



RIETUMU  
BANKA

# JSC RIETUMU BANKA GROUP SUSTAINABILITY REPORT 2023

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## About the Report

In this Sustainability Report, JSC Rietumu Banka and its subsidiaries are referred to as the Group. JSC Rietumu Banka is the parent company of the Group and is as referred to as the Bank in the Report.

The 2023 Sustainability Report is the seventh sustainability report of the Bank and the Group, covering the period from January 2023 to December 2023. The governance structure of the Bank is presented based on the data as of December 31, 2023.

The Report has been prepared in accordance with the principles of the Global Reporting Initiative (GRI) General Standards (GRI 2: General Disclosures 2021). References to GRI indicators are provided on page 59.

Information on sustainability performance is disclosed taking into account the principles of disclosure specified in Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector and the Corporate Sustainability Reporting Directive (CSRD), and in compliance with other binding standards and recommendations in the field of sustainability.

The Report discloses information on the Bank and the Group's investments and achievements in corporate sustainability dimensions: introduction of environmental,

social, and governance (ESG) principles at all levels of operations, thereby contributing to a sustainable financial culture.

The Report offers information on the Group's sustainable development objectives and future plans.

In the Report, the Group presents the relationship between its policies, performance, and sustainability targets.

The Group is aware of the impact of climate change and, being a financial sector player, of its role in fostering sustainable development. The Report reflects the Group's attitude and awareness that its business activities can have a significant positive or negative impact on sustainability dimensions in the medium and long term.

The Group seeks to support activities with positive sustainability impact on both its own operations and transactions across its entire value chain.

The Group believes that socioeconomic growth is possible with minimum consumption of natural resources. The Group is preparing for a transition to a fully sustainable and inclusive economy and financial system in line with the Green Deal, actively pursuing a range of objectives with a lasting impact on advancing the change.

The Report has not been externally verified.

## About the Bank

- JSC Rietumu Banka is the largest locally-owned bank in the country, it has been registered and licensed in the Republic of Latvia.
- European bank providing a wide range of financial services to large and small businesses in Latvia and other EU countries, as well as to private individuals.
- In the TOP101 ranking, which is compiled by Prudentia, the leading M&A advisory company in the Baltics, and Nasdaq Riga stock exchange, JSC Rietumu Banka is recognised as the most valuable local company in the financial services sector, it also ranks fifth on the list of Latvian private companies in all industries.
- The European System of Financial Supervision (ESFS) recognises JSC Rietumu Banka as other systemic important institution (O:SII).
- The Bank and the Group include JSC Rietumu Banka and its subsidiaries: SIA RB Investments, SIA Vesetas 7, SIA KI FUND, SIA OVERSEAS Estates, SIA KI Zeme, SIA KI Nekustamie Īpašumi, Rietumu Leasing OOO, SIA InCREDIT GROUP, KI Invest OOO, SIA Euro Textile Group, SIA RB Drošība, SIA Second Sky Management, Nākotnes Atbalsta fonds, RB Securities Limited, SIA Apella.

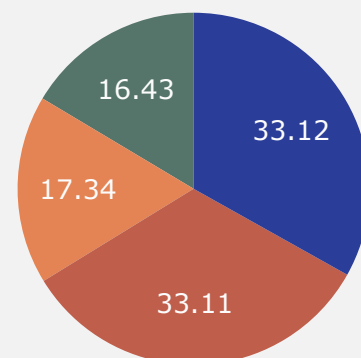
### The key activities of the subsidiaries are:

- SIA InCredit Group - leasing, consumer lending
- SIA RB Investments - management of repossessed real estate
- Nākotnes Atbalsta fonds – charity fund

**The Bank’s business strategy is to integrate its subsidiaries as much as possible into the Bank’s management and control systems.**

### Owners of the Bank’s voting capital shares (%):

- SIA Esterkin Family Investments
- Boswell (International) Consulting Limited
- SIA Suharenko Family Investments
- Others (shareholders holding up to 5% of shares)



### JSC Rietumu Banka has 388 employees.



The Group has a total of 505 employees



The Bank has > 15,500 customers



The Bank has > 3,000 MobileApp users

**Find out more about the history of the Bank’s development [here](#).**

The Bank has developed a Sustainability Strategy, which sets out sustainable development objectives, priorities and targets of the Bank and the Group and defines strategic sustainability directions based on analysis of internal

and external environment factors. The Sustainability Strategy is one of the cornerstones of the Business Development Strategy 2023-2028, which defines sustainability objectives both in the short and long term.

## Markets where the Bank operates

**In 2023, the Bank's main operating markets were in the following regions:**

- Lending to legal entities and private individuals - Baltic countries, mainly Latvia;
- Investment in fixed income securities - worldwide, excluding the CIS region;
- Attracting deposits from legal entities and private individuals - Baltic countries, EU countries (especially Germany and the Netherlands).

## Products and services offered by the Bank:

- Payments and accounts. Further information is available on the Bank's website [here](#);
- Credit products. Further information is available on the Bank's website [here](#);
- Brokerage services. Further information is available on the Bank's website [here](#);
- Payment cards and settlements. Further information is available on the Bank's website [here](#);
- Investment management. Further information is available on the Bank's website [here](#).

The Bank strives to increase its products and services' positive effect on the environment. Since 2022, risk analysts have been assessing ESG factors and, when a loan is granted, aspects of financing environmentally friendly, social development and sustainability goals are taken into account.

When creating individual portfolios for the Bank's clients, preference is given to financial instruments promoting sustainability, observing the principles of environmental protection, social responsibility and corporate governance. Further information on the Bank's sustainable investment approach is available on the Bank's website [here](#).





**Jeļena Buraja**  
Rietumu Banka  
Chairman of the Executive Board

Dear customers, partners, supporters!

Rietumu Banka continues its work and development with a deep conviction that sustainability is our future. Global developments make it clear that sustainable growth requires hard work and investment of resources, and that all aspects of operations of a business at this time must be based on the principles of sustainability. We have been consistently pursuing this philosophy in our governance and in our relations with employees, customers and partners.

I am very pleased that, in fostering sustainability, Rietumu Banka with each passing year is becoming stronger, smarter, and also increasingly up-to-date.

Last year we achieved a lot in the development of sustainability aspects. Rietumu Banka has become one of the largest supporters of renewable energy in Latvia. We have provided loans to our clients who are developing renewable energy projects and invested in currently the largest solar parks in the country.

We continued to improve energy efficiency of our head office and its equipment. For the head office, we used self-generated environmentally-friendly solar power. We have introduced a responsible resource consumption system, reducing the amount of resources needed and administrative overheads.

We continued to participate in the World Wide Fund for Nature programme Green Office, each year we joined worldwide movement Earth Hour, which symbolises commitment to care for the environment

around the world, and signed the Mission Zero Charter, joining an initiative aimed at creating healthy and safe working environments.

As part of our commitment to developing a responsible work culture, we continued to create working conditions that allow everyone to harmoniously combine work and other areas of life and to develop new skills and abilities. Supported by the Bank, our employees have the opportunity to improve their skills, attend conferences, participate in sustainability and sports events and events organised by the Bank, take additional holidays, go to theatre and attend art exhibitions. We are proud that last year Rietumu Banka was awarded the status of a Family Friendly Workplace.

We also care about the well-being of society. Nākotnes Atbalsta fonds, established by the Bank, continues to work for the cause and has already implemented more than 1,000 different projects of various scales throughout Latvia worth EUR 10 million in total, becoming one of the largest charities in Latvia.

Last year, Rietumu Banka became a patron of Dailes Theatre, the largest theatre in the Baltic countries with history dating back more than 100 years. Each year, the Bank allocates EUR 100,000 for the most ambitious new productions at the theatre, contributing to the development of Latvia's performing arts at the highest level.

We continued to organise art exhibitions, giving the public opportunity to discover and enjoy the finest collections of

