESG risk scores by market



Opportunities from the business model

Banks play a key role in the transformation process towards a low-carbon economy and society. Therefore, we believe there are many opportunities for our bank due to growing demand for sustainable products and BKS Bank's good reputation as a responsible bank. Our reputation also increases our attractiveness as an employer. Our CSR activities have resulted in many cost savings.

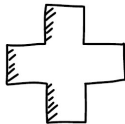
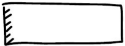
Impact on society and environment

BKS Bank's business model has direct and indirect effects on the environment and society. The direct aspects are directly related to our activities. As an example, we would like to mention the emissions we generate with our business operations. Environmental and social aspects that we can only influence to a

limited extent are referred to as indirect aspects. These include impacts caused by our products such as by the loans we grant.

To assess the positive and negative impacts, we carry out an opportunity/risk analysis and a context analysis at least once a year. These analyses showed that both the gross and net risks can be classified as low. To minimize the negative impacts and identify areas that need improvement, we communicated regularly with our stakeholders. We have also defined a code of conduct and guidelines at our bank that defines the transactions we want to engage in and which ones we avoid. We comply with international standards, such as the UN Global Compact, the standards of the International Labour Organisation, and are also a partner of the WWF CLIMATE GROUP and a member of "turn to zero".

Examples of positive and negative impacts on the environment and society

E S G			E S G		
<ul style="list-style-type: none"> • Our sustainable products finance ecological, sustainable investments • Digital offers help reduce travel to branches • Our green buildings make a contribution to climate change mitigation 	<ul style="list-style-type: none"> • We offer 1,100 secure jobs • Local procurement in our regions supports local economies • We help reduce poverty by our advisory services for retirement and investment, and with our sponsorships 	<ul style="list-style-type: none"> • We contribute to the prevention of money laundering and terrorism financing • Our ombudsman's office is the point of contact for customer complaints • We pay all taxes and charges thus contributing to economic development 	<ul style="list-style-type: none"> • Emissions produced by our business operations contribute to climate change • Loans may contribute to over-indebtedness • Environmental damages may be caused in our value chain 	<ul style="list-style-type: none"> • Digitalisation may result in branches to be closed • Kredite können einen Beitrag zur Überschuldung leisten • Our emissions may be hazardous to health 	<ul style="list-style-type: none"> • BKS bank accounts may be used for criminal activities • Data protection breaches may cause customer data to become public • Infringements of the obligation to provide advice may cause customers to suffer financial damage

Creating value

The value chains in the banking industry have come under increasing scrutiny in recent years. On the one hand, their business models are under pressure due to the macroeconomic environment, diverse competition, and the numerous regulatory requirements. At the same time, the financial industry plays a key role in the financing of the green deal. Therefore, value chains in the financial sector are currently changing.

Employee know-how is still the most important input factor, but investments in digital transformation and automation are critical for remaining competitive. This requires large volumes of financial resources and these are incurred in addition to the costs of maintaining our branch network. The development of new products – which are often sustainable and, above all, available online – is becoming more important than ever. A growing number of banks are withdrawing from business areas or markets again, because these are not lucrative enough for them. This is especially true for traditional savings products, as these are losing appeal for customers due to low interest rates. While for a long time, products were sold only through

branches, the number of products sold through customer portals and apps is steadily increasing. Google Ads and social media are replacing print media as the most important advertising medium.

What has not changed is output in the form of residential property, commercial real estate, public and corporate infrastructure or making financial provisions for old age, to name just a few examples.

The value chain of BKS Bank is also undergoing the changes described above. However, what sets us apart from other banks is that we have had a large share of sustainable products in our portfolio for a long time, and we did not start working just yesterday to achieve a green and social impact with our products. Our efforts enable sustainable production processes, green buildings and social housing, low-emission mobility, renewable energy facilities, and also social care facilities. With our investment and retirement products, we help reduce poverty and enable people to maintain their living standards, also in retirement. We work today to preserve quality of life tomorrow.

Value chain of BKS Bank



GRI 102-9 Supply chain

Group of Consolidated Companies

Group of consolidated companies

The Sustainability Report relates to the entire group of consolidated companies of BKS Bank. These include 14 credit institutions and financial institutions as well as companies providing banking-related services, including domestic and foreign leasing companies.

There are two changes to the scope of consolidation compared to the 2020 financial year: As at 31 December 2021, E2000 Beteiligungsgesellschaft m.b.H. was consolidated for the first time. This company builds, rents and manages the project "BKS-Lebenswert" in Eisenstadt. BKS Hybrid beta GmbH was liquidated and is therefore no longer part of the group of consolidated companies. It served to settle a hybrid bond that was redeemed in the reporting year.

The following overview presents the companies consolidated pursuant to international accounting standards. Associated companies are included in the consolidated financial statements on the basis of uniform materiality provisions applicable throughout the Group, as well as quantitative and qualitative parameters. Materiality criteria are mainly the total assets of the subsidiaries, the proportionate equity at associates, and the number of employees of the respective company. A detailed description of the individual companies is given in the Annual Report starting on page 76.

Group of consolidated companies

Credit institutions and financial institutions	Consolidated	Recognized using the equity method	Proportionate consolidation
BKS Bank AG, Klagenfurt	✓		
BKS-Leasing Gesellschaft m.b.H., Klagenfurt	✓		
BKS-leasing d.o.o., Ljubljana	✓		
BKS-leasing Croatia d.o.o., Zagreb	✓		
BKS-Leasing s.r.o., Bratislava	✓		
Oberbank AG, Linz		✓	
Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck		✓	
ALPENLÄNDISCHE GARANTIE - GESELLSCHAFT m.b.H., Linz			✓

Other consolidated companies

BKS Zentrale-Errichtungs- u. Vermietungsgesellschaft m.b.H., Klagenfurt	✓
E2000 Beteiligungsgesellschaft m.b.H.	✓
Immobilien Errichtungs- u. Vermietungsgesellschaft m.b.H. & Co. KG, Klagenfurt	✓
IEV Immobilien GmbH, Klagenfurt	✓
BKS Service GmbH, Klagenfurt	✓
BKS Immobilien-Service Gesellschaft m.b.H., Klagenfurt	✓
BKS 2000 - Beteiligungsverwaltungsgesellschaft mbH, Klagenfurt	✓

Economic Development

BKS Bank achieved gains and surpassed key thresholds in the past year. BKS Bank's total assets surpassed the EUR 10 billion mark for the first time in our 100-year history, and primary deposits reached a record volume of over EUR 8 billion. Net income for the year after taxes was EUR 80.8 million, thus 8.0% higher year on year.

An economic recovery set in on our market in the second quarter of 2021. Even though some sectors were still severely affected by the pandemic, many of our corporate and business customers had full order books again. The construction industry also boomed – not least driven by private residential construction, which stimulated demand for housing loans. The inflow of primary deposits also continued unabated. We therefore look back at a very successful business year.

Excellent trend in lending business

The excellent development is seen in net interest income and net fee and commission income. Overall, interest income including other interest income amounted to EUR 166.9 million. This was

offset by interest expenses of EUR 28.0 million. This resulted in net interest income before impairment charges of EUR 138.9 million (+1.8%) as at 31 December 2021. The risk situation improved continuously in the course of the financial year 2021. Fortunately, the wave of pandemic-related insolvencies expected by many failed to materialize. Nonetheless, we monitored the development of our loan portfolio closely throughout the year and took precautionary measures. The rise in impairment charges to EUR 32.4 million was caused, among other things, by a case of fraud in Croatia. Net interest income after impairment charges was EUR 106.5 million, which is a decrease of 4.4% year-on-year.

Flourishing fee and commission business

In the fee and commission business, we are pleased to report net fee and commission income of EUR 67.1 million (+4.3%). Payment services remained a stable source of earnings in 2021. Net fee and commission income was EUR 23.3 million, which is an increase of 8.6% compared to the financial year 2020, which was severely affected by the coronavirus pandemic.

Key components of the income statement

in EUR million	2020	2021	± in %
Net interest income	136.5	138.9	1.8
Impairment charges	-25.0	-32.4	29.4
Net commission income	64.3	67.1	4.3
Income from companies accounted for using the equity method	30.9	45.0	45.5
Net trading income	2.2	0.8	-64.8
Profit from financial assets	3.6	5.5	51.2
Administrative expenses	-123.2	-125.3	1.8
Profit for the year before tax	84.9	92.9	9.5
Income taxes	-10.2	-12.2	20.1
Profit for the year before tax	74.8	80.8	8.0

At the time, we experienced declines in transactions due to restricted travel, however, transaction figures have returned to normal over the past year. Demand was also high for our know-how in innovative payment systems and treasury. We expanded our ATM network, focusing on our cooperation with municipalities that no longer have a bank branch, thus making an important contribution to supplying cash to the rural population.

Lively securities business

On the one hand, the securities business benefited from an attractive stock market environment, and on the other, from the fact that more and more investors are seeking alternatives to savings passbooks that offer hardly any interest. Therefore, customer assets under management rose from EUR 19.0 billion to EUR 21.2 billion. Net income from securities commissions was excellent at EUR 21.0 million (+13.0%).

The strong performance of capital markets was also reflected in the significant improvement of results from financial assets/liabilities, which at EUR 5.4 million exceeded the preceding year's figure by 51.2%. Income from companies accounted for using the equity method attained EUR 45.0 million, which is around the pre-pandemic levels.

Slightly higher administrative expenses

In the past financial year, we once again succeeded in keeping administrative expenses within limits at EUR 125.3 million (+1.8%). As a service provider, personnel costs traditionally account for the largest part of administrative expenses. For 2021, these amounted to EUR 74.7 million, an increase of 0.3%. The reason for the slight increase is primarily attributable to the average increase of

1.4% in wages and salaries under the collective wage agreement. The cost/income ratio was 51.1%.

+8.0% gain in net profit

The excellent business performance in 2021 resulted in net profit for the year after tax of EUR 80.8 million. Year on year it was 8.0% higher and significantly better than expected at the beginning of 2021.

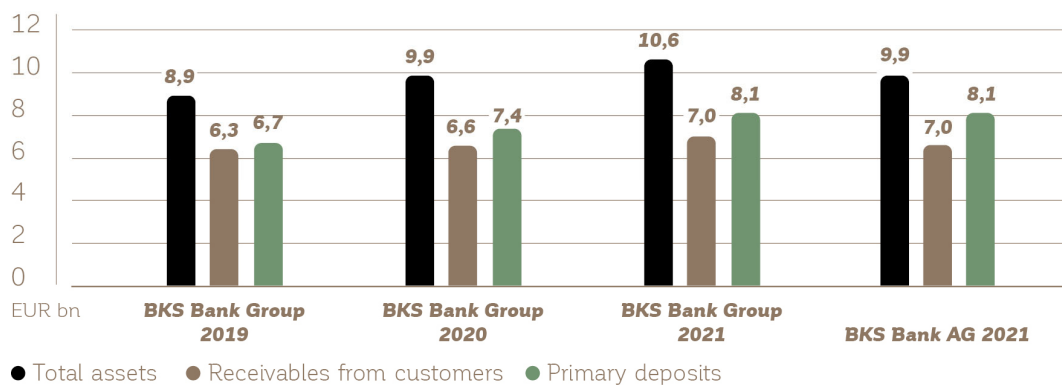
Total assets EUR 10.6 billion

We are highly satisfied with the development of the key performance indicators. We started our jubilee year with a record level of total assets. For the first time in the company's history, it surpassed the threshold of EUR 10 billion and rose to EUR 10.6 billion. At the end of the preceding year, it was EUR 9.9 billion.

Robust demand for loans

The lending business was very successful in 2021. Investment activity in the business sector was up – also supported by government incentives – and rose by 7.1% to EUR 5.5 billion in loans granted to corporate customers. Many loans were granted to small and medium-sized enterprises – an important customer segment of BKS Bank. In the retail segment, lending growth was slower and the volume of loans granted was EUR 1.5 billion. Demand was also noticeably higher for residential loans. We are very pleased that our leasing companies also recorded a very positive development of business. The total present value of lease contracts of domestic and foreign leasing companies was EUR 577.2 million. In total, receivables from customers was nearly EUR 7.0 billion, which was an increase of 5.9% compared to year-end 2020.

Development of key balance sheet figures



High level of cash

The cash reserve, which comprises cash on hand and balances at central banks, once again reached an all-time high at year-end 2021. Compared to the preceding year, the cash reserve increased by more than a third to EUR 1.5 billion. This high level is an indicator of the large liquidity surpluses in our core markets.

Record high in primary deposits

Primary deposits were also up, breaking a new record in the reporting year. The year-end figure of EUR 8.1 billion represents an increase of 9.7%. In 2018, the volume of primary deposits was EUR 6.2 billion and thus significantly lower. This development is impressive and we are very pleased with the trust placed in us by our customers. Nonetheless, high deposit volumes are also a burden. Negative interest of 0.5% is due on short-term investments of customer funds with the European Central Bank.

Solid capitalization

As at 31 December 2021, BKS Bank was required to meet the following minimum capital ratios:

- 5.5% for common equity tier 1 capital
- 7.3% for tier 1 capital
- 9.7% for the total capital ratio

The common equity tier 1 ratio increased slightly from 11.8% to 11.9% despite the steep rise in total assets. The tier 1 capital ratio also increased from 12.8% to 13.0%. The total capital ratio improved from 16.2% to 16.6%.

Sustainability at BKS Bank

We act sustainably to protect
the quality of life
for future generations.

Wood grouse

The wood grouse (*Tetrao urogallus*) is the largest member of the grouse family in Europe. The wood grouse population is decreasing because of loss of habitat.



Quality and Sustainability – A Symbiosis

The EFQM management system allows us to identify issues today that will be important tomorrow.

The EFQM model is a quality management system launched in 1988 by the European Foundation for Quality Management. Since then, the model has been revised several times. Most recently in 2020. The ten principles of the UN Global Compact and the Sustainable Development Goals played a key role in the development of the new model. The topic of sustainability is now also a common thread in the model linking the topics business purpose, vision and strategy.

The structure of the EFQM model follows the logic of the following¹ questions:

- **Why** does the organisation exist, what purpose does it serve? Why exactly is it pursuing the current strategy? (Orientation)
- **How** does it intend to achieve its purpose and implement its strategy? (Realization)
- **What** has it achieved so far? What does it want to achieve in the future? (Results)

BKS Bank also asks itself these questions on a regular basis in its structured

corporate and sustainability strategy processes to be able to identify and address any necessary changes in time. The highly dynamic environment does not permit us to just continue "business as usual".

Valuable decision-making tool

Our customers expect a responsible business policy, excellent advisory services and modern, digital products. We must think ahead to assess which of the many trends coming our way will be of lasting significance. The holistic EFQM view of the organisation provides valuable support for decision-making. This is because it encompasses the strategy, processes, and the identified potential for improvement, and compares it to the key performance indicators. In this manner, areas requiring action are rendered measurable and visible.

We believe that we benefit from the use of these management systems. In the last two quite demanding years of the coronavirus pandemic, the systems have helped identify important aspects that need further development. We are therefore confident that we will be able to master the coming challenges such as the digital transformation and the impact of climate change on our business model well.

¹ The EFQM Model, EFQM, 2020, page 9

Sustainability Management

BKS Bank has implemented a holistic sustainability strategy with five fields of action: strategy and governance, employees, products and innovation, environment and climate protection, society and social affairs. Based on the

Sustainable Development Goals (SDGs), we have defined seven goals as our areas of priority using the following questions: Can we influence the goals? Does an SDG offer opportunities for us? Does this create an impact for society?

SDGs prioritized by BKS Bank

Priority SDG

Reasons for the choice

	<p>Poverty remains an issue that is present – albeit often hidden – in all of BKS Bank's market areas and disproportionately affects women and families with many children. We can alleviate poverty through our retirement, savings and investment products as well as financial education and sponsoring.</p>
	<p>Quality education is a key element for financial security. The professional competence of our employees is a valuable competitive advantage for us. We contribute to quality education by supporting educational institutions and through our education and training programme.</p>
	<p>Austria is still one of the worst performers in Europe in terms of the gender pay gap, and women are significantly underrepresented in management positions. BKS Bank is also working to increase the percentage of women in management positions and to reduce the gender pay gap.</p>
	<p>BKS Bank offers its employees high-quality jobs. We also influence our customers' business policies with our lending guidelines and investment strategies.</p>
	<p>Our bank is an important partner for companies in our markets. We enable investments in innovation, infrastructure and regional value creation through the loans we grant.</p>
	<p>Sustainable financial products have a major impact on the environment, climate protection and society. We are aware of this responsibility and are expanding our range of sustainable products.</p>
	<p>We contribute directly to climate change mitigation by making our business operations environmentally-friendly. Green loans and sustainable investment products give our customers the option of investing in climate change mitigation.</p>

Organisation of sustainability

We have established a sustainability management structure at BKS Bank to ensure that we are able to achieve our strategic sustainability goals. The areas of responsibility are defined in the "Internal Framework for Sustainability Management".

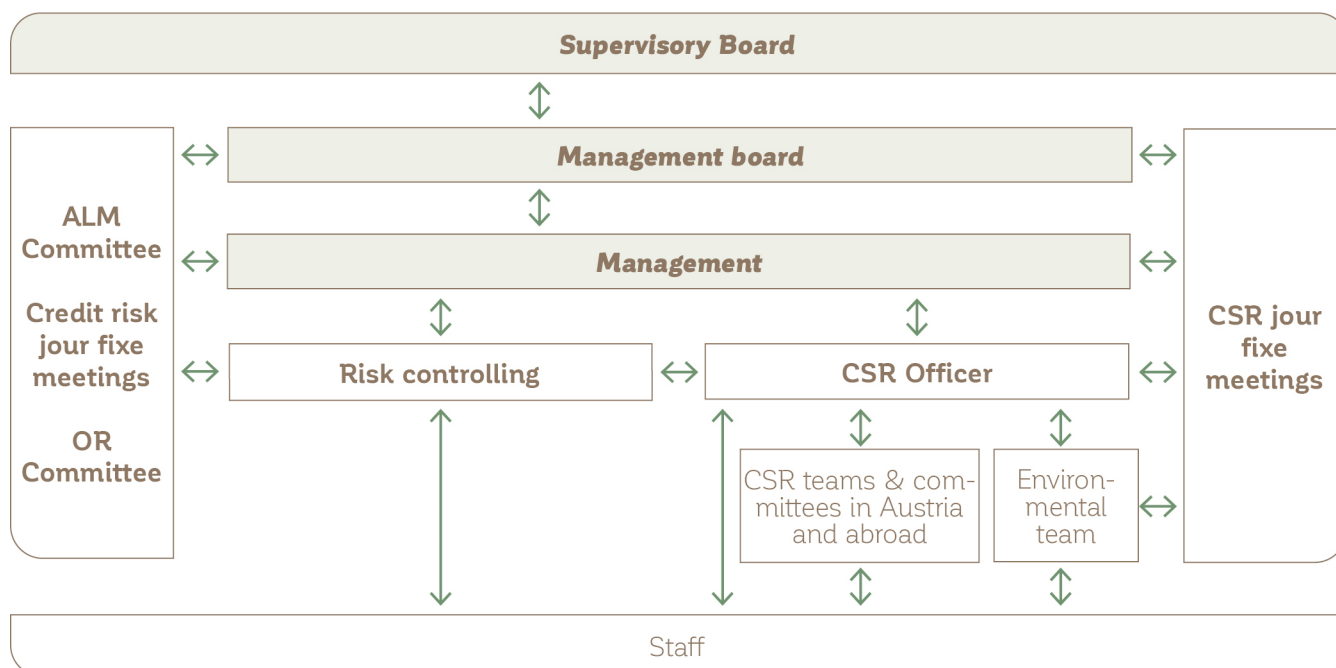
Sustainability is a defined area of responsibility of the Chairwoman of the Management Board due to its importance for BKS Bank. The Chairwoman reports regularly to the Supervisory Board on the progress of our sustainability strategy. The potential for further development of the sustainability strategy is also a topic discussed at the annual strategy meeting of the top management.

The CSR Officer develops the CSR programme and coordinates the actions taken with the domestic and foreign CSR teams. These teams are made up of managers and employees from many different departments.

At regular quarterly CSR meetings, the sustainability strategy and its implementation are discussed and analysed with the individual members of the Management Board, and decisions on new activities are taken. Managers and employees are informed regularly on progress achieved and measures taken.

ESG risks and opportunities, especially climate risks, are evaluated in a risk assessment process, included in the risk strategy, and assessed for individual customers based on soft facts; they are also discussed and evaluated broadly at regular credit risk meetings and by the ALM Committee.

Sustainability organisation at BKS Bank



GRI 102-18 Management structure

GRI 102-19 Delegation of authority

GRI 102-20 Responsibility at board level for economic, environmental, and social topics

TCFD, governance, recommended information a)

Management Approach – Strategy and Governance

"Strategy and Governance" is the area which focuses on the management and development of sustainability activities at BKS Bank. BKS Bank is a member of the UN Global Compact and of several CSR organisations, such as "respACT - austrian business council for sustainable development", "Verantwortung zeigen!" and "turn to zero". We communicate and share views with other companies and organisations and take part in industry events and training courses to stay abreast of the latest developments in all CSR topics. We placed a focus on the sustainability certification of our investment advisors and account managers for private banking clients in the reporting year.

The goal is to preserve our leading position in the area of sustainability, and therefore, our competitive advantage. We are proud of the recognition of our achievements such as "prime" status in the sustainability rating of ISS ESG, inclusion in the VÖNIX index, and a rating of at least AA by MSCI ESG for our treasury bond portfolio. We have established a structured process for the development of our sustainability strategy and for sustainability management to achieve our goal. Responsible corporate governance is an essential factor for a financial institution's good reputation, as is the ability to identify strategic opportunities and risks, including those arising from ESG factors in time.

The corporate strategy of BKS Bank aims to achieve sustainable growth. In addition

to economic aspects, sustainability factors have long since played a major role in the strategic orientation of our company. Climate change, a more diverse society, rising social inequalities, changes in political stability, all of these factors have an impact on our business model. Therefore, we monitor potential developments very closely and consider them in our business decisions at an early stage. Examples of such decisions include the expansion of the range of sustainable products, adaptations to the risk strategy, and the exclusion of certain sectors from customer business. We have set up an extensive

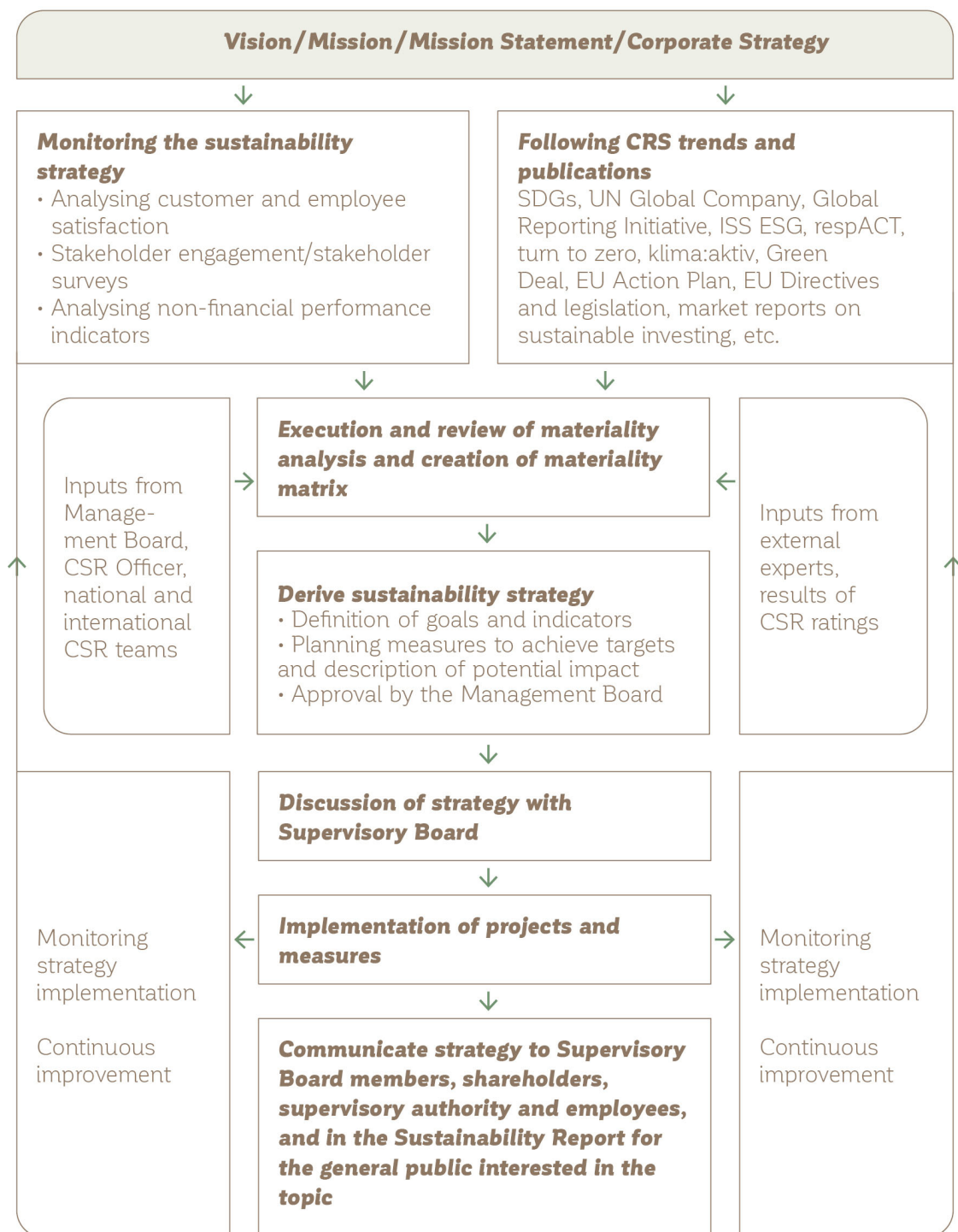
- compliance management system,
- data protection system, and an
- internal control system

to ensure that all laws, regulatory requirements and other external and internal rules are complied with. The internal audit department as the third line of defence regularly checks compliance with governance standards, processes and the efficiency of business operations. This ensures the good management of the essential topics of this field of action, specifically

- Governance and compliance
- Anti-corruption
- Data protection
- Economic stability and growth as well as
- Focus on the future

Some risks remain that may nonetheless materialize.

Our sustainability strategy process



Management Approach – Employees

BKS Bank is an attractive employer with loyal, committed employees, with many of them having worked for our bank for many years. Since the banking business requires a lot of experience and know-how, long-term employees are very important to us. When we fill new positions, it is crucial for us to hire highly qualified employees. The shortage of skilled workers is worsening especially in the areas of digitization and compliance, and it is becoming harder to find experts for legal and tax matters.

Our employees are an important stakeholder group for the preparation of the materiality analysis, and therefore, they also influence the selection of topics deemed material for the area of employees. The current topics are

- Occupational safety and health
- Education and training
- Diversity and equality
- Fair employer

We use external certifications and evaluations as well as employee surveys to identify the key factors for further development, and improve job satisfaction and motivation.

We believe that the many challenges facing the banking business require a high level of resilience and openness to change in our employees. That is why we also offer our employees support measures that go beyond their professional lives. We encourage them to act independently and value their loyalty and commitment. Our managers support employees with their work by defining clear targets and acting with a view to future trends.

All employees have access to extensive training courses and further education,

health promotion schemes, and measures to reconcile work and family life.

The Works Council is an important partner for balancing the interests of employers and employees.

Management Approach – Products and Innovation

Our objective is to firmly establish sustainability in our core business and fully exploit the innovation potential of CSR. In this context, the following key topics identified are

- customer satisfaction and product responsibility
- sustainable financing, and
- sustainable investment

We measure the progress achieved by the volume growth of our sustainable products. Among other things, our aim is to extent at least EUR 200 million in sustainable loans annually and to align our own portfolio with the Paris climate targets.

The development of our sustainable products and customer advisory services is the responsibility of the respective competent department. External certificates, such as the Austrian ecolabels for sustainable financial products or second party opinions, certify the sustainability of our green products transparently and credibly for our customers. Analyses of customer satisfaction and systematically evaluated feedback from new customers guarantee that customer expectations are taken into consideration when developing our services. To ensure that we do not put any products on the market that do not meet our sustainability standards, we also integrated the ESG criteria into our standardized process for new products, which is monitored by Risk Controlling. ESG factors are also taken into account in asset allocation in the asset management variants we sell in Austria.

Audits by the Internal Audit department ensure that all product guidelines are strictly complied with – also with regard to disclosure and customer information requirements.

Together with HR Management, thematically suitable training concepts are developed for our employees. In cooperation with other expert departments, Sales is responsible for ensuring that customers are sent up-to-date information on our sustainable products. Sales Controlling provides monthly information on volume trends in sustainable products.

Management Approach – Environment and Climate Change Mitigation

BKS Bank wants to make a tangible contribution to environmental protection and climate change mitigation, which is why the field of action under the same heading plays a key role in our sustainability strategy.

The following were defined key topics:

- Decarbonization, carbon footprint, emissions
- Energy consumption
- Environment and climate change mitigation

We aim for climate neutrality over the long term. We joined the organisation “turn to zero” (formerly Klimaneutralitätsbündnis 2025) to share views with like-minded companies in the reporting year.

Sustainability awards

Prime at ISS ESG

ISS ESG is an internationally recognized company specializing in sustainability ratings. BKS Bank completed the rating process most recently in 2018. We are proud that our rating of C+ on a scale from A+ to D- places us in the “prime” standard rating category. In our rating class, no bank is rated better than B-.

VÖNIX index member

BKS Bank ordinary shares 2021/22 were included in the VÖNIX sustainability index for the sixth time in a row.

The VÖNIX includes Austrian companies listed on the Vienna Stock Exchange that are leaders in the fields of environmental and social activities and services.

Sustainability Award of the Vienna Stock Exchange

In the summer, we received the Sustainability Award in the category “Financial Services” from the Vienna Stock Exchange. A decisive factor for the award was BKS Bank’s pioneering role for sustainable products.

Green brand

BKS Bank is permitted to use this EU label as a particularly ecological and sustainable company.

Austrian Sustainability Reporting Award (ASRA)

In November, we were very pleased to receive a special award for our sustainability report: it was named best report in the category “Large Companies” by ASRA for the first time.

Innovative company

Based on a study by Milestones in Communication and IMWF Institut für Management- und Wirtschaftsforschung, the news daily “Kurier” awarded our institute the distinction “Innovative Company”.

Decarbonization activities regarding products are the responsibility of the respective competent department and are coordinated by the CSR Officer. We have been calculating the carbon footprint for our own activities since 2012. However, since we know that the share of emissions caused indirectly by our product portfolio is many times higher, we decided to calculate the financed emissions in accordance with the Partnership for Carbon Accounting Financials Standard. Initial calculations for parts of our product portfolio are published in this report. The goal is to define a science-based target and the path to decarbonization for our enterprise in 2022.

The basis for professional environmental management at our bank is the EMAS certification and certification as a green brand. Responsible for achieving our environmental goals in our business operations is the environment team headed by Environmental Officer for environmental matters.

Management Approach – Society and Social Engagement

The years 2020 and 2021 were particularly challenging for many people due to the coronavirus pandemic. Many saw their incomes drop as a result of the numerous lockdowns. The growing divide in society has created uncertainty for many people. The opportunities for fundraising for social institutions and charitable associations also declined, because in-person meetings and events were restricted.

The aim of BKS Bank is to increase equal opportunity in society in the markets it operates. For this reason, we have also assigned "diversity and equality" as key topics to this focus area. To achieve our goals, we support numerous organisations with financial resources, in-kind contributions and corporate volunteering. When deciding which projects to support, we are guided by our sponsorship principles. Requests are discussed at regular monthly meetings with the Management Board. Decisions take into account the impact of our engagement on society and the environment.

As a bank with strong relationships and regional roots, it is important to us to promote the idea of CSR. For this reason, we participate in CSR networks. When selecting networks, we look closely at their objectives in terms of social and environmental sustainability as well as their regional ties.

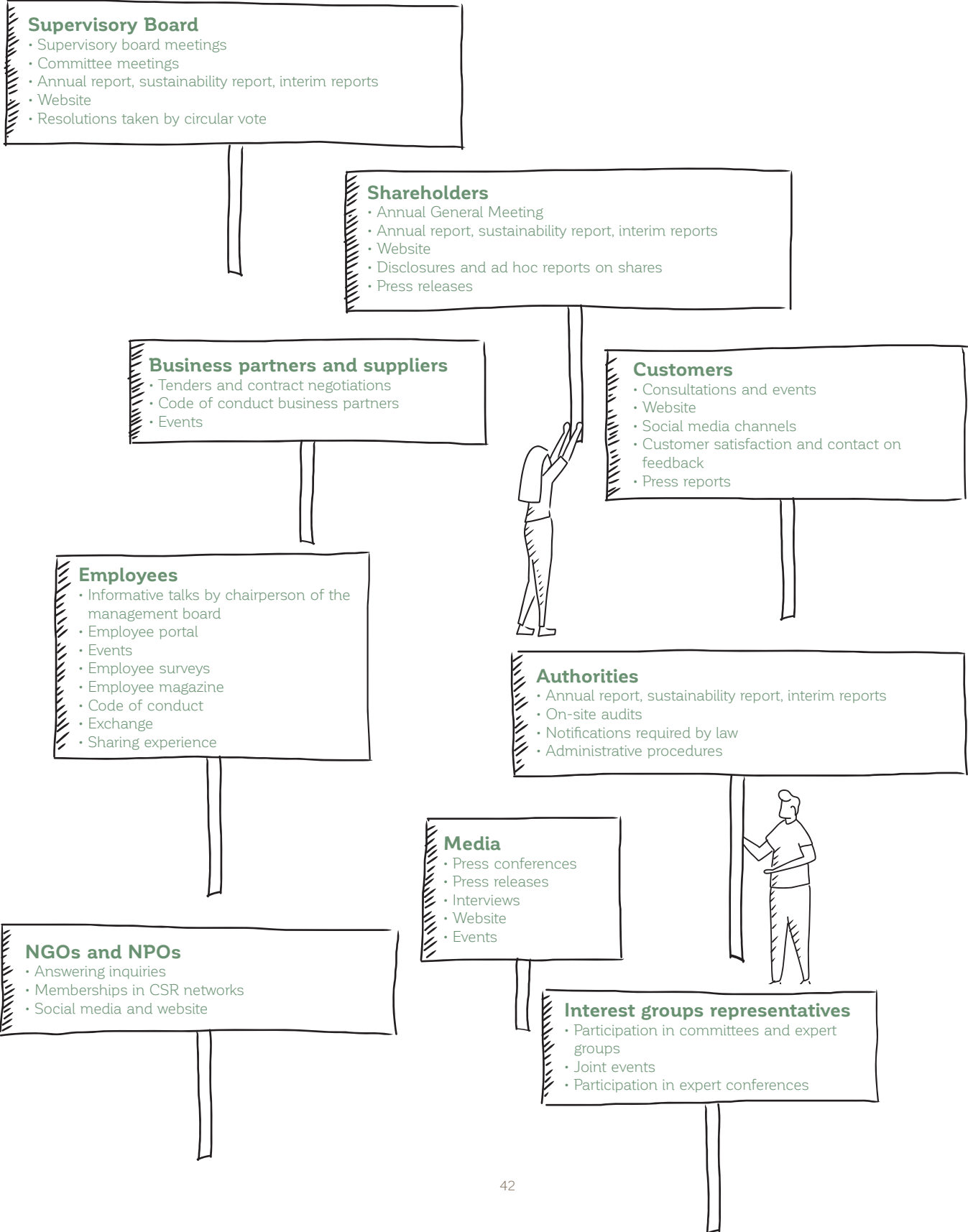
Key indicators used

All key indicator disclosed in this report relate to the BKS Bank Group. If different indicators are used in some cases or if the reporting of an indicator has changed compared to the preceding year, we point this out where it occurs in the text of the report. The single-entity financial statements of BKS Bank AG are not presented. BKS Bank AG has a dominant position within the Group, and therefore, its non-financial performance indicators differ only minimally from those of the BKS Bank Group.

Stakeholder dialogue

Stakeholders of BKS Bank are all persons and groups of persons as well as organisations and institutions which have a financial, economic or social interest in

the decisions taken by BKS Bank.
The following mechanisms used for stakeholder dialogue include:



We organize various stakeholder dialogue events every year to ensure a regular dialogue with our stakeholders.

Expert discussion on the Green Deal

In the year 2021, we discussed the topic "Green Deal: An Opportunity for Innovation?" with selected sustainability experts from our customer base, NGOs, interest groups and employees. Natalie Glas, Head of the Green Finance Team at the Umweltbundesamt (Environment Agency Austria), gave a keynote talk on the Green Deal and the EU Taxonomy. Innovation and sustainability expert Claudia Winkler explained how sustainability can promote innovation. Afterwards, discussions were held in three groups on the following topics:

- Challenges of the Green Deal for individual industries
- Opportunities for innovation of the Green Deal from the standpoint of participants
- How banks can support companies in the transition to a low-carbon economy

The discussions made it clear with respect to the last topic that participants expect awareness-raising measures, funding advice and sustainable products.

Employee surveys

We surveyed our employees several times in the reporting year. For example, a Group-wide employee survey was conducted to evaluate employee satisfaction with the workplace health promotion scheme. Detailed results of these two surveys are available in the chapter "Employees". To be able to extend the calculation of the carbon footprint to include our employees' travel to and from work, we conducted an online survey in all our markets.

Valuable customer feedback

In Austria, we conduct customer satisfaction surveys every two years, with the last one being completed in 2021 with very pleasing results as described in detail on page 90. The customer contact feedback introduced in 2020 was improved in the reporting year. The focus of this survey is not on product sales, but on customers' satisfaction with the advice and services offered.

Strategy and Governance

**We think long term for tomorrow's
success**



Common hazel

The fruit of the common hazel (*Corylus avellana*) has been used by humans for thousands of years – and it also provides food for many species of insects.

Green Deal and "Fit for 55": On the path to a low carbon future

The EU's ambitious goal of being the first continent to become climate neutral is bringing about major changes for many industries. For the first time, the "Fit for 55" programme shows the path to be taken.

In 2019, the European Green Deal was presented by European Commission President Ursula von der Leyen with the statement: "The European Green Deal is our new growth strategy. It will allow us to reduce emissions and create jobs at the same time." Specifically, the Green Deal aims to achieve net carbon neutrality for the European economy by 2050. Ever since, the bundle of energy and climate policy measures to be achieved is being continuously evaluated and developed.

In July 2021, the European Commission presented numerous new regulations and directives under the heading "Fit for 55" that will enable us to achieve the first milestone of the Green Deal: lower greenhouse gas emissions by 55% by the year 2030 compared to 1990.

"Fit for 55" in detail

"Fit for 55" includes 13 proposals that address, among other topics, CO₂ pricing and new targets for energy efficiency and farming. The proposals also include plans for sustainable transport.

An important element are the support measures to ameliorate the effects on vulnerable groups of the populations so that – in the words of the EU – no one is left behind.

Focus on sustainable mobility

A detailed look at the measures shows that starting in 2035 it will only be possible to register zero-emission vehicles, for example. As a measure to promote the changeover, the amended Regulation on the Deployment of Alternative Fuels Infrastructure provides for an EU-wide network of fuelling and charging stations for zero-emission vehicles. The plan is to set up charging stations for electric vehicles every 60 kilometres and the possibility of refuelling with hydrogen every 150 kilometres.

Aviation and shipping will also undergo changes. Therefore, under the initiatives "ReFuelEU Aviation" and "FuelEU Maritime", there are plans to promote sustainable aviation and marine fuels. Furthermore, ships calling at European ports must comply with an upper limit yet to be defined for energy consumption. Clean electricity should be available at ports and airports. With respect to CO₂ pricing, there are plans to end the exemption for aviation and shipping. Therefore, the EU is addressing a major point of criticism from rail operators and environmental activists who have long been demanding true costs accounting for air transport.

Ambitious targets for renewable energy

To achieve climate neutrality, the Renewable Energy Directive (RED) and the Energy Efficiency Directive (EED) will also be revised. The 2030 target for the generation of energy from renewable sources is to increase from currently 32% to at least 40%. The EU Commission also proposes industry-specific targets for the use of renewable energy. These concern the sectors of transport, industry, heating and cooling, and buildings. Buildings are responsible for 40% of the European Union's energy consumption. Building renovation and the use of renewable energy sources are key factors for reducing energy consumption and energy costs. Livelier construction activities are expected to create new jobs and boost economic growth in the coming years.

Like all EU countries, Austria is also called on to contribute to the achievement of the Green Deal. The first measures the

government took were CO2 pricing, the Renewable Energy Expansion Act, the climate ticket for public transport, and new rules for decarbonization of building heating systems.

Mobilization of public and private capital

The EU itself estimates that financing the Green Deal will cost over EUR one trillion. The Sustainable Europe Investment Plan (SEIP) aims to raise this amount through public and private investment from 2021 to 2030. A significant part of the EU's financial framework has therefore already been linked to climate targets, and funding programmes are also becoming greener. The financial sector will play a key role in financing as it provides the sustainable loans and investments that makes many of the green investments possible at all.

Sustainability Strategy 2021-2025

Under the heading "With accountability into a liveable future", BKS Bank overhauled its Sustainability Strategy 2020.

The process described below was used to derive strategic sustainability goals and initiatives for each field of action for the period 2021 to 2025. These are based on the materiality matrix also defined in the strategy process.

We reviewed the topicality of our sustainability strategy at the regular CSR meetings with the Chairwoman of the Management Board in 2021. Minor adjustments were made to the wording of the goals, and a major realignment was decided for 2022. There are plans to align our fields of action to the ESG dimensions, integrate the climate strategy into all areas, and expand our engagement strategy.

Process for the preparation of the Sustainability Strategy 2020-2025



Key topics

In 2020, 21 potential material topics were identified based on a benchmark analysis and linked to the SDGs we prioritize. These topics were discussed in

two stakeholder workshops. The following topics were frequently mentioned by the individual stakeholder groups at these talks:

Frequently mentioned topics

Shareholders

- Responsible, future-oriented business model
- Good governance
- Good reputation
- BKS Bank shares as an attractive investment

Company's Boards and Officers

- Reliable partnerships and networking in the region
- Contributing to poverty reduction and increasing financial literacy
- Supporting the way to climate neutrality
- Avoiding greenwashing
- Promoting arts and culture
- Social sponsoring

Customers

- Expansion of range of sustainable products
- Promotion of green energy and future technologies
- Offers for young customers
- Excellent advisory services
- Fair partnerships on an equal footing
- Reasonable cost-to-benefit ratio

BKS Employees

- Securing jobs through training and further education
- Using the diversity of BKS Bank employees as an asset
- Flexible working hour models and fair wages
- Further development of branch and digital business
- Work-life balance
- Reconcilability of work and family life

The outcome of stakeholder dialogues and previous analyses are combined in our materiality matrix. An overview of the chapters that address the main topics in

this report is given in the annex from page 152. We also provide information in this report on some topics not identified as material such as sustainable mobility.

Materiality matrix



Definition of the main topics, allocation to the fields of action of the sustainability strategy

Key issues	Explanation	SDGs
Strategy and governance		
Anti-corruption	Measures to prevent bribery	12
Compliance, Governance	Responsible business ethics with a greater customer focus and high standards for compliance, anti-corruption, prevention of money laundering and data protection	4, 5, 8, 12
Data protection	Measures to ensure data security and data protection	8, 12
Economic stability, growth	Measures to ensure that BKS Bank is profitable and productive, achieves solid results regularly, and is able to grow on its own strength, thus making it a stable partner for the business sector	1, 8, 9, 12
Focus on the future	Secure BKS Bank's high level of innovation and successful digital transformation	4, 8, 9, 12, 13
Employees		
Occupational safety and health	Measures that contribute to increasing the occupational safety and health of BKS Bank's employees	8, 12
Education and training	Measures for the further qualification of our employees	1, 4, 5, 8, 12
Diversity and equality	Promoting diversity and equal opportunities among the employees of BKS Bank	1, 4, 5, 8, 12
Fair employer	Employer behaviour of BKS Bank (job security, social benefits, fair income)	1, 4, 5, 8
Products and innovation		
Customer satisfaction and product responsibility	Responsible customer approach and product design as well as excellent consulting resulting in high customer satisfaction	1, 8, 9, 12, 13
Sustainable financing	Sustainable lending and leasing products for our customers	1, 8, 9, 12, 13
Sustainable investments	Sustainable investment products for our customers	1, 8, 9, 12, 13
Environment and climate change mitigation		
Decarbonization/carbon footprint/emissions	Measures to reduce pollutant emissions released into the environment, with a particular focus on phasing out fossil fuels	9, 12, 13
Energy consumption	Measures to improve energy efficiency at BKS Bank and across our value chain	9, 12, 13
Environment and climate change mitigation	Measures that contribute to combating climate change and preserving biodiversity	9, 12, 13
Society and social engagement		
Diversity and equality	Promoting diversity and equal opportunities in society	1, 4, 5, 8

GRI 102-46 Procedure for defining the content of the report and the topic boundaries

GRI 102-47 List of material topics

Strategic sustainability goals

We defined strategic sustainability goals in 2020 to measure the success of our sustainability strategy and track our progress. This is done using indicators and the goal is meet the targets by 2025. The base value for the comparison is the year-end value of 2019. We present the attainment of our goals in the section "Key performance indicators of the sustainability strategy" on pages 126 and 127.



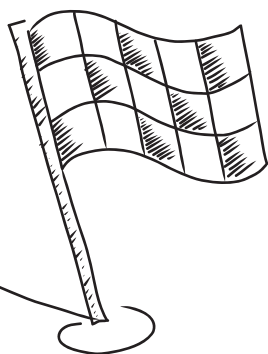
We work and invest for sustainable growth in the attainment of the

- Field of action: Strategy and governance
- Contributes to SDG: 8, 9, 12, 13
- Derived from the key topics: "Economic stability/growth", "Future-oriented"
- Indicators for goal attainment:
 - Credit volume growth greater than 4%
 - Increase in number of customers by 2% per year



We are Austria's most sustainable bank

- Field of action: Strategy and governance
- Contributes to SDG: 1, 4, 5, 8, 9, 12, 13
- Derived from all key topics
- Indicators for goal attainment:
 - Best-in-Class in Sustainability: ISS ESG Prime Status, VONIX Index membership, EMAS certification, Green Brand



Our employees are multipliers for sustainability and social responsibility

- Field of action: Employees
- Contribute to SDG: 1, 4, 5
- Derived from the key topic: "Diversity and equality"
- Indicators for goal attainment:
 - At least 10% of all employees participate in corporate volunteering annually



We value and respect our employees and are proud of them

- Field of action: Employees
- Contributes to SDG: 4, 5, 8, 12
- Derived from the key topics: "Occupational Safety and Health," "Training and Further Education," "Diversity and Equality," "Fair Employer"
- Indicators for goal attainment:
 - Employee survey: Overall satisfaction is at least 1.9
 - Share of women in management positions rose to 35%
 - At least 25% of employees participate annually in the company health promotion programme
 - The gender pay gap has been reduced to 12%



We develop our properties into green buildings

- Field of action: Environment and climate change mitigation
- Contributes to SDG: 9, 13
- Derived from the key topics: "Decarbonisation/Carbon Footprint/greenhouse gas emissions", "Energy consumption", "Environment and climate change mitigation"
- Indicators on goal attainment:
 - At least five green building activities annually



We use digital solutions for sustainable business operations and daily work routines

- Field of action: Strategy and governance
- Contributes to SDG: 8, 9, 12
- Derived from the key topic: "Future-oriented"
- Indicators for goal attainment:
 - The number of MyNet customers rises to 60,000; BizNet customers rise to 6,500
 - We serve 2,500 BKS Bank Connect customers
 - Annual savings of 600,000 km in business trips through the use of video conferencing



We inspire our customers with excellent advisory services

- Field of action: Products and innovation
- Contributes to SDG: 1, 5, 12
- Derived from the key topics: "Customer satisfaction and product responsibility", "Data protection"
- Indicators for goal attainment:
 - EFQM – Recognized for Excellence 7 Star
 - The overall satisfaction rating in our customer survey was of 1.5



We aim for climate neutrality

- Field of action: Environment and climate change mitigation
- Contributes to SDG: 12, 13
- Derived from the key topics: "Decarbonisation/carbon footprint/greenhouse gas emissions", "Energy consumption", "Environment and climate change mitigation"
- Indicators for goal attainment:
 - We will reduce our carbon footprint per employee by 2025 to 0.85 t CO₂ equivalents
 - Total energy consumption decreases to 7.2 GWh by 2025
 - BKS Bank is climate neutral in the long term



We believe sustainability is as an innovation driver for sustainable banking products

- Field of action: Products and innovation
- Contributes to SDG: 8, 9, 12, 13
- Derived from the key topics: "Sustainable financing", "Sustainable investment", "Future-orientation"
- Indicators for goal attainment:
 - The volume of new loans for sustainable finance is EUR 200 million per year
 - The share of ESG investment modules in asset management increases to 30%.



We are members of accountability networks

- Field of action: Society and social engagement
- Contributes to SDG: 1, 12, 13
- Derived from the key topics: "Economic stability/growth", "Diversity and equality", "Environment and climate change mitigation"
- Indicators for goal attainment:
 - Membership in the UN Global Compact, respACT – austrian business council for sustainable development, Verantwortung zeigen!, partner of the WWF CLIMATE GROUP



We contribute to greater equal opportunity in society

- Field of action: Society and social engagement
- Contributes to SDG: 1, 4, 5
- Derived from the key topics: "Economic stability/growth", "Diversity and equality", "Environment and climate change mitigation"
- Indicators for goal attainment:
 - We implement at least five measures annually to increase financial literacy

GRI 103-3 Evaluation of the management approach
TCFD, metrics and targets, recommended disclosures a)
TCFD, metrics and targets, recommended disclosures b)
TCFD, metrics and targets, recommended disclosures c)

The Path to Climate Neutrality

EU Action Plan for Financing Sustainable Growth

The EU Action Plan for Financing Sustainable Growth has an influence on almost our entire core business. The objectives of the EU Action Plan are

- Definition of a uniform taxonomy of what may be considered environmentally sustainable,
- Greater transparency in sustainable investments through new disclosure requirements
- Integration of sustainability risks into banks' risk management

In 2019, we started an extensive implementation project to meet all the requirements.

Implementation of the Taxonomy Regulation

Extensive preparatory work will be necessary to publish the green asset ratio (GAR) in future. The review process for determining whether a loan is eligible to be classified as taxonomy-aligned is very complex.

As described in the information box below, not only must diverse thresholds be considered, but compliance with certain minimum safeguard criteria must be ensured.

Together with several banks, BKS Bank has joined a cooperation project with the Bundesverband Öffentlicher Banken Deutschlands (VÖB) and Dydon, which is one of the leading providers of artificial intelligence-based solutions. The purpose is to develop Taxonomy-compliance testing software. The software uses artificial intelligence and technical calculations to determine which data is of relevance for the review. This means we will be able to make quality-assured queries of the topics to be reviewed for the respective economic activity. The biggest challenge is assessing the taxonomy-compliance of loans granted to small and medium-sized businesses. SMEs are an important customer segment for our bank. Good progress was made in the reporting year in the development of software for the review process for individual loans.

Taxonomy Regulation: Core Elements of the EU Action Plan

The Taxonomy Regulation defines what may be considered environmentally-sustainable or a transition technology. The Action Plan has six environmental goals:

- Climate change mitigation
- Adaptations to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Economic activities must meet the following criteria to be classified as taxonomy-eligible:

- they must make a significant contribution to at least one environmental objective
- do not significant harm to any other environmental objective
- comply with the minimum social safeguards of the Regulation
- comply with the technical screening criteria

Disclosure requirements are defined in Article 8. The green asset ratio applies in the area of finance. This ratio shows the proportion of taxonomy-compliant assets of an institution.

Simplified reporting requirements apply to the financial years 2021 and 2022.

The reporting requirements also apply to non-financial companies and – depending on the size of the company – in some cases they are already disclosing initial key indicators for the 2021 financial year. The KPIs relevant for companies outside the financial sector are: Taxonomy-eligible share in sales revenues, capital expenditure (capex) and operating expenses (opex).

Proportion of taxonomy-eligible economic activities

BKS Bank determined the percentage of taxonomy-eligible defined exposures already in 2021. The amount was 17.8% at the end of the year. Please refer to page 135 of this report for the detailed disclosures required for the reporting year 2021 pursuant to Article 8 of the Taxonomy Regulation.

Sustainability in the investment business

There are also new disclosure requirements for the investment segment under the Sustainable Financial Disclosure Regulation (SFDR, Disclosure Regulation) and MiFID II. BKS Bank made the initial disclosure on how it generally treats sustainability risks on 10 March 2021. Qualitative information has been disclosed up to now. In the future, BKS Bank will make disclosures on products, including quantitative key indicators. These key indicators will make it easier for customers to compare the sustainability of different investment products. The data is determined based on the MSCI ESG.

In August 2022, we will start asking customers about their sustainability preferences when providing investment advice and will take this into account when selecting products. In order to better assess the most effective type of questions, BKS Bank supported a study carried out by the Institut für Höhere Studien (Institute for Advanced Studies). This study examined how different ways of explaining and asking about sustainability preferences affect the sustainable investment decisions and investor satisfaction.

Financed emissions

A look at the value chain of a bank shows that the larger part of its emissions are not caused by its direct business activities, but by loans and investments, which are referred to as financed emissions. On the way to climate neutrality, we attach great importance to determining and reducing financed emissions. For this reason we joined the Partnership for Carbon Accounting Financials (PCAF) and are pleased to present the initial emissions data for some asset classes in this report on page 95 and page 144 respectively. Our goal is to complete emissions calculations for all asset classes in 2022 and develop a science-based climate target, including a roadmap for decarbonization.

As regards our own investments, we already started working on our alignment to the Paris Agreement in 2021. We were able to reduce emissions in our own investment fund portfolio from 138 t CO₂ equiv. / \$ 1 million turnover to 105 t CO₂ equiv. / \$ 1 million turnover. More details are available as of page 97.

Sustainability as a driver of innovation

We believe there is great potential in digitalization for reducing the use of resources

BKS Bank has a well-thought-out strategy process. Our customers can now conduct all important banking transactions online. Private individuals and companies can become digital customers of our company and open accounts and start vehicle leasing contracts on the website or in the customer portal. This also applies to home loans and consumer loans, fund savings plans, and savings products. In BizzNet and BizzNet Plus, corporate and business customers can manage and execute single or several direct debit orders, import and export data, manage drawing rights, and digitally set up guarantees. BKS Bank Connect, the digital bank within the bank, offers a broad, attractive range of services for digitally-savvy customers. In 2021, the range of online account types was expanded to include, among others, "Mein Geldkonto-fix" (fixed-interest savings account) and "Smart&Simple," (start-ups). As regards smart payments, Swatch Pay now supplements the current options of Apple Pay, Garmin Pay and Bluecode.

Our digital products are in high demand from our customers. The number of

users of our customer portals MyNet and BizzNet increased by 7.6% in 2021, and the number of users of the BKS Bank app increased by around 18.6%. A number of 996 applications were processed in BKS Bank Connect. Our Customer Service Center also plays an important role. Since the outbreak of the pandemic, calls have increased to about 24,000 per month and chat requests by 35%. A new digital phone tool helps employees handle inquiries about the cards, digital services and many other topics to the best satisfaction of customers.

Another example of how digitization helps optimize processes is the digital sales assistant Vera. This functionality makes it easier for our account managers to manage sales tasks and also reduces processing times.

The delivery of documents to the electronic mailbox of our customer portals and the use of signature pads saves paper. In the year 2021, we exchanged more than 1.2 million documents – some of them several pages long – with customers through the customer portals. Instead of appointments at branch offices or business trips, communication takes place through video conferences.

Digitalization and the Paris Climate Agreement*

Digitalization makes it possible to track the progress made towards the Paris Climate Agreement. It assists in measuring and monitoring data and emissions, in linking CO₂ trading platforms, and in reducing emissions through innovative applications. The monitoring of climate change mitigation measures and the associated emissions

is a complex process that uses many different data sources. The Internet of Things, smart meters, and blockchain help to improve accuracy and simplify measurement.

Digital technologies are also indispensable for emissions trading, which will be significantly expanded in the EU as a result

of the Green Deal. Governments need national emissions trading registries that document transactions with other registries and transmits them to the UN's central trading platform, where the data is verified. Currently, all countries have their own registries, therefore blockchain could help greatly simplify settlement.

* Cf. www.umweltbundesamt.at/ueberblick/chance-digitalisierung/digitalisierung-klimaabkommen

Governance, Compliance, Anti-corruption and Data Protection

BKS Bank is committed to the principles of good and responsible corporate governance and to the Austrian Code of Corporate Governance.

There is zero tolerance for corruption, money laundering, terrorist financing or any other type of financial crime. A detailed corporate governance report and a more detailed presentation of compliance organisation is given in the Annual Report 2021.

Code of Conduct for employees

Our Code of Conduct serve as guidelines for employees for ethical and responsible behaviour. It was revised in late 2021 and will be rolled out to employees in 2022. The Code of Conduct is available to all employees in digital form on the employee portal and as a brochure in the respective national language.

Compliance and anti-corruption

BKS Bank has set up a Compliance Office in accordance with the Austrian Banking Act and the Austrian Securities Supervision Act. The Compliance Officer is also responsible for topics relating to anti-corruption. The Management Board has overall responsibility for compliance with all compliance requirements and receives regular reports from the Compliance Officer.

In 2021, the Financial Market Authority (FMA) fined BKS Bank EUR 160,000. The FMA offered BKS Bank in this case the option of "accelerated termination of proceedings" in which BKS Bank acknowledges the existence of an infringement of administrative law. BKS Bank accepted this option for economic considerations, as lengthy proceedings usually translate into high personnel expenses and legal costs.

We would like to stress that BKS Bank attaches great importance to acting in accordance with the law on financial markets. Strict internal regulations and control measures are in place with detailed policies for corporate governance, anti-corruption and anti-money laundering. These guidelines must be verifiably acknowledged by all employees.

Extensive training programmes are provided to our staff in order to ensure a high level of knowledge of compliance issues (see also page 132). In addition to classic compliance issues relating to the securities business, the courses also cover relevant aspects of good conduct in the banking business on, for example, the prevention of money laundering and corruption. Apart from the training courses for which attendance is mandatory every three years for all employees regardless of their employment status, e-learning courses on money laundering and on compliance pursuant to the Securities Supervision Act were added in 2021.

BKS Bank takes comprehensive measures throughout the Group to prevent corruption. An anti-corruption report is submitted to the Management Board and the Supervisory Board once a year. All business locations were audited in the past reporting year. As in previous years, no infringements of our strict anti-corruption rules were ascertained. Neither do we tolerate corruption in our business partners. Therefore, we have defined rules on corruption and these are included in the Code of Conduct and in the criteria that define who we exclude as business partners.

However, despite all the precautions taken to prevent fraud, in February 2022 our internal audit mechanism uncovered a case of fraud in Croatia in connection with forged "bank guarantees" and in loan repayments and loan payouts. This caused significant damage to our bank.

The incident is being investigated thoroughly and we will derive new prevention measures from it.

Prevention of money laundering

BKS Bank does not enter into any business relationships that may be related to money laundering or terrorist financing. Existing business relationships are terminated immediately upon gaining knowledge of such circumstances and all suspicious facts are reported to the authorities without delay. State-of-the-art audit processes are in place to identify potential cases of wrongdoing. All employees know the detailed guidelines on the prevention of money laundering and they must attend the relevant training courses.

No offshore banking

BKS Bank does not own any companies or shares in companies in offshore countries, and firmly excludes offshore banking services. As a matter of principle, we do not enter into business relationships with business partners with their registered office in offshore countries. This also applies to companies with ownership structures that are ultimately offshore vehicles. Exceptions are made only in isolated cases which have been thoroughly documented and audited, and whose legal conformity is ensured.

Data protection

Protecting the data of our customers, employees and business partners is an essential element of our understanding of compliance. Therefore, we regularly train our employees on this topic.

Compliance with data protection rules is audited once a year as part of a self-audit. A data protection officer is responsible for implementation and compliance with all legal requirements. This officer is supported in the foreign market by the data protection officers or contact persons working there.

There were no complaints relating to data protection against BKS Bank in the reporting year and the proceedings in the complaint filed in 2020 were dismissed. We reported one data protection breach to the competent data protection authority. The competent authority ended these proceedings after a few days without any rulings. One customer in Slovenia was affected by a data breach due to a technical system error. After being contacted, the customer informed us that no risk to personal rights and freedoms were perceived as a result of this error. Therefore, no report was made to the authority.

Cybersecurity

With the progress of the digital transformation, the potential risks of cybercrime also rise. According to "The Global Risks Report 2022" of the World Economic Forum, in 2020, incidents of malware and ransomware attacks increased by 358% and 435%, respectively. Banks are also a target of cyber-attacks, and therefore, security measures in this regard are becoming increasingly important. 3Banken IT is responsible for cybersecurity measures at BKS Bank. Its information security management system (IMS) was successfully certified under ISO/IEC 27001 in March 2021.

GRI 205-1 Operations assessed for risks related to corruption

GRI 205-3 Confirmed incidents of corruption and actions taken

GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

The potential for improvement identified from many different sources, including external audits, is constantly monitored. These include the extension of incident response plans and business continuity management.

To protect BKS Bank against cyber-crime, a wide range of measures are used, including state-of-the-art firewalls, antivirus software, spam and web filters, patch and log management, and redundancy of servers and network. Cooperation with the external experts from A1 on the topic of DDoS protection (CleanPipe Service) further increases security. Stringent authorization management and employee awareness campaigns are important measures taken in this context. These include training courses and simulated attacks, which are used to test whether employees recognize attempted attacks and respond correctly.

Human rights

As a member of the UN Global Compact, BKS Bank upholds human rights and firmly rejects discrimination. We refer to internationally recognized human rights standards when defining human rights, such as the Universal Declaration of

Human Rights, the core standards of the International Labor Organization. We also take guidance from the OECD Guidelines for Multinational Enterprises.

Fortunately, human rights are in line with the high standards of international benchmarks in the markets in which we operate. Nonetheless, we take numerous measures to prevent human rights violations within our sphere of influence.

Before starting a business relationship, it is mandatory to thoroughly screen customers based on the statutory provisions regarding the prevention of money laundering and terrorist financing. By conducting such audits, we ensure compliance with embargoes and sanctions against regimes that violate human rights.

As an employer, we offer our employees fair pay, the right to freedom of association, flexible working hours, as well as training and continuing education. The works council is an important partner in all employee-related CSR activities. The works council is represented on the Supervisory Board by four delegates. Our Diversity Officer ensures that employees are not subject to discrimination.

UN Global Compact

The UN Global Compact is the world's largest initiative for responsible corporate governance. It was founded by the United Nations in 2000 with the aim of making globalization more environmentally compatible and social. Members of the UN Global

Compact commit themselves to comply with the 10 universal principles. These principles apply to labour standards, human rights, environmental protection and anti-corruption, and define the principles the member organizations must adopt in

their strategies, guidelines and processes along the value change. Members must also focus on advancing the Sustainable Development Goals. Some 180 companies and organizations are members in Austria, and over 19,000 worldwide.

Sustainable procurement

As part of the economic activity in the regions we are engaged in, it is important to us to procure goods and services locally. We require all suppliers to sign the Code of Conduct for Suppliers and Business Partners. We have defined minimum social and environmental standards in our procurement guidelines. An overview of the most important quality labels integrated into the guidelines makes it easier for buyers to select products.

Complaints management

BKS Bank has an ombudsman's office, which is an independent point of contact for complaints. It coordinates and supports the individual organisational units with the processing of complaints, documents the complaint cases, and reports to top management twice a year. Complaints may be submitted to account managers, the customer service centre, via the website and social media or directly to the Ombudsman's Office. In the reporting year, 2,914 complaints (2019: 3,206) were filed. This number of complaints corresponds to a ratio of around 1.5% of the total number of customers. We received complaints primarily in connection with expenses and fees, disruptions to our digital applications, performance problems, or changes in account managers.

Exclusion of critical industries

An important element of our business principles is the definition of the persons, companies and institutions with which our company does not enter into business relationships and the types of investments we exclude. The "Exclusion and Positive Criteria for Agent and Proprietary Transactions" stipulate that we neither grant loans nor invest if any of the following criteria or industries are at issue:

- Violation of human rights of labour rights
- Nuclear energy
- Defence industry
- Production of coal and conflict minerals
- Fracking
- Green genetic engineering
- Objectionable practices such as money laundering or terrorist financing
- Objectionable ideas
- Corruption and fraud
- Prostitution and pornography
- Embryo research
- Gambling
- Tobacco production
- Trade in protected animals

With the positive criteria, we aim to promote businesses that make a positive contributions to the development of society, the preservation of the environment, climate protection and adaptation to climate change. Therefore, we prefer to finance or invest in projects that serve decarbonization in any form, especially sustainable energy projects, green mobility, and environmentally or socially sustainable infrastructure and educational facilities.

Our "Sustainable Positions" present BKS Bank's standpoints on various topics being discussed, which are in some cases controversially. Examples of topics include human rights and working conditions, nuclear power and mining. We do not understand the EU's Decision to include nuclear power in the Taxonomy as a transition technology. Even though nuclear power does not cause CO₂ emissions, the risks of reactor accidents and the unresolved problem of the final disposal of nuclear waste are arguments against this classification in our view.

ESG Engagement on Many Levels

Originally, the term engagement stood for active and engaged shareholder rights activities. However, today engagement is defined more broadly and includes various activities that contribute to strengthening ESG factors. BKS Bank is also engaged in a variety of ways to promote the idea of sustainability. We focus on areas in which we can make an impact.

As regards portfolio management, we generally waive the exercise of voting rights. The same applies to our treasury portfolio, which consists largely of government bonds and investment funds, and only a small share of individual stocks.

Commitment to investees

We exercise our shareholder rights – our voting rights – at companies in which we own significant shareholdings. In the reporting year, our representatives voted on behalf of BKS Bank at seven annual general meetings. Among other things, we approved the inclusion of sustainability criteria in management remuneration guidelines.

At the shareholders' meeting of 3 Banken IT GmbH, we requested the preparation of a sustainability strategy. 3 Banken IT initiated the strategy process in the reporting year, but it is not yet completed.

Our CSR Officer was available to SW Umwelttechnik Stoiser & Wolschner AG, in which we hold an indirect stake via VBG Verwaltungs- und Beteiligungs GmbH, as an interview partner at the stakeholder dialogue event. She also participated in the stakeholder forum of Oberbank AG.

Employees, customers and NGOs

Apart from investees, we also focus on engagement with employees, customers and NGOs. At present, we are concentrating on raising awareness of the importance of climate change mitigation measures and the necessity to adapt to climate change that many companies will face as they move forward towards a low-carbon economy.

One example is the low-threshold learning format we have developed for our employees under the motto "Lunch&Learn". At lunchtime, internal and external experts give short presentations on sustainability topics via video conference. All employees may participate without having to pre-register. The presentations are recorded and be viewed afterwards on the employee portal.

We regularly invite our customers to events on the topic of sustainable investment. Our experts also provide information on sustainability in finance at the invitation of other companies and institutions. We shared our expertise on sustainability topics at a meeting with Vice Chancellor Werner Kogler and held a presentation at the Municipal Day event of the Province of Carinthia on how municipalities can make sustainable investments in infrastructure by issuing green bonds. Our expert for sustainable investments spoke at several events, including at the event "Börsianer Salon" under the heading "Megatrend Sustainable Investments" and also at a joint event with WEB Windenergie on sustainable investments in Austria.

As a partner of the WWF CLIMATE GROUP, we supported appeals made to the federal government on several occasions and engaged in awareness-raising activities for the conservation of biodiversity in the reporting year.

Employees

Developing employees secures
tomorrow's growth.



Dogtooth violet

The dogtooth violet (*Erythronium dens-canis*) is the only fawn lily native to Europe. In Austria, it grows in Carinthia, Styria and Burgenland and is classified as a regionally endangered species.

Sustainability as a Purpose for Employees of Tomorrow

Do companies have a competitive advantage in the "war for talents" if they adequately address sustainability in their daily activities and use sustainability to justify their actions?

Today, it has become hard to find highly-qualified employees for many areas. For generation Z and generation Y, a company's purpose plays an important role for their choice of employer – and a company's sustainability is becoming a critical factor in this context.

The importance of a 'green' image for recruiting is underscored by the results of the Universum Student Survey 2021¹ conducted worldwide with more than 53,000 students. Over 80% of the participants consider sustainability to be a significant factor in their choice of employer. A study by Stepstone² of 12,000 employees presents a similar picture: 76% of participants say that a high priority of sustainability at the company is important or very important to them. One in three participants surveyed would even be willing to accept a lower salary if the employer is highly sustainable.

Generally, the results should not come as a surprise, considering that work is a defining element of our self-image. For the majority of employees, it is apparently quite relevant that their own values match those of their employers. Or in other words, who feels comfortable telling their

acquaintances at the pub that their employer is involved in environmental scandals or uses child labour? It makes people proud to be able to talk about a good work-life balance or measures taken to protect the environment.

Measurable values

The increasing orientation on values in our economic system has sparked a discussion on whether or not it is possible to measure a company's environmental and social footprint. We are only at the beginning of this trend, but multi-stakeholder initiatives such as the Value Balancing Alliance³ are driving the rapid development of suitable methods. Analysing the entire value chain with the involvement of employees can be profitable for the company in many ways. Ultimately, employees are the ones who know the company best and have good ideas when it comes to rethinking processes with the objective of increasing value creation for society as a whole.

The active involvement of employees strengthens their awareness of the significance of personal actions and reinforces loyalty to the company. Companies that recognize the profound change processes in the economy with regard to sustainability and promote this topic at their companies will also become more appealing as employers. This can give them a decisive advantage when seeking to recruit the best employees.

¹ see Universum Student Survey 2021, <https://universumglobal.com/de/blog/nachhaltigkeit-fuer-studierende-ein-wichtiger-aspekt-bei-der-choose-your-own-employer/>

² see https://www.stepstone.de/Ueber-StepStone/wp-content/uploads/2021/01/StepStone_2021_Nachhaltigkeit-als-Attraktivitätsfaktor.pdf

³ see <https://www.value-balancing.com/en/about-us.html>

Fair Employer

94% of our employees are proud to work at BKS Bank and 90% would recommend BKS Bank as an employer. These are two of the detailed findings of our latest employee survey.

We offer our employees fair remuneration and a wide range of social benefits. The social benefits are granted regardless of the extent and type of employment. There are no benefits that are exclusive to full-time employees. However, some benefits are only available after having worked for a certain period at the company. Furthermore, the benefits offered have varying features depending on the individual market.

Compatibility of career and family

A good work-life balance is a situation that benefits both sides. It enables parents and employees with dependents in need of care – especially women – to pursue careers. Support from one's family also strengthens resilience in professional life. In the banking business, excellent advice from satisfied and experienced employees is a key competitive advantage. The compatibility of work and family life is a valuable factor to

- strengthen positioning as an attractive employer
- keep staff fluctuation rates low and valuable know-how within the company
- achieve a high rate of return from maternity leave

increase the share of women in management positions

In Austria, Slovenia and Croatia, BKS Bank holds the respective national awards as a family-friendly company. Certification is not possible in Slovakia. Examples of family-friendly measures include flexible working hours, the Kinki children's daycare centre, and the Kid's Corner in Rijeka where the children of our employees can do their homework. We are pleased to report that childcare during the summer holiday season was available again and also the maternity breakfast in 2021 after a one-year break due to the coronavirus pandemic. We are also happy to report that in 2021 two men went on paternity leave and three men took advantage of the one-month leave for fathers. In the employee survey, our staff expressed their satisfaction with the work-life balance. They assigned it the excellent grade of 1.9 on the six-tier assessment scale. Our activities are also recognized externally. In February 2022, we were named "Carinthia's most family-friendly company 2021" in the category of large companies.

Works Council - our partner

The Works Council is an important partner for the selection and the implementation of measures we define for our employees. It is also represented on the Supervisory Board and its committees. Benefits beyond those defined in the collective agreement are accorded in a works agreement between the company and the Works Council. As we provide the Works Council with an annual budget for social benefits, employees do not pay contributions to the Works Council.

GRI 401-2 Company benefits provided to full-time employees that are not provided to temporary or part-time employees
In times when there is strong competition for the labour on the market for the best employees, we consider this assessment a distinction.

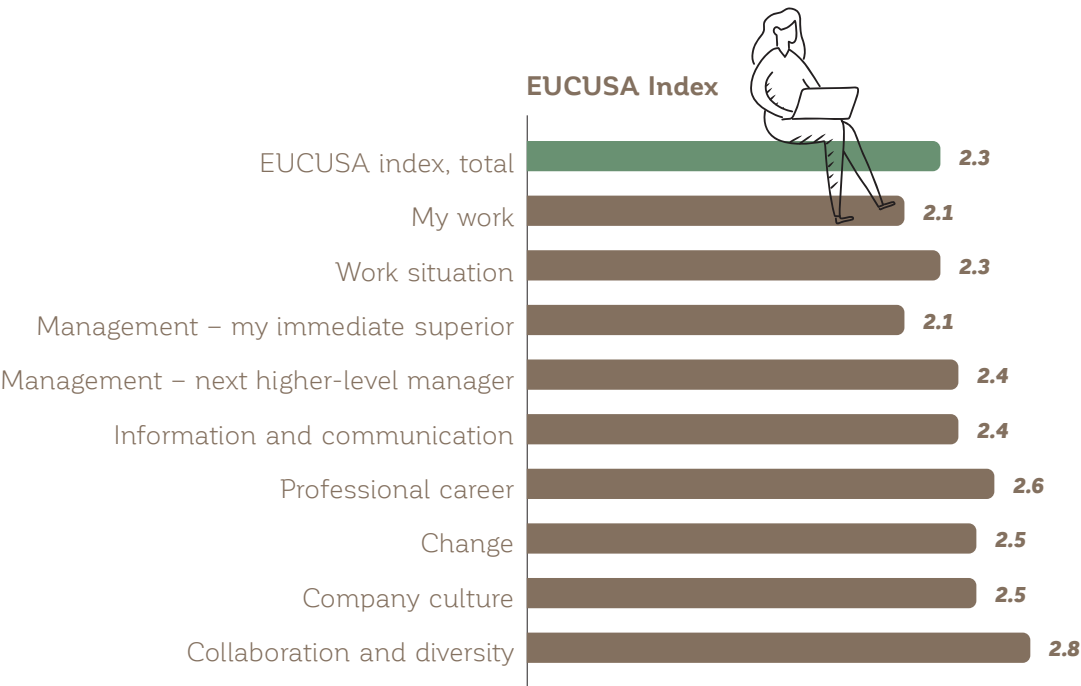
Result of the employee survey

High degree of participation

The employee survey was conducted again in 2021 in the form of an online survey by the EUCUSA institute. The gratifyingly high participation rate was 80.5%. The rating scale used by EUCUSA ranges from 1.0 (best value) to 6.0.