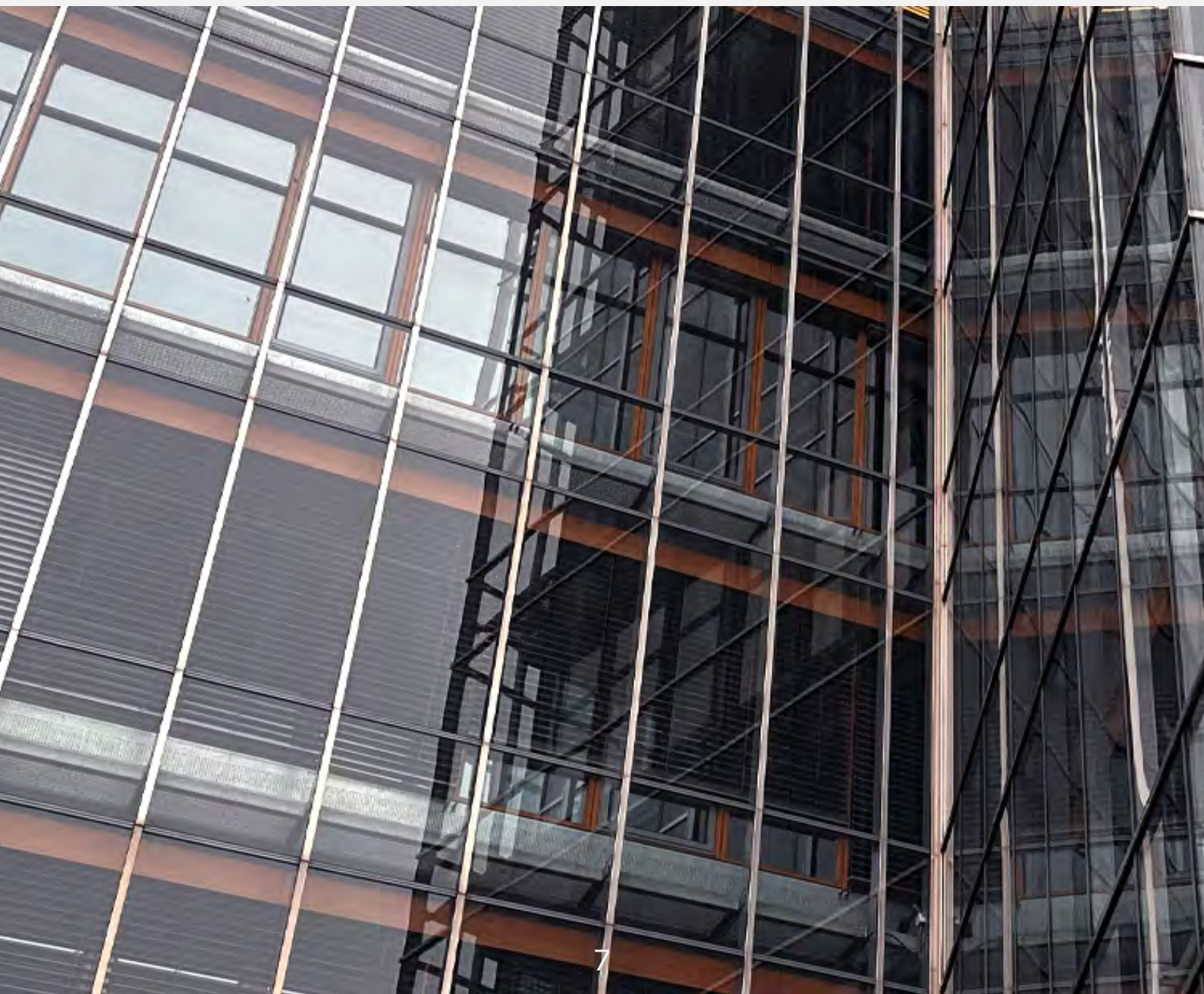
paintings. These included an exhibition of paintings by Latvian artists from Rietumu Banka collection at Art Museum Riga Bourse, featuring more than 50 works by Latvian classics, including paintings by Jānis Ferdinands Tīdemanis, Jānis Pauļuks, Ludolfs Liberts, Konrāds Ubāns, Aleksandra Beļcova, Eduards Kalniņš and Leo Svemps – some of them were exhibited for the first time.

We support sport, which both promotes active and healthy lifestyle in society and helps build our country's image in the world. Rietumu Banka was an official partner of the Latvian Ice Hockey Federation at the 2023 IIHF World Championships, where the Latvian team won historic bronze.

Rietumu Banka has an active Task Force on Sustainability, ensuring introduction and implementation of the relevant goals and principles in all processes at the Bank. We work with our clients and partners, finance environmentally-friendly business projects, and gain new supporters.

We are committed to continuing this work and encourage others to do the same. We are all responsible for the future of our country, our people, and our planet.

Let's make good change happen together!



# The Bank's Mission, Vision and Values

## Mission

The Bank's mission is **to create** value through financial solutions – for the Bank's customers, employees, society, shareholders and the Latvian economy.

For more than 30 years, the Bank has been an active member of Latvian society, and **the social part** of its mission is to support Latvian society in the development of traditional and new cultural trends, preservation of historical heritage, and improving people's quality of life.

## Vision

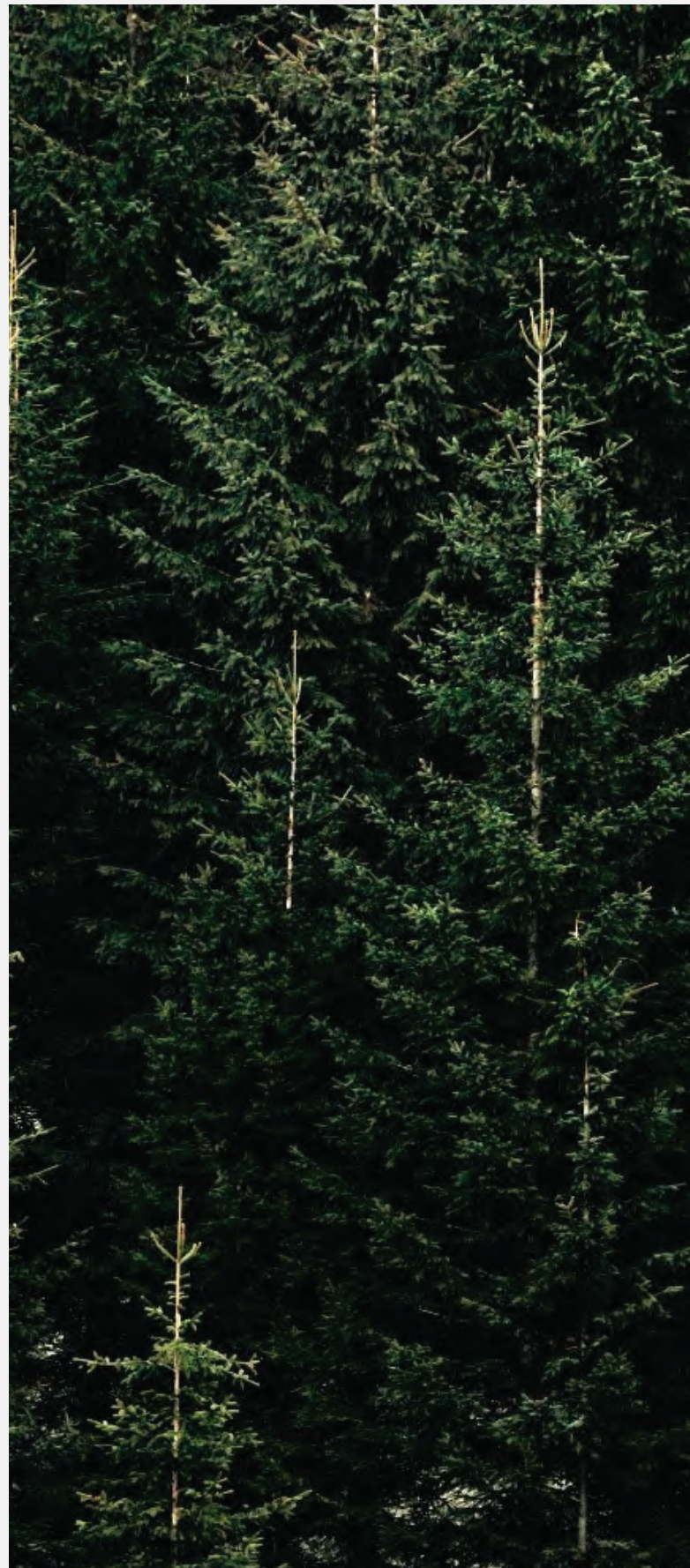
The Bank is a **leading** provider of financial services and a **knowledge centre** that creates value and new opportunities for the growth of the entire Latvian and Baltic society through professional cooperation with large and medium-sized enterprises.

## Values

**Expertise** – an experienced team of professionals whose expert work focuses on solving a wide range of clients' financial issues.

**Society** – a socially responsible national capital bank focused on providing support for different social groups, urban environment, and the world.

**Responsibility** – sustainable, transparent and reliable financial solutions for stable and long-term cooperation.





# Strategy, Objectives

## The Bank's role in Latvia and globally

The Bank recognises the importance of environmental sustainability, social responsibility and governance, and its operations are intended to support and promote sustainable development of the Latvian and Baltic economies by providing support for medium-sized and large enterprises via lending and financial services.

The Bank takes seriously the task set for the financial sector to raise awareness among its customers and business partners of the importance of sustainable operations for successful

development of businesses and the national economy.

The Bank defined its strategic objectives related to the environment, social responsibility and governance already at the end of 2022 in the Sustainability Strategy and the Plan for Implementation of the Sustainability Strategy. When updating the Business Development Strategy, the Bank underscored its commitment to sustainable performance and targeted actions towards sustainable development.