EUCUSA Index

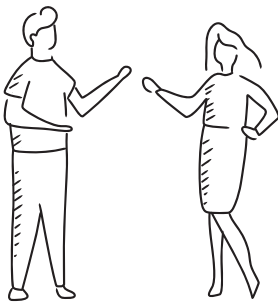
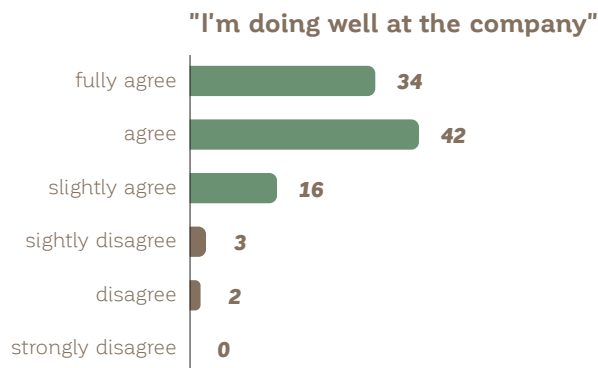
The EUCUSA index shows the average of all questions evaluated. At a rating of 2.3, our employees assessed BKS Bank as a good employer.



Good overall satisfaction

The majority of our employees are highly satisfied with their work at BKS Bank. The assessment score for overall satisfaction was 2.0 across the Group. In Austria, an improvement from 2.0 to 1.9 was

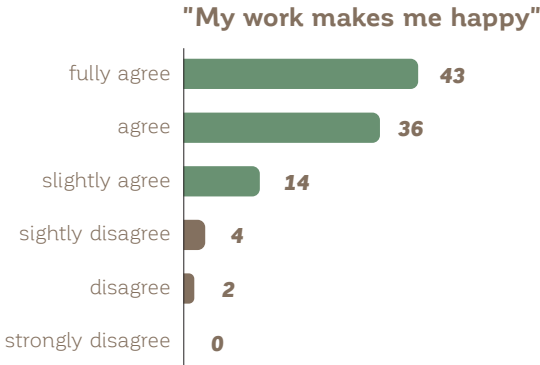
achieved compared to the last survey. This means that the overall satisfaction target of 1.9 defined in the sustainability strategy has already been achieved in our core market.



High degree of work enjoyment

92% of employees agreed with the question "Overall, I'm doing well at the company." The findings for the question

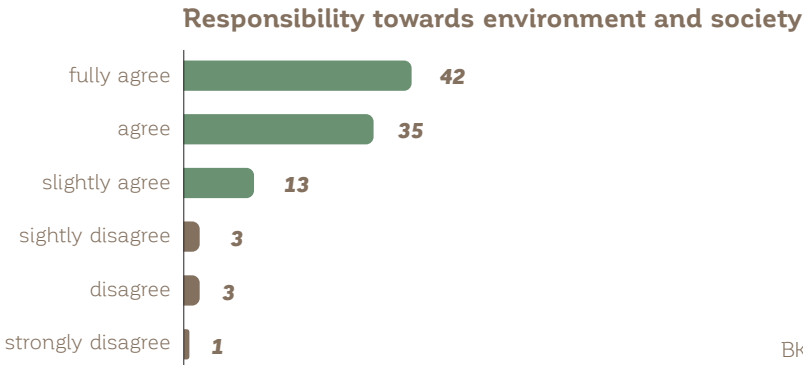
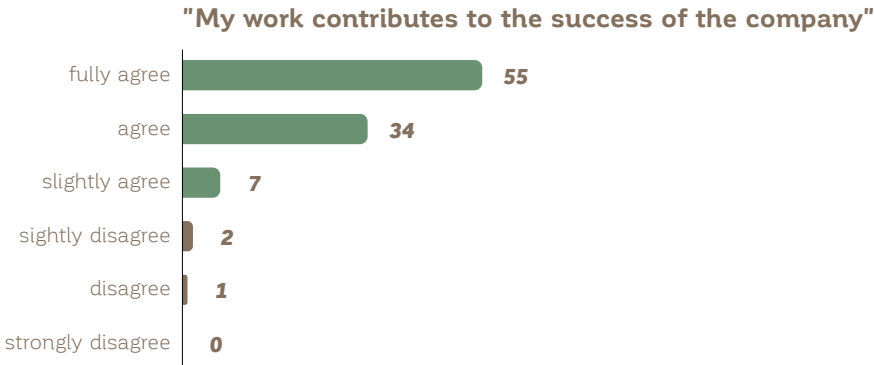
"I enjoy my work" was also very gratifying. In this case, our employees awarded an overall grade of 1.9.



Responsible governance

The success of a service company depends very much on its employees. We are pleased that 97% of our employees believe that their work contributes to the company's success

and that they view our sustainability activities positively. 88% agree with the statement that BKS Bank is aware of its responsibility towards society and the environment, and acts sustainably.



BKS Bank indicator employee satisfaction

Diversity in Action

As at 31 December 2021, we had 1,145 employees¹, of which 57.9% were women. The majority of our employees, specifically 74.8%, work in Austria, and 289 people work for BKS Bank in Slovenia, Croatia and Slovakia.

We now employ persons from 15 nations. To better meet the requirements of greater diversity, we appointed a Diversity Officer in 2020 and added new topics to our training programme. For example, one module of the excellence programme for long-time managers is dedicated to the topic "managing differences". Part of the basic training that every new employee must complete has the motto "Diversity – success with diversity". In 2022, BKS Bank launched its own campaign on diversity.

English is the Group language, and important documents are also available on the employee portal in the local languages. At our bank, we ensure equal opportunity for all employees in accordance with the Universal Declaration of Human Rights and the Principles of the UN Global Compact regardless of age, gender, ethnicity, religious affiliation, sexual orientation or physical impairment.

Our mission statement, our values and our code of conduct serve as guidance for good collaboration. We point out equal opportunity in our job advertisements and stress that we also welcome applications from persons with disabilities.

BKS Bank signed the "Charta der Vielfalt" (Diversity Charter) and also joined the initiative "#positivarbeiten" an organisation that fights discrimination of HIV-positive persons at the workplace. BKS Bank is also a member of the Carinthian International Center. This is an institution that supports international employees with their integration in Carinthia.

Women in top positions

Women are still rare in the top management of Austrian listed companies. As at 1 August 2021, 55 Austrian companies were included in the Vienna Stock Exchange Index (WBI) according to the EY Mixed Leadership Barometer².

Only 24% or less than one quarter had at least one woman on the management board; overall, only 7.4% of persons on the

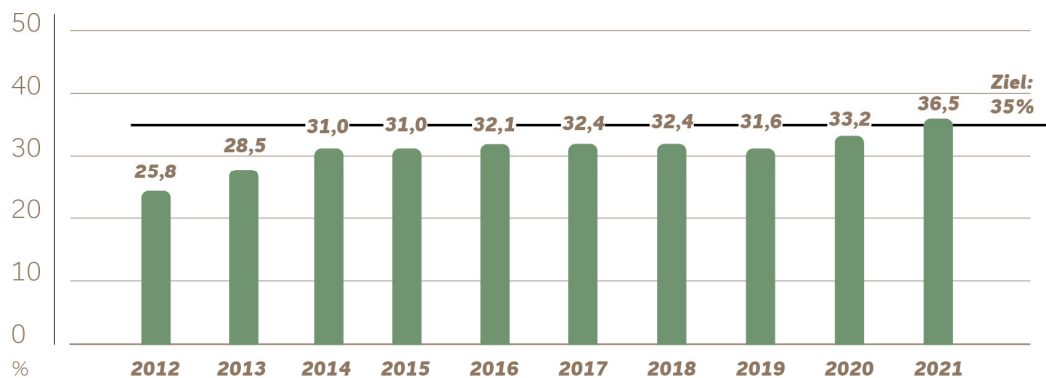
management board were women. At just two companies, the chairperson of the management board was a woman. The situation is a bit better on supervisory boards for which a statutory minimum quota of 30% female members has been in place for some years. Thus, 87% of companies now have women on supervisory boards.

However, at a total share of women of 29%, men still clearly outnumber women. We are very proud of the fact that BKS Bank is a major exception in this context. Our company is the only one in the WBI index of the Vienna Stock Exchange at which the supervisory board, the management board and the works council are chaired by women.

¹ A detailed presentation of key employee indicators is given in the section "Employees" in the chapter "Sustainability in Numbers" as of page 128

² Cf. EY, Mixed Leadership Barometer August 2021

Women in management positions



Diversity in management

The share of women on the Management Board is 25%, and on the Supervisory Board it is 42.9%. This means that we significantly exceed the statutory quota of a 30% share of women. The criteria used to assess proposals for filling vacant supervisory board positions are explained in the Annual Report.

Key goal attained

At the end of the year, 185 people were employed at management level at BKS Bank. The majority, specifically 57.2%, were 30 to 50 years old. The target in our sustainability strategy is to raise the share of women in management positions to 35% by 2025. We are pleased that this was clearly achieved for the first time at

the end of 2021 with a share of women of 36.5% (at BKS Bank AG 35.2%, 2020: BKS Bank Group 33.2%, BKS Bank AG 31.3%, each excluding management board).

Our measures to promote women play a major role in this positive development. To date, 72 female employees have completed the women's career programme in Austria, and in 2022, this programme will be expanded for our international employees for the first time. In Croatia, two female employees attended a women's career programme organized by MAMFORCE©. The talent programme is designed to train high potentials for management positions. In the reporting year, eight of the twelve participants were women.

Income

The remuneration of employees of BKS Bank is based exclusively on the applicable collective bargaining agreements (see also page 134) and on the respective activity and qualification. Apart from this, we offer our employees in all markets voluntary social benefits. Examples include support for retirement provisions and healthcare as well as family-related benefits.

Remuneration principles

Remuneration of Management Board and Supervisory Board

The remuneration guidelines for the Management Board and Supervisory Board were amended in 2021 and adopted by the 82nd Annual General Meeting. The remuneration report for the financial year 2021 will be presented to the Annual General Meeting in May 2022. The report is prepared by the Management Board and Supervisory Board and provides a comprehensive overview of the remuneration and benefits granted or owed to current and former members of the Management Board and Supervisory Board in the financial year 2021.

The remuneration paid to the Management Board is oriented on areas of activity and responsibility, the contribution to profits, and on industry standards applicable to companies of comparable size.

A balanced ratio of fixed and variable components is taken into account. Four performance categories were defined for measuring the variable remuneration components of the Management Board:

Financial performance criteria, risk criteria and individual performance criteria per board member, and non-financial performance indicators:

- ISS ESG Rating: Prime status
- Volume of sustainable products
- EMAS certification
- Fluctuation rate

The sustainability targets are weighted with 30% – in the Management Board's remuneration system, and therefore, with the same percentage as the financial and risk criteria – and the targets were fully achieved in the financial year 2021.

Gender pay gap

In all countries of the European Union, there are still income disparities between men and women, in some cases these are considerable. An analysis by Statistics Austria¹ revealed that the key factors behind the pay gap include industry, extent of employment, and length of employment with the company. If salaries were based on formal education, women would already be earning more than men today. BKS Bank is strongly committed to reducing the gender pay gap to 12% by 2025. We are very pleased to have reduced the gender pay gap in Austria from 19.23% to 16.2% since 2016. In Slovenia, the income gap was 9.6%, in Croatia 34.6% and in Slovakia 31.6%.

Although we have already made good progress in recent years, an external consulting firm was engaged in 2021 under the heading "100 percent equality pays off". The firm analysed the causes of the wage and salary disparities, and developed the following measures to close the gender pay gap.

¹ Source: Tamara Geisenberger, Thomas Galser, Gender Pay Gap, Statistik Austria, Statistische Nachrichten 6/2021

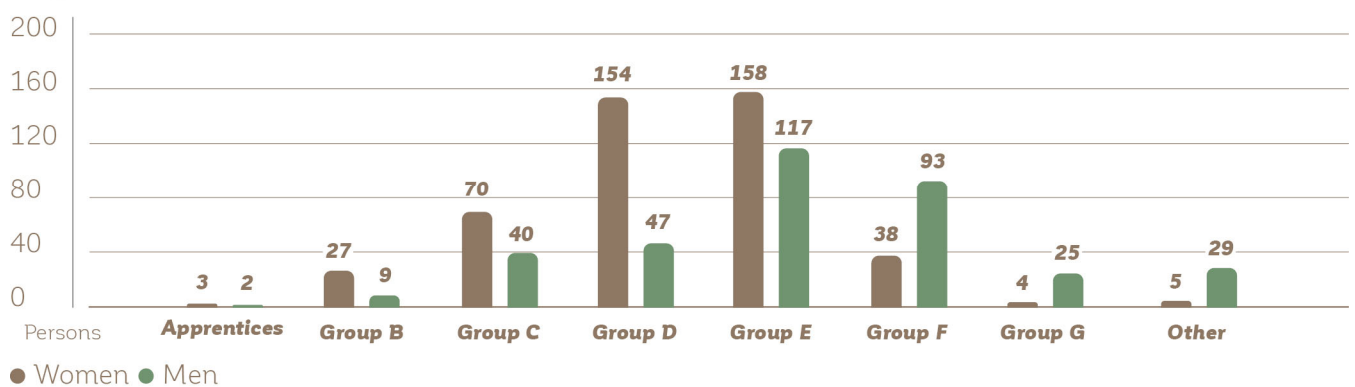
In the future, women who work part-time for family reasons will have the opportunity to work from home without this being related to any coronavirus necessity. This is in conjunction with the willingness to assume a management or expert position within the next three years and at the same time increase employment hours to at least 80%. This programme is designed to draw female employees out of the part-time work trap. Additionally, we give preference to equally qualified female candidates when filling management positions.

Employee participation

We believe our employees should also have a share in the company's success. To this end, we make it possible for them to acquire shares in BKS Bank directly and tax-free within the framework of the employee share ownership scheme.

Furthermore, our employees receive BKS Bank dividends through the foundation, BKS-Belegschaftsbeteiligungsprivatstiftung. Employees are entitled to dividends if they have been employed without interruption for at least 18 months as at the date of payment. On 31 December 2021, BKS-Belegschaftsbeteiligungsprivatstiftung held approximately 1.6% of shares with voting rights. A further 1.2% of voting shares in BKS Bank were held directly by active and retired BKS Bank employees.

Wage structure of BKS Bank AG in Austria



GRI 405-2 Ratio of basic salary and remuneration of women to men
TCFD, metrics and targets, recommended information a)

Banking on Health

Banking on health (“Durch die Bank gesund”) is an employee health promotion scheme at BKS Bank. Employee health and occupational safety are a top priority at BKS Bank. The focus is on prevention. The primarily sedentary nature of work in a service company increases the risk of diseases associated with physical inactivity. The growing challenges in the banking business caused by numerous change processes and the uncertainties relating to the coronavirus pandemic are increasing mental stress among our employees. The risk from occupational accidents is low by comparison. When accidents do occur, they are usually traffic accidents during business trips or falls.

The management of the workplace health promotion schemes and occupational safety is based on the principles of the EFQM quality management system in use at our company. Various occupational safety aspects are also covered by the EMAS management system. Employees are informed about the offers for workplace health promotion on the employee portal, and it is mandatory for employees to take note of the regulations on occupational safety. Employees may direct suggestions relating to health promotion and occupational safety to HR, the Works Council, the occupational company physician, or the Occupational Safety Officer at any time. Proposals may also be submitted to the IdeenRaum.

Health teams in action

Health teams operate throughout the Group, as well as the health committees required by law. The bi-annual meetings of the Health Committee are attended by the occupational physician, occupational safety experts, managers, employees and works council members.

This ensures that 100% of employees* are represented. The committees have the power to decide autonomously on the implementation of necessary measures. Activities incurring higher costs are coordinated with the Management Board.

The committees discuss, among other things, measures to increase workplace safety and bank safety, healthcare offers for employees, and training for safety experts and officers. In 2021, numerous first aid workers were trained at first aid courses held by the Red Cross.

Our occupational physician is involved in all health promotion activities, is available to employees for information on health issues, and conducts workplace and work process evaluations.

For many years, our employees have had access to anonymous and free counselling provided by the EAP-Institut für Mitarbeiterberatung. This organisation provides uncomplicated support in difficult situations in both workplace and private contexts. In 2021, 125 counselling hours were provided by EAP-Institut. Employees in Slovenia have had access to this counselling service since the reporting year.

To identify safety defects, the safety experts conduct regular inspections of the premises at headquarters and branches. In cooperation with the police, safety measures for the prevention of bank robberies reviewed.

* 99.6% of all employees of BKS Bank are salaried employees. Therefore, there is no reporting on the aspects of occupational safety on employees without employee status.

The potential for improvement identified is documented in writing and remedied as quickly as possible.

Indicators used

We use the ratio of leaves of absence due to illness as an indicator for measuring employee health. The ratio was 3.1% for the entire Group. The number of sick leave days per employee per year was a very low 7.8 days. In Austria, there were also around 900 quarantine days due to the coronavirus. Satisfaction with the Workplace Health Promotion programme is determined by conducting surveys. In the employee survey, 87% were satisfied with the Workplace Health Promotion measures. A regular survey of mental stress is also part of the employee survey.

Banking on health

A key element of workplace health promotion is the annual employee health programme "Durch die Bank Gesund". In the year 2021, the focus was on a healthy liver. The fibroscan procedure was used to determine whether the person examined was suffering from a non-alcoholic fatty liver. The offer was subsequently evaluated by an online survey.

In Austria, 198 employees participated and 48 in Slovenia. In Croatia, the programme had to be terminated after nine participants were checked due to the coronavirus pandemic. Therefore, we fell just short of our target of at least 25% participation of all employees in the annual workplace health promotion programme, achieving a ratio of 22.5%.

Quality label for workplace health promotion

Proof of the quality of the health promotion scheme at BKS Bank is the "Gütesiegel für Betriebliche Gesundheitsförderung" (quality label for company health promotion), which we received again in 2021. We have earned this quality label continuously since 2010.

Occupational safety

At BKS Bank, four persons are employed as safety experts and 21 as safety officers. Safety experts are primarily responsible for occupational safety at BKS Bank. They receive regular and comprehensive training in week-long courses.

The areas of responsibility include

- Development of safety standards
- Initial briefing of new employees
- Employee training and awareness of workplace safety
- Safety checks and the
- Implementation of improvement proposals identified

In our international markets, external companies specializing in workplace safety are entrusted with these tasks.

Safety officers support the safety experts as the first point of contact for employees at the regional head offices and branches. They must also complete several days of training.

Coping Well with the Coronavirus Pandemic

The pandemic firmly had the world in its grip in 2021. Falling infection figures in the summer and vaccines made us optimistic about the cold season. However, the high contagion rates resulted in a renewed lockdown in November. The most recent Omicron variant is also developing alarmingly and requires special plans for critical infrastructure, which includes banking. BKS Bank's crisis management team continues to face intensive challenges in 2021 and had to constantly make decisions to help employees and customers come through the crisis healthy.

5,650 antigen tests performed

The protective measures introduced in 2020 such as the use of alternative premises, infection control screens for tellers and video conferencing instead of in-person meetings are still part of everyday life. For one year, we also operated an antigen testing station at the headquarters. The testing station was a valuable tool to help contain the pandemic at our company. A total of 5,650 antigen tests were performed. The station was closed in November 2021 when antigen testing became less important for health certificates.

Compared to 2020, we had more cases in 2021, with 149 employees testing positive for the coronavirus, but fortunately all persons affected have recovered well. Potential clusters were countered by remote work solutions.

Digital solutions in customer business

All branches of our bank were open the entire time. In banking, the use of digital solutions received a huge boost during the pandemic. Our digital products and services make it possible to conduct routine banking transactions without visiting a branch. Our customers are using these much more often than before such as cashless and smart payments.

To assess the extent to which our corporate and business customers may be affected economically by the pandemic, our Risk Controlling department conducts regular analyses. Various measures have been taken in the risk strategy such as more support for severely affected customers. The start of economic recovery in the second quarter and the government aid measures has helped to ward off a surge in insolvencies up to now. We continued to support our customers with advisory services, bridge loans and loan deferrals, although these were used much less frequently than in the preceding year. As at 31 December 2020, BKS Bank had granted bridge loans of EUR 80.9 million and loan deferrals of EUR 282.5 million. At year-end 2021, government-guaranteed bridge loans were EUR 99.7 million. The volume of loans affected by deferrals in connection with the coronavirus pandemic was only EUR 21.7 million.

In the chapter "About BKS Bank", we describe the key strategic milestones attained despite the pandemic. All of our employees deserve special thanks for their commitment during these challenging times.

Training and Education

Our HR Management faced great challenges in organizing further education and training courses. The constantly changing coronavirus situation often required last-minute rescheduling. The aim was to offer employees the customary high standard of training and further education also under these difficult conditions. In total, our employees spent 36,639 hours in training and further education courses which were held as in-person events and e-learning courses. This offer is highly appreciated by employees. Employees gave the training courses a grade of 1.7 in the employee survey. As shown in the chart below, the vast majority of employees feel they are very well trained.

Sustainability training

One of the focal points of the courses was the topic of sustainability. For example, all investment advisors certified as European Investment Practitioners had to complete an online training course on sustainable investment consisting of several modules. A seminar on sustainability in the financing business set up for corporate and business customer advisors in cooperation with the FH Wien (University of Applied Sciences Vienna). Training on the topic of diversity was also provided. In total, our CSR training courses registered 673 attendees in the reporting year. The Excellence Programme for experienced management staff was also very popular.

We are pleased to report that we trained five apprentices and eight trainees in 2021.

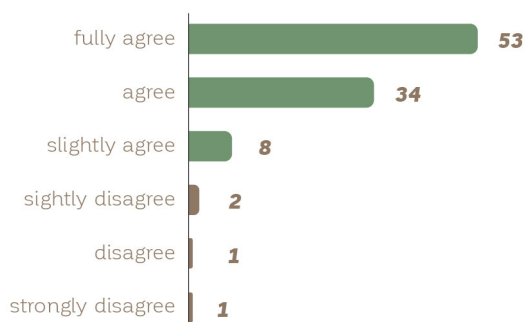
Modern learning management

The management of the training and further education courses takes place through our digital learning platform. Employees can use the platform to register for training and further education courses, receive active reminders of training courses, and take part in e-learning courses. Managers steer the development of their teams and employees using the learning management system. Generally, the goal is for all employees, regardless of age and qualification to take advantage of the seminars offered for their further development.

Annual development measures

At the annual development conference with senior management staff, we discuss the topics of developing leadership qualities, strengthening awareness of strategic HR and organisational development issues, and identifying potential managers. The discussion also covers the further development of training and education. For example, the basic training course, the service desk training course and the training course for account managers of retail customers have been redesigned for 2022. Likewise, a "Green Day" will be added as a mandatory component in the training course for branch managers.

I am sufficiently trained for my work





Products and Innovation

Accountability and innovation keep
us growing sustainably.



Water frog

Water frogs (Pelophylax) are semiaquatic creatures that belong to the family of true frogs. Their preferred habitat is on sunny riverbanks or floating on water plants from where they can easily catch insects.

Today Austrian ecolabel – tomorrow EU ecolabel?

Sustainability is flourishing. The term has become ubiquitous in marketing brochures and has also reached the financial industry, especially financial products. But what distinguishes a sustainable financial product? Put simply, the aim is not only to generate an economic benefit with the money invested, but also to achieve added value for the environment and/or society.

A closer look shows that the complexity of sustainable financial products, especially investment products, often exceeds the level of knowledge of investors. This concerns mainly private investors. It is not always easy to understand the processes behind the environmental and social features of sustainable financial products as well as their financial design. In this segment, just as in other areas, there are quality labels that help investors make informed decisions.

Reducing the complexities to a concise summary in the form of a label makes it easier for investor to make choices. A requirement for a quality seal is a transparent methodology and trustworthiness.

Over 200 financial products bear the Austrian ecolabel

One of the first quality seals of this kind, which is also recognized beyond national borders, is the Austrian Ecolabel UZ49 for sustainable financial products. It was launched in 2004 and was originally designed only for "green investment funds". With the further development of the market for sustainable financial products, the review criteria were adapted to the changes.

The changes mean that now – apart from bonds, shares and mixed investment funds – fund-linked life insurance policies, bonds, giro accounts and savings products may also qualify for this quality label. Especially savings products are growing in popularity. While it took fourteen years since the introduction of the UZ49 until the one hundredth investment fund was awarded the label in 2018, the sustainability momentum on financial markets is seen in the number of ecolabel certifications: Just three years later, the number of certified financial products doubled again. Moreover, in the summer of 2021, the "3 Banken Dividenden-Aktienstrategie" equity fund launched by 3 Banken-Generali Investment-Gesellschaft was the 200th financial product to be awarded the UZ49 label.¹

Although the Austrian ecolabel is a national certification awarded by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology, there are many investment funds in France, Germany and Luxembourg, for example, with this quality label. There is another association with Luxembourg. The Luxembourg Green Exchange (LGX) Fund Window established in 2016 by the Luxembourg Stock Exchange is the world's leading platform for green, social and sustainable securities. The Austrian Ecolabel meets all criteria required by the LGX, which means that funds with the ecolabel may apply with LGX for admission to the Fund Window.

¹ See <https://www.umweltzeichen.at/de/produkte/finanzprodukte/200-finanztprodukt-mit-dem-sterreichischen-umweltzeichen>

EU Ecolabel: New quality label in preparation

Unlike other areas, the excess of labels for financial market products is rather limited. In the German-speaking regions, the only other quality label to become established apart from the Austrian Ecolabel is the FNG seal. However, the FNG seal is only available to investment funds and is awarded by the “Forum für nachhaltige Geldanlage”.

At EU level, efforts are being made to redirect money flows into sustainable activities. Another important element in this context is greater transparency for investors. Since 1992, the EU Ecolabel has been awarded to over 70,000 products and services ranging from textiles and shoes to cleaning agents.² Therefore, it was logical for the EU to enlarge the EU Ecolabel and add a quality seal for sustainable financial products.

A first draft of the legal act for the EU Ecolabel for sustainable financial products has already been passed. The EU quality label will be available to a similarly broad range of products as for the Austrian Ecolabel. The following factors were defined as criteria for the quality label:

- Investments in environmentally-compatible economic activities in accordance with the EU Taxonomy

- Exclusion of investments based on to environmental aspects
- Exclusion of investments based on social and governance aspects
- Engagement
- Activities to improve investor impact
- Information for private investors
- Information on the EU Ecolabel

The draft is viewed quite critically by investment experts. The high share of green taxonomy-eligible activities will offer few opportunities for diversification when designing products, and the extremely long exclusion lists are also impractical, to name just two of the most important comments. At present, it is still unclear how the EU will deal with these points of criticism and when the EU Ecolabel will actually be available.

As things stand today, it is unlikely that the EU ecolabel will displace the Austrian ecolabel. The Austrian ecolabel benefits from its practical orientation. There are no fixed dates for submitting applications, but rather this can be done at any time. The four-year term with an annual review also means that the organisational aspects are not excessively costly or time-consuming. It will be difficult to achieve a wide variety of themes also with regard to the social characteristics of the UZ49 on account of the strong regulatory influence on the design of the EU ecolabel.

² See <https://eu-ecolabel.de/eu-ecolabel-das-umweltzeichen-ihres-vertrauens/ueber-das-eu-ecolabel>

Sustainable and Sound Business

Sustainable financial products gaining significance not least due to the Green Deal.

Our company has many years of experience in the field of sustainable finance. In 2013, today's "BKS Portfolio-Strategie nachhaltig" was the first asset management to be awarded the Austrian ecolabel for sustainable financial products. In 2017, we issued the first social bond on the Vienna Stock Exchange, followed shortly by a green bond. Today, apart from sustainable investment products, the ESG product range also includes a green savings passbook, the "Natur & Zukunft" account and sustainable loans. Demand for these products has increased steadily in recent years. Therefore, the volume of our sustainable products increased again in 2021 by 32% to EUR 764.5 million.

Responsible product introduction

We apply high standards also when launching products on the market without ESG themes. Every new product is subject to a standardized introduction process. When describing innovation, the product

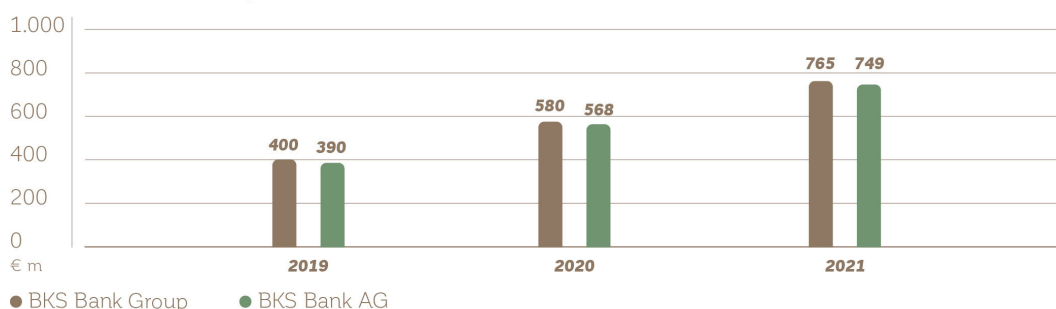
developer must also specify whether the new design is in line with BKS Bank's sustainability strategy or the SDGs. At the end of 2021, an assessment will be carried out to ascertain whether the product will help increase the share of taxonomy-eligible transactions. A further phase of the process is a review by all expert departments, the Compliance Office and the CSR Officer. Final approval for each new product is given by the Management Board. Existing products are also regularly assessed as to their market and legal conformity. One focus of the review is on compliance with our social and environmental requirements.

Decarbonization in products

Our work concentrates on actions to reduce financed emissions. The progress achieved is presented in the section Decarbonization as of page 95 in the chapter Environment and Climate Change Mitigation.

BKS Bank Indicator: Volume of sustainable products
GRI 417-1 Requirements for product and service
information and labelling

Volume of sustainable products*



* The list includes volumes of the BKS Portfolio-Strategie nachhaltig, the green and social bonds issued, the sustainable investment components in the BKS Portfolio-Strategie-Varianten, the ecological savings passbook, green savings passbook, sustainable financing, green loans in Slovenia and green leasing, and since 2021, the green loans in Croatia.

Sustainable Financing

Lending is one of our core areas of competence and one of the most important business areas in all market regions. Our customized advisory services and products include loans for:

- Working capital
- Investments
- Exports
- Consumer goods
- Housing
- Leased goods

Additionally, BKS Bank is known for its excellent advice in matters relating to financial subsidy schemes.

Loans are granted primarily to customers from Austria, Slovenia, Croatia, Slovakia and Germany. The volume of loans granted was EUR 7.0 billion as at 31 December 2021. Of this amount, EUR 5.5 billion was drawn by corporate and business customers and EUR 1.5 billion by retail customers.

Multi-stage lending process

Our credit approval process has several stages, and there is a strict separation between front office and back office approval. We follow responsible lending practices with the goal of ensuring that the borrower's ability to make repayments is consistent with the loan amount. In the segments corporate and business banking and retail banking, the credit decision is based on a detailed rating process.

In 2021, this rating process was expanded to include ESG factors. The first step is to determine the customer's resilience to ESG risks by documenting the soft facts. Thus, the initial data is collected for a comprehensive integration of ESG factors

into the credit risk management process. The assessment is conducted by the account manager at the annual talk. We also use the "CLIMAID" tool, which calculates an ESG risk score for individual customers and portfolios (see also page 23 et seq). The purpose is to initiate more comprehensive analyses for the entire credit portfolio on the basis of the ESG risk score in order to derive limits and principles for the risk strategy.

For customers having payment difficulties, it is standard practice at the bank to treat these customers with respect and appreciation. To ensure that potential payment difficulties are identified at an early stage, an automatic early warning system is part of our IT-based monitoring process. By quickly contacting the customer concerned and providing professional advice, it is possible to resolve critical situations. Our guidelines define the appropriate process. Among other things, the process for retail and corporate customers defines,

- as of when a customer no longer receives services at the branch, but rather by specialist staff for company reorganisation, and
- which reorganisation and restructuring measures are possible within the legal and regulatory framework.

The new guidelines for home loans announced by the supervisory authority in February 2022 had already been implemented and were working well at BKS Bank. For example, we have always imposed the requirement of 20% own funds and a maximum loan term of 30 years.

Sustainable financing contributes to climate change mitigation

At BKS Bank, we define sustainable financing as loans whose purpose is a socially and/or environmentally sustainable investment. We check whether this is the case when granting new loans. The categorization is based on

the criteria defined by BKS Bank. In the future, loans will also be checked for conformity with the EU Taxonomy. As mentioned on page 54, this process is already being implemented.

Examples of sustainable loan uses

Contribution to prioritized SDG	
Ecologically sustainable	
Renewable energy: Solar, wind, and hydroelectric power plants Biomass plants Increase energy efficiency	 
Sustainable mobility: E-vehicles and hybrid vehicles Alternative fuels Public transport	 
Circular economy: Recycling and reuse Waste prevention Waste separation	  
Preservation of biodiversity: Renaturation/ecological restoration projects Sustainable agriculture and forestry Protection of oceans and seas	
Socially sustainable	
Social housing	 
Education: Daycare centers and kindergartens Schools and after-school care Universities and technical colleges	  
Care and welfare facilities: Residential homes for the elderly Nursing homes Assisted living facilities	
Healthcare facilities: Hospitals and outpatient clinics Medical practices Facilities for other healthcare professions	

Sustainable loans gain +35%

At year-end 2021, the volume of sustainable financing was EUR 556.2 million (+35%). At a volume of EUR 143.0 million in new loans for sustainable purposes, we were missed our target of granting a volume of at least EUR 200 million in new sustainable loans. A major part of sustainable loans, specifically EUR 336.5 million, were granted to corporate and business customers, and EUR 219.7 million to retail customers.

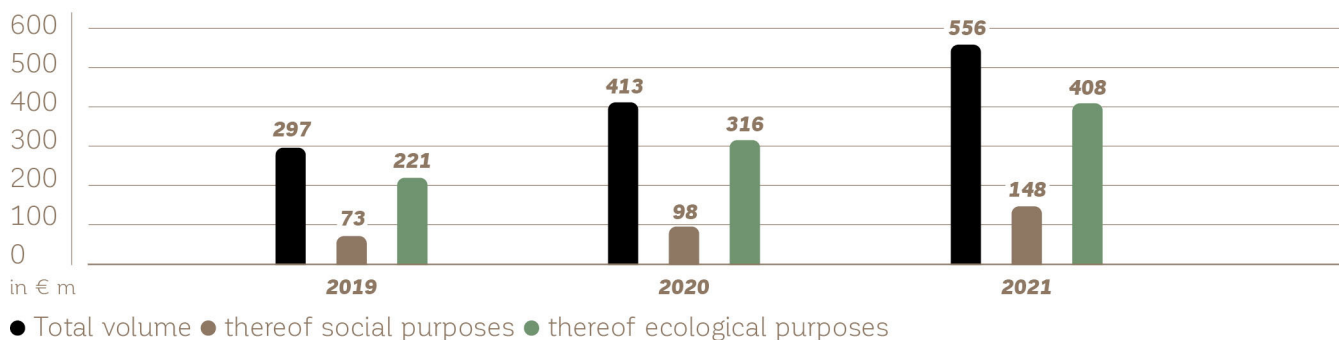
New green loan product in Croatia

In retail financing, we have also been offering a green loan product in Croatia since the reporting year. This type of loan is for financing sustainable residential buildings. We are hoping for a similarly good market development as for the green loan in Slovenia, which attained a volume of EUR 34.0 million at the end of the year.

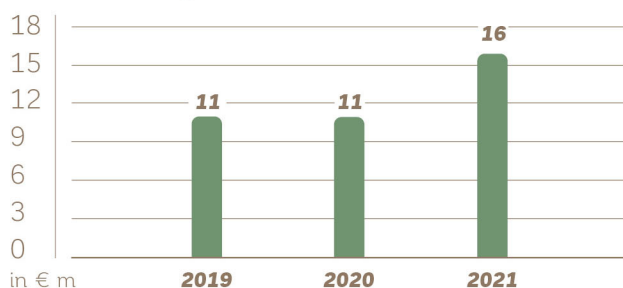
Silver credit

In the past decades, senior citizens have become much more fit and willing to invest. For example, many people are concerned about making their homes barrier-free ahead of time. Still, older people have very limited access to financing from many banks because of their age. The silver loan is our offer of sustainable financing for older people. The fact that there is demand on the market is shown by the steady growth in silver loans from year to year. Compared to year-end 2020, the volume went up from EUR 11.4 million to EUR 55.1 million.

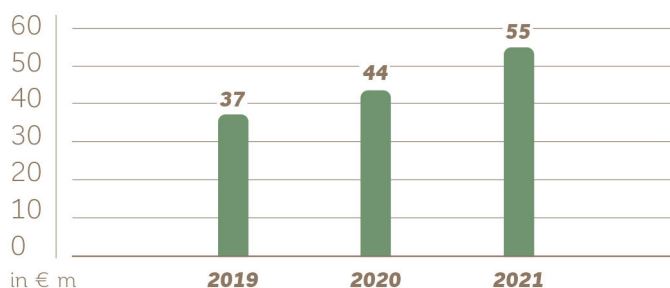
Sustainable lending



Green Leasing



Silver loans



BKS Bank indicator: Volume trend of sustainable loans
TCFD, metrics and targets, recommended information c)

Sustainable Investments

Sustainable investing has become a megatrend in the securities business. The growth rates in Austria are 29% on average.