## Sustainability objectives of the Bank and the Group for 2024

### Measures to promote environmental principles and performance

- 1) Promote renewable energy production, contribute to the energy security and independence of the Republic of Latvia, and mitigate negative processes of climate and environmental change:**
  - Contribution as a co-owner to the development of solar parks on the Bank's properties
  - Providing loans for renewable energy projects
- 2) Increase energy efficiency:**
  - Replacement of the Bank's office lighting with more energy-efficient lighting
  - Reducing electricity consumption
  - Continuing centralised switching off of office lighting
- 3) Promote sustainable procurement and reduce the impact on the environment across the entire supply chain**
- 4) Integrate ESG principles into the criteria for assessment of the procurement procedure**
  - Development of guidelines for supplier and tenders' compliance with ESG principles
  - Continuing gradual replacement of office equipment (computers, monitors, printers, etc.) with more energy-efficient equipment (Energy Star)
  - Procurement of office supplies in line with internationally-recognised environmental standards
  - Integration of ESG principles in the choice of corporate gifts

- 5) Introduce best practices and waste reduction hierarchy principles in waste management:**
  - Promotion of a waste prevention approach in operations of the Bank and the Group
  - Increasing waste sorting volumes
  - Introduction of circular economy principles
- 6) Commence collecting data and calculating the carbon footprint of the loan portfolio and the investment portfolio**
- 7) Develop greener client portfolios in the management of individual portfolios**
- 8) Raise staff awareness of climate change and opportunities to mitigate environmental impact**
- 9) Engage in nature restoration and biodiversity projects**
- 10) Integrate compensatory mechanisms for unavoidable greenhouse gas emissions into the Bank's processes in line with a CO<sub>2</sub> mitigation hierarchy**
- 11) Continue participation in the World Wide Fund for Nature's Green Office Programme**
- 12) Promote low-carbon and health-promoting mobility habits among employees**

### **Measures to promote social responsibility principles and performance**

- 1) Expand the provision of tangible and intangible benefits for employee retention and performance improvement**
- 2) Continue employee cohesion activities**
- 3) Promote healthy and responsible lifestyles for employees and their families by supporting various activities as part of obtaining a Family Friendly Bank's status**
- 4) Organise group exercises at the workplace**
- 5) Improve employee motivation through employee engagement surveys**
- 6) Continue social support activities via Nākotnes Atbalsta fonds**
- 7) Involve employees in defining and implementing sustainability-related initiatives and innovations in their daily work and in the Bank's products**
- 8) Continue voluntary commitment activities of the Mission Zero initiative**
- 9) Include in the health insurance policy psychological and psychotherapeutic counselling services to reduce and prevent anxiety, depression**
- 10) Involve employees in blood donation events organised by blood donors**
- 11) Participate in environmental and social responsibility initiatives (Shadow Day, My Sea, Don't Eat the Earth, Nationwide Clean-up Campaign, Rimi Riga Marathon, etc.)**

**12) Actively educate and train employees on sustainability matters, including:**

- Environment and climate change
- Healthy and responsible lifestyles
- Biodiversity conservation

**13) Alter the green area of the Bank's offices to promote:**

- Employee interaction and socialisation
- Employee respite and recreation opportunities
- Inclusive, safe environment
- Healthy and resilient urban ecosystems

**Measures to promote governance principles and performance**

- 1) Improve the sustainability governance process by establishing a Sustainability Committee to facilitate decision making on sustainability-related matters**
- 2) Continue regular internal and external staff training on various aspects of the Bank's operations, in particular:**
  - Information systems, data protection and security
  - Prevention of money laundering and terrorism and proliferation financing
  - Regulations, requirements applicable to the Bank's operations
- 3) Introduce an employee satisfaction and engagement survey**
- 4) Develop inclusive, equality-enhancing and non-discriminatory work environment**
- 5) Improve procurement procedures by introducing higher ESG criteria in the procurement process**
- 6) Upgrade the data-driven ESG risk assessment methodology**
- 7) Increase the share of financing for sustainable products and the number of "green loans"**
- 8) Develop a GAR (Green Asset Ratio) assessment for the loan and securities portfolio**
- 9) Further improve the quality of external and internal communication with stakeholders**
- 10) Improve informing customers on the Bank's website on the integration and application of ESG principles in its operations, good corporate governance and sustainability performance**
- 11) Introduce an ESG data management system**
- 12) Assess the Bank's strategic management against the Sustainability Index tool**
- 13) Take into consideration the UN Principles for Responsible Banking**
- 14) Involve the Bank's stakeholders in achieving the Bank's sustainability objectives**

# Cornerstones of Sustainability

## UN Sustainable Development Goals

In order to ensure a comprehensive transition to sustainable development, the Bank and the Group are targeting the 17 Sustainable Development Goals set out in the 2015 UN General Assembly resolution Transforming our World: The 2030 Agenda for Sustainable

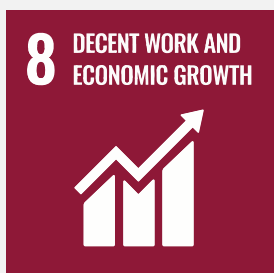
Development as a guiding principle in their strategy. The Group has assessed and identified 6 priority SDGs to which the Group can make the most significant contribution through its operations and which may have an impact on the Group’s operations.



The Group has set itself the objective of promoting the well-being, welfare and dignity of its employees. The Bank pursues the basic principles of an active and healthy lifestyle. Together with our employees, we form teams in various sports and balanced lifestyle initiatives. Through our internal communication platform, we encourage and popularise healthy and responsible lifestyles among our employees, reminding that we ourselves, too, must take proper and timely care of ourselves and our loved ones. Special

attention is paid to psychological and emotional well-being, preventing risks after crises and providing support to avoid them. We build respectful and supportive relationships with all stakeholders.

The Group promotes the availability and distribution of cleaner forms of energy. Rietumu Capital Centre office building has 228 solar panels installed for self-consumption. The Group supports the country’s strategic objectives and energy independence by providing loans for the development of commercial solar parks, and the Bank is involved in several projects as a co-owner. The Group also aims to have a positive influence on the energy consumption habits of its employees.



The Group strongly motivates employees’ desire to develop in order to enhance their well-being. The Bank and the Group strive to contribute, directly and indirectly, to economic growth and development in a sustainable manner by supporting medium-sized and large companies through loans and operational infrastructure. In providing financing to its customers, the Bank takes into account the importance of sustainable operations for the successful overall development of businesses and the economy. The Bank promotes job creation, bearing in mind significant changes expected in the labour market as part of green transformation.

The Bank issues loans for projects of public interest that promote urban development. We want to continue investing in projects promoting green technology and renewable energy, supporting sustainable development of cities and the environment. By engaging in neighbourhoods’ initiatives, the Bank contributes to the health and resilience of urban ecosystems.





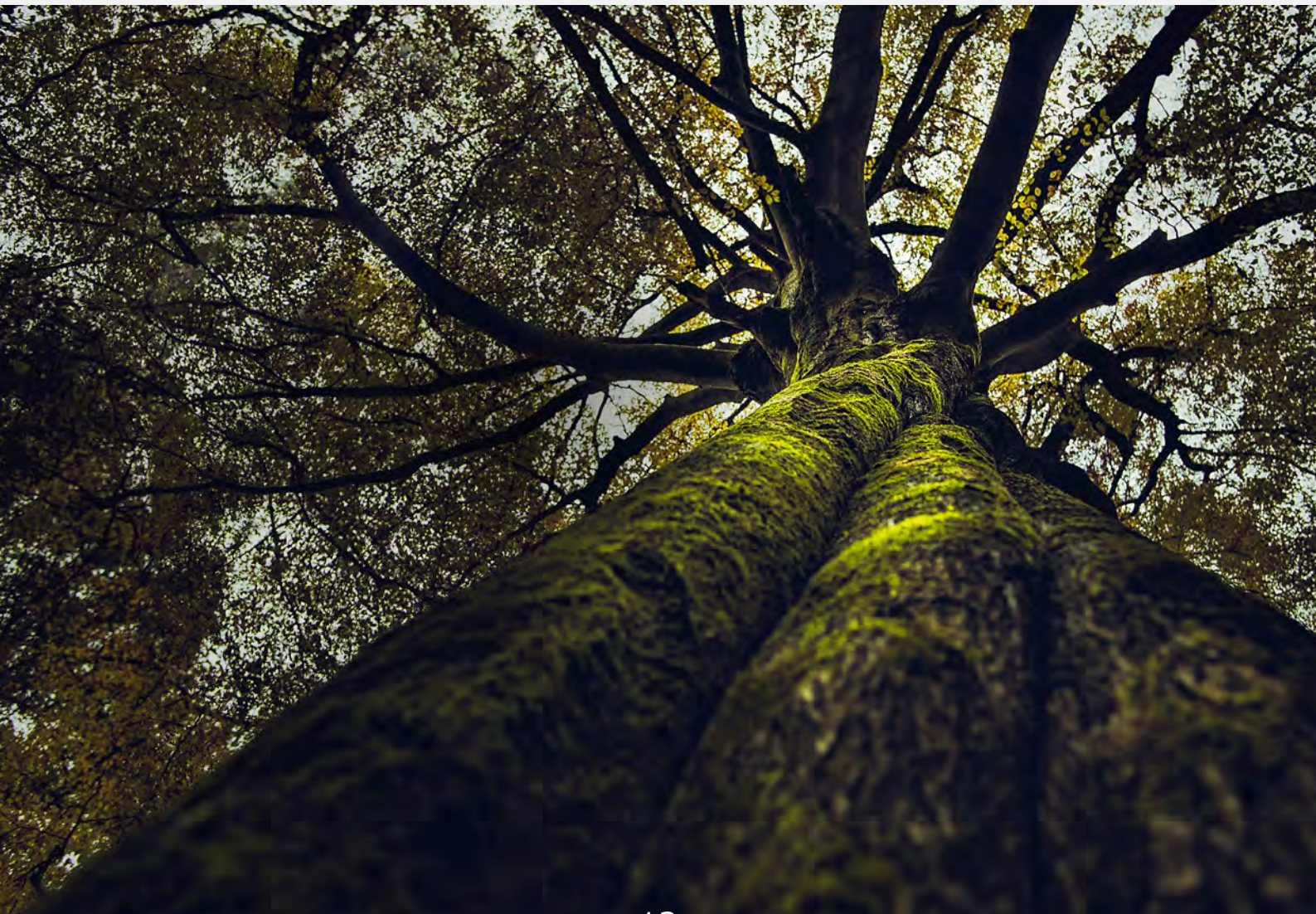
The Group wants to take urgent action to mitigate climate change and its impact by promoting biodiversity conservation and ecosystem protection. The Bank and the Group are prioritising climate mitigation dialogue with stakeholders whose main line of business has a significant impact on climate: construction and real estate, information and communications technology, transport, energy.