For example, 59 green and social bonds were listed on the Vienna Stock Exchange¹ at the end of 2021 compared to 37 sustainable bonds one year earlier. In addition to the five green and social bonds issued to date, we issued two further green bonds in the reporting year.

The European Union states in the Green Deal² that buildings account for around 40% of the EU's energy consumption and that energy-efficient construction plays an important role for climate change mitigation. Therefore, we issued the BKS 0.45% Green Bond 21-26/2, a bond to finance a green building. The proceeds of the issue went to BKS Immobilien-Service, which erected the building "BKS-Holzquartier", rents the units and manages it. The building was awarded the Gold Standard pursuant to the "ÖGNI" sustainability certification. Decisive factors include the sustainable building material of wood, the high energy efficiency, its central location, and the efficient use of space with a low degree of soil sealing.

Green bond issued jointly with Stadtwerke Klagenfurt

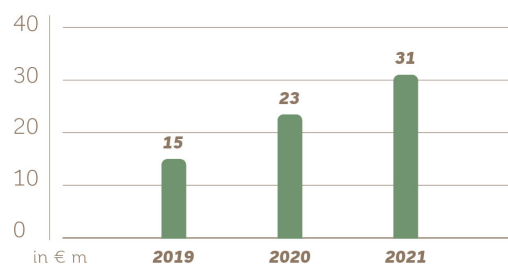
Shortly before Christmas, Stadtwerke Klagenfurt and BKS Bank set a joint example for climate change mitigation. The utility, as a major energy supplier, faces the challenge of helping to shape

the energy transition. The utility is making a major investment of EUR 20 million to install up to 59 photovoltaic systems. Funding is raised partly by the green bond issued by BKS Bank. The installation of the photovoltaic systems is scheduled to be completed by 2023. Stadtwerke Klagenfurt expects the newly installed photovoltaic systems to cut some 13,500 t of CO₂ equivalents per year, thereby helping Klagenfurt achieve a major step towards climate neutrality.

A second party opinion is available on the website of BKS Bank by rfu - Mag. Reinhard Friesenbichler Unternehmensberatung for both green bonds. The two bonds scored above average in the sustainability rating. The green bond for the BKS-Holzquartier was rated B+, and the bond issued with Klagenfurt Stadtwerke was rated A- on the rfu sustainability scale (more information are given further below).

At year-end 2021, the outstanding volume of BKS Bank's green bonds was EUR 20.6 million. The ratio of climate-linked bonds versus BKS Bank's total issuance volume was 2.4%. The issuance volume of the social bonds was EUR 10.0 million.

Issuance volume of green and social bonds



¹ Data source: Vienna Stock Exchange, www.wienerbourse.at, as at 14/01/2022

² Cf. European Commission, The European Green Deal, 2019, p. 11

Disclaimer: The information in this chapter serves only information purposes and does not constitute an offer or a solicitation to buy or sell the securities mentioned herein.

Sustainability in asset management

We offer our clients various opportunities to invest sustainably as part of our asset management. This includes the investment product “BKS Portfolio-Strategie nachhaltig”. It is actively managed and invests exclusively in sustainable funds, ethical funds and environmental funds. This product was awarded the Austrian Ecolabel for Sustainable Financial Products in the reporting year again¹⁾

In Austria, EUR 84.6 million are invested in ESG investment components of which EUR 24.7 million are in “BKS Portfolio-Strategie nachhaltig”, EUR 9.9 million in “iVV nachhaltig” and EUR 50.0 million in asset management variants. In Slovenia, the volume invested in the asset management variants totalled EUR 80 million. To date, these asset management variants have not followed any explicitly sustainable investment strategy. In 2022, we defined the goal of systematically using ESG investment components also asset management mandates in Slovenia.

The share of sustainable investment modules in asset management at BKS Bank was 39.1% at year-end 2021 compared to 18.2% in the preceding year. The share throughout the group was 28.5% (2020: 13.2%). We are therefore very close to reaching the target of 30% for 2025 defined in our sustainability strategy.

¹⁾ The Austrian Ecolabel was awarded by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Infrastructure and Technology (BMK) for the product “BKS Portfolio-Strategie nachhaltig”, because, in addition to economic criteria, ecological and social criteria are considered when selecting shares/bonds/share certificates/real estate or projects financed by means of current/savings deposits or green bonds. The Ecolabel guarantees that the criteria and their implementation are suitable for selecting appropriate stocks/bonds/share certificates or real estate, projects or forms of investment. This has been verified by an independent authority. The Ecolabel award does not represent an economic evaluation and does not allow any conclusions to be drawn about the future performance of the financial product.

ESG factors increasingly decisive for investors

Sustainability plays an increasingly important role in investment decisions. The PWC Global Investor ESG Survey 2021¹⁾ revealed that companies without an ESG focus are at risk of losing investors. Almost 80% of respondents indicated that sustainability is an important factor for investment decisions.

Almost 70% believe ESG factors should be incorporated into the targets for the remuneration of management staff. Around 50% agreed to distance themselves from companies that do not take sufficient ESG measures. An interesting finding is that 75% of participants stated that companies should address sustainability issues even if this reduces company profits in the short term. However, investors are only willing to accept a maximum loss of returns of 1% and 49% would not accept lower returns at all.

The most significant aspect for investors is that companies dedicate themselves to reducing their greenhouse gas emissions. This is hardly surprising considering that the media currently limits its coverage of sustainability to climate change. The consideration of human rights in the supply chain ranks only in fourth place.

The annual market report²⁾ published by “Forum nachhaltige Geldanlage” shows that many investors are following up on what they say. Sustainable investments attained strong gains in market shares in Austria, Germany and Switzerland. For example, the gain in private investments in sustainable funds in Austria was 78%.

¹⁾ Cf. PWC Global Investor ESG Survey 2021, <https://www.pwc.at/de/aktuelle-themen/esg-investor-survey.html>

²⁾ Cf. Marktbericht Nachhaltige Geldanlagen, Forum nachhaltige Geldanlage, https://fng-marktbericht.org/fileadmin/Marktbericht/2021/FNG_Marktbericht2021_Online.pdf

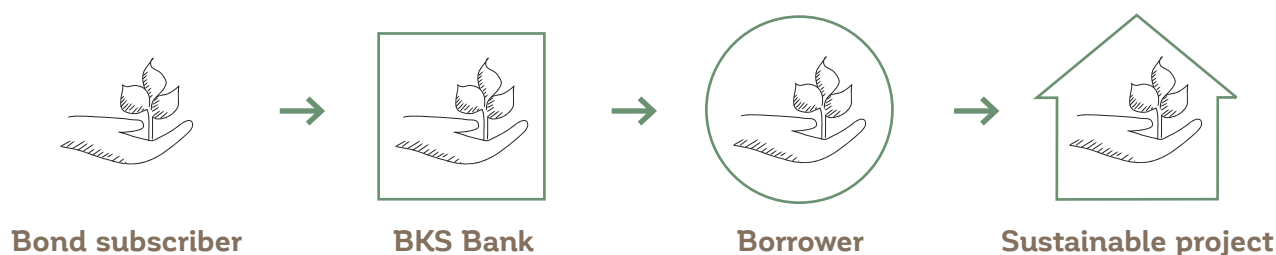
Impact of green and social bonds

By impact, we mean the significant positive environmental and social effects of the project being financed by a green or social bond. Impact reporting was prepared in accordance with ICMA's "Handbook Harmonised Framework for

Impact Reporting," published in June 2021. The full impact report is available at www.bks.at.

The first impact report for the two green bonds floated in 2021 will be published in 2022.

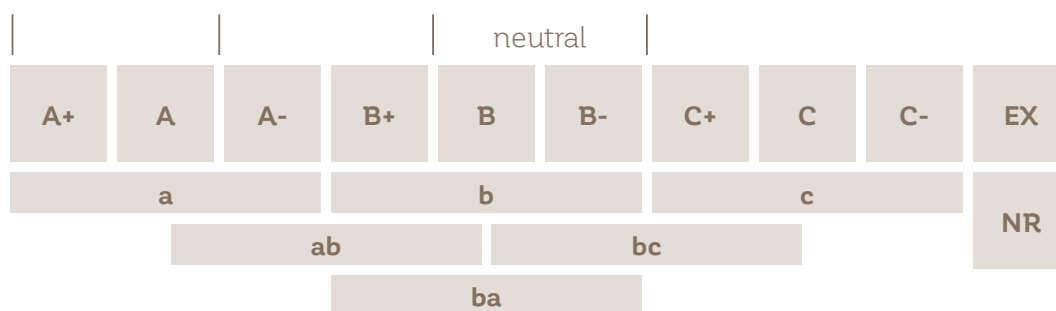
How green bonds and social bonds work



Second Party Opinion: Transparent Rating

All green bonds and social bonds we issue are rated by rfu - Mag. Reinhard Friesenbichler

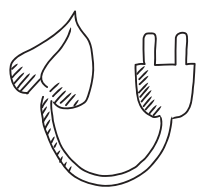
Unternehmensberatung to permit investors to transparently assess the sustainability of a bond. The rating grades are



A+ ... C- are the rating grades of the rfu sustainability model. The rating grades use up to 100 criteria to assess the environmental and social quality of a company or project. Lowercase letters (a, ab, ...) stand for indicative ratings based on limited data. Other attributes are EX (excluded) and NR (no rating).

Source: Mag. Reinhard Friesenbichler Unternehmensberatung.

Total impact at a glance



Generation of 39 GWh of renewable energy per year



106 care places for people suffering from dementia



Savings of 10,036 t CO₂-equivalents per year



290 training places for pupils

0.85% BKS Green Bond 2017-2023/3

- Construction of a small hydro-power plant in Spittal an der Drau by Hasslacher Energie GmbH
- SPO rating result: B+
- Contribution to SDG 7, 13, 14
- Capacity of the power plant: 10 GWh
- Electricity generation from renewable energy 2020: 9.1 GWh
- CO₂savings per year: 2,355 t CO₂equivalents

0.875% BKS Green Bond 2018-2024/2

- Construction of nine photovoltaic plants by Exklusivreal 4you GmbH
- SPO rating result: A-
- Contribution to SDG 7, 13
- Electricity generation from renewable energy per year 6.3 GWh
- CO₂savings per year: 1,628 t CO₂ equivalents
- Projected CO₂savings until end of life of plants: 56,979 t CO₂equivalents

0.375% BKS Green Bond 2019-2024/2

- Construction of ten photovoltaic plants by Exklusivreal 4you GmbH
- SPO rating result: A-
- Contribution to SDG 7, 13
- Electricity generation from renewable energy per year: 11.9 GWh
- CO₂savings per year: 3,058 t CO₂ equivalents
- Projected CO₂savings until end of life of plants: 107,039 t CO₂equivalents

0.60% BKS Green Bond 2020-2026/4

- Modernization of the energy supply for process heat for Hermes Schleifmittel Ges.m.b.H. by changing over from oil to biomass
- SPO rating result: ba
- Contribution to SDG 7, 9, 13
- Electricity generation from renewable energy per year: 11.5 GWh
- CO₂savings per year: 2,979 t CO₂equivalents

0.625% BKS Social Bond 2017-2022/1

- Construction of the MaVida Park in Velden am Wörthersee by the AHA Group (care facility for people suffering from dementia)
- SPO rating result: B+
- Contribution to SDG 3, 4
- Care places for 106 people (occupancy rate 98%), academy, diagnostic centre

0.80% BKS Social Bond 2020-2028/5

- Modernization, conversion and expansion of two school buildings (Neue Mittelschule and Sportmittelschule Hartberg Rieger) by HSI Hartberg, location development of city of Hartberg
- SPO rating result: B+
- Contribution to SDG 4, 9, 10, 13
- Training places for 290 students at three types of schools (240 at secondary school, 40 at polytechnic vocational school, 10 at special school)
- Electricity generation from renewable energy per year: 140 MWh
- CO₂savings per year: 130 t CO₂equivalents

Sustainable products of our asset management company

3 Banken-Generali Investment-Gesellschaft m.b.H.¹, the joint asset management company of 3 Banken and Generali Versicherung AG, has been focusing its strategy on sustainability in recent years. It has also committed itself to the Principles for Responsible Investment (PRI). Since the fourth quarter of 2021, it has been publishing an ESG key data sheet for all of the funds it offers. This key data sheet includes information on greenhouse gas emissions, any investments in controversial businesses, and an ESG risk rating.

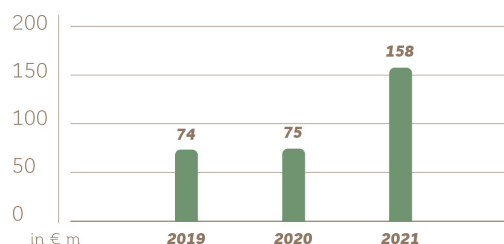
A positive trend is the fact that the ESG fund volume

- for public funds rose to EUR 958.1 million,
- and for special funds and institutional investor funds to EUR 862.1 million.

The amount on securities accounts of BKS Bank's customers was EUR 73.6 million in sustainable products of 3 Banken-Generali Investment-Gesellschaft in the reporting year (2020: EUR 40.4 million).

Very popular with investors are the "3 Banken Nachhaltigkeitsfonds", the "3 Banken Mensch & Umwelt Aktienfonds" and the "3 Banken Mensch und Umwelt Mischfonds" all of which have the Austrian Ecolabel for sustainable financial products. The 3 Banken Nachhaltigkeitsfonds is also rated AAA in the sustainability risk rating of MSCI ESG, and is therefore classified in the best rating category.

Volume of sustainable funds³



Green savings accounts

BKS Bank offers a green savings passbook to customers who want to invest sustainably but are wary of stock markets. The money invested is used exclusively to fund environmentally-friendly projects. The decline in volume from EUR 68.5 million to EUR 19.6 million in sustainable savings passbooks is due to the expiry of "Kapitalsparbücher" (savings passbooks with fixed interest), which for economic reasons were not prolonged due to the ECB's low interest rate policy. In 2022, we plan to launch a green savings product that features an environmental label and can be acquired online.

BKS Bank Indicator: Volume of sustainable investments

¹ Disclaimer for the products of 3 Banken-Generali Investment-Gesellschaft m.b.H.: Information on the products of 3 Banken-Generali Investment-Gesellschaft m.b.H. is not binding and constitutes neither an offer nor an invitation to buy or sell, and in no way replaces and advisory talk on the purchase or sale of investment fund units. The exclusive basis for the purchase of investment fund shares is the key information document (KID) and the respective prospectus made available in the currently valid version in German on the website www.3bg.at, as well as at the Austrian paying agent for the investment fund.

² The sustainable fund volume includes the sustainable fund volumes of all "BKS Portfolio-Strategie-Varianten", "iVV", and since 2019, also the volume invested in sustainable funds of 3 Banken-Generali Investment-Gesellschaft on our customer's custody accounts.

Natur & Zukunft account

The account “Natur & Zukunft” contributes to the reforestation of Austria’s forests, which play a special role in climate protection. This account product is very popular with our customers. At the end of 2021, 1,362 “Natur & Zukunft” accounts had been opened. The “Natur & Zukunft” account was created by a team of employees as part of their junior management training.

At least one tree is planted for each BKS “Natur & Zukunft” account opened. Apart from the location, when selecting trees, attention is paid to ensure that biodiversity is preserved and monoculture avoided. In 2020, 4,680 trees were planted in a protection forest destroyed by fire in Bad Eisenkappel/Železna Kapla. The Carinthian Chamber of Agriculture provided valuable expertise on planting. As forests compensate CO₂ and serve as CO₂ sinks, they make a valuable contribution in the fight against global warming. A spruce, for example, stores around 2.6 t CO₂ equivalents in the course of 100 years, and a beech tree 3.6 t CO₂ equivalents.

The ecolabel certification for the “Nature & Zukunft” account will be completed in 2022. The necessary preparations such as the creation of a pool of sustainable financing for the use of account deposits are already advanced.

Sustainable own investments

Our securities portfolio is dominated by solid government bonds issued by European countries. Mortgage-backed bank bonds (covered bonds) with the highest credit ratings are added to the portfolio. Direct investments in shares are mainly in European companies and are limited to a maximum of EUR 10 million.

We base the selection of our investments on our ethical and ecological principles “Exclusion and Positive Criteria for Agent and Proprietary Transactions”. Furthermore, we have defined the following criteria in our risk strategy:

- The share of sustainability funds will be continuously enlarged with the aim of achieving alignment with the Paris Agreement.
- Our goal is to achieve CO₂ emissions of no more than 100 t CO₂/\$ 1 million turnover by 2022, and no more than 50 t CO₂/\$ 1 million turnover by 2030 for our own investments in funds.
- Measured by the MSCI ESG Quality Score, a target rating of AA is to be achieved for the treasury fund portfolio.

We have already made great progress towards achieving these targets in 2021. For example, we succeeded in reducing the CO₂ emissions in the treasury fund portfolio from 138 t CO₂/\$ 1 million turnover to 105 t CO₂/\$ 1 million turnover, while improving the weighted ESG risk score pursuant to MSCI ESG from A to AA. More information on decarbonization in the core business on pages 95 and 143.

BKS Bank's investments are mainly in companies operating in the financial sector and financial services, as well as in companies that develop, rent and manage owner-occupied and rental real estate. The largest shares in investment portfolio are the investments in Oberbank AG and in Bank für Tirol und Vorarlberg Aktiengesellschaft. Acquiring industrial holdings is not part of the strategic focus of BKS Bank.

High Degree of Customer Satisfaction

We are pleased to report that our customers gave us an excellent score of 1.50 in the customer satisfaction survey.

The survey was conducted in the period from October to November 2021 by online interviews with 1,570 customers, 464 of whom were corporate customers. They confirmed a very pleasing development. Apart from improved overall satisfaction, the net promoter score, which measures the recommendation rate, increased from 29% to 36% – which is more than satisfactory.

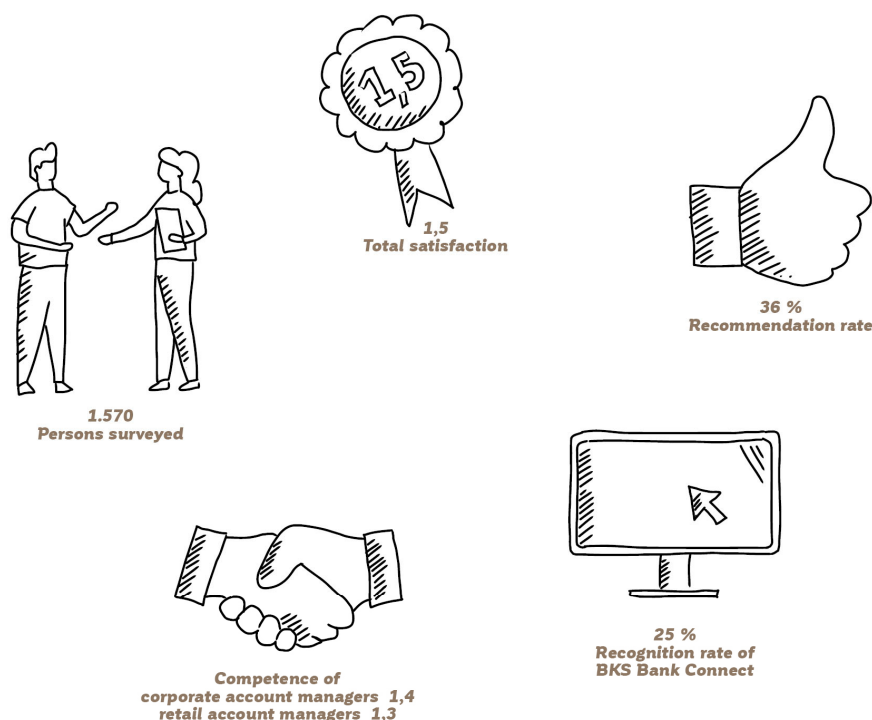
High advisory competence

We believe excellent advisory serves are an important factor that set us apart. We

are therefore pleased that the competence of our retail customer advisors is rated with a very high score of 1.3 and that of our advisors for corporate and business customers at 1.4. Overall, customers also feel very comfortable at BKS Bank's branches. They rated the branch impression with a score of 1.4.

We are pleased that our digital offers also performed very well. Although BKS Bank Connect has only been available to customers for one year, 25% are already familiar with our digital bank. A share of 91% of MyNet users were satisfied with our internet banking, and 90% of app users. Satisfaction rates among our corporate customers were also more than satisfactory: For BizzNet, the satisfaction rate was 85%, and for the business app it was 84%.

Highlights of the customer satisfaction analysis



Contact feedback

The customer satisfaction analysis is conducted every two years; therefore, we introduced contact feedback in order to be able to identify any problematic developments more promptly. Customers who have interacted with us at a branch or through another channel are invited to evaluate the experience by completing an online questionnaire. The survey measures satisfaction about the advisory services received and how likely it is that a customer will recommend it to others. A very high level of satisfaction was consistently reported by respondents.

Highest recommendation rate

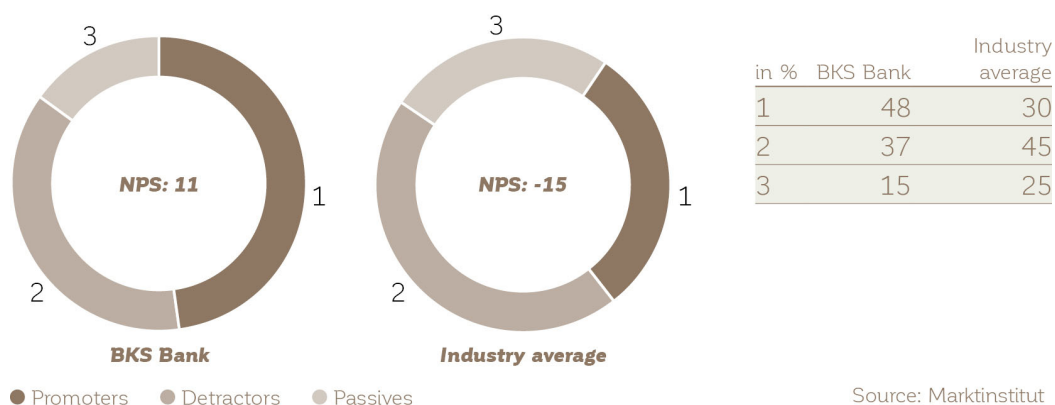
We were also named the most likable and innovative bank in Carinthia in a banking survey conducted by the Linz-based market research institute. 2,000 persons were surveyed. We achieved the highest net promoter score for all of Austria. This score provides an indication of customer satisfaction and the success of a brand. It is based on the question of how likely it is that users would recommend the brand to others. Promoters give very strong recommendations, while detractors tend to give lower ones. The difference between promoters and detractors is the net promoting score.

ÖGVS test winner

BKS Bank's advisory excellence is also regularly positively recognized by external surveys. In 2021, we were named the branch banking institution that offers the best investment advisory services by Österreichische Gesellschaft für Verbraucherstudien (ÖGVS, Austrian Society for Consumer Studies) and the magazine "trend", and also received a service award.

These distinctions make us very happy, because we act responsibly when dealing with our customers and introducing new products. We do not engage in aggressive advertising and follow the recommendations of the Code of Ethics of the "Werberat" (Austrian Advertising Council) and "Gesellschaft zur Selbstkontrolle der Werbewirtschaft" (Society for the Self-Regulation of the Advertising Industry). To ensure that all advertisements booked comply with our Guidelines, this is done centrally by Group Communications after approval by the Management Board or Regional Head Offices. In the reporting year, there were no infringements of regulations or voluntary codes of conduct in the labelling of our products or in our marketing materials.

Industry leader in net promotion score



GRI 417-1 Requirements for product and service information and labelling

GRI 417-2 Incidents of non-compliance concerning product and service information and labelling

GRI 417-3 Incidents of non-compliances concerning marketing communications



Environment and Climate Change Mitigation

Protecting the environment
today means conserving
biodiversity for tomorrow.



Horned viper

The European horned viper or long-nosed viper (*Vipera ammodytes*) is easily recognizable by the zigzag pattern of its scales. It is poisonous and prefers dry and sunny rocky slopes as a habitat. It is also on the IUCN Red List of Threatened Species.

Austria in Climate Change – Hotspot or Elysium?

It is clear to many Austrians that climate change may have serious consequences. The statistics show that our country is already affected by initial changes and will certainly face further negative consequences in the future.

Some 85% of the 3,633 respondents to a survey¹ conducted by KLAR! said that climate change was a problem to be taken seriously. They associated it mainly with the Earth's warming, heat and severe weather.

Their assessment reflects what is substantiated by hard facts in the Climate Change Report 2021² published by Umweltbundesamt (Environment Agency Austria): Austria is already affected by global warming at an above-average rate today. An increase in temperature by 2° Celsius compared to the 1961-1990 reference period is already reality in our country. By the end of the 21st century, a temperature increase of 4.0° Celsius is expected throughout Austria if greenhouse gas emissions continue to rise unchecked.

Rising temperatures will be accompanied by more frequent extreme weather events, heat and bouts of tropical weather – and the spread of pests from warmer latitudes. Due to shrinking glaciers, the water flows of many rivers are changing, and thereby also potential floodplains. Plants, which have been native to our latitudes for many generations are proving to be less fit for climate change, as exemplified by the spruce.

However, the effects of climate change are not only impacting nature, but also have economic repercussions. Weather and climate-related damage in Austria today is already at least EUR 2 billion on the annual average³ – with a strong upward trend. Furthermore, potential productivity losses were identified for Austria if workers are increasingly exposed to heat. These losses have been quantified at EUR 40 million per year from 2016 to 2045 under severe climate change.

Neither should the health consequences be ignored. The "Österreichische Special Report Gesundheit, Demographie und Klimawandel"⁴ (Austrian Special Report on Health, Demography and Climate Change) states that especially persons with allergies will be affected by increased pollen counts and older people, children, people with cardiovascular diseases and mental illnesses will also suffer from higher temperatures.

Even if these figures, data and facts do not paint a positive picture of the future at first glance, there is still room for optimism. Many initiatives, companies and authorities are already committed to reducing greenhouse gas emissions. The orchard of the local organic farmer makes a contribution just as valuable as the large-scale erection of photovoltaic systems by utilities funded by green bonds, the promotion of local public transport or many research projects. Therefore, there is hope that Austria will not remain a hotspot of climate change.

¹ Cf. KLAR!, <https://www.klimawandelanpassung.at/nl49/klar-befragung>

² Cf. Umweltbundesamt, Klimaschutzbericht 2021, <https://www.umweltbundesamt.at/fileadmin/site/publikationen/rep0776.pdf>

³ Cf. Karl W. Steininger, Birgit Bednar-Friedl, Nina Knittel, Gottfried Kirchengast, Stefan Nabernegg, Keith Williges, Roland Mestel, Hans-Peter Hutter, Lukas Kenner, Klimapolitik in Österreich, June 2020

⁴ Cf. Österreichischer Special Report Gesundheit, Demographie und Klimawandel, <https://www.gesundheit.gv.at/aktuelles/gesundheitsliche-folgen-klimawandel>

Decarbonization

Ending the use of fossil fuels is crucial for climate change mitigation. We have also defined climate neutrality our long-term goal.

BKS Bank has been calculating its carbon footprint for Scopes 1, 2 and smaller parts of Scope 3 since 2012, and has steadily been decreasing its emissions.

A major part of the emissions we produce do not result from our direct business activities, but indirectly from the CO₂ emissions we finance. In the reporting year, we achieved initial progress in calculating these financed emissions.

In 2022, we will complete the calculations and define a science-based target. A science-based climate target is one that ensures that the path to decarbonization is consistent with the Paris Climate Agreement. Once we have completed the calculations, we will announce a more detailed action plan and by when we will achieve climate neutrality. Additionally, we also took several measures to reduce emissions in the reporting year.

Financed emissions

In the Sustainability Report 2020, we reported for the first time extrapolated figures for CO₂ emissions relating to our Austrian loan portfolio calculated by the experts of WWF Österreich. This was a major step towards being able to roughly assess the need for action.

In 2021, we joined the Partnership for Carbon Accounting Financials (PCAF) with the aim of ensuring that our calculations are internationally comparable. The standards defined by PCAF are internationally recognized and in compliance with the Greenhouse Gas Protocol (GHG). It provides guidance to banks and asset managers on the measurement and reporting of greenhouse gas emissions linked to loan and investment portfolios. We are pleased to present in this report the emissions data calculated pursuant to PCAF for

- corporate loans and vehicle finance we grant,
- our asset management variants, and
- our treasury portfolio.

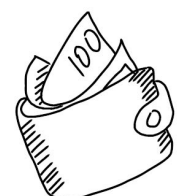
What is PCAF?

The Partnership for Carbon Accounting Financials (PCAF) was created globally in September 2019. Currently, some 200 banks and investors have joined this initiative, including BKS Bank. The members of this initiative work closely together on the development of the Global GHG Accounting and Reporting

Standard for the financial industry for the measurement and disclosure of greenhouse gas emissions related to their loans and investments. PCAF participants are thus taking an important step toward assessing climate-related risks, setting targets consistent with the Paris Agreement, and developing effective strategies to decarbonize our society.

The PCAF Standard defines the following six asset classes: corporate loans and unlisted equity, project finance, commercial real estate, residential mortgage loans, vehicle financing, and listed stocks and bonds. Further standards are being developed, for example, for government bonds.

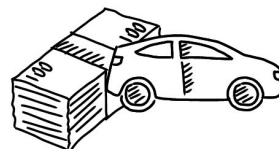
Financed emissions



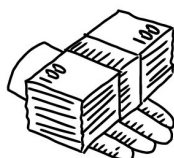
12.426 t CO₂ equiv.
Treasury portfolio



1,0 million t CO₂ equiv.
Corporate loans



2,3 thousand t CO₂ equiv.
Vehicle leasing



13,5 thousand t CO₂ equiv.
Asset management



146,6 thousand. t CO₂-equiv.
Vehicle leasing loans

We aim to report on mortgage loans, commercial real estate and project financing in 2022. The detailed calculation method and tables of key figures for all the asset classes we report are available in the section starting on page 143 “Sustainability in Numbers”.

Corporate loans

A total of EUR 4.1 billion in corporate loans were included in the calculation for 2021. These loans generated some 1.0 million t CO₂ equivalents. The three sectors in the corporate loan portfolio that contributed the most to the total emissions were “C –Manufacturing goods” with 39.2%, “G – Trade, maintenance and repair of motor vehicles” with 15.5%, and “F – Construction” with 13.2%. These sectors therefore carry the largest potential for reduction, which can be leveraged jointly with customers.

Exclusion criteria for new loans are another opportunity for decarbonization in the lending business. We already use exclusion criteria related to fossil fuels and will refine these further in 2022. Therefore, we define

- as of when we will no longer grant new loans relating to the exploration, processing, distribution and generation of electricity from fossil fuels; and
- which decarbonization path we want to take.

Therefore, in 2021 we also started analysing the volume of our exposure relating to such activities.

Vehicle financing

Vehicle loans and leasing account for only a small part of BKS Bank's financing volume. Still, as transport is a significant source of emissions, we aim to promote sustainable mobility through our loans. In total, our vehicle loans and leases generated 148.9 thousand metric tons of CO₂ equivalents.

Own portfolio and asset management

Our own portfolio is managed at monthly meetings attended by all members of the Management Board. In the summer of 2021, an initial assessment of the fund's own portfolio was carried out with respect to the Paris Alignment. The indicator t CO₂/ \$1 million turnover was used to measure each investment.

The initial assessment of our portfolio resulted in 138 t CO₂/ \$1 million turnover. In the course of the remainder of the year, several investment decisions were made resulting in only 105 t CO₂/1 million \$ turnover by year-end – with a weighted MSCI ESG rating average of AA. We plan to continue on this course in 2022 to achieve the targets stated on page 89.

We offer asset management services in Austria and Slovenia. Asset management is conducted by local experts in each market and pursues different investment strategies, with ESG investments having been promoted more in Austria than in Slovenia.

Focus on CO₂ emissions trading

The future price of CO₂ emissions will play a decisive role in determining how quickly greenhouse gas emissions can be reduced. To date, all large plants in the EU that generate electricity and heat, large industrial plants such as steel mills, refineries and cement plants, as well as inner European flight traffic are under the obligation to participate in emissions trading. There are plans to extend the scope of emissions trading to other areas within the scope of the "Fit for 55" programme.

In Austria, emissions certificates trading currently accounts for 36% of national GHG emissions. The largest domestic issuers are voestalpine, OMV and Wien Energie¹.

Participants in the emissions trading system receive a certain quota of greenhouse gases. If the quota is exceeded, the company can either pay a penalty or offset the difference by purchasing CO₂ certificates. Conversely, participants who consume less CO₂ than they have been allocated can sell emissions certificates. This is how the price of CO₂ certificates is determined by supply and demand (trade). In the EU, the European Commission limits the total amount of emissions rights with a cap. It is planned to decrease the cap year by year. Considering the simultaneous increase in the number of participants, prices are expected to increase significantly.

With the government's "eco-social tax reform", the first step has been taken towards CO₂ pricing in Austria. The entry price is EUR 30 per tonne and will increase to EUR 55 per tonne by 2025. A portion of these revenues will flow back to the population in the form of a climate bonus. Austria therefore ranks in the middle range in Europe. The front-runner is Sweden. The CO₂ tax was introduced already in 1991 in Sweden. It is adjusted annually to inflation and was EUR 118 per tonne in the reporting year. By way of comparison: in Germany, one tonne of CO₂ costs EUR 25.

¹ Cf. <https://www.wienerzeitung.at/nachrichten/wirtschaft/oesterreich/2068851-Wie-viel-Oesterreich-an-den-CO2-Zertifikaten-verdient.html>

ich/2068851-Wie-viel-Oesterreich-an-den-CO2-Zertifikaten-verdient.html

The PCAF calculation of our treasury portfolio is limited to equities, corporate bonds and investment funds, the same as for asset management. There is no PCAF calculation for government bonds yet. For some investments, an evaluation was not possible due to a lack of available emissions data. This resulted in an CO2 emissions indicator for the own portfolio of 12.4 thousand t of CO2 equivalents and of 13.5 thousand t of CO2 equivalents for the asset management portfolios. In this case as well, we want to reduce emissions over time so as to achieve the alignment targets of the Paris Agreement.

Emissions caused by business operations

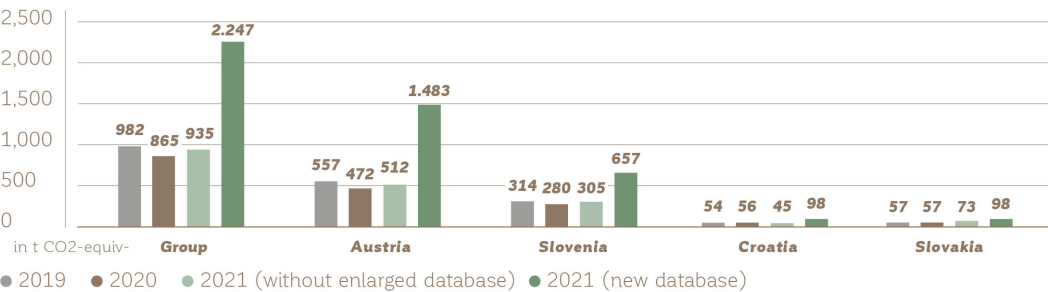
The emissions reported in this section refer to those directly related to business operations. They include

- Scope 1 emissions caused by heating, vehicle fleet and refrigerant losses,
- purchased energy in the form of electricity and heat (Scope 2), and
- Scope 3 emissions caused by business travel, employee travel to and from work, paper consumption, and new IT equipment purchased in the reporting year.

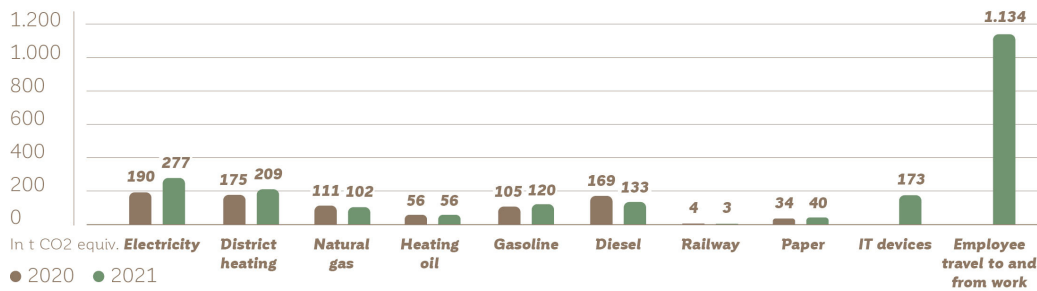
The calculation included for the first time data for the Oscar restaurant operated by BKS Bank and BKS-Wohnpark, and the number of locations increased by one backup site. The figures given for Scope 3 cannot be directly compared with those of preceding years either, as we have included employee travel to and from work and new IT equipment in the calculation for the first time, and also widened the scope of the data on paper consumption to include additional printed materials. The additional data is the reason for large increase in CO2 emissions. See page 141 for details on the calculation method.

The carbon footprint caused directly by our business operations amounted to 2,247 t CO2 equivalents in the reporting year. Of this volume, 1,134 t CO2 equivalents (51%) are attributable to employees' travel to and from work. The increase in electricity from 190 to 277 t CO2 equivalents is explained in part by the wider scope of the database. However, we experienced an increase in emissions caused by electricity consumption in all markets. The 28% increase in district heating is due mainly to the conversion of a heating system in Slovenia from natural gas to district heating, and to increased consumption in Slovakia.

Carbon Footprint of BKS Bank



Distribution of carbon footprint



The reduced number of business trips is seen in the lower CO₂ emissions caused by fuel consumption. The slight increase in fuel resulted from the replacement of diesel vehicles by hybrid vehicles.