The Group fosters good governance practices and implements ESG principles in all its processes and day-to-day culture. The Group is taking steps to make all processes clearer, more transparent and comprehensible to achieve greater security and protect stakeholders' interests.



### **European Green Deal**

The Sustainability Strategy of the Bank and the Group has been developed in line with the 2050 climate goals of the European Green Deal, which aim to increase countries' capacity to adapt to the adverse impact of climate change by redirecting financial and capital flows towards green investments and prioritising the pathway towards low greenhouse gas emissions and climate-resilient development.



# Materiality Assessment

The Bank has identified areas of sustainability where its operations, products or services have a significant impact on society or the environment in the short, medium or long term. The Bank is aware that its decisions on allocation of financing, as well as on the requirements for allocation of financing, may influence borrowers' actions towards sustainability. To a certain extent, the same applies to securities, as the Bank decides exactly which companies it is prepared to support with its investment. In order to assess the impact of the Bank's

potential sustainability risks and subsequent control thereof, a materiality assessment was carried out for both the Bank's corporate loan portfolio and the securities portfolio by industry, taking into account the relevant risk levels.

The Bank has defined sustainability ambition levels it wishes to achieve in the key sustainability areas identified until 2030. The practical steps to achieve these ambitions are integrated into the Sustainability Strategy of the Bank and the Group.

## The Bank's loan portfolio

The Bank's loan portfolio is its key source of income and a tool to support the transition to a sustainable economy.

### Total loan portfolio as at 31.12.2023: EUR 640 million

Loan portfolio distribution by loan amounts per sector in 2022 and 2023 (%)

Sector	2022	2023
Agriculture, forestry and fishing	2.7%	3%
Manufacturing	5.3%	8.6%
Electricity, gas, heating and air conditioning	4.7%	0.8%
Construction	0.8%	3%
Wholesale and retail trade, repair of motor vehicles and motorcycles	9.2%	9.7%
Transport and warehousing	5.5%	3.6%
Accommodation and catering	0.7%	4.2%
Information and communication services	0.5%	0.4%
Financial and insurance operations	30%	25.5%
Real estate operations	40.1%	41.1%
Professional, scientific and technical services	0.4%	0.1%
Other services	0.1%	0.0%
<b>Total:</b>	<b>100.0%</b>	<b>100.0%</b>

Based on the Environmental and Social Risk Categorisation List of the European Bank for Reconstruction and Development (EBRD), the level of environmental and social risk in the loan portfolio was determined. The borrower's industry code (NACE) is

taken into account in the assessment of the level of sustainability risks in the loan portfolio, therefore the assessment only applies to legal entities.

As in 2022, the level of sustainability risks for legal entities in 2023 is medium or low in 74% of all cases.

Assessment of the sustainability risk level of the loan portfolio, percentage breakdown (%):

<b>Sustainability risk level</b>	<b>2022</b>	<b>2023</b>
<b>Low</b>	<b>35</b>	<b>30</b>
<b>Medium</b>	<b>39</b>	<b>44</b>
<b>High</b>	<b>26</b>	<b>26</b>
<b>Total:</b>	<b>100</b>	<b>100</b>

### **The Bank's securities portfolio**

The Bank has a relatively conservative investment strategy, investing in quality bonds in various sectors with an investment horizon of up to 5 years.

#### **Total securities portfolio as at 31.12.2023: EUR 332 million**

Percentage breakdown of the securities portfolio by sector (%):

	<b>2022</b>	<b>2023</b>
<b>Financial sector</b>	<b>43</b>	<b>47</b>
<b>Consumer goods</b>	<b>14</b>	<b>13</b>
<b>Government</b>	<b>12</b>	<b>8</b>
<b>Manufacturing</b>	<b>4</b>	<b>5</b>
<b>Other:</b>	<b>27</b>	<b>27</b>
<b>Total:</b>	<b>100</b>	<b>100</b>

Based on the materiality assessment findings, the Bank upgrades its sustainability risk monitoring system and sustainability risk assessment methodology, establishing its own sustainability risk scoring approach for their further effective integration into credit risk assessment and investment decision-making.

*"As an institutional investor, we are aware of our important role in integration of sustainability principles in society. In funds management, we not only seek returns, we also consider the benefits we can bring to society, including internationally. Today, when considering investment opportunities in the financial market, we take into account not only yields, credit risks and other historically accepted factors, we also consider the extent to which the investment is consistent with the sustainability principles."*

**Dmitrijs Krilovskis,  
Head of Resource Management at Rietumu Banka**



The Bank carries out an initial assessment of the suitability of members of the Council and the Executive Board by evaluating the person's reputation, the adequacy of his or her knowledge, skills and experience to perform the duties of the position held, the ability to act in accordance with the Bank's corporate values and standards of professional conduct and ethics, the ability to act independently and to devote sufficient time to the performance of

their duties. The individual suitability and collective suitability of members of the Council and the Executive Board are assessed at least annually by evaluating the collective level of knowledge, skills and experience to perform their daily duties in accordance with the standards set out in the Bank's corporate values, or whenever there are doubts about the knowledge, experience or reputation of a member of the Council or the Executive Board.

### **Structure and Functions of the Council**

(as at December 31, 2023)



**Leonids Esterkins**  
Chairman of the Council



**Arkādijs Suharenko**  
Deputy Chairman  
of the Council



**Brendan Murphy\***  
Deputy Chairman  
of the Council



**Valentīns Bļugers**  
Member of the Council



**Dermot Fachtna Desmond**  
Deputy Chairman  
of the Council



**Ilja Suharenko**  
Member of the Council

Members of the Council are elected by the shareholders meeting for a term of 3 (three) years.\*\*

Members of the Council jointly have sufficient knowledge, skills and experience in all relevant operations and risks of the Bank.

Council members, when performing their duties, act independently (independence of mind) and are able to devote enough time to the performance of their duties.

\* In office until 27.02.2023

\*\* As at the date of signing and publication of the Report, the Bank's Articles of Association have been amended (amendments approved at a general meeting of shareholders on April 29, 2024 and registered with the Commercial Register of the Register of Enterprises on June 13, 2024) to provide that the term of office of the Executive Board and of the Council is 5 years.

**Structure and Functions of the Executive Board**

(as at December 31, 2023)

The Executive Board consists of 5 (five) members. Members of the Executive Board are elected by the Council for a term of 3 (three) years. The Council appoints the chairman of the Executive Board from among the members of the Executive Board. Responsibilities and functions of the Executive Board are revised on a regular basis, taking into consideration changes in the Bank’s structure, in order to ensure more efficient operations of the Bank and compliance with regulatory requirements.

Allocation of functions and responsibilities of the Board:



**Jelena Buraja**  
Chairman of the Executive Board

- Operations of the Bank
- Activities of the Executive Board
- Operations of the Bank’s subsidiaries
- Monitoring, control and recovery of non-performing loans of the Bank and the Bank’s subsidiaries
- Corporate finance and investments
- Real estate sales, maintenance and development
- Legal matters
- Legal aspects of lending
- Personal data protection
- Sustainability (ESG)
- Customer management and service
- Marketing, public relations for the Bank
- Bank’s cooperation with financial institutions
- Management of the Bank’s operations
- Financial market issues



**Ruslans Stecjuks**  
Deputy Chairman of the Executive Board

- Payment card services
- E-commerce
- Information and business technologies
- Research and development of information systems for the Bank’s operations
- Lending
- Trade financing
- Monitoring international lending projects
- Monitoring of Latvian lending projects



**Sandris Straume**  
Member of the Executive Board, Chief Risk Officer

- Bank and Group risk management, including money laundering, terrorism and proliferation financing and sanctions, as well as ESG risk issues
- Security of the Bank’s information systems
- Human Resource Management