Austria

In Austria, emissions in the reporting year amounted to 1,483 t of CO₂ equivalents. As around three quarters of all employees are employed in our home market, a high proportion of the greenhouse gas emissions caused by employee travel to and from work also occurs here, specifically 795 t CO₂ equivalents. Another part of the increase results from the first-time inclusion of IT equipment, the Oscar restaurant, and BKS-Wohnpark as well as from higher demand for district heating.

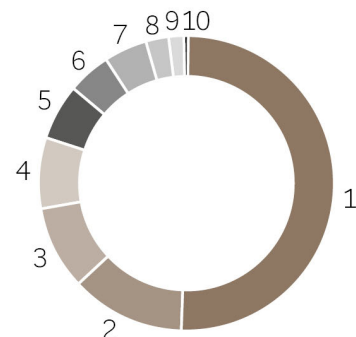
Slovenia

In the market of Slovenia, the high level CO₂ emissions caused by employee travel to and from work (262 t CO₂ equivalents) is followed by electricity consumption with 172 t CO₂ equivalents, which is the second largest source of emissions. The conversion of a heating system from natural gas to district heating means that district heating is now 51 t CO₂ equivalents, which ranks the company in third place. In 2021, CO₂ emissions from fuels have increased in Slovenia. While gasoline caused 15 t CO₂ equivalents in 2020, it accounted for 18 t CO₂ equivalents in 2021. Emissions caused by diesel remained unchanged at 12 t CO₂ equivalents. In total, the carbon footprint in Slovenia was 567 t CO₂ equivalents.

Source of emissions in %

in %		
1	Employee travel to and from work	50,5
2	Electricity	12,3
3	District heating	9,3
4	IT devices	7,7
5	Diesel	5,9

in %		
6	Gasoline	5,3
7	Natural gas	4,5
8	Heating oil	2,5
9	Paper	1,8
10	Railway	0,1



Croatia

Without expanding the database, BKS Bank's carbon footprint in Croatia would have decreased from 56 t to 45 t CO₂

equivalents due to savings in gasoline and diesel. Employee travel to and from work accounted for 52 t CO₂ equivalents (53%) of the carbon footprint of 98 t CO₂

equivalents. The emissions caused by electricity are very low at only 2 t CO₂ equivalents. In contrast to the other markets, in Croatia we were unable to collect CO₂ data on externally produced printed materials. In this case, we are working on process improvement for the year 2022.

Slovakia

In Slovakia, the carbon footprint increased from 57 t to 98 t of CO₂ equivalents. District heating accounts for the largest share here, with 43 t CO₂ equivalents, followed by employee travel to and from work with 25 t CO₂ equivalents and gasoline with 18 t CO₂ equivalents.

Cooperation for decarbonization

The journey to a 1.5°C economy

Together with other partner companies of the WWF CLIMATE GROUP, we also addressed the possibility of introducing of a science-based target in 2021 within the framework of a project financed by Österreichische Klima- und Energiefonds (Austrian Climate and Energy Fund) and managed by denkstatt GmbH and WWF Österreich. The purpose of the project is to demonstrate a feasible path to a 1.5°C economy. The project is scheduled to run until mid-2022.

turn to zero

In the summer of 2021, BKS Bank joined turn to zero (formerly Climate Neutrality Alliance 2025). turn to zero is an initiative originally founded in Vorarlberg with the goal of engaging in climate change mitigation. The alliance has over 190 members. The common purpose is to reduce own emissions and offset unavoidable emissions by engaging in high-quality climate change mitigation projects to ultimately achieve the goal of climate neutrality. In the reporting year, BKS Bank adjusted its carbon footprint calculation in accordance with the turn to zero requirements. In 2022, the first compensation project will be supported. The coordination and selection process will begin in the second quarter.

GRI 102-49 Changes in reporting

GRI 305-1 Direct (Scope 1) GHG emissions

GRI 305-2 Energy indirect (Scope 2) GHG emissions

GRI 305-3 Other indirect (Scope 3) GHG emissions

GRI 305-4 GHG emissions intensity

GRI 305-5 Reduction of GHG emissions

Energy Consumption

Our sustainability strategy defines the goal of reducing total energy consumption to 7.2 GWh. Unlike 2020, when we succeeded in achieving a significant reduction, we recorded an increase in total energy consumption to 7.92 GWh in 2021. An amount of 97 MWh is due to the enlarged database.

Electricity

Electricity accounts for the highest share of total energy consumption in all markets. Electricity consumption was 3.65 GWh in 2021. Consumption breaks down as follows

- 2.86 GWh in Austria
- 0.4 GWh in Slovenia
- 0.4 GWh in Croatia
- 0.1 GWh in Slovakia

The larger share of electricity consumed, 93%, comes from renewable energy sources. BKS Bank uses green electricity in all market areas; a conventional electricity mix is still in use only in Slovenia.

In 2021, we erected another photovoltaic (PV) system at BKS-Wohnpark. The system installed at BKS-Wohnpark has an output of 33 kWp and will generate up to 30,000 kWh of electricity annually. Shortly before the end of the year, a PV system was installed at the "Urban Living"

project with an output of around 6 kWp. Since 2013, the system installed on the headquarters building has been generating 40,000 to 50,000 kWh of electricity annually, depending on the number of hours of sunshine; the system at the Slovenia Regional Head Office also has an output of 40 kWp¹. We thus operate a total of four PV plants for the generation of renewable energy.

Heating

In the reporting year, we consumed 3.48 GWh in heating, of which 55% came from renewable energy and only 15% from fossil fuels, with priority given to natural gas. With a share of 3.0 GWh, district heating is by far the most important heating source at BKS Bank. Heat consumption in Austria was 2.8 GWh, in Slovenia it was 0.4 GWh, and in Slovakia 0.2 GWh. In Croatia, heating is run by electricity, no other heat source is used.

Fuel

On account of the mobility restrictions imposed by the pandemic, energy consumption from fuel sources decreased in the reporting year from 0.9 GWh to 0.8 GWh. 0.42 GWh came from diesel and 0.36 GWh from gasoline consumption.

Consumption by main energy sources

GWh	2019	2020	2021
Total energy consumption	7.64	7.18	7.92
• thereof from renewable energy sources	4.84	4.63	5.33
Electricity	3.62	3.49	3.65
• thereof from renewable energy sources	3.36	3.24	3.39
Heat	2.85	2.84	3.48
• thereof from renewable energy sources	1.43	1.35	1.91
Fuels	1.17	0.85	0.78
• thereof from renewable energy sources	0.05	0.03	0.04

¹ kWp = kilowatt peak, installed electrical output
 GRI 302-1 Energy consumption within the organisation
 GRI 302-4 Reduction of energy consumption
 TCFD, metrics and targets, recommended information c)

Green Buildings

Sustainable construction

BKS Bank owns 68 properties, some of which are used for banking operations and some of which are leased to third parties. Our goal is to make our properties more sustainable by carrying out at least five construction activities per year and having new construction projects certified as green buildings by ÖGNI - Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft (Austrian Society for Sustainable Real Estate). The ÖGNI certification process is done parallel to all construction phases. Auditors can only complete the audit when the final invoices are available. Therefore, the properties are usually already occupied before the final decision on the ÖGNI standard to be awarded is reached.

BKS Holzquartier awarded gold certificate

BKS Holzquartier was ready for occupancy in the summer. It comprises 16 small apartment buildings and one commercial building. The urban and sustainable buildings make the project particularly interesting. It was already fully rented on completion. As described on page 84, our first green building was funded by the issuance of a green bond. We are happy that the BKS Holzquartier project was awarded the ÖGNI Gold Standard.

The certification process for the “Urban Living” project has not yet been completed. Apartments were built at Klagenfurt Kreuzbergl in this project. The project features an ideal location in the countryside, between the city centre and the local recreational area Kreuzbergl and the Wörthersee lake. The heating system is environmentally-friendly using a geothermal heat pump with deep-lying pipes, which also enable passive cooling of the apartments in summer. The system is supplemented by a photovoltaic installation with around 6 kWp self-consumption.

A third ecologically sustainable project, “BKS-Lebenswert,” is currently being erected. In Eisenstadt, we are building 26 rental apartments, approximately 1,600 m² of commercial space, and a BKS Bank branch. Construction is planned to be completed in the spring of 2022, and ÖGNI certification will also be sought.

Exit from oil almost completed

We are pleased to report that we successfully completed further major sustainable construction projects in the reporting year:

- With the connection of our site in Pörschach, we were able to reduce the number of oil-fired heating systems in the entire real estate portfolio to one. This one will be replaced by a more environmentally friendly heating system in 2022.
- The third photovoltaic system installed at BKS-Wohnpark and the fourth in the “Urban Living” project went into operation at year-end. In total, we generated around 80 MWh of electricity from renewable energy.
- The installation of an energy management system improved the monitoring of energy consumption at headquarters – thereby enabling optimized, resource-saving control of heating and cooling.

2022: Three new photovoltaic plants

We will continue on this course in 2022 as well. BKS Immobilien-Service, which is responsible for all of our company's construction projects, is planning the conversion and ÖGNI certification of two properties in Villach as well as the installation of photovoltaic systems at three branches.

Efficient Use of Resources

Waste management

We have a waste management concept for headquarters, Regional Head Office Carinthia, Regional Head Office Styria, the Villach-Hauptplatz branch and the Mattersburg branch.

All waste is disposed of properly. The routine operations of BKS Bank produce waste paper, printer ink residues and toner, glass and coffee capsules. Renovation work produces urban waste and bulky waste. Hazardous waste includes, for example, batteries, fluorescent tubes and electrical appliances.

Since 2015, we have been handing over hardware no longer needed to AfB, a charitable and non-profit GmbH (AfB). AfB specializes in accepting used hardware, refurbishing it and carrying out the certified deletion of the data. AfB then resells the devices. All work flows within the company are designed barrier-free and the work can also be performed by impaired employees. In the reporting year, we handed over a total of 213 devices to the AfB. Since 2015, this partnership has helped save approximately 20 tons of CO₂ equivalents, 163,000 litres of water, and 82 MWh of electricity and also created one job for a person with a disability.

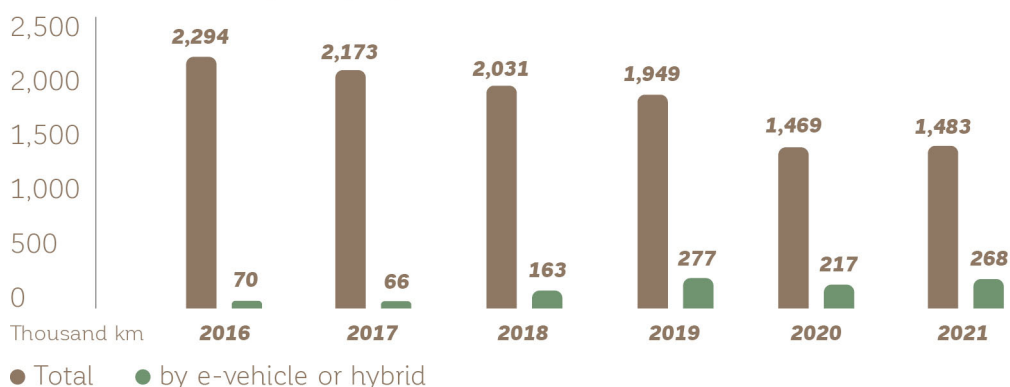
Employees collect plastic stoppers from beverage cartons and similar packaging. These are given to the Slovenian Culture Association in Bleiburg/ Pliberk, which uses the proceeds from recycling to pay for therapies for seriously ill children. Furthermore, numerous smartphones were sent to Ö3. The radio station supports "Licht ins Dunkel" with the devices collected via the Ö3 Wundertüte programme.

Mobility

Business travel, employee and customer mobility have considerable potential for decarbonization. Therefore, we make an effort to replace business trips by video conferencing and to motivate our employees to use more environmentally-friendly means of transportation rather than cars when travel is absolutely necessary.

The number of vehicles¹ in our fleet was further reduced by 3 to 65. These now include 13 hybrid and e-vehicles (+11 since 2018). For short trips within the city of Klagenfurt, BKS Bank employees can also use the Nextbike bike rental system. One of our branches is equipped with an e-bike.

Distance travelled by company vehicles



¹ Further indicators for BKS Bank's vehicle fleet and business trips are given on page 149 in the chapter "Sustainability in Numbers".

Video conferences and webinars are now replacing many business trips at our company as well. This not only saves fuel, but also time. Due to the use of video conferencing systems, it is only possible to determine the actual kilometres saved by extrapolation, especially because the coronavirus pandemic caused many in-person meetings at headquarters to be replaced by online meetings. Moreover, it may be assumed that in the case of short online meetings, these would have generally been conducted over the telephone rather than triggering a trip. Therefore, we used only a portion of the video-conferences for the calculation, arriving at an approximate figure of kilometres saved of 486,000 km.

Environmentally-friendly travel to and from the work

In 2021, we conducted an employee survey to determine how our employees travel to and from work. We motivate our employees to choose sustainable modes of travel to work. The "EcoPoints" platform is used by employees to record the sustainable distances they travel to work.

Points are awarded depending on whether the travel by walking, biking, public transport or carpooling. The EcoPoints collected may be exchanged for gifts. At the end of 2021, 121 users were registered. Sustainable travel to and from work resulted in saving of around 18 t CO₂ equivalents.

Paper consumption

Recycled paper is largely used at BKS Bank. Where this is not possible, we use FSC paper. Our goal is to further reduce paper consumption. Up to now, our measurements only covered copy paper, toilet paper and paper towels. In the reporting year, we enlarged the database to include printed materials such as

stationery, folders, account statements printer paper, envelopes and much more. This is the reason for the increase in consumption from 41 t to 46 t. The new branding also meant that more printed materials than usual had to be replaced. In Austria, it was only possible to survey consumption for some of the materials this year. Our goal is to generate better consumption data for our foreign markets in 2022.

An important factor for resource conservation is digitization. In the reporting year, some 1.2 million documents were exchanged with customers via the e-box on our customer portals. Many of them with several pages. The use of signature pads for teller transactions also helped cut paper consumption. Equipping workplaces with multiple screens and archiving documents electronically also reduces the amount of printing required.

Green IT

We have also defined standards for IT equipment for our procurement policy. In 2022, we plan to finetune the Standards by adding more specific information to ensure that the most energy-efficient equipment possible is purchased.

3 Banken IT GmbH, a joint company of Oberbank AG, Bank für Tirol und Vorarlberg AG and BKS Bank AG, operates the main data centre of the 3 Banken Group in Linz. In recent years, numerous measures were taken to increase energy efficiency. These include the replacement of physical servers with virtual servers and the use of modern liquid cooling package server racks. In this way, it was possible to reduce average electricity consumption to 563 kWh per server. In total, 1,074 servers were operated in 2021 with approximately 605 MWh of electricity consumption.

EMAS

EMAS (Eco Management and Audit Scheme) is the widely used and most sophisticated environmental management systems in Europe. BKS Bank has been committed to this environmental management system since 2019. An environmental team headed by an environmental officer is responsible for implementation. The environmental officer reports regularly to the Management Board on the progress of project implementation.

At the end of 2021, we successfully completed the third assessment by two environmental auditors from Quality Austria. The audit covers the activities of BKS Bank in Austria and of the Oscar restaurant. The strengths identified by the auditors included

- meaningful strategic environmental goals,
- further development,
- environmental topics well disseminated throughout the bank, and
- solid environmental performance in many areas.

Potential for improvement was identified, among other things, with respect to the legal register, procurement of IT equipment, and execution of internal audits.

Green brand

BKS Bank has been a green brand since 2020. The evaluation of our company was carried out in the category "service provider". To positively complete the validation process, a company must achieve 51% of the possible points. The final decision on certification is made by a jury. We are proud to say that we achieved an average score of 78%. In 2022, we will recertify.

A young plant with several green leaves is growing from a bed of moss in a forest setting. The background is a soft, out-of-focus green, suggesting a dense forest floor. The lighting is natural, highlighting the textures of the leaves and moss.

Society and Social Engagement

With knowledge and commitment,
we inspire people to have
confidence in the future.



Heartleaf twayblade

The heartleaf twayblade (*Listera cordata*) is a member of the orchid family. In Central Europe, it inhabits spruce and pine forests. It thrives best in acidic and decalcified soils.

Book, set, match

There is a saying that every journey begins with the first step. But the journeys I want to talk about here do not begin with a first step, rather, they begin with the first sentence.

"When doubt dwells in the heart, bitterness will soon grow in the soul" is the first sentence in Wolfram von Eschenbach's "Parzival". I admit that I was initially put off by this beginning. When you're young, you tend to favour the heroes who hit the ground running, defeat dragons, and have illustrious careers. It was only later, as adolescence approached and the mind expanded that I picked up the book again and took the first steps, in other words – I read my way into it. "If – as in the two colours of the magpie – undaunted manliness unites with its opposite, everything is both laudable and disgraceful at once. Those that falter can still be content; for heaven and hell both have a stake."

Thousands of sentences followed and I experienced one of the most formative journeys of my life.

The first sentences in books are like small gates that grant access to spaces of thought that want to be explored, and ultimately become the maps of wisdom that are inherent to us.

Learning things we didn't know, discovering new aspects of ourselves, is certainly possible through books, even old ones. From the most ancient up to present day books, they offer a broad range of options for thought. You can do it, don't be afraid.

Since truth as such does not exist, it is up to us to achieve an approximation to our own truth of life by constantly expanding our own horizons.

Experiences, encounters, arguments, personal flights of fancy and crashes, conversations and also silence all serve this purpose.

But one of the most effective methods is reading. How to do it is something everyone must find out for themselves. I have yet to come across a pointless book. Even if it only entertains and contributes little to intellectual growth, there is still some life to be found in this pastime. Compared to other ways of killing time, even a lot of it.

Practiced readers know about reading time and its phenomena. At times, you fall into a state of timelessness – an incredibly beautiful feeling. You open a book, and the act of captivation begins, you can't put the book down. Basic needs such as food and drink become secondary. You can't help but read and read and read ... This happened to me with the book "Water Music" by T. C. Boyle. My favourite bookseller warmly recommended it, probably the best book by the bestselling author. "At an age when most young Scotsmen were lifting skirts, ploughing furrows and spreading seed, Mungo Park was displaying his bare buttocks to al-haff Ali Ibn Fatoudi, Emir of Ludamar. The year was 1795." It took less than 48 hours to devour the 570 pages of history of the Scottish-African explorer, mirrored by the story of the life of the English good-for-nothing Ned Rise.

Then, as there is less and less of the book left – I'm talking about actual physical books you hold in your hands and turn the pages, instead of scrolling down a screen – the time phenomenon of attempted procrastination sets in. A book so big and beautiful is coming to an end, and your chest tightens. It's like another small death that hurts, but that's the way it is. Nothing lasts forever and it broadens the horizon to encompass the knowledge that even the most beautiful things come to an end. Many frequent readers know this suspended state of joy, pleasure and frustration.

In this context, I remember one exception very well. A wonderful book, one of my favourites: Mikhail Bulgakov's "The Master and Margarita." The enchanting story about Moscow in the 1920s. The devil visits the Russian capital, disrupts the duplicitous literary and cultural scene with his entourage, while at the same time the master writes his story of Jesus. The bigoted citizens are scared away, Margarita, the master's mistress, becomes a witch, Moscow is upside down and one head rolls down the street right at the start. A Vorarlberg writer once told me that he, like so many others, would have liked to have written this book, because it is a masterpiece. However – and this is noteworthy – there was no frustration here and no procrastination in finishing the book. It was wonderful to read and wonderful to get to the end of it.

"On an unusually hot spring day, two men appeared at sunset on Moscow's Patriarch's Pond Boulevard." A first sentence, which as of yet still seems innocuous, but will sweep you into an experience that will leave traces in your mind that will never go away.

This is how it is with reading. To paraphrase a sports saying: Book, set, match. Anyone can play and winning is guaranteed. Ultimately, the question is: what other activity gives you such great prospects of success?

Horst L. Ebner on the sustainability of reading, using some of his favourite books as examples.

Horst L. Ebner is a journalist with ORF Regional Studio Carinthia. For many years, he organized the "Tage der deutschsprachigen Literatur" (German Literature Days) at which the BKS Bank Audience Award was again conferred in 2021.

Arts and culture

BKS Bank has always had a special appreciation of arts and culture. We have been one of the main sponsors of the event “Tage der deutschsprachigen Literatur” (German Literature Days) for many years, for example.

The Christine Lavant Prize, endowed with EUR 15,000, commemorates the famous Carinthian poet. BKS Bank supported the award for the fourth time. The international jury awarded the prize to Maja Haderlap. In this case as well, the circle closes and leads back to the Bachmann award: The Bachmann award was conferred to Maja Haderlap in 2011 for her text “Engel des Vergessens”.

In the reporting year, we sponsored the foundation “Kärntner Kulturstiftung”. In 2021, the winners of the first open call of “Kärntner Kulturstiftung” were selected, which included the supra-regional literary and educational project “flussaufwärts” by the Carinthian writers association “KSV” and the Ingeborg Bachmann Kuppel, a sculpture by Armin Guerino and Gerhard Fresacher

that is walkable and playable. BKS Bank sponsored the event “Carinthian Summer” for the first time back in 1975. We continue to cooperate with this highlight of the Carinthian cultural scene to the present day. In 2021, 22 concerts enjoyed numerous visitors, including BKS Bank customers. As one of the main sponsors, we invited our guests to two concerts, which included the concert “Orlando furioso, Vokal” conducted by Rubén Dubrovsky. The musicians of the “Bach Consort Wien” and countertenor Xavier Sabata enchanted the audience.

BKS Bank is also a reliable partner for the International Johannes Brahms Competition. More than 400 artists from over 40 nations compete for this award every year in the categories piano, violin, viola, cello, voice and chamber music.

For the first time, we sponsored the Klagenfurt Festival. The programme features theatre, performance, dance and pop culture, and was very well received by the audience.

“Tage der deutschsprachigen Literatur” (German Literature Days)

The event “Tage der deutschsprachigen Literatur”, better known as the Bachmann Prize, took place in 2021 for the 45th time at the ORF Theater Klagenfurt. It is one of the most important literary events in the German-speaking world and commemorates the famous Carinthian writer. Nava Ebrahimi was happy to receive the Bachmann Prize 2021 for her text “Der Cousin”.

Since 2012, BKS Bank has sponsored the BKS Bank Audience Award, which is endowed with EUR 7,000. This is the only prize in the competition that is not awarded by the jury, but by the audience. It was

awarded to a man for the first time in 2021, to Necati Öziri. He won with the compelling text “Morgen wache ich auf und dann beginnt das Leben” (Tomorrow I wake up and life begins).

The former award winners since 2012 are: Cornelia Travnicek, Nadine Kegele, Gertraud Klemm, Valerie Fritsch, Stefanie Sargnagel, Karin Peschka, Raphaela Edelbauer, Ronay Othmann and Lydia Haider. Since winning the BKS Bank Audience Award, many of these authors have been able to establish themselves prominently on the literary scene. Raphaela Edelbauer, for example, was awarded the “Österreichische

Buchpreis” in the fall of 2021. Valerie Fritsch has already been on the long list for the “Deutsche Buchpreis” twice, most recently in 2020, and received the Brüder Grimm Prize this year. Gertraud Klemm was also on the long list for the “Deutsche Buchpreis”. She was pleased to receive the “Outstanding Artist Award for Literature” and the “Ernst Toller Award” in 2020. The Federal Ministry of Arts, Culture, Civil Service and Sport awarded the “Robert Musil Stipend” to Karin Peschka who has also already been nominated for the “Österreichische Buchpreis”.

Equal Opportunity in Society

Sponsoring, in-kind contributions and donations are important ways in which we contribute to SDG 1 "No Poverty" and promote the arts, culture and education. Our guidelines exclude sponsorship for political parties and related entities, as well as institutions and persons who support and/or spread racist, anti-Semitic, violence-glorifying, discriminatory or otherwise offensive notions and ideas. The activities described briefly below are just a few examples of a total of 105 projects, which we supported with EUR 216,000 in the reporting year (check page 149).

Social engagement

BKS Bank has been a principal sponsor of "Kärntner in Not" since 2008. Originally, it was a fundraising initiative started by "Kleine Zeitung" for the Christmas season, but has since developed into an association that works year-round. The Christmas campaign continues to be an important component of its fundraising activities. In cooperation with Caritas Kärnten, "Bürgerservice" of the province of Carinthia, "Kinderrettungswerk" und "Rettet das Kind" donations are raised for families struggling with severe hardship.

"Kärntner in Not" gives unbureaucratic help to persons in various emergency situations, aiming for a lasting effect. In the reporting year, donations amounted to roughly one million euro. Our bank covers a large part of the administrative costs of the association with a sponsorship of EUR 30,000.

"Volkshilfe Wien" has set up the project "Care Leaver" to offer help to children and young people who grow up in social institutions after they have to leave these at the age of 18. This project was also nominated for the award "Sozial-Marie" in 2020. BKS Bank supports one young person who fled Afghanistan as an eleven-year-old with a monthly contribution. The money is dedicated for covering part of the costs of his education.

The "Österreichische Bergrettung" (Austrian Mountain Rescue) is the oldest alpine rescue organization in the world. More than 13,000 mountain rescuers work for the organization on a voluntary basis, with some 1,000 of them in Carinthia. In the reporting year, we supported the Carinthian regional organisation.

Caritas Lerncafé in Spittal an der Drau

Children often need expensive tutoring to succeed at school and this something not all parents can afford. To increase equal opportunities for children and young people, Caritas has created the Lerncafé, a facility where children receive tutoring for schoolwork and help to prepare for tests free

of charge from volunteers and interns. In the summer of 2021, the ninth Lerncafé (Learning Café) in Carinthia opened in Spittal an der Drau. The parish of Spittal an der Drau provides the location free of charge, and the annual operating costs of around EUR 50,000 are financed with the

support of several companies, including BKS Bank. We are pleased to have contributed to this successful model. Of the 180 pupils who regularly attended Lerncafés, 99% students completed the past school year with a positive result.

Croatia was hit by a major earthquake in 2021 in which many people lost their homes. The employees of BKS Bank donated around EUR 10,000, which was handed over to the recognized NGO "Solidarna". BKS Bank itself provided a mobile home, which was handed over to a homeless family through the Croatian Red Cross.

Corporate volunteering

"Please keep your distance" was the motto in 2021 precisely during months in which many of the corporate volunteering activities of BKS Bank's employees take place. The situation also made it impossible to achieve the target defined in our sustainability strategy of 10% participation of our employees in corporate volunteering activities. However, at least one corporate volunteering action took place in all markets with the exception of Slovenia.

As part of the engagement days organized by "Verantwortung zeigen!" the

following activities took place: employees with children visited the Antonius Home run by Caritas in Affenberg, garden furniture was refurbished for "Lebenshilfe in Spittal", and a raised gardening bed was built for the "Mosaik" day care centre for the disabled in Seiersberg.

Two employees held a workshop for "autArK" and showed how "autArK" can present the performance potential of its clients to companies.

A team from BKS Bank's Croatia Main Branch participated in a Digital Cleanup Day to mark World Earth Day.

Employees of the Slovakia Main Branch again engaged in gardening work at the "Autistické centrum Andreas® n.o." in Bratislava. Founded in 2001, the centre offers autism-related social prevention counselling and educational activities. It operates an elementary school and a kindergarten, and also offers continuing education.

25-year partnership with SOS Kinderdorf Moosburg

SOS Kinderdorf operates at two locations in Carinthia. In 1959, the SOS Kinderdorf Moosburg was opened as the fifth SOS Kinderdorf worldwide.

BKS Bank has been supporting SOS Kinderdorf Moosburg for 25 years in a variety of ways.

As an example, we helped switch from oil-fired heating to local biomass district heating, and financed a minibus to enable the children to go on excursions.

Since 2020, we have been the sponsor of Haus 18 in Kinderdorf where six children live. In the summer of 2021, employees built a small playground in the garden.

The jubilee was duly celebrated with a barbecue for the young and old residents of Haus 18. We are happy to contribute to a stable and caring environment for the children with our partnership.

Financial literacy

SDG Goal 4 "Quality education" is one of our priority SDGs. A good education and financial knowledge play an important role in achieving an appropriate self-determined standard of living. For example, people with higher financial literacy are more likely to make provisions for old age, and are more likely to avoid unnecessary consumer spending. BKS Bank therefore supports projects and institutions that increase knowledge in the population and professional opportunities.

In 2021, it was not possible to cooperate with schools due to the coronavirus rules. We were very pleased that the junior competition organized by "Volkswirtschaftliche Gesellschaft" took place, which BKS Bank has been sponsoring for many years. The

competition involves young people developing a business idea and setting up a junior company for the duration of one school year. At the end of the year, the young entrepreneurs can compete in the Junior Competition. Eight of 26 Carinthian junior companies took part in the national competition. The winner of the Junior Competition was the company GriaßTea of students of HTBLuVA Villach, which won over the jury with the idea of providing teas with warming greetings. Due to the pandemic, the competition was held online in the reporting year.

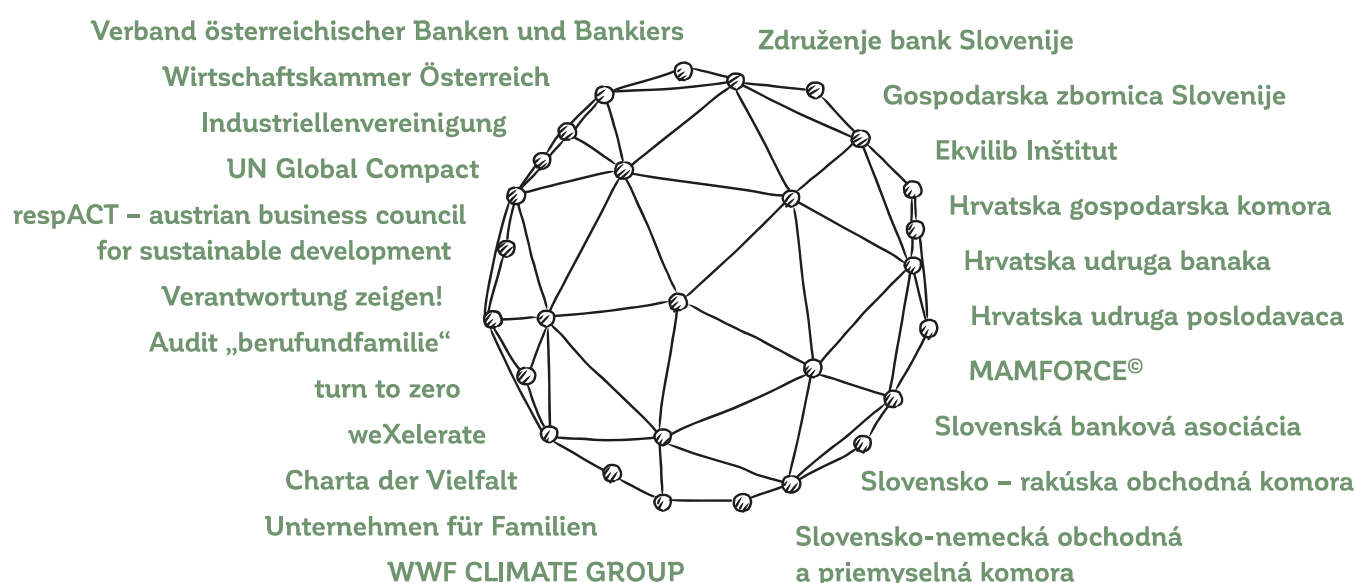
We also sponsored two lecture series of the "Volkswirtschaftliche Gesellschaft Kärnten". The highly interesting expert presentations addressed topics such as digitalization, Brexit, the effects of the coronavirus pandemic, and also university education policy.

ESG Networks

ESG networks are important for broadening the perspective and achieving the greatest possible multiplier effect for the notion of sustainability. Therefore, we also join networks whose objectives with respect to social and ecological sustainability and regional roots match

our sustainability philosophy. We are also members of interest representation groups. However, we do not use lobbying, neither do we employ staff with this area of responsibility, and do not develop lobbying concepts.

Examples of memberships/partnerships of BKS Bank



Some of our network activities in 2021

BKS Bank is the regional contact in Carinthia for respACT - austrian business council for sustainable development. Our CEO, Herta Stockbauer, serves as Vice President of the initiative. In 2021, we organized a CEO Business Lunch with Wolfgang Anzengruber, Member of the Board of respACT and former chairman of the association's board.

He provided insights into the effects of the Green Deal and climate change on the manufacturing industry in Austria. In the autumn, an online workshop on the SDGs was organized together with the respACT initiative group from Tyrol, which met with great interest.

In the reporting year, BKS Bank in its role as a partner company of the WWF CLIMATE GROUP participated in an appeal to the federal government for an Austrian Green Deal, and was also involved in awareness-raising measures on the topic of biodiversity conservation.

An expert from WWF Österreich on sustainable finance also provided information at an event organized jointly with WEB Windenergie AG on the topic of sustainable investment in Austria.

In the banking sector, women continue to be underrepresented in executive positions. The Austrian Bankers Association (*Verband österreichischer Banken und Bankiers*) therefore launched the initiative “Echt – Empowered – Erfolgreich” (Genuine - Empowered - Successful). The initiative involves interviews with top women managers at Austrian banks who could serve as role models for other women. Our Chairwoman of the Management Board was also happy to serve in this role.

At an event of the initiative “Verantwortung zeigen!”, our CSR Officer explained the requirements a sustainability report must meet to be submitted for the Austrian Sustainability Reporting Award (ASRA).

At the 7th “qualityaustria Nachhaltigkeitsdorum”, our CSR Officer reported on the key role played by the financial sector for climate change mitigation and explained the new requirements for banks and their customers under the EU Action Plan for Financing Sustainable Growth and the Green Deal.

At the invitation of “WeXelerate”, BKS Bank has been a guest on several occasions at presentations by start-ups developing sustainable and innovative products.

On account of the November lockdown, three CSR breakfasts on green buildings had to be postponed to the spring of 2022.

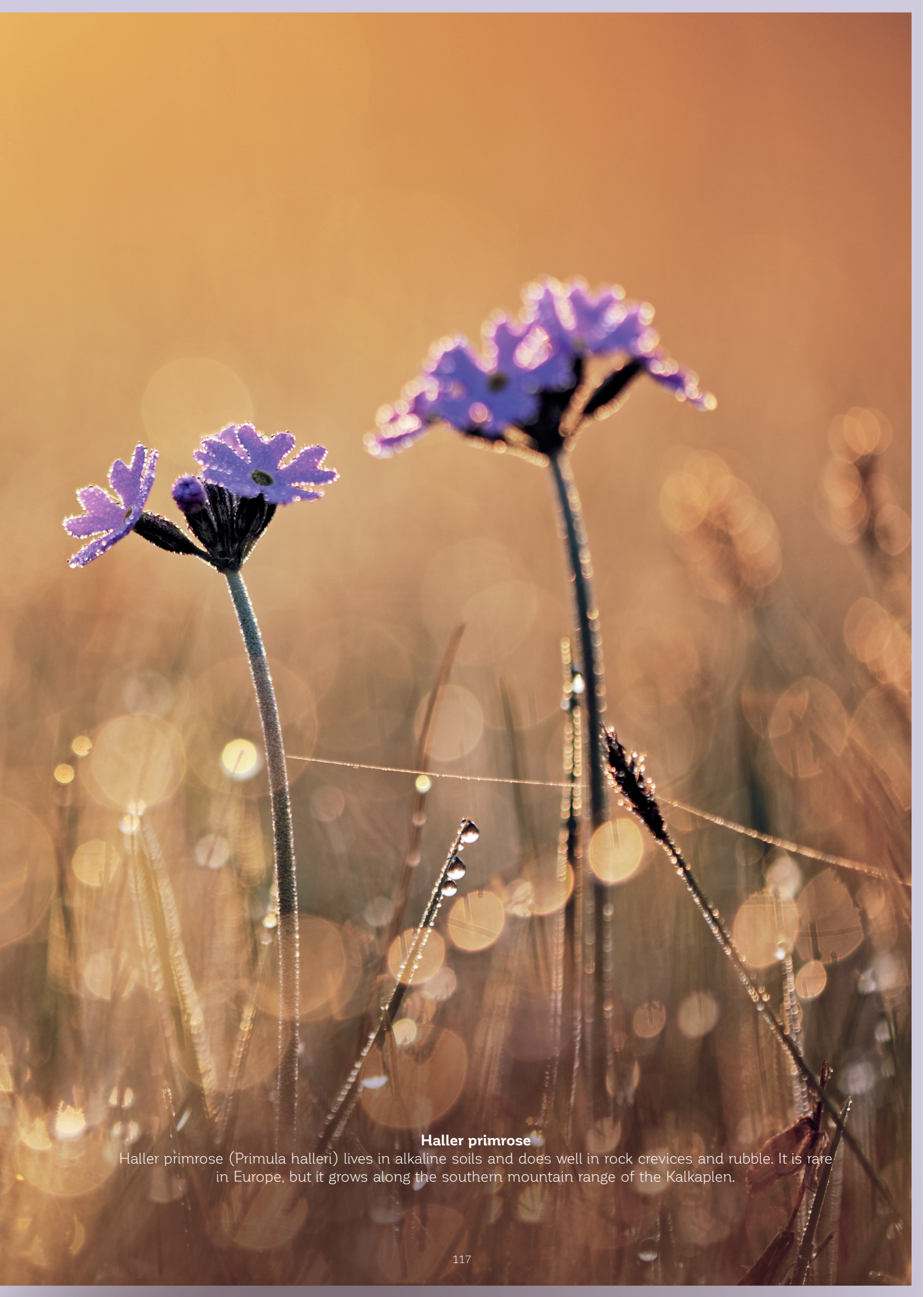
GRI 102-12 External initiatives

GRI 102-13 Membership of associations



Lasting Success and Bright Prospects

We do not rest on our laurels, but
work continuously towards
sustainability.



Haller primrose

Haller primrose (*Primula halleri*) lives in alkaline soils and does well in rock crevices and rubble. It is rare in Europe, but it grows along the southern mountain range of the Kalkaplen.

Sustainable Achievements 2021

Strategy and Governance

Planned	Achieved
We are Austria's most sustainable bank	
Continue the integration of the measures derived from the EU's "Action Plan for Financing Sustainable Growth"	The project was continued and part of the measures derived were implemented
Excellent rating from ISS ESG and VÖNIX	The VÖNIX rating was achieved; we have not received a new rating request from ISS ESG
EMAS recertification	Recertification was completed successfully
Recertify quality label for workplace health promotion	Certification process was completed successfully
Recertify as a family-friendly company in Slovenia	Recertification postponed to first quarter of 2022. BKS Bank would have been allowed to carry the national quality mark as a family-friendly company until June 2022. Therefore, there was no interruption to our certification.
Carry out at least one stakeholder engagement activity	One expert dialogue on the Green Deal was held, several employee surveys conducted, and a customer satisfaction analysis completed.
We work and invest to achieve healthy and long-term growth	
Integration of ESG risks into the property appraisals	Work has begun to develop a concept
Implementation of measures derived from the FMA and ECB Guidelines as well as from the EBA discussion paper on the management and monitoring of ESG risks at credit institutions and asset management companies to achieve the integration of sustainability risks.	Great progress has been achieved in implementing the measures
We use digital solutions for sustainable business operations and daily work routines	
Reduce paper consumption by offering digital processes and products for customer transactions	Further processes have been digitized
Support our customers with the acquisition of knowledge and use of our digital services and products	Several customer events for the transfer of financial knowledge were held, and financial terms explained through social media channels. We enlarged the range of digital products than can be acquired online

Employees

Planned	Achieved
We value our employees and are proud of them	
Conduct employee surveys throughout the Group	The finding of the employee survey was an overall satisfaction rating of 2.0
Continue implementation of planned measures for the audit "berufundfamilie"	The measures planned took place except for a few events
New annual women's qualification programme	The programme was completed by 16 female employees
For the first time, female employees participated in a MAMFORCE© women's career programme in Croatia	Two BKS Bank employees completed the programme in 2021
Train managers in Austria for more diversity in the job application process	Instead of this training course, two other diversity workshops were integrated into the training programme
Annual programme "Durch die Bank gesund" (health promotion scheme) with focus on healthy liver completed in all markets	The programme was implemented in Austria, Slovenia and Croatia with 256 participants
Our employees are multipliers for sustainability and social responsibility	
At least one corporate volunteering activity in each market area	Our employees performed 242 hours of work for non-profit organisations in all of our markets
Information events on CSR topics with our experts at five events	In 2021, more than five CSR lectures were held by BKS Bank employees

Environment and climate change mitigation

Planned	Achieved
We aim for climate neutrality	
Calculation of a science-based target	We started calculating financed emissions in accordance with the Partnership for Carbon Accounting Financials Standard. The definition of a science-based target was postponed to 2022
Continue phasing-out of oil heating	Phasing-out was continued. Of 68 properties owned by BKS Bank, only one is still being heated with oil
Cooperation with an e-scooter company for work-related mobility	The idea was discarded
We develop our properties into green buildings	
Complete building BKS-Holzquartier	All units of the BKS-Holzquartier are rented
Introduce an energy management system to monitor efficiency of energy consumption at headquarters	Energy management system was installed
Installation of a photovoltaic system at BKS-Wohnpark	The installation of the photovoltaic system was completed in the autumn. It will generate up to 30,000 kWh of electricity per year

Products and innovation

Planned	Achieved
We believe sustainability is as an innovation driver and therefore are pioneering sustainable banking products	
Issue further green and social bonds	The proceeds of one of the two new green bonds issued was used to finance a green building. The second bond's proceeds will be used to erect photovoltaic systems that will save 13,500 t CO ₂ equivalents per year in future.
Recertification of "BKS Portfolio-Strategie nachhaltig" for the Austrian Ecolabel for sustainable financial products	The ecolabel certification was completed successfully.
Expand volume of ESG financial products in the asset management of BKS Bank	The share of ESG investment components in asset management was increased from EUR 34.1 million to EUR 84.6 million
Establish green leasing	No green leasing marketing campaign was carried out in 2021
Training courses on sustainable products	Several training courses were organized
Integration of key figures on sustainable products on the landing page of the employee portal	Implementation completed
We inspire our customers with excellent advisory services	
Continue measures defined in quality management programme	The measures were continued as planned
Conduct a customer satisfaction analysis	The result of the customer satisfaction analysis was an overall satisfaction of 1.5

Society and social engagement

Planned	Achieved
We are members of ESG networks	
Support TRIGOS Styria and support TRIGOS Österreich	TRIGOS Styria received 41 applications from companies; TRIGOS Österreich was supported
Work with the WWF CLIMATE GROUP to raise awareness throughout Austria for the 1.5°C climate target of the Paris Agreement	We raised awareness together with the WWF CLIMATE GROUP for the 1.5°C climate target, among other things, by appealing to the government
We contribute to equal opportunity in society	
Promote culture in Carinthia	We supported the events Carinthian Summer, Tage der deutschsprachigen Literatur" (German Literature Days), and Stadttheater Klagenfurt
Continue sponsorships: "Kärntner in Not" (Carinthians in need", SOS Kinderdorf (sponsor one house for children), and the "Care-Leaver Project" of Volkshilfe Wien	We continued our sponsoring
Organize customer events to promote financial knowledge in the population	Several events were held
Help school graduates by offering recruitment advice to graduating classes	This offer was cancelled due to the coronavirus
Participation in "Girl's Day" in Carinthia	A programme was offered, but had to be cancelled due to lack of registrations

Measures Planned for 2022

Strategy and governance

We are Austria's most sustainable bank

- Excellent rating from ISS ESG and VÖNIX
- EMAS audit
- Green Brand recertification
- Re-audit as a family-friendly company in Austria, Slovenia and Croatia
- Realign our sustainability strategy paying special attention to a climate and engagement strategy
- Continue implementation to meet the requirements of the Taxonomy Regulation
- Integrate questions on sustainability preferences into the investment advisory process and prepare SFRD implementation
- Organize at least one stakeholder dialogue per year

We work and invest to achieve healthy and long-term growth

- Expand ESG risk management measures for individual customers and for the overall portfolio

We use digital solutions for sustainable business operations and daily work routines

- Reduce paper consumption by offering new digital processes and products for customer transactions

Employees

We value our employees and are proud of them

- Implement the measures planned under certification as a family-friendly company in Austria, Slovenia and Croatia
- Carry out annual health promotion programme "Durch die Bank gesund" in all markets with a focus on healthy lungs
- Carry out next annual women's career programme for female employees in Austria and foreign markets
- Implement improvement measures derived from the salary analysis "100% equality pays off"
- Make diversity visible for BKS Bank employees with a campaign

Our employees are multipliers for sustainability and social responsibility

- Carry out at least one corporate volunteering activity in every market
- Have our experts provide information on CSR topics at a minimum of five events

Products and innovation

We believe sustainability is as an innovation driver and are therefore pioneering sustainable banking products

- Issuance of further green and social bonds
- Launch of a new green savings product bearing the Austrian Ecolabel for sustainable financial products
- Complete Ecolabel certification for the “Natur & Zukunft-Konto” account.
- Expansion of volume of ESG financial products in the asset management of BKS Bank in Austria and Slovenia
- Decarbonization of our products and treasury portfolio to achieve alignment with Paris Agreement

We inspire our customers with excellent advisory services

- Implement the improvements identified in the customer satisfaction analysis

Environment and climate change mitigation

We aim for climate neutrality

- Calculate science-based targets
- Develop a decarbonization roadmap including the related policies needed
- Complete phasing-out of oil heating

We develop our properties into green buildings

- Completion of “BKS-Lebenswert” in Eisenstadt
- Renovation and ÖGNI certification of our properties located on Hauptplatz (Main Square) and at Milesistraße in Villach
- Enlarge a property in Klagenfurt and upgrade it to a more environmentally-friendly heating system and ÖGNI certification
- Convert the last oil heating system to a more environmentally-friendly heating system
- Production of additional solar power by installing photovoltaic systems on the roofs of three branches

Society and social engagement

We are members of ESG networks

- Organize TRIGOS Styria and support TRIGOS Österreich
- Organize at least two joint events with respACT
- Work with the WWF CLIMATE GROUP to raise awareness throughout Austria for the 1.5°C climate target of the Paris Agreement

We contribute to equal opportunity in society

- Continue sponsorship of “Kämtner in Not”, SOS Kinderdorf (one house), and the “Care-Leaver Project” of Volkshilfe Wien
- Continue sponsorship of Carinthia's cultural highlights: Carinthian Summer, Stadttheater Klagenfurt, Tage der deutschsprachigen Literatur (German-Language Days)
- Hold customer events to increase knowledge of sustainable business practices
- Invite schools to a different type of #FridayForFuture event at BKS Bank to raise awareness for sustainability in the banking business

Sustainability in Numbers

Regularly taking stock reveals the
unexploited development potential
for a sustainable future.



Green-winged orchid

The green-winged orchid (*Anacamptis morio*) belongs to the genus of the *Anacamptis* within the orchid family. Since it blooms very early in the year, it is also known as the spring orchid. It is classified as an endangered species in Austria.

Key performance indicators of the sustainability strategy

Strategic CSR goal	Indicator ¹⁾	Starting value 12/31/2019	31/12/2020	31/12/2021
We are Austria's most sustainable bank	Best-in-class in sustainability:			
	ISS ESG Prime	✓	✓	✓
	VÖNIX index member	✓	✓	✓
	EMAS certified	✓	✓	✓
	Green brand	✓	✓	✓
We work and invest to achieve healthy and long-term growth	Credit growth greater than 4%	5.9%	4.4%	5.9%
	Increase in number of customers by 3% per year	191,200 customers	192,400 customers	194,500 customers
We use digital solutions for sustainable business operations and daily work routines	6,000 MyNet and 6,500 BizzNet customers ²⁾	42,600 MyNet and 1,700 BizzNet customers	56,590 MyNet and 5,750 BizzNet customers	59,850 MyNet and 7,220 BizzNet customers
	2,500 BKS Bank Connect customers	0 customers (only launched in the autumn of 2020)	45	153
	Save 600 thousand km p.a. in business trips by using video conferencing ³⁾	393 thousand	203 thousand	486 thousand
We value our employees and are proud of them	Employee survey: Overall satisfaction is at least 1.9	2.0 (last survey 2017)	2.0 (last survey 2017)	2.0
	Proportion of women in management positions rises 35%	31.6%	33.2%	36.5%
	At least 25% of employees participate in the annual company health promotion programme	27.7%	16.2%	22.4%
	The gender pay gap reduced to 12%	16.5%	16.4%	16.2%
Our employees are multipliers for sustainability and social responsibility	At least 10% of all employees participate every year in corporate volunteering	10.4%	3.9%	3.5%

¹⁾The indicator refers in each case to 2025. If there is an annual target, this is indicated separately in the indicator.

²⁾ The Sustainability Report 2020 contains only the number of MyNet and BizzNet users in Austria due to an oversight. In this report, the value has been replaced by the Group-wide user count.

³⁾Up until 2019, we included only online meetings held in our own video conference rooms. Since 2020, additional video conferencing systems have been used in-house. Determining the number of kilometres saved would be very time-consuming and expensive. Therefore, for 2020 only those meetings that took place in the video conference room were recorded. We calculated the savings by projecting the figures for 2021. Therefore, the value only serves as guidance.

Strategic CSR goal	Indicator ¹⁾	Starting value 12/31/2019	31/12/2020	31/12/2021
We believe sustainability is an innovation driver for sustainable banking products	The volume of new loans for sustainable finance is EUR 200 million per year	131.5	116.8	143.0
	The share of ESG investment components in asset management increases to 30% ²⁾	n.a.	13.2%	28.5%
We inspire our customers with excellent advisory services	EFQM – Recognized for Excellence 7 Star ³⁾	EFQM – Recognized for Excellence 5 Star	EFQM – Recognized for Excellence 5 Star	EFQM – Recognized for Excellence 5 Star
	The overall satisfaction rating in our customer survey is 1.5	1.5	1.5	1.5
We aim for climate neutrality	Reduction of carbon footprint per employee to 0.85 t CO2 equivalents	1.0 t CO2 equivalents	0.9 t CO2 equivalents	0.9 and/or 2.3 t CO2 equivalents ⁴⁾
We develop our properties into green buildings	At least five green building structural measures p.a.	✓	✓	✓
We are members of ESG networks	UN Global Compact	✓	✓	✓
	respACT – austrian business council for sustainable development	✓	✓	✓
	Verantwortung zeigen!	✓	✓	✓
	WWF CLIMATE GROUP	✓	✓	✓
We contribute to equal opportunity in society	At least five financial literacy measures per year	✓	✓	✓

¹⁾ The indicator refers in each case to 2025. If there is an annual target, this is indicated separately in the indicator.

²⁾ In previous reports, the sustainable investment modules of the Austrian asset management variants were compared to the total volume of asset management in Austria. In this reporting year, we changed the calculation to comprise Group-wide data and also adjusted the historical values.

³⁾ The EFQM assessment system was redefined as of 2020 and supplemented by additional excellence levels, with the assessment of BKS Bank being based on the previously valid model.

⁴⁾ In the reporting year, the database for the calculation was significantly enlarged. The carbon footprint per employee of 0.9 t in CO2 equivalents is what we would have achieved without the enlargement of the database. 2.3 t CO2 equivalents is the new total value. A target aligned with the improved database will be defined in 2022.

Key Employee Figures

Overview of employees

Persons	BKS Bank Group			BKS Bank AG
	2019	2020	2021	2021
Total	1,128	1,133	1,145	1,062
• thereof in Austria	851	851	856	820
• thereof in Slovenia	150	154	158	139
• thereof in Croatia	76	79	82	68
• thereof in Slovakia	46	45	45	31
• thereof in Italy	4	4	4	4
• thereof in Hungary	1	0	0	0
• thereof women	637	641	663	609
• thereof men	491	492	482	453
• thereof employees with disabilities	27	25	24	24

GRI 102-7 Scale of the organisation

Type of employment

Persons	2019	2020	2021
Employees with indefinite contracts	1,089	1,091	1,072
• thereof women	617	620	620
• thereof in Austria	826	815	803
• thereof in Slovenia	143	148	148
• thereof in Croatia	74	77	78
• thereof in Slovakia	41	42	39
• thereof in Italy	4	4	4
• thereof in Hungary	1	0	0
Employees with defined-term contracts	39	42	68
• thereof apprentices	3	5	5
• thereof women	20	21	43
• thereof in Austria	25	31	48
• thereof in Slovenia	7	6	10
• thereof in Croatia	2	2	4
• thereof in Slovakia	5	3	6
• thereof in Italy	0	0	0
• thereof in Hungary	0	0	0
Number of temporary or leased staff	0	0	0
Number of salaried employees	1,125	1,128	1,140
Share of salaried employees (in %)	100	100	99.6

GRI 102-8 Information on employees and other workers

Working hours

Persons	BKS Bank Group		BKS Bank AG	
	2019	2020	2021	2021
Total number of employees	1,128	1,133	1,145	1,062
• thereof women	637	641	663	609
Full-time employees	857	861	856	783
• thereof women	390	397	409	364
Part-time employees	271	272	289	279
• thereof women	247	244	254	245
thereof employees in semi-retirement	70	59	48	48

GRI 102-8 Information on employees and other workers

Percentage of top management staff in each country recruited locally

	2019	2020	2021
Austria	100	100	100
Slovenia	100	100	100
Croatia	100	100	100
Slovakia	100	100	100

GRI 202-2 Proportion of senior management hired from the local community

Share of female executives in %

	BKS Bank Group		BKS Bank AG	
	2019	2020	2021	2021
Total number of managers (excl. Management Board)	177	190	185	175
• thereof female	56	63	68	62
Share of female executives in %	31.6	33.2	36.8	35.4

GRI 405-1 Diversity of governance bodies and employees

Number of female and male managers by function (BKS Bank Group)

	2019 female	2019 male	2020 female	2020 male	2021 female	2021 male
Management board	1	2	1	2	1	3
Head of department or unit	4	28	5	28	6	27
Branch managers or heads of groups	43	86	50	89	52	81
Team leader	9	7	8	10	10	9

GRI 405-1 Diversity of governance bodies and employees

Number of female and male managers by function (BKS Bank AG)

	2019 female	2019 male	2020 female	2020 male	2021 female	2021 male
Management board	1	2	1	2	1	3
Head of department or head of unit	2	25	3	25	4	24
Branch managers or heads of groups	39	85	45	88	48	80
Team leader	9	7	8	10	10	9

GRI 405-1 Diversity of governance bodies and employees

Management and supervisory board members by gender

	31/12/2019				31/12/2020				31/12/2021			
	Number of women	Ratio	Number of men	Ratio	Number of women	Ratio	Number of men	Ratio	Number of women	Ratio	Number of men	Ratio
Management board	1	33	2	66	1	33.0	2	66.0	1	25.0	3	75.0
Supervisory board (shareholder representatives)	3	30	7	70	4	40.0	6	60.0	4	40.0	6	60.0
Supervisory board (employee representatives)	2	50	2	50	2	50.0	2	50.0	2	50.0	2	50.0
Supervisory board (total)	5	35.7	9	64.3	6	42.9	8	57.1	6	42.9	8	57.1

GRI 405-1 Diversity of governance bodies and employees

Nationality

Persons	2019	2020	2021
Austria	810	807	797
Slovenia	154	159	165
Croatia	90	92	100
Slovakia	46	46	46
Germany	12	11	12
Italy	5	7	7
Hungary	4	3	3
Bosnia/Herzegovina	5	5	7
Canada	1	1	1
Bulgaria	1	1	1
Georgia	0	1	1
Turkey	0	0	2
Ukraine	0	0	1
Armenia	0	0	1
Syria	0	0	1

GRI 405-1 Diversity of governance bodies and employees

Age structure of BKS Bank employees

	2019	2020	2021
younger than 30 years	104	116	118
30 to 50 years	604	596	603
over 50 years	420	421	424

GRI 405-1 Diversity of governance bodies and employees

Age structure of managers

	2019	2020	2021
younger than 30 years	2	2	1
30 to 50 years	93	102	106
over 50 years	82	86	78

GRI 405-1 Diversity of governance bodies and employees

Employees on parental leave

	2019	2020	2021
Number of salaried employees entitled to parental leave	21	21	23
• thereof women	12	14	12
Number of employees on childcare leave	22	24	19
• thereof women	17	18	17
• thereof men on parental leave	5	6	2
Men on one-month paternity leave	4	5	3
Number of salaried employees returned from parental leave	16	22	18
• thereof women	12	16	16
Return rate from parental leave in % ¹	72	92	95
Return rate of women in %	71	89	94
Return rate of men in %	80	100	100
Remain rate in % ²	96	77	91
Remain rate of women in %	96	82	88
Remain rate of men in %	100	60	100
Average period of parental leave in years	2.05	1.77	1.44

¹ The return rate (return-to-work) indicates the total number of employees that return to work after parental as a percentage of the total number of employees with whom the return to work after parental leave was agreed.

² The remain rate indicates how many of the employees who returned to work after parental leave are still employed at BKS Bank one year later.

GRI 401-3 Parental leave

Key training figures - total

	2019	2020	2021
Average training days per employee p.a.	4.5	4.5	4.2
Average training hours per employee p.a. ¹	34.7	34.7	32.1
Average training hours per woman p.a. ¹	32.3	30.2	30.2
Average training hours per man p.a. ¹	37.6	40.5	34.9
Number of in-house seminars	218	176	223
Training hours per year	36,049	39,148	36,639
• thereof completed by women	18,499	19,332	19,956
Number of apprentices in training	3	5	5
• thereof women	2	3	3
Number of trainees in training	7	9	8
• thereof women	5	2	2

¹ The calculation was made on the basis of active employees (excluding employees on parental leave or semi-retirement).

GRI 404-1 Average hours of training per year and per employee

Average hours of training per employee by function

	2019	2020	2021
Employees without management functions	33.1	28.8	29.9
Team, group and branch managers	46.5	65.4	40.3
Head of central departments/sales, managing directors	26.4	40.5	25.9

GRI 404-1 Average hours of training per year and per employee

Number of employees who have completed CSR training

	2019	2020	2021
Participants in CSR training p.a.	366	498	673
Total number of employees who have completed CSR training since 2019 ¹	333	457	731
Percentage of employees who have completed CSR training since 2019	29.5	40.5	64.1

¹ Each employee is counted only once for the total number, even if the employee has completed several CSR training courses over the years

Compliance and anti-corruption training

	2020	2021
Number of employees trained in in-person and online training sessions	252	305
• thereof women	152	156
• thereof employees without management functions	210	267
• thereof team, group and branch managers	35	34
• thereof heads of central departments/sales, managing directors	7	4
Number of employees who have completed e-learning courses on the topic	729	882
• thereof women	400	495
• thereof employees without management functions	615	746
• thereof team, group and branch managers	93	113
• thereof heads of central departments/sales, managing directors	21	23
Number of compliance and anti-corruption training hours per year (in-person and e-learning hours)	2,216	2,721
• thereof completed by women	1,314	1,558
• thereof completed by employees without management functions	1,920	2,422
• thereof completed by team, group and branch managers	244	255
• thereof completed by heads of central departments/sales, general managers	52	44

Assessment and performance talk (A&P)

	2019	2020	2021
Percentage of employees that have participated in A&P talks	92	81	89
• thereof women	56	56	57
• thereof men	44	44	43
Share of all women	92	81	88
Share of all men	91	82	91
Share of employees without management functions	93	83	90
Share of all team leaders, group leaders and branch managers	85	69	85
Share of heads of central departments/sales, managing directors	100	100	100

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

Staff turnover

	2019	2020	2021
Applications for jobs	1,988	1,991	2,133
Hirings, total	98	101	124
• thereof in Austria	59	75	92
• thereof in Slovenia	30	16	19
• thereof in Croatia	4	7	7
• thereof in Slovakia	5	3	6
• thereof women	58	52	74
• thereof men	40	49	50
- thereof younger than 30 years	45	52	52
• thereof 30 to 50 years	49	44	63
• thereof over 50 years	4	5	9
Persons having left the company, total	95	95	116
• thereof in Austria	73	75	93
• thereof in Slovenia	20	12	13
• thereof in Croatia	2	4	4
• thereof in Slovakia	0	4	6
• thereof women	46	52	57
• thereof men	49	43	59
• thereof younger than 30 years	22	16	26
• thereof 30 to 50 years	40	37	48
• thereof over 50 years	33	42	42
Staff turnover rate pursuant to GRI, total	9.2	8.1	10.4
• thereof in Austria	9.4	8.7	11.2
• thereof in Slovenia	13.7	8.1	8.6
• thereof in Croatia	2.8	5.1	5.1
• thereof in Slovakia	0	4.7	14.0
• thereof women	4.7	4.1	5.0
• thereof men	4.4	3.9	5.4
• thereof younger than 30 years	2.1	1.2	2.3
• thereof 30 to 50 years	3.8	2.9	4.3
• thereof over 50 years	3.2	3.9	3.8
Staff turnover rate adjusted, total	6.6	4.8	7.1
• thereof in Austria	5.9	4.5	7.1
• thereof in Slovenia	13.7	6.7	7.3
• thereof in Croatia	2.8	5.1	5.1
• thereof in Slovakia	0	4.7	14.0
• thereof women	3.6	2.3	3.3
• thereof men	3	2.5	3.9
• thereof younger than 30 years	2.2	1.2	2.3
• thereof 30 to 50 years	3.8	2.9	4.3
• thereof over 50 years	0.6	0.7	0.6

GRI 401-1 Newly employee hires and employee turnover

Average length of service in years

	2019	2020	2021
BKS Bank Group	14.50	14.05	13.57
BKS Bank AG in Austria	15.12	16.70	16.17

Employment and bank security*

	2020	2021
Total number of employees	1,133	1,145
Number of hours worked	1,573,023	1,534,155
Number of fatalities due to work-related injuries	0	0
Ratio of deaths due to work-related injuries	0	0
Number of work-related injuries with severe consequences	0	2
Ratio of work-related injuries with severe consequences	0	1.3
Number of documented work-related injuries	3	5
Ratio of documented work-related injuries	1.9	3.3
Number of bank robberies	0	2
Number of security staff in Austria	4	4
Number of workplace safety officers	21	21
• thereof in Austria	18	18
• thereof in Slovenia	1	1
• thereof in Croatia	1	1
• thereof in Slovakia	1	1

* In Slovenia, Croatia and Slovakia, external companies are entrusted with the tasks of safety experts. BKS Bank has reported on the topic of occupational safety up to now in accordance with GRI Standard 403-2016. In 2020, the changeover to GRI 403: Occupational Safety and Health 2018 was completed. Therefore, we do not present a three-year comparison here. A basis of 1,000,000 hours was used to calculate the rate of work-related injuries with serious consequences. In addition to the work-related injuries listed in the table, there were also four commuting accidents in 2020 and three in 2021; in these cases, travel was not organized by BKS Bank. Therefore, these were not included when calculating the rate of documented work-related injuries. The year-on-year increase in this rate was due to one case of a longer period of sick leave of an employee affected by a bank robbery and to a case of fraud in Croatia.

GRI 403-9 Work-related injuries

Collective bargaining agreements

Market area and/or company	Agreement on income
BKS Bank AG in Austria as well as employees seconded by BKS Bank to its subsidiaries	Collective agreement for employees of banks and works agreement
Employees of BKS-Leasing Gesellschaft m.b.H.	Collective agreement for employees in information and consulting
Employees of BKS Service GmbH	Collective agreement for employees in commerce, trades and services Salaried employees
BKS Bank employees in Slovenia	Collective agreement for bank employees
BKS Bank employees in Croatia	There is no collective agreement for bank employees; a works agreement was signed
BKS Bank employees in Slovakia	There is no collective agreement
Percentage of employees covered by a collective agreement	88.6%

GRI 102-41 Collective bargaining agreements

Disclosure pursuant to Article 8, Regulation (EU) 2020/852

The basis for disclosures regarding the taxonomy for sustainability reporting is Regulation (EU) 2020/852, which entered into force on 12 July 2020. The Regulation contains criteria for determining whether and to what extent an economic activity may be classified as environmentally sustainable. The main purpose of the act is to promote investments in green and sustainable projects to make significant contributions to the EU Green Deal. On 6 July 2021, Delegated Act (EU) 2021/2178 was adopted which contains concrete specifications of the requirements for the content and presentation of the information that must be published. Pursuant to Article 10 (3) of the aforementioned Delegated Regulation, BKS Bank presents the following information for the financial year 2021:

- The share of risk positions in taxonomy-eligible economic activities in total assets
- The share of risk positions in taxonomy non-eligible economic activities in total assets
- The share of exposures to central banks and sovereigns, supranational issuers and derivatives in total assets
- The share of exposures of undertakings not required to disclose non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU in total assets
- The share of the trading portfolio and short-term interbank loans in total assets
- Qualitative information pursuant to Annex XI of this Regulation

The indicators are determined on the basis of the scope of their prudential consolidation pursuant to Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2. The gross carrying amount of financial assets is taken into account pursuant to the accounting categories defined in Chapter 11.2 of Annex V of Delegated Regulation (EU) 2021/2178. The definitions and characteristics pursuant to Regulation (EU) 2021/451 (FINREP) were used for the calculations. The FINREP consolidated balance sheet report and internal evaluations serve as the data source for the calculations.

Taxonomy-eligible economic activities of BKS Bank

The share of the exposures in the case of taxonomy-eligible and non-taxonomy-eligible economic activities in total assets provides information on the general suitability of exposures within the meaning of the Taxonomy Regulation. An economic activity is considered taxonomy-eligible if it is described within Delegated Act (EU) 2021/2139, regardless of whether it meets all of the technical evaluation criteria stated therein. A total of 17.81% of total assets were allocated to taxonomy-eligible exposures for the financial year 2021.

Share of exposures in taxonomy-eligible and non-taxonomy-eligible economic activities

in EUR m	Gross carrying amount	% Total assets ¹
Share of exposures in taxonomy-eligible economic activities	1,516.8	17.81%
Share of exposures in non-taxonomy-eligible economic activities	817.8	9.60%

¹ Computed value pursuant to V Section 11.2 of Delegated Regulation (EU) 2021/2178

Taxonomy compliance is checked for EU requirements at Group level. The following exposures are taken into account: all exposures to financial entities, to non-financial entities subject to the Non-financial Reporting Directive (NFRD), to retail customers in connection with home loans and motor vehicle loans, as well as exposures to public sector entities for the financing of public-sector housing and other special financing in the public sector. A further component is repossessed real estate collateral. The exposures considered relevant for checking taxonomy eligibility may only be classified as taxonomy-eligible pursuant to EU requirements if their intended use corresponds to an economic activity presented as taxonomy-eligible in Annex I or II of Regulation (EU) 2021/2139. If the intended use does not correspond to these requirements or if the intended use is unknown, and cannot be reliably determined even using market data, the transaction must be included as non-taxonomy-eligible. Market data was not used for the calculations in financial year 2021, as the data was not sufficiently indicative, and it is not permitted to use estimates and approximations.

Exposures to central banks and sovereigns as well as supranational issuers, derivatives, the trading portfolio and short-term interbank loans are required to be tested for taxonomy compliance. Furthermore, exposures to non-

financial entities which are not subject to the disclosure obligations pursuant to Directive 2013/34/EU on the disclosure of non-financial information are excluded from the taxonomy compliance test.

The denominator pursuant to Annex V (1.1.2) of Delegated Regulation (EU) 2021/2178, BKS Bank considers the total balance sheet assets less payables to central banks, central governments and supranational issuers as total assets, as set out in Article 7(1) of the Delegated Act on Disclosure. Assets held for trading pursuant to the definition of Commission Implementing Regulation (EU) 2021/45126 (FINREP) are not taken into account. These adjustments in the denominator already take into account the requirements for future mandatory reporting on the green asset ratio, and therefore, make it easier to compare this year's eligibility reporting with the comprehensive indicators on taxonomy compliance to be reported starting in financial year 2023. The computed value of total assets was EUR 8,517 million as at 31 December 2021.

The largest share of taxonomy-eligible economic activities are found in the exposures to retail customers in the area of housing construction and refurbishment, followed by loans to companies not subject to NFRD, loans to public-sector entities, and retail finance for motor vehicles. Likewise, repossessed real estate collateral was identified that met the criteria for taxonomy eligibility.

Exposures in taxonomy-eligible economic activities as of 31/12/2021

In EUR million	Gross carrying amount	% Total assets ¹
Exposures to retail customers - residential construction and refurbishment	1,268.5	14.89%
Exposures to non-financial companies subject to the NFRD	100.4	1.18%
Exposures to public-sector entities	83.6	0.98%
Exposures to retail customers - motor vehicles	63.6	0.75%
Exposures from repossessed real estate collateral	0.6	0.01%
Exposures to financial companies	0.0	0.00%
Total	1,516.8	17.81%

¹ Computed value pursuant to V Section 1.1.2 of Delegated Regulation (EU) 2021/2178

Exposures to retail customers – renovation and residential construction

For the calculation of the numerator in connection with mortgage loans, BKS Bank takes into account the gross carrying value of taxonomy-eligible loans to private households secured by residential real estate or and loans granted for building renovation. The categorization is based on the product type and the intended use of the loan.

Financing for the purchase, construction and renovation of buildings may be classified as an economic activity pursuant to Annex I of Delegated Regulation (EU) 2021/2139 (item 7 "Construction and real estate") and therefore meet the taxonomy eligibility criterion. Loans for plots of land are not regulated in the Taxonomy. BKS Bank mortgage loans to private individuals have a large percentage of own funds. This permits the assumption to be made that the loan relates exclusively to the building, as the share relating to the plot of land is funded by own funds. Loans for the purpose of financing only plots of land are not taxonomy-eligible. In this context, a total of EUR 1,269 million meets the requirements for taxonomy eligibility, which corresponds to 14.89% of total assets and also accounts for the largest share of eligible exposures.

Exposures to non-financial entities subject to the NFRD

This category includes all risk exposures to companies that are required to publish non-financial information in accordance with Article 19a or Article 29a of Directive 2013/34/EU. This includes large, listed companies with more than 500 employees. Slovakia is an exception in the BKS Bank Group with regard to the NFRD obligation, as they comply already from 250 employees.

To determine the numerator, all non-financial customers of BKS Bank were classified based on company size and number of employees. All companies that are potentially eligible on the basis of their size category were reviewed manually to determine whether they were required to prepare non-financial reports. The result as at 31 December 2021 was an asset-side volume of EURk 186 million.

The companies identified were first reviewed for agreement with the listed economic activities of Annex 1 and 2 of Delegated Regulation (EU) 2021/2139 based on intended use. In cases in which it was not possible to derive a clear use for the financing, the classification code used was the one that refers to the customer's main economic activity. In total, a volume of EURk 100 million were classified as taxonomy-eligible, which corresponds to a share of 1.18% of total assets.

Exposures to retail customers – motor vehicles

The basis for retail vehicle financing is the vehicle leasing business and consumer loans used to finance motorcycles, cars and light commercial vehicles. The gross carrying amount of these loans are the basis for the numerator of the ratio. All risk exposures in this category may be allocated to the economic activities of Annex I of Delegated Regulation (EU) 2021/2139 (item 6.5 "Transport by motorcycles, passenger cars and light commercial vehicles") and may therefore be fully allocated to the share of risk exposures to taxonomy-eligible economic activities. The eligible gross carrying amount is EUR 63.6 million, which is a share of EUR 0.75% of total assets.

Risk exposures to public sector entities

The risk exposures to public sector entities include all loans to public sector housing construction as well as other special loans in the public sector. The numerator of the ratio is the gross carrying amount of those loans within this exposure class that meet the taxonomy eligibility criterion. The share of risk exposures from loans for public sector housing construction may be allocated in its entirety to the economic activities listed in Annex I of Delegated Regulation 2021/2139 (item 7 "Construction and real estate"). This is the share of taxonomy-eligible loans to municipalities used for funding public sector housing construction. With regard to financing for activities and assets other than public sector housing construction, BKS Bank considers project loans to public entities for taxonomy-eligible economic activities. The subject or purpose of the project is the basis for assessing the granting of a loan. Within this exposure, a share of 0.98% of the total assets were identified as taxonomy-eligible economic activities.

Reposessed real estate collateral

The volume of the portfolio of reposessed real estate collateral held for sale was EUR 0.6 million as at 31 December 2021, which corresponds to a share of 0.01% of total assets. The numerator of the ratio is the gross carrying value of taxonomy-eligible reposessed commercial and retail real estate collateral. The entire volume is classified as belonging to the economic activities listed in Annex I of Delegated Regulation (EU) 2021/2139 (item 7 "Construction and real estate activities"). Therefore, it meets the taxonomy eligibility criterion.

Exposures to financial enterprises

These include exposures to credit institutions and other financial corporations such as insurance companies and securities firms. Interbank receivables payable on demand are not included here; their share is reported together with the trading portfolio as a separate indicator. As the information available for the financial year 2021 on counterparties is not sufficient, all exposures to financial entities are classified as non-taxonomy-eligible.

Additional KPIs in taxonomy reporting

BKS Bank also reports the share in total assets of exposures to central banks and central governments, supranational issuers and derivatives as well as the share of exposures of entities that are not subject to the requirements of the NFRD. The Bank reports the share of the trading portfolio and short-term interbank loans in total assets as supplementary quantitative data. Balances with central banks, asset-side debt securities issued

by central governments and government-linked international organisations as well as BKS Bank's trading assets are taken into account. Short-term interbank loans include daily callable loans and advances to credit institutions. The share of risk exposures to entities not subject to the NFRD takes into account all financial exposures to non-financial entities exempt from the disclosure requirements of Directive 2013/34/EU, including SMEs.

The denominator for these indicators are the respective total balance sheet assets of the BKS Bank Group, which are not adjusted pursuant to Annex V Section 1.1.2 of Delegated Regulation (EU) 2021/2178. The assets were EUR 10,578 million on 31 December 2021.

Additional KPIs as at 31/12/2021

n € m	Gross carrying amount	% total assets
Share of exposures to central governments, central banks, supranational issuers and derivatives	2,060.8	19.48%
Share of exposures to companies not subject to the NFRD	4,195.2	39.66%
Share of trade portfolio and short-term interbank loans	28.9	0.27%

Qualitative information pursuant to Annex XI

The corporate strategy of BKS Bank aims to achieve sustainable growth. Therefore, in addition to the economic aspects, ESG factors have long since played a major role in the strategic orientation of our company. Even though our sustainability strategy is holistic, the focus of our activities is currently on

- deepening the integration of ESG into our core business,
- taking measures to mitigate environmental and climate risks, and
- ESG risk management.

To account for the enormous strategic importance of sustainability, BKS Bank has set up a sustainability management system. The respective areas of responsibility are described in the "Internal Framework for Sustainability Management". Principal responsibility lies with the Chairwoman of the Management Board who regularly informs the Supervisory Board of progress achieved regarding ESG. The CSR Officer develops the CSR programme and ensures implementation together with the domestic and international CSR teams (see page 36) and reports to the Management Board on a quarterly basis. The Bank has established structures under the direction of the Management Board (see page 20 et seq) for the identification and mitigation of ESG risks within the company.