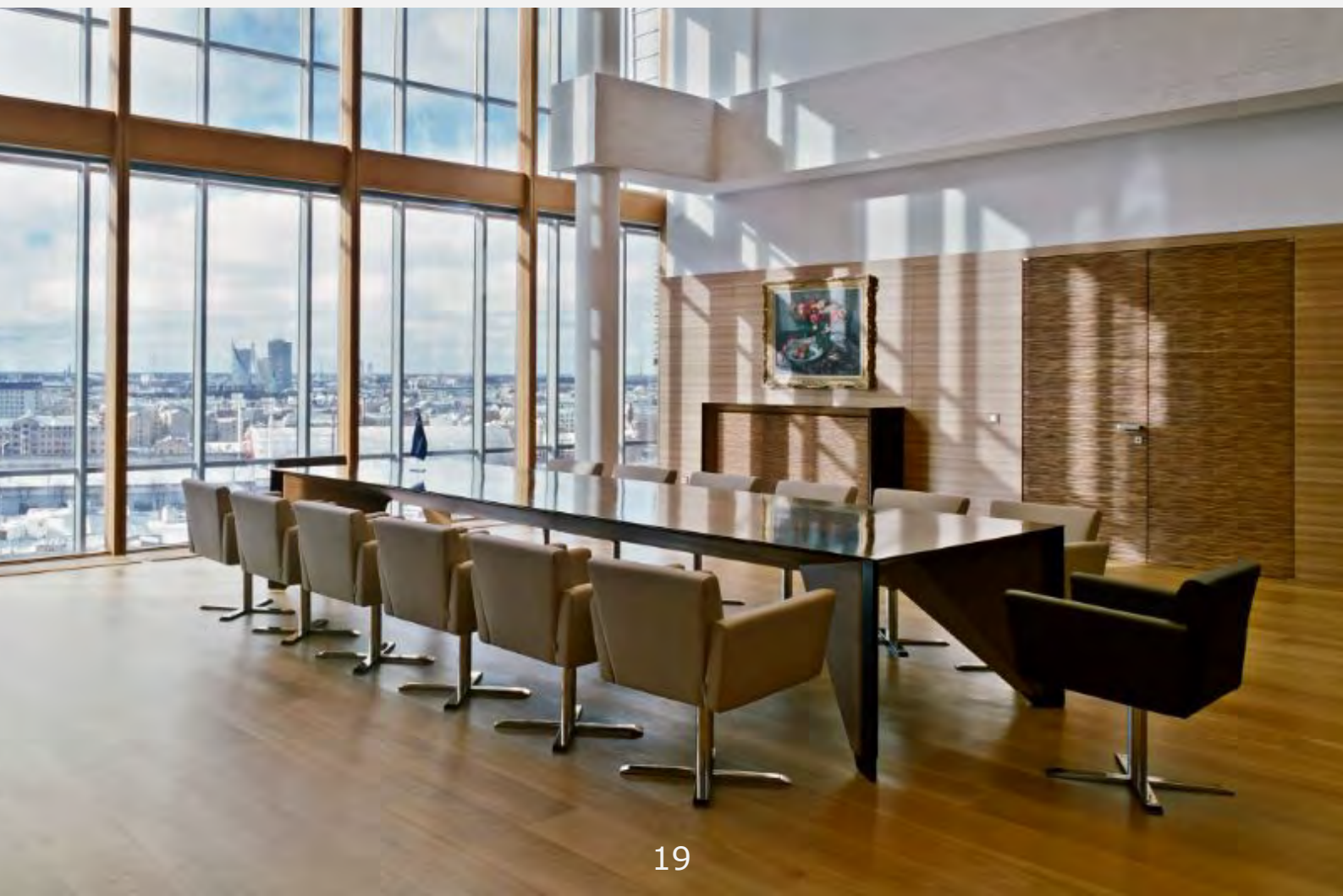
**Mihails Birzgals**  
Member of the  
Executive Board

- Management of information systems
- The Bank's accounting and finance
- The Bank's budget planning
- Ensuring, controlling and accounting for the Bank's payments
- Resource management
- Record keeping and data administration
- Administration of customer and counterparty data
- Accounting and control of credit, financial market services and payment card transactions
- Compliance monitoring



**Vladlens Topčijans**  
Member of the  
Executive Board

- The Bank's activities in prevention of money laundering, terrorism and proliferation financing
- Compliance with international and national sanctions
- Material resources, supply and maintenance management
- Internal security



## **Committees**

The Bank has a number of committees established to ensure the conduct and control of relevant business processes:

**The Internal Corporate Communications Committee** is responsible for non-financial operations of the Bank and promotion of effective communication within the Group.

**The Credit Evaluation Committee** is responsible for the classification of loans issued by the Bank and compliance with the guidelines for provisioning.

**The Credit Committee** is responsible for implementation of the Bank's lending policy and management of the Bank's credit areas.

**The Assets and Liabilities Committee** is responsible for managing assets and liabilities of the consolidation group.

The purpose of **the Internal Audit Committee** is to strengthen the Bank's sustainable operations and ensure taking prompt and essential decisions on actions and measures to be taken so that the Bank's operations comply with laws and regulations on compliance with the AML/CTPF and binding sanctions regimes.

**The Audit Committee** supervises the Bank's internal control system in general, reviews the effectiveness of the internal audit system, and monitors the audit process for compliance with regulatory requirements.

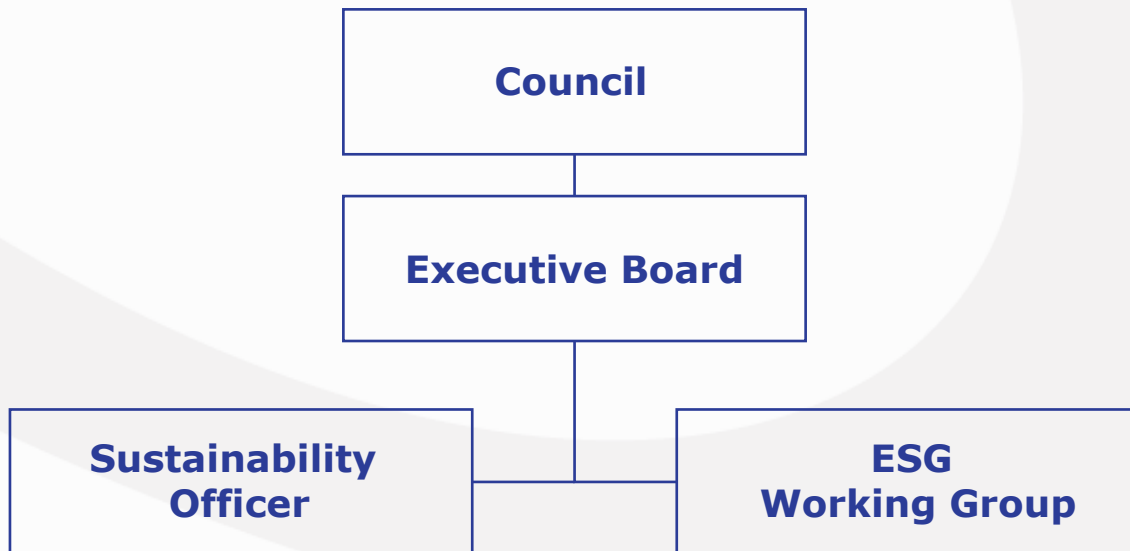
**The Risk Committee of the Council** advises the Council on the development of the Bank's risk strategy and ensures supervision of its implementation. The Internal Audit Service is responsible for independent monitoring of the internal control system of the Bank and its subsidiaries, assessing its adequacy and efficiency.

**The Nominating Committee** ensures the establishment of a professional and competent Executive Board and Council, provides prompt information to the Council about the assessment of the knowledge, skills and experience of members of the Executive Board and the Council.

**The Remuneration Committee** ensures and monitors a remuneration system in the Bank for positions affecting the risk profile, which is consistent with prudent risk management.



**In 2023, the Bank had an active sustainability governance structure that ensured implementation of sustainability processes in the Bank.**



**The Council** is responsible for ensuring the development, approval and monitoring of the implementation of the strategy.

**The Executive Board** is responsible for ensuring development of the strategy, considering and incorporating it into the Bank’s internal processes, and monitoring them.

The task of the **ESG Working Group** is to ensure quality, meaningful and transparent process of establishment of sustainability objectives and further management thereof. The working group ensures integrated introduction and implementation of the sustainability objectives and principles, and the relevant procedures. The working group oversees and acts as a control mechanism for the implementation of the sustainability objectives in accordance with the Sustainability Strategy and other internal regulative documents. The working group is composed of representatives of the Bank’s core functions with different competencies.

Responsibilities of the **Sustainability Officer** include implementation of the Sustainability Strategy and the Plan for Implementation of the Sustainability

Strategy, assessing compliance with the strategy and the plan, and preparation of the Sustainability Report. The Sustainability Officer plays an important role in raising awareness of sustainability in external and internal communications, and is the main point of contact for sustainability projects. Each head of unit is responsible for the engagement and impact of staff in achieving the sustainability objectives.

The Bank reviews and improves the effectiveness of corporate governance and transparency in all areas of the Bank’s operations and at all levels of the organisational structure, ensuring that all units of the Bank adhere to the principles of sustainable corporate governance, building a successful sustainable partnership between all stakeholders and society.

Recognising the importance of sustainability and the increasing demands, the Bank is planning to establish a Sustainability Committee in 2024 with the aim of promoting cross-disciplinary and comprehensive implementation of ESG principles in the Bank’s processes, products and services.

# ENVIRONMENT

## Climate Change

The Group is aware of the impact and consequences of climate change for the socio-economic system.

The Bank was actively engaged in the fight against climate change in 2023 and remains strongly committed to mitigating climate change by minimising the environmental impact of its activities.

The Group fully supports the Paris Agreement’s objective of keeping global temperature increase below 2°C and achieving climate neutrality by 2050. The Bank is aware of its role in redirecting financial flows to the course towards lower greenhouse gas

emissions and climate-resilient development.

As part of these efforts and in order to expand climate change mitigation and adaptation activities, an assessment of climate impact by customers and partners was commenced in 2023 to evaluate mitigation opportunities across the Bank and Group’s operations using a life cycle analysis approach.

To facilitate day-to-day actions by the Bank’s employees to mitigate climate change, employees had the opportunity to attend environmental education lecture “Where to Begin? Environmental and Climate Issues”.

## Green Office

In December 2022, the Bank received the Green Office certificate of the World Wild Fund for Nature and, in line with the adopted environmental programme, has been continuously developing its environmental management system and improving environmental awareness of the Bank’s employees following the guidelines of the Green Office programme.

As part of the programme, the Bank has set specific sustainability targets and is implementing measures to further improve environmental management of the Bank’s offices.

Green Office helps build environmental awareness in areas that are important in everyday life: resource consumption, transport, procurement, waste and

waste management, and biodiversity. As part of the programme, 3 objectives were defined regarding sustainable procurement, environmental communication with stakeholders, and smart consumption of resources. These areas are given special attention in implementation of the principles of environmental protection, social responsibility and good governance.

In 2023, the Bank in particular focused its efforts on reducing the impact of the working environment and promoting sustainable practices, which were recognised when the Bank received the Green Office certificate in spring 2024.

The Bank has defined higher targets for the Green Office programme in 2024.



**GREEN  
OFFICE**

## Energy efficiency

Electricity is one of the key resources where the Bank aims to improve the efficiency of energy consumption. In 2023, the lighting regime was upgraded and electricity consumption was reduced outside the Bank’s working hours. The Bank embarked on an ambitious plan by introducing a centralised and gradual automatic switch-off of office lighting, tailored to each office block, between 6 p.m. and 7.55 a.m. Up to 90% of lighting is switched off between 12 a.m. and 6 a.m., which has reduced electricity consumption by 25.57% in total as compared to 2022.

In addition, the Bank has started to optimise the use of information technology systems and is in the process of replacing light bulbs at the

premises with more energy efficient ones, which will continue in 2024.

Particular commitment to the energy efficiency of the Bank’s office building has come from the staff. To achieve this, employees were regularly instructed to be responsible in their electricity consumption habits. Information signs were integrated into the interior of the office building, reminding employees to turn off lights behind them.

For a second year in a row, the Bank participated in one of the world’s most ambitious environmental campaigns, Earth Hour, by reducing the office building lights to an absolute minimum, symbolising the Bank’s concern for the environment and the principles of sustainability.

## Energy efficiency of office equipment

Office equipment and electric appliances make everyday tasks easier and improve work efficiency. Computers and accessories are the most frequently purchased electric appliances in the Bank’s offices. The Bank is committed to gradually replace office equipment (computers, monitors, printers, etc.) with more energy-efficient equipment and to replace individual printers of employees with shared multifunctional printers/scanners/copiers. In equipment purchases, the Bank follows internationally-recognised energy labels (*Energy Star*).

Compliance of purchased equipment with energy labels, percentage of total purchases

Office equipment	2021	2022	2023
Smartphones	94	100	100
Copiers	100	100	100
Printing equipment	100	100	100
Computers	100	100	100
Monitors	100	100	100
Servers and data storage devices	100	100	100
Electric appliances	60	100	90

**Energy efficiency of the building**

Rietumu Capital Centre office building, built in 2008, is one of the most modern and environmentally friendly real estate projects in Latvia that from the outset met all the latest environmental standards, both regarding the use of environmentally-friendly building materials and installation of modern air conditioning and heating systems. Chemical dyes were minimally used during the construction process, and the building is made of cast concrete. In the Rietumu Capital Centre office building, free air circulation is ensured and there is a climate control system,

which allows adjusting individual climatic parameters in different zones. The office building has a double glazed facade and window blinds to help reduce summer heat gain, supporting efficient operation of the climate control system on sunny summer days. Employees are regularly instructed in the use of the building’s blinds to maintain optimum room temperatures and significantly reduce electricity consumption. In 2023, 2 boilers were replaced with 8 smaller gas boilers to improve energy efficiency.

In 2023, a second electric vehicle charging station with a capacity of 125 kW was installed in the Bank’s car park alongside the existing 22kW station. In 2023, consumption of the 22kW charging station amounted to 422.22 kW.

An assessment of installing electric vehicle charging stations in the area adjacent to the Bank’s office building commenced in 2023 in order to promote the availability of renewable energy in Skanste neighbourhood.

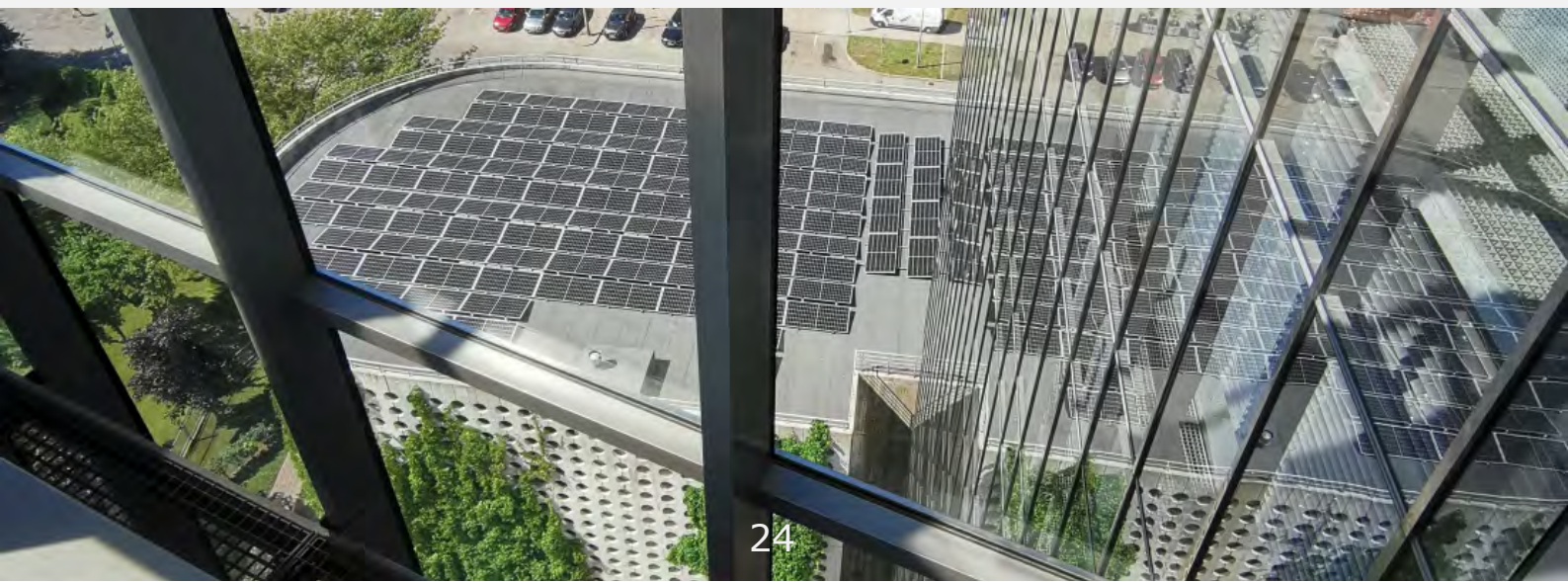
The Bank systematically monitors the resources and energy used in its operations, seeking alternative solutions to reduce its environmental impact.

In 2022, 228 solar panels were installed on Rietumu Capital Centre office building with the aim of not only reducing administrative overheads, but also promoting transition to renewable energy sources.

**Solar panels**

228 solar panels installed on the Rietumu Capital Centre office building were used to generate energy for the office building’s own consumption.

<b>Energy generated by RCC solar panels</b>	<b>2022</b>	<b>2023</b>
<b>MWh</b>	<b>32.027</b>	<b>86.038</b>





The Bank supports the country’s strategic progress towards energy independence by providing financing for the development of commercial solar parks, and is involved in a number of projects as a co-owner. The Bank has invested EUR 15 million in three solar parks:

- Two solar parks, Aleksandriņi and Citroniņi, each with a capacity of 10 MWh, have been built in Salaspils and Ķekava municipalities, they will be put into operation in 2024. By that time, they will be the largest solar parks in Latvia in terms of installed capacity.
- In Mārupe municipality, solar park Aleksandra Muiža with a capacity of 3MWh has been built.

Also in Mārupe municipality, development of Remes Lāči solar park with a capacity of 10 MW and an estimated investment of EUR 6 million to EUR 7 million, owned by the Bank, is under way.

The Bank has also granted loans for the development of several major solar parks to companies that will use part of the electricity generated for self-consumption and the other part will be fed into the grid.



**Solar park Citroniņi**

### **Measures to reduce greenhouse gas (GHG) emissions**

In addition to the Group’s efforts to reduce GHG emissions from its operations, the Group is weighing the possibility of establishing a compensatory mechanism for carbon emissions to balance out CO<sub>2</sub> emissions that cannot be avoided through mitigation measures.

In 2023, the Group carried out carbon sequestration measures by afforestation of 8.2 hectares of arid farmland with spruce seedlings in accordance with changes in the land use category.