BKS Bank offers its customers socially and environmentally **sustainable banking products**. Raising sales volumes in these products plays a major role in the KPIs of our sustainability strategy. We aim to raise the volume of new sustainable loans to EUR 200 million per year and increase the percentage of sustainable investment components in asset management to 30%. Our goal is to align our treasury portfolio with the Paris climate goals. Specifically, we are aiming for carbon emissions of no more than 100 t CO₂/\$ 1 million turnover for 2022, and no more than 50 t CO₂/\$ 1 million turnover by 2030 with our treasury fund investments. The goal is to achieve a target rating of AA according to the MSCI ESG Quality Score for our treasury portfolio. The information published in the chapter "Products and innovation" of this Sustainability Report shows that we are well on the way to achieving our goals.

In the area of **environmental and climate change mitigation**, we aim to become climate-neutral in the long term. The annual assessments of the environmental management system EMAS established at our Bank are a valuable source of inspiration for further development. We are taking measures to improve the ecological impact of our business operations and reduce our carbon emissions. A few examples:

- switching to electricity suppliers with more climate-friendly electricity,
- investing in photovoltaic systems and sustainable mobility,
- replacing oil heating systems with more climate-friendly systems,

- developing our buildings into green buildings, and
- raising awareness among employees on resource consumption.

Furthermore, we will also focus on reducing our financed emissions in the coming months. We are aware of the importance of the indirect impact of our products on climate change and will work to fulfil our responsibility. In the 2021 reporting year, we began initial work on a science-based climate target and are confident that we will be able to define it in 2022. On this basis, we will develop our decarbonization path.

Although **ESG risks** rarely materialize presently, we expect this type of risk to become increasingly important. The physical and transitory risks resulting from climate change will increase significantly over the medium to long term. BKS Bank employs numerous due diligence processes to identify, address and mitigate potential ESG risks; these are presented starting on page 20.

Taxonomy Regulation – significance, compliance and implementation

The Taxonomy Regulation is **very important** for the business model of BKS Bank. As explained above, sustainable products are an important part of our core business. To meet all requirements of the EU Action Plan: Financing Sustainable Growth, and therefore, also the requirements of the Taxonomy Regulation in a timely manner, we launched a far-reaching implementation project already in 2019. We hold regular weekly interdepartmental meetings to ensure the flow of information between the working groups. The progress of the project is regularly presented and discussed on the Steering Committees, at the CSR jour fixe meetings, at the quarterly top management meetings, and at Supervisory Board meetings.

With regard to the Taxonomy Regulation, the “EU Action Plan” project deals with the following topics:

- Implementation of taxonomy audit software for loans
- Implementation in the investment business
- Implementation of required adaptations to processes and policies
- Compliance with all Taxonomy disclosure requirements
- Information of employees and customers

In 2021, BKS Bank started cooperating with other banks, the Association of German Public Sector Banks (Verband öffentlicher Banken Deutschlands) and Dydon to jointly develop taxonomy review software for **loans** (see page 54) and have achieved good progress. The criteria for determining whether a loan is taxonomy-eligible vary depending on the economic activity and are very complex. The software is user-friendly and steers our staff through the review process so as to ensure that all criteria required for the assessment are correctly queried. Additionally, the software will use artificial intelligence and process-based calculations to determine audit-relevant data, which should make data collection easier especially in the case of loans to SMEs. SMEs are a key target group for BKS Bank.

We believe that taxonomy conformity will also play a greater role for the **recoverability of collateral** for real estate. Therefore, we are working to incorporate the relevant criteria into our collateral management. At the same time, we are gradually working to develop our own properties into green buildings in conformity with the Taxonomy.

Preparations are also under way for compliance with the Taxonomy Regulation in the **investment business**. At the end of the reporting year, we started cooperating with MSCI ESG to be able to report the required data and advise our customers on the taxonomy conformity of investment products.

To ensure that the Taxonomy Regulation is complied with in our **product design process**, we adjusted our standardized product introduction process in the reporting year. All new banking products must undergo this process (see page 80). Since the end of 2021, it has also been required to state whether product innovations are capable of increasing the share of taxonomy-compliant transactions of BKS Bank.

In our **work with clients and counterparties**, the current focus of our efforts is to create awareness of the importance and impact of the Taxonomy. Therefore, we inform customers in talks and at events as well as by responding to media inquiries. Training courses for our employees on the significance of the Taxonomy and the changes it entails for our business are important, because our employees are a key channel of communication with customers.

Key figures – sustainable products

Volume of sustainable products¹

	BKS Bank Group		BKS Bank AG
	2019	2020	2021
Volume of sustainable products in EUR m	385.4	579.6	764.5
			748.9

¹ The list includes the volumes of the “BKS Portfolio-Strategie nachhaltig” investment fund, the green and social bonds issued, the sustainable investment components in the investment fund variants of the “BKS Portfolio-Strategie”, the ecological savings passbook, the green savings passbook, sustainable financing, green loans and green leases.

BKS Bank Indicator: Volume of sustainable products
TCFD, metrics and targets, recommended information a)

Sustainable lending

	2019	2020	2021
Volume of sustainable loans in EUR m	296.5	413.3	556.2
• thereof for social purposes in EUR m	73.3	97.8	148.2
• thereof for ecological purposes in EUR m	220.8	315.5	408.0
• thereof for retail customers in EUR m	158.7	182.7	219.7
• thereof corporate customers in EUR m	137.8	230.5	336.5
• thereof new business in EUR m	126.4	116.8	143.0
Percentage of sustainable loans in lending volume	4.7	6.3	8.0

BKS Bank Indicator: Volume of sustainable loans
TCFD, metrics and targets, recommended information a)

Sustainable investments

	2019	2020	2021
Volume of sustainable investments in EUR m	103.9	166.4	208.3
thereof sustainable bonds in EUR m	15	23.4	30.6
thereof sustainable investment components in asset management in EUR m	31.3	34.1	84.6
Other sustainable funds of 3 Banken-Generali Investment GmbH on custody accounts of BKS Bank customers in EUR m	43.0	40.4	73.6
thereof sustainable savings accounts in EUR m	14.6	68.5	19.6
Share of sustainable investments in custody accounts ¹ volume	0.6	0.8	1.4
Share of sustainable savings deposits in savings accounts volume	1.0	4.9	1.4
Ratio of climate-related green bonds in percent ²	1.3	1.6	2.3

¹ The calculation is based on the total volume of sustainable investments minus sustainable savings accounts.

² Total amount of outstanding green bonds at year-end divided by a five-year moving average of total volume of outstanding bonds

BKS Bank Indicator: Volume of sustainable loans
TCFD, metrics and targets, recommended information a)

Sustainable fund volume of the 3 Banken-Generali Investment-Gesellschaft m.b.H.

in € m	2019	2020	2021
Volume of sustainable funds	1,055.6	1,379.5	1,820.2
thereof public investment funds	406.7	563.5	958.1
thereof special funds and institutional investor funds	648.9	816.0	862.1

Sustainable accounts

Number	2020	2021
Natur&Zukunftkonto account	299	1,362
Percentage of Natur&Zukunftkonto accounts in all consumer accounts of BKS Bank	0.4	1.6

Environmental indicators

In 2021, we significantly improved the calculation of our carbon footprint. Apart from emissions resulting from direct business operations, which we have already been reporting, we performed an initial calculation for several asset classes from our core business pursuant to the standard defined by the Partnership for Carbon Accounting Financials. We also recorded emissions of BKS's Oscar restaurant and the BKS-Wohnpark (residential complex). The respective calculation methods and associated detailed data broken down by source are also presented. As regards total emissions, the following data reveals the enormous importance of financed emissions:

Total emissions calculated

	Scopes covered	Total emissions calculated
Business operations	Scope 1, 2 and 3.1. 3.3, 3.6, 3.7	2,247
Financed emissions	Scope 3.13 and 3.15	1,180,067
Total		1,182,314

GRI 305-4 GHG emissions intensity

TCFD, metrics and targets, recommended information b)

Emissions from direct business operations

We calculate the carbon footprint from direct business operations throughout the Group applying the following scopes:

- Scope 1 Emissions from heating (gas and heating oil), vehicle fleet (gasoline and diesel), and refrigerant losses
- Scope 2 Purchased energy (electricity and district heating)
- Scope 3 Travel by rail and air, paper consumption, newly acquired IT equipment, employee travel to and from work, and the Scope 3 percentages from Scopes 1 and 2
- In 2021, data on electricity consumption for the Oscar restaurant and BKS-Wohnpark were also included in the calculation. The thermal data for the Oscar restaurant are included in the data of the BKS bank headquarters and are not computed separately. Therefore, this data was already included in past calculations. BKS-Wohnpark is heated with an air-source heat pump. Therefore, there is no additional heat consumption apart from electricity.

The carbon footprint is determined using the data in our environmental data management system and was done in several steps by c7-consult:

- Definition of system boundary
- Data collection (electricity, heat, fuels, paper, business travel, refrigerants, IT equipment, employee travel to and from work)
- Transformation of environmental data into CO2 data (CO2 equivalents)
- Accounting for lifecycle CO2 emissions
- Comparing with results of preceding year, identifying optimization potential, deriving conclusions

The calculation is based on the standards of the World Resources Institute and the World Business Council for Sustainable Development. The standards used are the “GHG Protocol Corporate Accounting and Reporting Standard” and the “GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard”. The carbon footprint of electricity consumption reported is based on the information on primary energy sources stated on the annual electricity bill by our energy supplier, Energie Klagenfurt. The conversion into CO2 equivalents is based on the ecoinvent 3.8 database (2021) and also accounts for upstream emissions. The ecoinvent database is also used to convert the other environmental data into CO2 equivalents.

Extrapolation method for the carbon footprint 2021

Despite all efforts, the environmental data for most properties are not available until after the publication date of the Sustainability Report. Nonetheless, in order to provide an indication of the development of greenhouse gas emissions for the year 2021, we calculated the following projections for the carbon footprint:

- Actual consumption data for 2021 was used for fuel consumption, paper consumption, rail travel, air travel, newly acquired IT and refrigerant consumption. Compared to 2020, we included additional printed materials in the calculation which had previously been omitted.
- To compute the data for employee travel to and from work, we conducted a survey of employees. In the interviews, employees were asked how they get to work and the distance they travel. Emissions for the entire workforce were extrapolated from the entire data collected.
- As regards electricity and heat, we used the actual consumption data for properties for which we received the fee statements for 2021 in time. For all other properties, the consumption values of the year 2020 were used unless current data was available.

GRI 102-49 Changes in reporting
GRI 305-4 GHG emissions intensity

Overview Environmental Management

Locations covered in 2021	Electricity	Distance heating	Natural gas/ Heating fuel	Diesel/ Gasoline	Paper	Coolant	IT devices	Employee travel to & from work
Austria 57	yes	yes	yes	yes	yes	yes	yes	yes
Slovenia 9	yes	yes	yes	yes	yes	yes	yes	yes
Croatia 5	yes			yes	yes		yes	yes
Slovakia 3	yes	yes		yes	yes		yes	yes

Carbon footprint

in t CO ₂ equivalents	2019	2020	2021	Year/year change in %
Group	982	865	2,247	160
• thereof in Austria	557	472	1,483	214
• thereof in Slovenia	314	280	567	103
• thereof in Croatia	54	56	98	74
• thereof in Slovakia	57	57	98	74

Carbon footprint per employee

in t CO ₂ equivalents	2019	2020	2021
Group	1.0	0.9	2.3
Austria	0.8	0.7	2.1
Slovenia	2.2	1.9	3.8
Croatia	0.7	0.8	1.2
Slovakia	1.4	1.4	2.3

GRI 305-1 Direct (Scope 1) GHG emissions

GRI 305-2 Energy indirect (Scope 2) GHG emissions

GRI 305-3 Other indirect GHG emissions (Scope 3)

GRI 305-4 GHG emissions intensity

GRI 305-5 Reduction of GHG emissions

TCFD, metrics and targets, recommended information b)

Distribution of carbon footprint

in t CO ₂ equivalents	2019	2020	2021	Year/year change in %
Electricity	207	190	277	45
Distance heating	162	164	209	28
Natural gas	124	141	102	-28
Heating fuel	61	58	56	-4
Gasoline	120	105	120	14
Diesel	256	169	133	-21
Rail	11	4	3	-21
Air travel	4	0	0	
Employee travel to and from work	n.a.	n.a.	1,134	n.a.
IT devices	n.a.	n.a.	173	n.a.
Paper	36	34	40	17.0

Carbon footprint by scope

in t CO ₂ equivalents	2019	2020	2021	Year/year change in %
Scope 1	442	370	319	-14
Scope 2	269	264	296	12
Scope 3	270	232	1,632	605

* In 2021, Scope 3 emissions were enlarged to include further printed materials, newly acquired IT, and employee travel to and from work. Therefore, the values are not comparable with those of previous years and are significantly higher.

GRI 305-1 Direct (Scope 1) GHG emissions

GRI 305-2 Energy indirect (Scope 2) GHG emissions

GRI 305-3 Other indirect GHG emissions (Scope 3)

GRI 305-5 Reduction of GHG emissions

TCFD, metrics and targets, recommended information b)

Greenhouse gas emissions, location-based versus market-based 2021

	Location-based				Market-based			
	Total	Scope 1	Scope 2	Scope 3	Total	Scope 1	Scope 2	Scope 3
Group	3,074	319	1,066	1,688	2,247	319	296	1,632
Austria	2,122	214	685	1,222	1,483	214	90	1,179
Slovenia	550	56	178	315	567	56	169	342
Croatia	278	28	144	106	98	28	0	70
Slovakia	123	20	58	45	98	20	37	41

Greenhouse gas emissions from electricity consumption may be quantified in two different ways. First, using the average conversion factors of the country (location-based), and second, using the conversion factors of the electricity supplier (market-based). As BKS Bank obtains 93% of its electricity from renewable energy sources, greenhouse gas emissions are significantly lower when computed by the market-based method. Direct greenhouse gas emissions from electricity production are reported in Scope 2, while indirect emissions (upstream and line losses) are reported in Scope 3. This does not affect Scope 1.

GRI 305-1 Direct (Scope 1) GHG emissions
 GRI 305-2 Energy indirect (Scope 2) GHG emissions
 GRI 305-3 Other indirect (Scope 3) GHG emissions
 GRI 305-5 Reduction of GHG emissions
 TCFD, metrics and targets, recommended information b)

Financed emissions

Financed emissions are calculated in accordance with the standards published by the Partnership for Carbon Accounting Financials (PCAF). For the reporting year, these include the asset classes of corporate loans, vehicle loans and lease financing, as well as listed shares, investment funds and bonds held in the asset management portfolios and in the Bank's treasury portfolio. In accordance with PCAF, we included Scope 1 and 2 emissions for all asset classes we report. We were unable to report Scope 3 emissions as required for the energy (oil and gas) and mining sectors for the 2021 reporting year. Scoring was done based on the quality of the data used. The scale provided by PCAF was used for this purpose:

Data quality scoring

<p>Sicher 5-10% Fehlerquote bei Schätzungen</p> <p>↑</p> <p>Unsicher 40-50% Fehlerquote bei Schätzungen</p>	Score 1	Geprüfte Treibhausgasemissionen oder tatsächliche Primärenergiedaten
	Score 2	Nicht geprüfte Treibhausgasemissionen oder andere primäre Daten
	Score 3	Durchschnittliche Daten, die Peer/(Teil-)branchenspezifisch sind
	Score 4	Geschätzte Daten auf Basis von Region oder Land
	Score 5	Geschätzte Daten mit sehr eingeschränkter Unterstützung

Total value of financed emissions

Asset class	Sum of loans and investments in €k	Scope 1 and 2 emissions in t CO ₂ -equiv.	Emissions intensity in t CO ₂ equivalents/EUR m invested ¹
Scope 3.15			
Financing	4,090,361	1,005,262	245.8
Vehicle loans	15,910	2,301	144.6
Asset management	204,584	13,498	66.0
Treasury portfolio	224,444	12,426	55.4
Subtotal	4,535,300	1,033,487	227.9
Scope 3.13			
Vehicle lease finance ²		146,580	
Total		1,180,067	

¹ The emissions intensity of 227.9 t CO₂ equivalents/EUR m invested is not obtained by adding up the values above, but is calculated using the following formula: Scope 1 and 2 emissions / sum of loans recognized *1,000,000

² The calculation for the leasing portfolio was done in accordance with the Guidelines of the GHG Protocol on downstream leased assets, as these are not covered by the PCAF methodology.

GRI 305-3 Other indirect (Scope 3) GHG emissions

GRI 305-4 GHG emissions intensity

TCFD, metrics and targets, recommended information b)

Corporate loans

Pursuant to the PCAF guidelines, the category corporate loans includes all loans and advances to companies for general business purposes, to non-profit organisations, and any other organisational entities not traded on stock exchanges. Also included in this asset class are revolving credit facilities, overdraft facilities, and commercial loans secured by real estate. The following formula is used for the calculation:

$$\text{Financed emissions} = \sum_U \frac{\text{Outstanding loan volume}_U}{\text{Equity} + \text{External capital}_U} \times \text{Revenues}_U \times \frac{\text{GHG emissions}_S}{\text{Revenues}_S}$$

U = company, S = sector

The outstanding amount of BKS Bank includes all corporate loans with the exception of loans to micro-businesses who prepare accounts only on a cash basis. A total volume of corporate loans of EUR 4.1 billion was taken into account in the calculation. As availability of borrower-specific emissions data is very limited, the data for each company was determined using the economic activity-based method. Using the "Multi-regional Supply-Use Table" and "Input-Output Table on Pollutant Emissions, Resource Consumption and Land Use" created by EXIOBASE, each borrower was assigned an emissions factor per economic activity (t CO₂-equivalent/EUR m invested). In order to match the business activities of each borrower as consistently as possible with these emission factors, a reconciliation table from ÖNACE codes to EXIOBASE categories was created. This made it possible to estimate the emissions of borrowers. If a given ÖNACE economic activity was assigned to more than one EXIOBASE category, we calculated a weighted emissions factor that takes into account the share of these EXIO economic activities in the national economy of a specific country. This resulted in a data quality score of 4 for the loan portfolio reported.

Financed emissions of corporate loans

NACE code	Sum of loans and investments in €k	Scope 1 and 2 emissions in t CO ₂ -equiv.	Emissions intensity in t CO ₂ equivalents/EUR m invested ¹
A - Agriculture, forestry and fishing	59,680	31,761	532.2
B - Mining and quarrying	29,355	12,216	416.2
C - Production of goods	852,629	376,263	441.3
D - Energy supply	70,711	68,345	966.5
E - Water supply; sewage and waste disposal and elimination of environmental pollution	65,254	65,789	1,008.2
F - Construction	429,175	126,969	295.8
G - Trade, maintenance and repair of motor vehicles	400,046	148,483	371.2
H - Transport and storage	212,110	66,158	311.9
I - Accommodations and catering	146,260	11,254	76.9
J - Information and communication	49,527	4,082	82.4
K - Provision of financial and insurance services	347,840	3,962	11.4
L - Real estate and housing	812,966	39,788	48.9
M - Professional, scientific and technical services	316,172	19,729	62.4
N - Provision of other economic services	99,560	14,538	146.0
O - Public administration, defence, social security	6,785	966	142.3
P - Education and teaching	14,986	939	62.7
Q - Health and social services	134,344	10,543	78.5
R - Art, entertainment and recreation	12,243	1,047	85.5
S - Provision of other services	30,719	2,429	79.1
Total	4,090,361	1,005,262	245.8

¹⁾ The emissions intensity of 245.8 t CO₂-equ./EUR million is not obtained by adding up the values above, but is calculated using the following formula: Scope 1 and 2 emissions / sum of loans recognized *1,000,000

GRI 305-3 Other indirect (Scope 3) GHG emissions
GRI 305-4 GHG emissions intensity
TCFD, metrics and targets, recommended information b)

Vehicle loans and lease financing

Motor vehicle loans account for only a small share of BKS Bank's assets. In Austria, Slovenia and Croatia, most vehicle loans are in the form of lease financing. When a loan is granted, it is a consumer loan without a specific purpose. Therefore, we did not include such loans in the emissions calculation below. However, our Slovak leasing company BKS-Leasing s.r.o. offers vehicle loans in addition to lease financing. We included EUR 15.9 million from this portfolio in the calculation of the GHG footprint pursuant to the PCAF methodology. Special-purpose vehicles such as excavators were excluded from both lease financing and loans due to lacking data.

We knew the fuel most vehicles use. Vehicle emissions were determined using average fuel consumption and mileage based on the type of fuel, country, and vehicle type. For the leasing portfolio, the calculation was carried out in accordance with the guidelines of the GHG Protocol for downstream leased assets. The values for average fuel consumption were from the EEA/EMEP air pollutant emissions inventory guidebook. The Odyssey database was used for average values for distances travelled. IEA 2021 and GHG Protocol emission factors from multi-sector tools were used to calculate emissions factors for the respective fuels. For vehicle loans, the CO₂ value calculated was multiplied by the attribution factor. The result is a data quality score of 4 for vehicle loans.

Financed emissions of vehicle loans

	Number of vehicles	Sum of loans and investments in €k	Scope 1 and 2 emissions in t CO ₂ -equiv.	Emissions intensity in t CO ₂ equivalents/EUR m invested ¹
Vehicle loans				
Passenger cars	602	12,790	910	71.2
Truck (>3.5 t)	34	1,518	646	425.8
Truck, SUVs, vans (<3.5 t)	83	1,096	278	253.7
Car trailers	21	406	460	1,132.0
Motorcycles, ATV	14	100	6	63.1
Total loans	754	15,910	2,301	144.6

¹ The emissions intensity of 144.6 t CO₂ equiv./EUR m invested is not obtained by adding up the values above, but is calculated using the following formula: Scope 1 and 2 emissions / sum of loans recognized *1,000,000

Financed emissions of vehicle lease financing

	Number of vehicles	Scope 1 and 2 emissions in t CO ₂ -equiv.
Leasing agreements		
Passenger cars	8,550	26,635
Truck (>3.5 t)	1,538	65,128
Trucks, SUVs, vans (<3.5 t)	2,844	15,963
Car trailers	630	31,135
Buses	171	7,690
Motorcycles, ATV	96	29
Total leasing	13,829	146,580

GRI 305-3 Other indirect (Scope 3) GHG emissions
 GRI 305-4 GHG emissions intensity
 TCFD, metrics and targets, recommended information b)

Treasury portfolio and asset management

We included listed equities, bonds and investment funds in the calculation of the financed emissions in our asset management mandates and treasury portfolio. MSCI ESG served as the data source. An evaluation of every position was not possible due to lacking emissions data also the case of our investments.

A large share of the securities in our treasury portfolio are government bonds. As no standardized PCAF calculation method is yet available for investments in government bonds, we did not take such investments into account. Therefore, only 17% of individual securities were evaluated, but for the investment fund portfolio we achieved a coverage ratio weighted by investment volume of 91%. Financed emissions amounted to 12,426 t CO₂ equivalents for the volume recognized of approximately EUR 224.4 million.

Emissions data was available for 72% of the volume invested in individual securities in our asset management mandates. The weighted coverage for investment funds is around 60% of the portfolio. CO₂ emissions from the asset management mandates were 13,498 t CO₂ equivalents. For individual securities, we used mainly data from the MSCI ESG database; for investment funds, the data quality was not viewable. Therefore, we cannot make a qualified statement on the data quality score pursuant to PCAF.

Financed emissions in asset management and the treasury portfolio

	Sum of recognized investments in EUR thousand	Scope 1 and 2 emissions in t CO ₂ -equiv.	Emissions intensity in t CO ₂ equivalents/EUR m invested ¹
Asset management			
Shares	871	38	43.3
Bonds	195	23	115.8
Investment funds	203,519	13,438	66.0
Total asset management	204,584	13,498	66.0
Treasury portfolio			
Bonds	174,080	9,834	56.5
Investment funds	50,364	2,593	51.5
Total treasury portfolio	224,444	12,426	55.4
Total	429,029	25,924	60.4

¹ The values shown in the rows Total asset management, Total treasury portfolio and Total sum are not the result of adding up the values above, but are calculated using the following formula: Scope 1 and 2 emissions / sum of loans recognized *1,000,000

GRI 305-3 Other indirect (Scope 3) GHG emissions
GRI 305-4 GHG emissions intensity
TCFD, metrics and targets, recommended information b)

Energy

Total energy consumption

Total energy consumption absolute [GWh]	2019	2020	2021	Year/year change in %
Group	7.64	7.18	7.92	10
• thereof from renewable energy sources	4.84	4.63	5.33	15
Austria	5.97	5.57	6.19	11
Slovenia	0.95	0.85	0.91	7
Croatia	0.49	0.51	0.47	-8
Slovakia	0.24	0.25	0.35	39

GRI 302-1 Energy consumption within the organisation
GRI 302-4 Reduction of energy consumption
TCFD, metrics and targets, recommended information c)

Consumption by main energy source

GWh	2019	2020	2021	Year/year change in %
Electricity	3.62	3.49	3.61	4
• thereof from renewable energy sources	3.36	3.24	3.35	3
Heat	2.85	2.84	3.48	23
• thereof from renewable energy sources	1.43	1.35	1.91	41
• thereof district heating	2.22	2.15	2.95	37
• thereof natural gas	0.46	0.52	0.37	-28
• thereof heating oil	0.18	0.17	0.16	-4
Fuels	1.17	0.85	0.72	-16
• thereof from renewable energy sources	0.05	0.03	0.03	-20
• thereof diesel	0.80	0.53	0.38	-28
• thereof gasoline	0.37	0.32	0.33	4

GRI 302-1 Energy consumption within the organisation
GRI 302-4 Reduction of energy consumption
TCFD, metrics and targets, recommended information c)

Vehicle fleet and business trips

	2019	2020	2021
Vehicles			
Total	71	68	65
• thereof emissions class 4	2	2	2
• thereof emissions class 5	27	23	14
• thereof emissions class 6	34	33	36
• thereof hybrid vehicle	7	9	12
• thereof e-vehicle	1	1	1
Business trips			
Km travelled by company vehicle in thousands	1,949	1,469	1,483
• thereof by e-vehicle and hybrid vehicles in thousands	277	217	268
Km travelled by rail in thousands	176	55	39
Km travelled by air in thousands	35	0	4
Business trips per FTE			
Km travelled by company car	2,026	1,526	1,506
Km travelled by train	183	57	40
Km travelled by airplane	36	0	4
Fuel consumption			
Consumption in 1000 litres	127	93	87
Average consumption in litres per 100 km	7	6	6
Consumption in GWh	1.17	0.85	0.82

Society**Sponsoring**

	2019	2020	2021
Number of sponsoring projects	302	152	106
• thereof cultural sponsoring	122	35	30
• thereof social sponsoring	66	26	24
• thereof educational sponsoring	30	19	16
• thereof other sponsoring	84	72	36
Sponsoring volume in EUR k	210	207	216
Donations volume in EUR k	34	9	10

Corporate volunteering

	2019	2020	2021
Participants	117	44	40
Number of hours made available	670	237	262
Percentage of employees having participated in CV	10.4	3.9	3.5

Financial flows of BKS Bank to stakeholders

in €k	2019	2020	2021
Employees			
• Wages and salaries	56,650	54,732	54,526
Shareholders			
• Dividends	9,677	5,045	5,045
Business			
• Investments	21,178	13,093	25,590
• Loans	6,288,052	6,569,965	6,958,625
Company			
• Taxes and duties	13,424	15,930	13,336
• Social security contributions	13,322	13,365	13,538
• Contributions for memberships in interest groups and networks	393	387	402
• Donations and sponsoring	244	216	226

GRI 201-1 Direct economic value generated and distributed

Taxes and duties by country

	2020		2021	
	Current taxes incl. banking tax	Deferred taxes	Current taxes incl. banking tax	Deferred taxes
Austria	12.5	-3.2	9.3	3.5
Slovenia	1.9	-0.1	2.2	-0.1
Croatia	1.1	-0.8	1.2	-3.1
Slovakia	0.4	-0.4	0.6	-0.1
Total	15.9	-4.5	13.3	0.2

Our company fully pays all taxes and duties and does not pursue an aggressive tax policy.

In 2021, BKS Bank made use of the following subsidies (all amounts are rounded). Personnel measures: EUR 80,300 pursuant to § 32 (3) and § 33 of the Epidemics Act; EUR 7,400 for special care leave; EUR 53,400 under the Betrieblichen Testungsgesetz (Company Testing Act); EUR 11,500 AMS (Employment Office) subsidies; EUR 7,600 in Croatia under the "Young Employees" subsidy programme; EUR 20,100 COVID-19 government aid in Slovenia. Investments: EUR 5,700 EUR LED systems, EUR 18,000 investment bonus.

Key economic indicators

Profit figures in EUR m	2019	2020	2021
Net interest income	135.8	136.5	138.9
Impairment charges	-18.6	-25.0	-32.4
Net fee and commission income	58.2	64.3	67.1
General administrative expenses	-121.0	-123.2	-125.3
Profit for the year before tax	103.1	84.9	92.9
Profit for the year after tax	92.9	74.8	80.8
Balance sheet figures, in € m			
Total assets	8,857.6	9,856.5	10,578.0
Receivables from customers after impairment charges	6,288.1	6,570.0	6,958.6
Primary deposits	6,668.3	7,399.3	8,116.0
• thereof savings deposits	1,413.5	1,401.7	1,351.2
• thereof securitized liabilities incl. subordinated capital	854.4	857.0	973.5
Equity	1,301.5	1,362.7	1,459.3
Customer funds under management	18,548.0	18,958.5	21,222.8
• thereof on custody accounts	11,879.7	11,559.2	13,106.9
Own funds within the meaning of CRR, in € m			
Total risk exposure amount	5,449.6	5,664.1	5,943.8
Own funds	881.4	916.1	983.8
• thereof common equity tier 1 (CET1) capital	629.6	669.3	709.5
• thereof total tier 1 capital (CET1 and AT1)	690.8	725.2	774.7
Common equity tier 1 capital ratio (in %)	12.7	12.8	13.0
Total capital ratio (in %)	16.2	16.2	16.6
Performance indicators			
Return on equity after tax	7.4	5.6	5.7
Return on assets after tax	1.1	0.8	0.8
Cost/income ratio (cost/income coefficient)	50.7	53.9	51.1
Risk/earnings ratio (credit risk/net interest income)	10.2	18.3	23.3
Non-performing loan ratio (NPL ratio)	2.4	1.7	2.2
Net stable funding ratio (NSFR)	112.4	117.2	122.9
Liquidity coverage ratio (LCR)	151.8	158.1	208.9
Leverage ratio	7.8	8.0	8.2
Resources			
Average number of staff	962	963	986
Number of branches	63	64	64
BKS Bank shares			
Number of no-par ordinary shares (ISIN AT0000624705)	41,142,900	41,142,900	42,942,900
Number of ordinary no-par shares (ISIN AT0000A2HDQD1)	-	1,800,000	-
Number of no-par preference shares (ISIN AT0000624739)	1,800,000	-	-
High (ordinary/ordinary exchange/preference share) in €	17.2/-/17.0	16.0/13.6/15.0	16.7/13.8/-
High (ordinary/ordinary exchange/preference share) in €	15.0/-/13.4	11.3/11.8/10.3	11.3/13.5/-
Close (ordinary/ordinary exchange/preference share) in €	16.0/-/14.3	12.5/13.6/-	15.3/-/-
Market capitalization in €m as at 31 Dec.	684.0	538.8	657.0
Dividend per share in €	0.12	0.12	0.23 ¹⁾
Price/earnings ratio, ordinary/ordinary exchange/preference share	7.4/-/6.7	7.3/7.9/-	8.3

¹ Proposal to the 83rd Annual General Meeting of BKS Bank AG on 25 May 2022

GRI 201-1 Direct economic value generated and distributed

Notes



Three-toothed orchid

The three-toothed orchid (*Neotinea tridentata*) thrives on dry and semi-arid grasslands and natural meadows. The plant grows best in full sunlight and is a strictly protected plant species.

GRI Content Index

GRI Standard	Specification	Page number(s)	Comment
GRI 101: Foundation 2016			
General disclosures			
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	13	
102-2	Activities, brands, products and services	13	
102-3	Location of headquarters	13	
102-4	Location of operations	13	
102-5	Ownership and legal form	14	
102-6	Markets served	13	
102-7	Scale of the organisation	13, 29 et seq, 151	
102-8	Information on employees and other workers	128, 129	
102-9	Supply chain	26 et seq	
102-10	Significant changes to the organisation and its supply chain	14	
102-11	Precautionary principle or approach	20 et seq	
102-12	External initiatives	61, 114 et seq	
102-13	Membership in associations and interest groups	114 et seq	
Strategy			
102-14	Statement from most senior decision-maker	6 et seq	
102-15	Key impacts, risks, and opportunities	20 et seq, 35 et seq	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	16 et seq	
Governance			
102-18	Governance structure	36, AR 18 et seq	
102-19	Delegating authority	20, 36	
102-20	Executive-level responsibility for economic, environmental and social topics	20, 36, AR 22	
Stakeholder engagement			
102-40	List of stakeholder groups	42	
102-41	Collective bargaining agreements	134	
102-42	Identifying and selecting stakeholders	42	
102-43	Approach to stakeholder engagement	42 et seq, 61	
102-44	Key topics and concerns raised	49	
Reporting practices			
102-45	Entities included in the consolidated financial statements	28, AR 76 et seq	
102-46	Defining reporting content and topic boundaries	49 et seq	
102-47	List of material topics	50 et seq	
102-48	Restatements of information		
102-49	Changes in reporting	98 et seq, 142 et seq	
102-50	Reporting period	163	
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102-53	Contact point for questions regarding the report	171	
102-54	Claims of reporting in accordance with the GRI Standards	163	
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GRI Standard	Specification	Page number(s)	Comment
Material topics			
Strategy and governance			
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	37
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	52 et seq, 118, 122, 126 et seq
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	57f
	205-2	Communication and training about anti-corruption policies and procedures	57 et seq, 132
	205-3	Confirmed incidents of corruption and actions taken	57 et seq
Compliance, governance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	37
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	52 et seq, 118, 122, 126 et seq
Data protection			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	37
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	52 et seq, 118, 122, 126 et seq
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		58
Economic stability and growth			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	37
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	52 et seq, 118, 122, 126 et seq
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	29 et seq, 159, 150 AR 74 et seq, AR 82 et seq, AR 88 et seq, AR 94 et seq, AR 105 et seq
Focus on the future			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	37
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	52 et seq, 118, 122, 126 et seq
Employees			
Occupational health and safety			
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	39, 72 et seq, 119
	403-2	Hazard identification, risk assessment, and incident investigation	72 et seq
	403-3	Occupational health services	72 et seq
	403-4	Worker participation, consultation and communication on occupational health and safety	72 et seq
	403-5	Worker training on occupational health and safety	72 et seq
	403-6	Promotion of worker health	72 et seq
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72 et seq

GRI Standard	Specification	Page number(s)	Comment
	403-8 Workers covered by an occupational health and safety management system	72 et seq	
	403-9 Work-related injuries	72 et seq, 134	As we have been reporting on GRI 403: Occupational Safety and Health 2018 only since 2020 there is no three-year comparison of the key figures
Education and training			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	39	
	103-2 The management approach and its components	39	
	103-3 Evaluation of the management approach	52 et seq, 119, 122, 126 et seq	
GRI 404: Training and Education 2016	404-1 Average hours of training per year and per employee	75, 131 et seq	
	404-3 Percentage of employees receiving regular performance and career development reviews	132	
Diversity and equality			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	39	
	103-2 The management approach and its components	39	
	103-3 Evaluation of the management approach	52 et seq, 119, 122, 126 et seq	
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	129	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	69, 129 et seq	
	405-2 Ratio of basic salary and remuneration of women to men	70 et seq	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken		There were incidents of discrimination in 2021.
Fair employer			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	39	
	103-2 The management approach and its components	39	
	103-3 Evaluation of the management approach	52 et seq, 119, 122, 126 et seq	
GRI 401: Employment 2016	401-1 Newly employees and employee turnover	133	
	401-2 Benefits provided to full-time employees that are not offered to temporary or part time employees	65	
	401-3 Parental leave	131	
	BKS Bank indicator: employee satisfaction	66f	
Products and innovation			
Sustainable investment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	39 et seq	
	103-2 The management approach and its components	39 et seq	
	103-3 Evaluation of the management approach	52 et seq, 120, 123, 126 et seq	
	BKS Bank indicator: Volume development of sustainable investments	84 et seq, 127, 141	
Sustainable financing			
	103-1 Explanation of the material topic and its boundary	39 et seq	
	103-2 The management approach and its components	39 et seq	
	103-3 Evaluation of the management approach	52 et seq, 120, 123, 126 et seq	
	BKS Bank indicator: Volume development of sustainable financing	81f, 127, 140	

GRI Standard	Specification	Page number(s)	Comment
Customer satisfaction and product responsibility			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	39 et seq
	103-2	The management approach and its components	39 et seq
	103-3	Evaluation of the management approach	52 et seq, 120, 123, 126 et seq
GRI 417: Marketing and Labelling	417-1	Requirements for product and service information, and labelling	80
	417-2	Incidents of non-compliance concerning product and service information and labelling	90 et seq
	417-3	Incidents of non-compliance concerning marketing communications	90 et seq
Environment and climate protection			
Decarbonization, carbon footprint, emissions			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	40 et seq, 105
	103-2	The management approach and its components	40 et seq, 54 et seq, 105
	103-3	Evaluation of the management approach	52 et seq, 119, 123, 126 et seq
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	95 et seq, 103 et seq, 141 et seq
	GRI 305-2	Indirect (Scope 2) GHG emissions	95 et seq, 103 et seq, 141 et seq
	305-3	Other indirect (Scope 3) GHG emissions	95 et seq, 103 et seq, 141 et seq
	305-4	GHG emissions intensity	141
	305-5	Reduction of GHG emissions	86f, 89, 95ff, 103f, 141f
Energy consumption			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	40f 105
	103-2	The management approach and its components	40 et seq, 105
	103-3	Evaluation of the management approach	52 et seq, 119, 123, 126 et seq
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	101, 148
	302-4	Reduction of energy consumption	101, 148
Environment and climate change mitigation			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	40f
	103-2	The management approach and its components	40 et seq, 105
	103-3	Evaluation of the management approach	52 et seq, 119, 123, 126 et seq
GRI: 307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	In 2021, there were no breaches of environmental laws or regulations
Society			
Diversity and equal opportunity			
GRI 103:	103-1	Explanation of the material topic and its boundary	41

GRI Standard	Specification	Page number(s)	Comment
Management approach 2016	103-2	The management approach and its components	41
	103-3	Evaluation of the management approach	52 et seq, 121, 123, 126 et seq
	BKS Bank indicator: Sponsoring volume of the BKS Bank Group		149, 110, 111 et seq

Disclosure on implementation of TCFD recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 to develop recommendations for the financial sector on meaningful and comparable disclosures on climate-related financial information for the entire industry. The focus is primarily on the management of climate-related risks. The 2019 "Guidelines on non-financial reporting: Supplement on reporting climate-related information" of the European Union include several explicit references to the TCFD recommendations.