### Employees commuting habits

In 2023, commuting habits of the Bank’s employees were identified in order to introduce solutions promoting environmentally-friendly commuting options in everyday life.

**Approximately half of the Bank’s employees use low-emission vehicles on a daily basis.** The Bank is considering solutions to foster shared mobility habits among employees who commute by car.

How do you commute to work?	%
On foot	11
By bicycle	4
By e-scooter	1
By electric car	2
Public transport	30
By private car (diesel, petrol, hybrid)	52
<b>Total:</b>	<b>100</b>

Approximately 45% of employees live within 9 km of their place of work, which allows them to choose the most appropriate low-emission means of transport for a given distance and route.

The short distance from employees’ residences to the workplace significantly reduces the Bank’s indirect or Scope 3 CO<sub>2</sub> emissions.

What is the distance from your home to work?	%
Less than 2 km	9
3-9 km	36
10-17 km	35
More than 18 km	20
<b>Total:</b>	<b>100</b>

There is a lockable bicycle shed in the Bank’s car park to promote employee health through environmentally-friendly mobility.

The Bank reinforces its bicycle culture through corporate participation in Unity Bike Ride, while also educating employees on personal benefits of cycling.



**Waste Management**

The Bank facilitates good waste management practices, prioritising in its operations the aim to prevent waste from occurring in the first place, and only then to apply waste segregation. Targeted waste segregation has

commenced at Rietumu Capital Centre office building.

In 2023, the amount of municipal waste was reduced by 12.5%, while the amount of segregated waste stood at 42% of the total waste amount.

	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Glass, m<sup>3</sup></b>		<b>4</b>	<b>4</b>
<b>Paper/plastic/metal, m<sup>3</sup></b>			<b>114</b>
<b>Municipal waste, m<sup>3</sup></b>	<b>160</b>	<b>180</b>	<b>160</b>
<b>Total:</b>	<b>160</b>	<b>184</b>	<b>278</b>
<b>Segregated %</b>	<b>0</b>	<b>2.2</b>	<b>42.5</b>

The Bank takes active measures and adapts infrastructure for waste reduction, sorting and recycling in order to reduce its environmental impact. The Bank has identified sources of municipal waste and employees’ habits with a view to achieving an even higher proportion of segregated waste in 2024.

Due to the nature of work at Rietumu Capital Centre office building, paper consumption has been high, generating a significant amount of paper waste. In 2023, further solutions were implemented to reduce the use of paper by switching to electronically signed documents and digitising documents in both customer service and internal procedures. Staff members are encouraged to assess the need for printing documents and to reduce the amount of printing. Smart solutions are also being introduced to achieve this goal, with a gradual shift towards multifunction printers that keep track of

the numbers of copies printed.

In order to reduce the environmental impact in all stages of waste management, a contract has been signed with an environment management company to collect municipal waste on an as-needed basis. In 2023, garbage trucks visited the office building 8 times, significantly reducing CO<sub>2</sub> emissions caused by waste transport.

The Bank educates its employees on responsible waste management on a regular basis, emphasising personal and collective benefits for the environment and the planet. The Bank’s employees had the opportunity to attend conference “Latvia – a Country Without Waste” and lecture “From Waste to Recycling”, organised by Zero Waste Latvia organisation to improve their knowledge of environmental protection and promote a zero-waste culture.

Environmental awareness of the negative impact of waste on the environment was further promoted through corporate participation in the annual Lielā Talka nationwide clean-up campaign in 2023. Bank employees and their families gathered in Sapņudārzs preschool to clean up the surrounding area and refurbish benches and playground equipment.

**Disposal of electric appliances**

In order to prevent degradation of the Latvian environment and to encourage proper disposal of hazardous waste, worn out electronics are handed over to a certified hazardous waste management company, thus ensuring integration of e-waste into the circular economy. The Bank uses refillable computer cartridges. The Information Technology Department has started replacing HDD drives in computers with SSD drives, which are more energy

efficient. The Bank ensures that requirements of the General Data Protection Regulation (GDPR) are met when disposing of computer and server hard drives. The Bank makes sure that the waste management company further transfers e-waste for recycling. In order to reduce GHG emissions in the waste management stage, disposal of electric equipment is also carried out when necessary.

**Mitigation of environmental impacts**

Green Procurement Criteria	Suppliers' compliance with the Bank's sustainability criteria	Employee involvement and education
Environmental impact assessment during projects	Electronic document flow	Increasing energy efficiency
Responsible waste management	Improving remote customer service	Renewable electricity

**Nationwide clean-up campaign Lielā Talka**



**Biodiversity and Ecosystems**

The Bank and the Group promote preservation of biological diversity and protection of ecosystems, including preservation of species and habitats.

When examining loan applications, it is verified whether the site complies with the requirements of Natura 2000 network of protected areas, which aim to protect rare and endangered plant and animal species and their habitats in Europe.

Nature-based solutions – the roof and vertical gardens – were integrated into Rietumu Capital Centre office building’s facade during the construction of the building. The green roof and walls of the office building contribute to the natural water cycle, urban climate resilience, and create a more attractive environment for living and doing business.



**The Bank pays great attention to the structure and environmental design of the Bank’s green areas to ensure diversity of urban ecosystems throughout the growing season.**

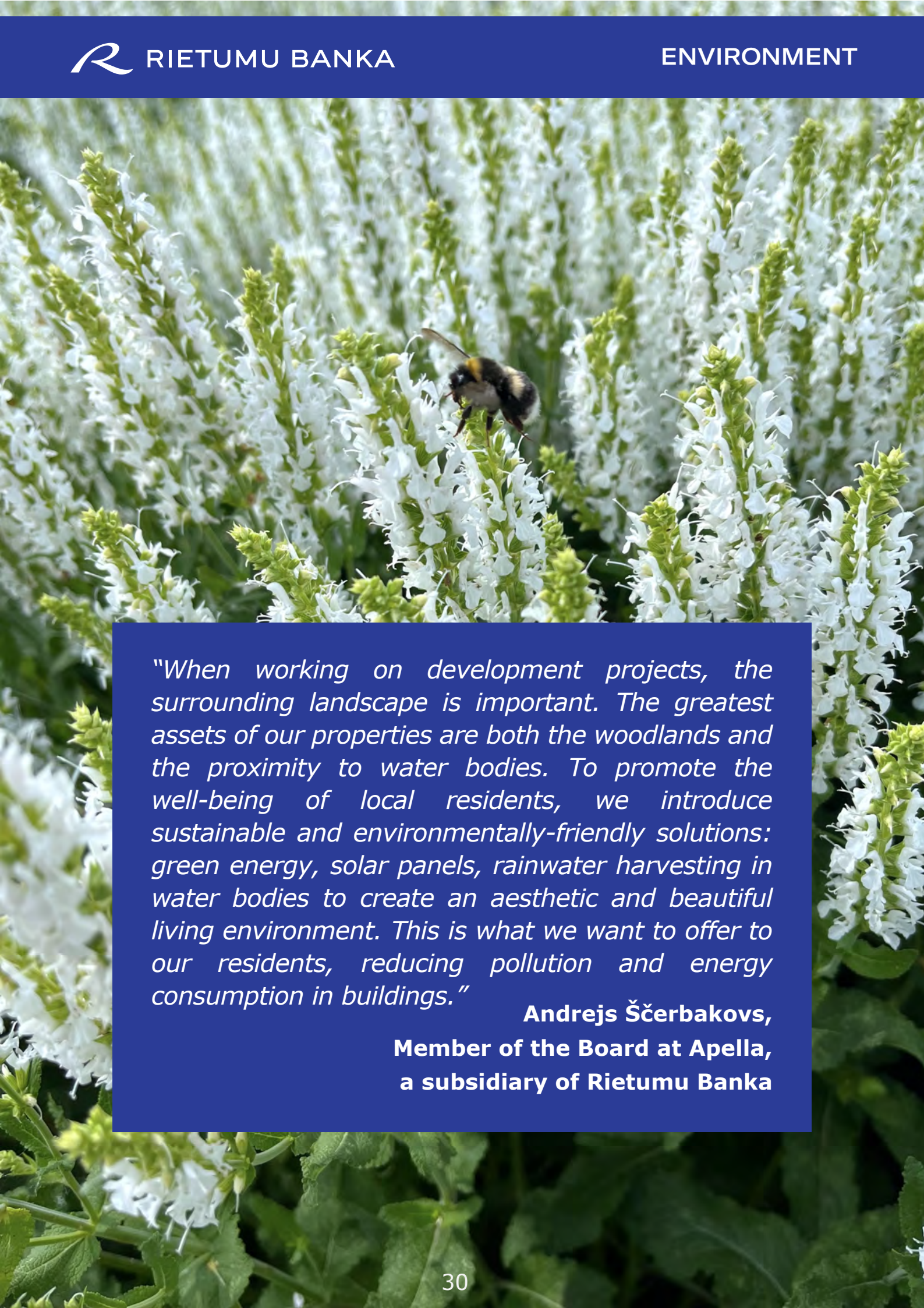
The perennial garden, planted in autumn 2022, bloomed in front of Rietumu Capital Centre office building in 2023 and now delights the neighbourhood’s residents all year round. The garden features conifers, deciduous shrubs, rhododendrons and perennials. The large trees in the office building’s green area were complemented by younger trees planted to enhance the natural ability of the adjacent area to regulate the microclimate on hot days. Birdhouses were set up in the area.