At BKS Bank, many of the requirements have already been well implemented. Other requirements contain additional potential improvements, as shown in the following implementation overview.

Overview of implementation of TCFD recommendations at BKS Bank

TCFD Disclosure Recommendations	Disclosure at BKS Bank	Page(s) in Report
Governance		
Disclose the company's governance of climate-related risks and opportunities.		
Recommended information a) Describe the Management Board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> Explain the Management Board's accountability. Establish a governance structure that addresses and helps mitigate climate-related risks and takes advantage of opportunities. 	36 et seq, 20
Recommended information b) Describe the role of management in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> A description of the identification, assessment and management of ESG risks including climate risks at BKS Bank as well as the role played by the Management Board and Supervisory Board, and the defined information processes are available. 	20 et seq, 105

Strategy

Present the actual and potential effects of climate-related risks and opportunities on business activities, strategy and financial planning.

Recommended information a) Describe the short, medium and long-term climate-related risks and opportunities identified by the company.	<ul style="list-style-type: none"> • Samples of the opportunities and risks identified are described; furthermore, a description is given of risks considered to be of relevance for the short, medium and long-term. 	21 et seq
Recommended information b) Describe the impact of climate-related risks and opportunities on the business, strategy and financial planning of the company.	<ul style="list-style-type: none"> • Presentation of selected explanations of the impact of climate risks on the business model and on the critical infrastructure of BKS Bank. 	15 et seq, 21 et seq, 54 et seq
Recommended information c) Describe the resilience of the company's strategy considering the various climate-related scenarios, including one of 2°C or lower.	<ul style="list-style-type: none"> • Explanation of the strategy and key strategic initiatives that help mitigate climate risks is available. 	15 et seq, 54 et seq, 95 et seq, 103 et seq

Risk management

Disclose how the company identifies and manages climate-related risks.

Recommended information a) Describe the company's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> • An explanation of the due diligence processes used by BKS Bank to identify and assess climate-related risks is available. • It explains how ESG risks were assessed, and in some cases also presents detailed results from the review processes. 	21 et seq
Recommended information b) Describe the company's processes for managing climate-related risks.	<ul style="list-style-type: none"> • A description of climate change mitigation measures is available as well as a description of how the opportunities of climate change are taken advantage of. 	21 et seq, 60, 80, 81 et seq, 84 et seq
Recommended information c) Describe how the company's processes for identifying, assessing, and managing climate-related risks are integrated into the company's risk management system.	<ul style="list-style-type: none"> • Explain the management of climate risks in the context of overall bank risk management. 	21 et seq, 81, 89

TCFD Disclosure Recommendations	Disclosure at BKS Bank	Page(s) in Report
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Metrics and targets

Disclose metrics and targets used to assess and manage the relevant climate-related risks and opportunities.

Recommended information a) Provide the information required by the company to assess climate-related risks and opportunities in accordance with metrics used in the strategy and risk management process.	<ul style="list-style-type: none"> • A description is available of the targets, metrics and KPIs achieved of our sustainability strategy in which we address the climate risks. • Information is available on the influence of non-financial performance indicators on management remuneration. 	52 et seq, 70, 126 et seq,
Recommended information b) Indicate the greenhouse gas (GHG) emissions by Scope 1, Scope 2 and, if applicable, Scope 3 and the associated risks.	<ul style="list-style-type: none"> • The carbon footprint has been published. • An initial calculation of financed emissions pursuant to the standards of the Partnership for Carbon Accounting Financials was carried out for corporate loans, vehicle loans and lease financing, asset management and the treasury portfolio. 	95 et seq, 141 et seq
Recommended information c) Describe the processes used by the company to manage climate-related risks and opportunities and the degree of target attainment.	<ul style="list-style-type: none"> • We publish the targets and metrics as well as KPIs attained which we have defined in our sustainability strategy that also addresses climate risks. • We present the targets for decarbonizing the treasury portfolio. • We publish key figures on the development of sustainable products. • We report on the development of energy consumption and greenhouse gas emissions. 	52 et seq, 54 et seq, 80, 81 et seq, 84 et seq, 89, 95 et seq, 101, 141 et seq, 148 et seq,

Contribution to achievement of the SDG goals in 2021

In 2021, BKS Bank's contributions to the attainment of the SDGs included the following:

Goal	Selected contributions to respective SDGs
 <p>8 MENSCHENWÜRDIGE ARBEIT UND WIRTSCHAFTS-WACHSTUM</p>	<p>Goal 8: Decent work and economic growth</p> <ul style="list-style-type: none"> • Member of UN Global Compact • EUR 26.9 million paid in taxes and charges • Workplace health promotion scheme with 256 participants • Support for customers during coronavirus pandemic with bridge loans and loan deferrals. • Total assets increased from EUR 9.9 billion to EUR 10.6 billion
 <p>12 NACHHALTIGE/R KONSUM UND PRODUKTION</p>	<p>Goal 12: Sustainable consumption and production patterns</p> <ul style="list-style-type: none"> • EMAS assessment completed successfully • Reduced 43,500 t CO₂ equiv. p.a. with green and social bonds issues • EUR 556 million in sustainable loans granted • 33 t CO₂/\$ 1 million turnover reduced in our treasury portfolio • Share of 28.5% sustainable investment components in asset management
 <p>13 MASSNAHMEN ZUM KLIMASCHUTZ</p>	<p>Goal 13: Action to combat climate change</p> <ul style="list-style-type: none"> • 93% of total energy consumption covered by renewable energy • Number of oil-fired heating systems in BKS the real estate portfolio reduced to one • Reduced our vehicle fleet to 65 vehicles and increased the number of hybrid and e-vehicles to eleven • Two green buildings completed • Approximately 900 m² of space used for banking operations were converted into eight apartments, thereby helping avoid new soil sealing • 213 pieces of equipment no longer usable for banking operations were given to AfB for reuse
 <p>9 INDUSTRIE, INNOVATION UND INFRASTRUKTUR</p>	<p>Goal 9: Industry, innovation and infrastructure</p> <ul style="list-style-type: none"> • Digital range of products enlarged • Presented how green infrastructure can be financed by green bonds at the event "Gemeindetag" (Municipal Day) of the Province of Carinthia • The projects BKS Wood Quarter and Urban Living created 24 apartments and two commercial spaces in accordance with green building standards • Social bond issued to fund the renovation of the school "Neue Mittelschule Hartberg Rieger"
 <p>5 GESCHLECHTER-GLEICHHEIT</p>	<p>Goal 5: Gender equality</p> <ul style="list-style-type: none"> • Only company in the Vienna Stock Exchange Index with a chairwoman of the supervisory board, a chairwoman of the management board and a chairwoman of works council • Surpassed our goal of 35% women in management positions for the first time by attaining 36.5% • Organized diversity workshops • Gender pay gap has been reduced from 19.2% to 16.2% since 2016
 <p>4 HOCHWERTIGE BILDUNG</p>	<p>Goal 4: Quality education</p> <ul style="list-style-type: none"> • Our employees spent over 36,000 hours in training and development courses • 16 educational sponsorships • Supported Caritas Carinthia with the opening of a new learning café in Spittal an der Drau • Supported Volkshilfe Vienna's project for young care-leavers with monthly scholarships • Events to improve financial knowledge of customers
 <p>1 KEINE ARMUT</p>	<p>Goal 1: No poverty</p> <ul style="list-style-type: none"> • Key sponsor of project "Kärntner in Not" • Generous donations for earthquake victims in Croatia • Advisory services for customers on wealth creation and retirement planning • Supported non-profit organisations with 262 hours of corporate volunteering

Overview of material topics in the report

Key topics	Issues pursuant to NaDiVeG (Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act))	Description in the Sustainability Report ¹	GRI standards reported on	Allocation to ten SDGs prioritized by BKS Bank
Strategy and governance				
Anti-corruption	• Combating corruption and bribery	• Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • Governance, compliance, anti-corruption and data protection (S) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers	103-1, 103-2, 103-3, 205-1, 205-2, 205-3	12
Compliance, governance	• Combating corruption and bribery	• Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • Governance, compliance, anti-corruption and data protection (S) • On the path to climate neutrality (S) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers	103-1, 103-2, 103-3	4, 5, 8, 12
Data protection	• Respect for human rights	• Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • Governance, compliance, anti-corruption and data protection (S) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers	103-1, 103-2, 103-3, 418-1	8, 12
Economic stability, growth	• Employee concerns • Social issues	• Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • On the path to climate neutrality (S) • Corporate strategy (Ü) • Opportunities and risks from ESG factors (Ü) • Economic stability and growth (Ü) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers	103-1, 103-2, 103-3, 201-1	1, 8, 9, 12
Future orientation	• Employee concerns • Social issues	• Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • Corporate strategy (Ü) • On the path to climate neutrality (S) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers	103-1, 103-2, 103-3	4, 8, 9, 12, 13

¹ The column "Description in the Sustainability Report" refers in each case to the corresponding heading in the report, with the letter given in the parentheses indicating the chapter. (N) stands for "Sustainability at BKS Bank", (Ü) for "About BKS Bank", (S) for "Strategy and Governance," (M) for "Employees," (P) for "Products and Innovation," (U) for "Environment and Climate Protection," and (G) for "Society and Social Engagement".

Key topics	Issues pursuant to NaDiVeG (Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act))	Description in the Sustainability Report ¹	GRI standards reported on	Allocation to ten SDGs prioritized by BKS Bank
Employees				
Occupational safety and health	<ul style="list-style-type: none"> Employee concerns Respect for human rights 	<ul style="list-style-type: none"> Sustainability management (N) Sustainability strategy 2021-2025 (S) Strategic sustainability goals (S) Durch die Bank gesund (health promotion scheme) (M) Coping well with the coronavirus pandemic (M) Fair employer (M) Sustainable achievements 2021 Actions planned for 2022 Sustainability in numbers 	103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9	8, 12
Education and training	<ul style="list-style-type: none"> Employee concerns Respect for human rights 	<ul style="list-style-type: none"> Sustainability management (N) Sustainability strategy 2021-2025 (S) Strategic sustainability goals (S) Education and training (M) Fair employer (M) Diversity in action (M) Sustainable achievements 2021 Actions planned for 2022 Sustainability in numbers 	103-1, 103-2, 103-3, 404-1, 404-3	1, 4, 5, 8, 12
Diversity and equality	<ul style="list-style-type: none"> Employee concerns Social issues Respect for human rights 	<ul style="list-style-type: none"> Sustainability management (N) Sustainability strategy 2021-2025 (S) Strategic sustainability goals (S) Governance, compliance anti-corruption and data protection (S) Diversity in action (M) Fair employer (M) Sustainable achievements 2021 Actions planned for 2022 Sustainability in numbers 	103-1, 103-2, 103-3, 202-2, 405-1, 405-2, 406-1	1, 4, 5, 8, 12
Fair employer	<ul style="list-style-type: none"> Employee concerns Respect for human rights 	<ul style="list-style-type: none"> Sustainability management (N) Sustainability strategy 2021-2025 (S) Strategic sustainability goals (S) Governance, compliance, anti-corruption and data protection (S) Fair employer (M) Diversity in action (M) Sustainable achievements 2021 Actions planned for 2022 Sustainability in numbers 	103-1, 103-2, 103-3, 401-2, 401-3, BKS Bank indicator: Employee satisfaction	1, 4, 5, 8
Products and innovation				
Customer satisfaction and product responsibility	<ul style="list-style-type: none"> Social concerns Environmental concerns Respect for human rights 	<ul style="list-style-type: none"> Sustainability management (N) Sustainability strategy 2021-2025 (S) Strategic sustainability goals (S) Opportunities and risks from ESG factors (Ü) Governance, compliance, anti-corruption and data protection (S) High degree of customer satisfaction (P) Sustainable achievements 2021 Actions planned for 2022 Sustainability in numbers 	103-1, 103-2, 103-3, 417-1, 417-2, 417-3	1, 8, 9, 12, 13
Sustainable financing	<ul style="list-style-type: none"> Social concerns Environmental concerns Respect for human rights 	<ul style="list-style-type: none"> Sustainability management (N) Sustainability strategy 2021-2025 (S) Strategic sustainability goals (S) Opportunities and risks from ESG factors (Ü) On the path to climate neutrality (S) Sustainable financing (P) Sustainable achievements 2021 Actions planned for 2022 Sustainability in numbers 	103-1, 103-2, 103-3 BKS Bank indicator: Development sustainable financing volumes	1, 8, 9, 12, 13

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Key topics	Issues pursuant to NaDiVeG (Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act))	Description in the Sustainability Report ¹	GRI standards reported on	Allocation to ten SDGs prioritized by BKS Bank
Sustainable investments	<ul style="list-style-type: none"> • Environmental concerns • Respect for human rights 	<ul style="list-style-type: none"> • Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • ESG engagement (S) • Opportunities and risks from ESG factors (Ü) • On the path to climate neutrality (S) • Sustainable investments • Impact of BKS green and social bonds (P) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers 	103-1, 103-2, 103-3, BKS Bank indicator: Development of sustainable investment volumes	1, 8, 9, 12, 13
Environment and climate change mitigation				
Decarbonization/ Carbon Footprint/ Emissions	<ul style="list-style-type: none"> • Environmental concerns 	<ul style="list-style-type: none"> • Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • Opportunities and risks from ESG factors (Ü) • On the path to climate neutrality (S) • Sustainable financing (P) • Sustainable investment (P) • Impact of BKS green and social bonds (P) • Environment and climate change mitigation (U) - Decarbonization (U) • Carbon footprint (U) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers 	103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4, 305-5	9, 12, 13
Energy consumption	<ul style="list-style-type: none"> • Environmental concerns 	<ul style="list-style-type: none"> • Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • Environment and climate change mitigation (U) • Energy consumption (U) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers 	103-1, 103-2, 103-3, 302-1, 302-4	9, 12, 13
Environment and climate change mitigation	<ul style="list-style-type: none"> • Environmental concerns 	<ul style="list-style-type: none"> • Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • On the path to climate neutrality (S) • ESG engagement (S) • Opportunities and risks from ESG factors (Ü) • Environment and climate change mitigation (U) • Decarbonization (U) • Energy consumption (U) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers 	103-1, 103-2, 103-3, 307-1	9, 12, 13
Society and social engagement				
Diversity and equality	<ul style="list-style-type: none"> • Social issues • Respect for human rights 	<ul style="list-style-type: none"> • Sustainability management (N) • Sustainability strategy 2021-2025 (S) • Strategic sustainability goals (S) • ESG engagement (S) • Impact of BKS green and social bonds • Accountability networks (G) • Equal opportunities in society (G) • Sustainable achievements 2021 • Actions planned for 2022 • Sustainability in numbers 	103-1, 103-2, 103-3, BKS Bank indicator: Sponsoring volume of the BKS Bank Group	1, 4, 5

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Information on the Report

This Sustainability Report covers the CSR activities of BKS Bank for the entire Group for the financial year 2021. BKS Bank publishes non-financial information in accordance with § 243b Business Code (Unternehmensgesetzbuch, UGB) and § 267a Business Code (NaDiVeG, Nachhaltigkeits- und Diversitätsverbesserungsgesetz) in this separate Sustainability Report. We provide information on concepts, processes and measures relating to environmental, social and employee issues as well as human rights and anti-corruption. The Sustainability Report is considered an annual progress report in the meaning of the UN Global Compact.

The report was prepared in accordance with the GRI standards: core option. The indicators published cover the BKS Bank Group. When we use different sources for key figures or a reporting period other than financial year 2021 in individual cases, we specifically point this out on the respective page. The single-entity financial statements of BKS Bank AG are not presented. The reason is that the single-entity has a dominant position within the Group and its non-financial performance indicators differ only minimally from those of the BKS Bank Group. Data is collected using standardized, internal processes. The carbon footprint and financed emissions are calculated in cooperation with external partners. We have taken the greatest possible care in the collection and preparation of the data.

BKS Bank prepares the Sustainability Report on an annual basis. The last publication of this report was published in April 2021. The Sustainability Report 2020 and this Report are available for downloading from our website at www.bks.at/Nachhaltigkeit. The Sustainability Report is not printed for environmental reasons. Fundamental information on the company is available on our website at www.bks.at as well as in our Annual Report, which is also available online at Investor Relations/Geschäftsbericht.

Forward-looking statements

This sustainability report contains information and forecasts relating to the future development of the BKS Bank Group. The forecasts are estimates based on the information at our disposal on the copy deadline 15 March 2022. Should the assumptions regarding such forward-looking statements prove incorrect or should risks materialise to an extent not anticipated, the actual results may vary from those currently expected. This Sustainability Report does not constitute a recommendation to buy or sell shares of BKS Bank AG.

The Sustainability Report 2021 was reviewed independently by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The report on the independent review is presented on page 169.

Klagenfurt am Wörthersee, 15 March 2022

Report audience and frequency of publication

The Sustainability Report is written for all stakeholders of BKS Bank. The Sustainability Report addresses men and women equally.



Dieter Kraßnitzer CIA,
Member of the
Management Board



Herta Stockbauer
Chairwoman of the
Management Board



Alexander Novak
Member of the
Management Board



Nicholas Juhász
Member of the
Management Board

GRI 102-50 Reporting period

GRI 102-51 Date of most recent report GRI 102-52 Reporting cycle

GRI 102-54 Claims on reporting in accordance with GRI standards

Glossary

The target of **1.5°C** refers to the goal of limiting global warming to 1.5 degrees Celsius above pre-industrial levels.

The EU presented the **Action Plan for Financing Sustainable Growth** in 2018. Its goals include increasing transparency in sustainability financing and channelling funds into sustainable financing and investments.

The **Universal Declaration of Human Rights** (Resolution 217 A (III) of 10 December 1948) consists of 30 articles, adopted by the United Nations, and aims to achieve the greatest possible protection of all human beings.

The **audit certificate “berufundfamilie”** is a state quality label awarded to family-friendly companies in Austria.

Exclusion criteria in the context of sustainability refers to criteria that define transactions and investments a company does not enter into.

Biodiversity or biological diversity stands for the variety of life on earth, including all living beings, species, ecosystems and landscapes.

The **BKS Portfolio-Strategie nachhaltig** refers to the asset management strategy that invests exclusively in investment funds from the sustainability segment. These investment funds are subject to strict criteria, and compliance is continuously monitored both internally and externally.

The **carbon footprint** is a measure of the total amount of carbon dioxide emissions generated or caused directly or indirectly by the activities or life stages of products or persons.

The **Diversity Charter** is an initiative to promote respect for all members of society, regardless of gender, age, origin or skin colour, sexual orientation, religion, world view, physical or mental disability.

A **CO2 equivalent** is a unit of measure used to standardize the climate impact of the various greenhouse gases.

A **CO2 compensation** is an instrument of climate change mitigation. This offsets greenhouse gas emissions by investing in projects that reduce greenhouse gas emissions.

Carbon sink is the term used to describe natural ecosystems or geological reservoirs that can absorb CO2 such as forests, soils, oceans.

A **code of conduct** is a set of rules for behaviour.

The term **compliance** refers to compliance with statutory provisions by companies. The term compliance is also used to refer to the creation of organisational structures within companies to ensure adherence to regulations – both statutory and internal company guidelines.

Corporate governance is the legal and factual regulatory framework for managing and monitoring companies for the benefit of all relevant stakeholders and stands for good corporate governance.

The concept of **corporate social responsibility** describes the voluntary contribution of businesses to sustainable development that goes beyond the statutory requirements.

COVID-19 (coronavirus disease 2019) is a highly contagious infectious disease.

CLIMAID is a tool for calculating sustainability risks.

Decarbonization refers to the transformation the economy, specifically the energy sector, in order to lower the output of carbon dioxide (CO2) by phasing out fossil fuels.

Diversity refers to the conscious handling of diversity in society, related not only to gender but also to other characteristics such as race, social background, age, religion, sexual orientation and disability.

Dividend is the share in the profit of a joint stock company distributed to shareholders.

Due diligence is the careful scrutiny and analysis of a company with regard to its economic, legal, tax and financial circumstances.

The **EFQM model** is the most widely used quality management system in Europe. EFQM stands for European Foundation for Quality Management.

Own investments refers to investment transactions a bank carries out for its own account.

EMAS (Eco-Management and Audit Scheme) is one of the most widely used and stringent environmental management systems in Europe.

Issues in a financial context refer to the issuance of securities or money. **Emissions** refer to the emission of gases or particles that pollute the air, soil or water.

Renewable energy or regenerative energy refers to energy sources that are virtually inexhaustible in the human time horizon for sustainable energy supply or are renewed relatively quickly. Examples are solar power and wind energy.

ESG stands for environmental, social and corporate governance, and refers to the three key factors for measuring the sustainability and social impact of an investment in a company or business.

The **EU ecolabel** is a sustainable quality label of the European Union.

The **European Green Deal** is a scheme presented by the European Commission in 2019 with the goal of reducing net greenhouse gas emissions in the European Union to zero by 2050, making it the first continent to become climate neutral.

EXIOBASE is a database used to determine CO₂ emissions.

Financial literacy refers to a general education in financial topics.

Financed emissions include CO₂ emissions generated by loans granted and investment products.

The programme **"Fit for 55"** describes the numerous EU regulations that aim to reduce CO₂ emissions by 55% by the year 2030 compared to the year 1990.

Money laundering is the term used to describe the process of smuggling illegally generated funds or illegally acquired assets into legal financial and economic cycles.

The **gender pay gap** describes the disparity between the average gross hourly wage of women and men.

The **GHG Protocol (Green House Gas Protocol)** is an internationally recognized standard for greenhouse gas emissions accounting and reporting for companies.

The **Global Reporting Initiative** is a provider of guidelines for the preparation of sustainability reports by corporations, small and medium-sized enterprises, governments and non-governmental organisations.

A green bond is a bond with positive environmental and/or climate characteristics.

Green brands is an international, independent and autonomous organisation that evaluates brands and awards the green brand quality seal to ecologically-sustainable brands. It is an EU certification mark.

Green finance stands for environmentally-sustainable finance and is often also used as a general term for a more sustainable finance industry.

Green investments also referred to as **ecological investments** are environmentally-friendly investments on the capital market.

Green leasing refers to lease financing for environmentally-sustainable commodities.

Impact refers to the effects of measures on the environment or society.

International Labour Organisation: The International Labour Organisation is a specialized agency of the United Nations charged with promoting social justice, human rights and labour rights.

ISS ESG is an internationally-recognized sustainability rating agency and consultancy firm.

Climate neutrality means that a process or activity does not affect the climate.

Climate change is the globally occurring change in the Earth's climate.

Circular economy is a production and consumption model. The model aims to ensure that existing products and materials are shared, repaired, refurbished or recycled as long as possible so as to extend the lifecycle of the products and materials.

MAMFORCE®: In Croatia, the MAMFORCE® organisation defines standards for work-life balance.

MSCI ESG is a global provider of sustainability research analysis and sustainability ratings.

In **sustainable procurement** purchasing is based on minimum ecological and social standards.

Sustainable financing: This refers to financing that is used for a sustainable purpose.

Sustainable investment refers to investments in which the issuer is obliged to invest the proceeds in projects or technologies that are climate-relevant or environmentally-friendly.

Sustainability means meeting the needs of the present without compromising the needs of future generations.

The **Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG)** is the legal basis for sustainability reporting in Austria.

The **net promoter score** is an international metric for measuring the willingness of customers to recommend a company to others.

Offshore banking: Offshore banking refers to banking transactions in a currency other than that of the country of domicile. Offshore banks are often located in low-tax locations with only rudimentary banking supervision. Their purpose is usually to facilitate tax evasion and avoidance.

ÖGNI: The Austrian Society for Sustainable Real Estate (Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft) is a non-governmental organisation promoting sustainability in all aspects of the construction and real estate industry in Austria.

The term **green electricity or green power** usually refers to electric power from environmentally-friendly renewable energy sources.

The **Austrian Society for Consumer Studies (Österreichische Gesellschaft für Verbraucherstudien, ÖGVS)** is an independent research institute that provides guidance to consumers to facilitate the selection of products and services by producing empirically well-founded and objective industry studies.

The **Austrian ecolabel for sustainable financial products** certifies ethical projects and companies from the financial sector that generate profits through sustainable investments.

Paris Climate Agreement: The Paris Agreement was signed by the international community of states in 2015 with the goal of reducing global warming to below 2 degrees Celsius.

The **Partnership for Carbon Accounting Financials (PCAF)** is a global initiative of the financial industry

to standardize the measurement of greenhouse gas emissions for the financial sector.

In the context of climate change, risks that arise directly from the consequences of climate change are referred to as **physical risks**.

Positive criteria refer to the services, technologies and business practices of companies and to the activities and practices of countries that comply with the principles of sustainability, are therefore assessed positively in business transactions.

Recycling is the processing and reuse of discarded raw materials into a new product.

respACT - austrian business council for sustainable development is Austria's leading business platform for corporate social responsibility (CSR) and sustainable development.

Reuse means the reuse of a product either for a new purpose or after the product has been refurbished for further use.

rfu - refers to the company, Mag. Reinhard Friesenbichler Management Consulting.

Science-based targets (SBT) are reduction targets for relevant greenhouse gas emissions calculated on a scientific basis.

Scope 1: all direct greenhouse gas emissions, i.e. those generated by combustion at our own facilities.

Scope 2: all greenhouse gas emissions associated with purchased energy (e.g., electricity, district heating).

Scope 3 emissions refer to the greenhouse gas emissions that are generated before (upstream) or after (downstream) the company's activities.

Second party opinion is an opinion prepared by external experts on the sustainability of a financial product.

Social bonds: These are bonds whose proceeds are used to finance a socially sustainable projects.

A **stakeholder** is a person or group of persons with a legitimate interest in the course or outcome of a process or project.

Stranded assets are generally understood to mean assets (e.g. shares in a company, technical equipment or inventories) whose earning power or market value falls steeply and unexpectedly to the point at which they are largely or completely worthless.

The **Sustainable Development Goals (SDGs)** are 17 goals for sustainable development. These goals of the United Nations serve to ensure sustainable development on an economic, social and ecological level worldwide.

The so-called **Task Force on Climate-related Financial Disclosures (TCFD)** was established to develop voluntary, standardized disclosures on climate-related financial risks for companies.

The Taxonomy of the European Union provides binding definitions for environmentally-sustainable activities and investments.

TEG (Technical Experts Group): The EU Technical Expert Group on Sustainable Finance advises the European Commission on the implementation of the Action Plan for Financing Sustainable Growth.

Greenhouse gases (GHG) are gases that contribute to the greenhouse effect and which may be of natural or anthropogenic origin. They absorb a portion of the long-wave thermal radiation emitted by the ground, which would otherwise escape into space.

TRIGOS: The TRIGOS Award is an Austrian award for responsible businesses. It has been awarded both nationally and regionally since 2004.

turn2zero is an association of companies that aim to achieve climate neutrality.

Transition risks or transitory risks

in the context of climate change refer to those risks that arise from the transition to a climate-neutral economy.

UN Global Compact is the world's largest network for corporate responsibility. The members commit to comply with 10 principles. The goal is to make the world more social and ecological.

VÖNIX is the sustainability index of the Austrian stock market.

In a monetary economy, **value creation** is the objective of productive activity. This transforms

existing goods into goods with a higher monetary value.

The **materiality analysis** serves to identify the sustainability issues that are significant for a company and its stakeholders.

The CSR topics of relevance for the company and its stakeholders are identified and presented in the **materiality matrix**.

WWF CLIMATE GROUP: WWF Österreich founded the WWF CLIMATE GROUP in 2007 which is a business network to promote active climate change mitigation activities together with domestic industry leaders and climate change pioneers.

List of Abbreviations

3BIT	3 Banks IT Company	ISO	International Organisation for Standardization
AfB	"Arbeit für Menschen mit Behinderung" (Work for people with disabilities); mildtätige und gemeinnützige GmbH (charitable and non-profit limited liability company)	IT	Information technology
AG	Aktiengesellschaft (public limited company)	SME	Small and medium-sized enterprises
AML	Anti-Money-Laundering	kWh	Kilowatt hours
ALM	ALM assets/liabilities management	kWp	Kilowatt peak
ASRA	Austrian Sustainability Reporting Award	LCR	Liquidity coverage ratio
BGF	Betriebliche Gesundheitsförderung (Workplace Health Promotion)	NFRD	Non-Financial Reporting Directive
BWG	Bankwesengesetz (Banking Act)	m ²	Square meter
BTv	Bank für Tirol und Vorarlberg	m ³	Cubic meter
CapEx	Capital expenditure	Million	million
CH ₄	Methane	Billion	billion
CO ₂	Carbon dioxide	MWh	Megawatt hours
COVID-19	Coronavirus disease 2019	MWp	Megawatt peak
CSR	Corporate social responsibility	N ₂ O	Nitrous oxide
DB-equ.	Dichlorobenzene equivalent	NF ₃	Nitrogen trifluoride
DGNB	Deutsche Gesellschaft für nachhaltiges Bauen (German Sustainable Building Council)	NGO	Non-governmental organisation
GDPR	EU General Data Protection Regulation	NPO	Non-profit organisation
EFQM	European Foundation for Quality Management	ÖCGK	Austrian Code of Corporate Governance
EIP	European Investment Practitioner	OECD	Organisation for Economic Cooperation and Development
EMAS	Eco-Management and Audit Scheme	ÖGNI	Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft (Austrian Society for Sustainable Real Estate Management)
ESG	Environmental, Social, Governance	OpEx	Operating expenses
EU	European Union	OR	Operational risk
ECB	European Central Bank	PCAF	Partnership for Carbon Accounting Financials
FATCA	Foreign Account Tax Compliance Act	QI	Qualified intermediary
Fe-equ.	Iron equivalent	respACT	respACT- austrian business council for sustainable development
HFC	Hydrofluorocarbons	SDGs	Sustainable Development Goals; UN targets for sustainable development
FMA	Austrian Financial Market Authority	SF ₆	Sulphur hexafluoride
AR	Annual report	SPO	Second party opinion
GHG	Greenhouse gas	t	Tons
GRI	Global Reporting Initiative	TCFD	Task Force on Climate-related Financial Disclosures
GWh	Gigawatt hours	GHG	Greenhouse gas
HFC	Halogenated fluorocarbons	UN	United Nations
IDD	Insurance Distribution Directive	VÖNIX	VBV Österreichischer Nachhaltigkeitsindex (VBV Austrian Sustainability Index)
IFRS	International Financial Reporting Standards	WAG	Wertpapieraufsichtsgesetz (Austrian Securities Supervision Act)
ICS	Internal control system	WBI	Wiener Börse Index (Vienna Stock Exchange Index)
ICT	Information and communication technology	WWF	World Wide Fund for Nature
ILO	International Labour Organisation		

To the Members of the Management Board and the Supervisory Board of BKS Bank AG

Klagenfurt am Wörthersee

Report on the independent audit of the non-financial report 2021

We have audited the Sustainability Report 2021 prepared in accordance with the requirements of § 243b Business Code and § 267a Business Code "Nachhaltigkeits- und Diversitätsverbesserungsgesetz (NaDiVeG)" (Sustainability and Diversity Improvement Act) as well as the GRI Standards - Core Option, together with the EU Taxonomy Disclosures 2021 prepared in accordance with the EU Taxonomy Regulation (hereinafter referred to as "audit") of BKS Bank AG (hereinafter referred to as "BKS"), Klagenfurt am Wörthersee.

The audit covered the 2021 Sustainability Report as follows:

The separate Sustainability Report 2021 with respect to the disclosures and references to the GRI Content Index in the reporting for the financial year 2021.

Responsibility of the legal representatives

The proper preparation of the 2021 Sustainability Report in accordance with § 243b UGB¹ and § 267a UGB² (NaDiVeG) including the EU Taxonomy Disclosures 2021 in accordance with the EU Taxonomy Regulation³ as well as with the GRI Standards⁴ is the responsibility of the Company's legal representatives.

We have a statement of completeness signed by the legal representatives in our files.

Responsibility of the auditor

Our responsibility is to express an opinion, based on our audit activities and the evidence we have obtained, as to whether any matters have come to our attention that may cause us to believe that the Sustainability Report 2021 has not been prepared, in all material respects, in accordance with § 243b Business Code and § 267a Business Code NaDiVeG)

including the EU Taxonomy Regulation, as well as the GRI standards.

We conducted our audit in accordance with the standards of the "International Federation of Accountants' ISAE 3000 (Revised)".

These standards require that we comply with professional ethical requirements including the rules on independence, and that we plan and execute the tasks taking into account the principle of materiality so as to be able to present our opinion with degree of certainty.

Our liability is limited under the "General Terms and Conditions of Contracts for the Certified Public Accounting Professions". The Terms state that persons belonging to these professions shall only be liable if they breach their obligations by wilful intent or gross negligence. In cases of gross negligence, the maximum liability amount towards clients and any third parties is limited to a total of EUR 726,730.

Our audit activities were performed to obtain a certain auditing assurance as a basis for our opinion. The scope of the auditing activities to obtain audit evidence is narrower than the scope for obtaining sufficient auditing assurance (such as for an audit of financial statements), therefore, the level of audit assurance is lower.

Auditors select the audit procedures using their professional judgment. These included the following activities:

- Obtaining a general overview of the company's business activities and its organisational structure and workflows;

¹ <https://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR40189008/NOR40189008.pdf>

² <https://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR40189009/NOR40189009.pdf>

³ <https://eur-lex.europa.eu/eli/reg/2020/852/>

⁴ <https://www.globalreporting.org/standards>

- Interviews with company officers to understand the relevant systems, processes, and internal controls relating to the content of the report audited that support the gathering of information for reporting;
- Review of the relevant documents relating to the group, top management and management staff to assess awareness and priorities of the non-financial reporting topics and to understand how the processes and controls have been implemented;
- Survey of risk management and governance processes in relation to sustainability, and critical evaluation of their presentation in non-financial reporting;
- Conduct analytical audit procedures at the entity level;
- Random samples of data and processes were taken to check if they have been appropriately adopted, consolidated and reported at the group level. This activity included assessing if the data reported was accurate, reliable, and complete;
- Random samples were taken to assess the reporting of material topics, which are addressed in communications with stakeholders, which the media reports on, and to which major competitors make references in their environmental and social reports;
- Evaluation of the company's internal materiality analysis, taking into consideration industry-specific mega-trends as well as GRI aspects;
- Assessment of whether the requirements of § 243b Business Code and § 267a Business Code were adequately addressed;
- Review of random samples of the statements in the 2021 Sustainability Report prepared on the basis of the reporting principles of the GRI Standards and assessment of whether the GRI Standards have been applied in compliance with the core option.
- Assessment of whether the requirements of the EU Taxonomy Regulation have been adequately addressed.

Our mandate was not to conduct an audit of the financial statements or a review of historical financial information. We did not audit the performance indicators and statements audited as part of the audit of the annual financial statements, or the information contained in the corporate governance report and in the risk report. We only check for the GRI-compliant presentation of this information in the report. Likewise, our mandate did not include the detection or clarification of criminal offences such as embezzlement or other breaches of fiduciary duty or irregularities; neither did it include an assessment of the effectiveness and efficiency of the management. Furthermore, reviewing figures from external studies, forward-looking statements and prior years were not part of our mandate. We checked the references listed in the GRI Content Index in the report, but not any further (web) references.

In our opinion, the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our summarized assessment.

We have prepared this report on the basis of the contract we have signed with you, which is based on the "General Terms and Conditions of Contracts for the Certified Public Accounting Professions"⁵ and is also effective for third parties.

Summary of our assessment

Based on our audit procedures and the evidence obtained, no facts have come to our attention that give us cause to believe that the Sustainability Report 2021 has not been prepared in all material respects in accordance with § 243b Business Code and § 267a Business Code (NaDiVeG) including the EU Taxonomy Regulation and the GRI Standards.

Vienna, 15 March 2022

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher

DI Georg Rogl

⁵ Version of 18 April 2018 issued by the Chamber of Certified Public Accountants, Chapter 7, http://www.kwt.or.at/PortalData/1/Re-sources/aab/AAB_2018_de.pdf

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