The garden adjacent to the office building will be multifunctional – an ornamental and valuable green corridor in the spatial structure of the city.

The Bank continues to involve its

employees in voluntary work for conservation of plant, animal and bird species and natural diversity. After a devastating storm in August, several bank employees came together to help wild birds under the auspices of Drauga Spārns (Friend’s Wing) organisation. In 2024, the Bank is planning to enter into cooperation with Latvia’s leading NGOs in conservation of natural diversity.

A weekly round-up of recreational activities, including activities in nature, was launched in internal communication channels to invite Bank employees to explore Latvian nature during their holidays. The invitations emphasise importance of being responsible holidaymakers, e.g. “When in nature, take out what you bring in”.

A close-up photograph of a bumblebee on a white flower. The bee is positioned in the center of the frame, facing left. It has a fuzzy, black and yellow body and its wings are partially spread. The flower it is on is small and white, with a yellow center. The background is a dense field of similar white flowers, creating a soft, out-of-focus effect. The lighting is bright and natural, suggesting an outdoor setting.

*"When working on development projects, the surrounding landscape is important. The greatest assets of our properties are both the woodlands and the proximity to water bodies. To promote the well-being of local residents, we introduce sustainable and environmentally-friendly solutions: green energy, solar panels, rainwater harvesting in water bodies to create an aesthetic and beautiful living environment. This is what we want to offer to our residents, reducing pollution and energy consumption in buildings."*

**Andrejs Ščerbakovs,**  
**Member of the Board at Apella,**  
**a subsidiary of Rietumu Banka**

## Resource Consumption

The Bank is aware that its biggest impact on the environment comes from the resources consumed by office operations. The most important part of the Bank and the Group's operations take place in the central office building Rietumu Capital Centre, therefore the data on consumption of natural resources are given for this building.

2023 was the first full year when the Covid-19 pandemic restrictions were no longer in effect and the office was fully onsite, hence several resource consumption items showed a moderate increase compared to 2022. Natural gas consumption increased by almost 52%, hot water consumption by almost 8% and cold water consumption by 18%.

On the other hand, electricity consumption decreased by 8%, confirming that energy efficiency measures were successful. Consumption of office paper increased significantly, which is also due to the resumption of working from office. Consumption of A4 paper increased by 21% and of A3 paper by 122%, while consumption of A5 paper dropped significantly, by 56%. All office paper purchased is eco-labelled – FSC certified.

The Bank's attitude towards smart consumption of resources is captured in email signatures of its employees – in 2023, they included appeals to respect nature and to consider whether printing a document was necessary.

<b>Natural gas (MWh)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>1747</b>	<b>1154</b>	<b>1751</b>

<b>Electricity (kWh)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>3 617 213</b>	<b>3 723 416</b>	<b>3 463 818</b>

<b>Thermal energy (m<sup>3</sup>)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>1242</b>	<b>1260</b>	<b>1358</b>

<b>Water consumption (m<sup>3</sup>)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>6674</b>	<b>7232</b>	<b>8538</b>

<b>Office paper consumption (500-sheet packs)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>A4</b>	<b>1274</b>	<b>1102</b>	<b>1330</b>
<b>A5</b>	<b>20</b>	<b>16</b>	<b>7</b>
<b>A3</b>	<b>4</b>	<b>9</b>	<b>20</b>

Vehicles of the Bank and the Group	2022	2023
		26

The Bank and the Group are aware that emissions from business travel are a significant contributor to Scope 3 GHG emissions. Local and international business trips are part of the Group’s day-to-day operations. In 2023, there were frequent remote meetings and GHG emissions associated with business travel were reduced where possible. At the same time, in 2023 the Bank’s office operations returned to the pre-Covid-19 pandemic level, which increased car-related indicators compared to 2022 and 2021.

Kilometres travelled by car increased by 2%. Petrol consumption increased by 14.5%, while diesel consumption decreased by more than 9%.

Using the Greenhouse Gas (GHG) emissions calculator developed by

Finance Latvia Association for assessing the fleet mileage of the Bank and the Group in 2023, it becomes apparent that business trips generate 82 tCO<sub>2</sub> annually. The emission calculator estimates that 11,741 trees would need to be planted to absorb one year of emissions from business trips. As reported, in order to offset GHG emissions, **15,900 fir tree seedlings** were planted on 8.2 ha of unused and arid farmland in 2023.

In 2023, business flights – the biggest source of GHG emissions from business travel – were significantly reduced and the number of kilometres flown was 43.5% lower.

Kilometres travelled in cars owned by the Bank and the Group (km)	2021	2022	2023
		324 551	356 286

The Group’s fuel consumption (l)	2021	2022	2023
	Petrol	30 962	32 240
Diesel	11 342	16 365	14 845

Distance covered in business flights of the Group (km)	2021	2022	2023
		235 009	558 449



# Employees

Employees are the greatest asset of the Bank, which is why promoting and ensuring employee well-being was a top priority in the Bank’s sustainability initiatives in 2023. The Bank engages employees in healthy lifestyle activities, encouraging them to take responsibility for their mental and physical health: corporate participation in a marathon, step tracking, seminars on mental health, how to recognise professional burnout, and other initiatives.

The Bank also encourages employee self-education through lifelong learning courses and seminars offered by the European Regional Development Fund.

In 2023, the Bank organised various team building events promoting Latvian traditions and culture, and encouraged employees to become more active and engage in socially important projects.

The Bank has introduced various intangible benefits: professional development opportunities, delegation of additional responsibilities and authority, team building events, corporate sports activities, events for employees’ children, health promotion

events, educational events, and various other corporate opportunities for employees. In support and appreciation of long-term employment relationships, the Bank has established a ‘Gold Club’, whose members are employees who have worked for the Bank for 10 (ten) or more years. The Bank provides material support for employees with newborn babies.

The Bank supports employees at important events in their lives and offers them to take paid time off in the following cases: loyalty holidays of up to 3 days, wedding, first day of school in September for parents of first- to fourth-graders, as well as for personal reasons.

To strengthen the capacity of employees for the defence of the homeland, up to 5 (five) working days of paid leave per year is granted, in addition to what is stipulated in the Labour Law, to an employee who participates in National Guard exercises, as well as up to 7 (seven) working days of paid leave per year to an employee who is a reserve soldier if the employee participates in military exercises.

## Unity Bike Ride



## Role of employees in achieving the Bank's sustainability objectives

The Bank continues to educate and train employees on the Bank's sustainability objectives. The Bank evaluates its corporate governance in the field of social responsibility, including employee well-being, with a view to achieving higher levels of employee satisfaction and engagement. The Bank provides employee training in line with the allocation of roles and responsibilities in achieving the Bank's sustainability objectives, ensures regular training and knowledge and skills tests for employees whose daily work involves identifying, assessing and managing sustainability

risks. The Bank provides awareness training to employees with the aim of reinforcing the Bank's commitment to avoid financing or supporting any form of greenwashing.

In line with its strategic objectives, the Bank continues to link the variable part of remuneration to the achievement of key sustainability performance indicators. The Bank intends to supplement the key performance indicators for employees and officers with sustainability achievements and to assess and review them on an annual basis.

## Age breakdown of staff

As of 31.12.2023, the Bank has 388 employees, of which 233 are women (60%), 154 are men (40%). The Group has a total of 505 employees, of which 315 are women (62%) and 190 are men (38%).

The proportion of women in the Group increased by 1% in 2023 compared to 2022.

Employee breakdown by gender	2022		2023	
	Women	Men	Women	Men
Number	223	149	223	155
<b>Total:</b>	<b>372</b>		<b>388</b>	

## Employee breakdown by gender and age

Age	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Under 30	34	35	25	16	27	22
30-49	204	164	224	141	211	113
50-59	63	55	49	31	60	37
60+	18	16	15	12	17	18
<b>Total:</b>	<b>319</b>	<b>270</b>	<b>313</b>	<b>200</b>	<b>315</b>	<b>190</b>
<b>Group total:</b>	<b>589</b>		<b>513</b>		<b>505</b>	

While the total number of employees in the Group in 2023 decreased by 8 compared to 2022, the total number of employees in the Bank increased by 16 in 2023.

In 2023, employees aged under 30 accounted for 10% of all employees of the Group, those aged 30-49 for 64%, employees aged 50-59 for 19%, and employees aged 60+ for 7%.

The number of employees in the 30-49 age group decreased slightly compared to 71% in 2022. In 2023, there were 6 employees of retirement age.

	Total number of new employees		Total number of terminations		Employee turnover (%)*
	Women	Men	Women	Men	
<b>2023</b>					
<b>under 30</b>	12	14	9	6	
<b>30-49</b>	34	17	23	20	
<b>50-59</b>	7	5	10	4	
<b>60+</b>	1	0	2	0	
<b>Total:</b>	<b>54</b>	<b>36</b>	<b>44</b>	<b>30</b>	<b>20%</b>
<b>2022</b>					
<b>under 30</b>	12	8	10	8	
<b>30-49</b>	40	17	29	11	
<b>50-59</b>	6	1	5	0	
<b>60+</b>	0	0	2	0	
<b>Total:</b>	<b>58</b>	<b>26</b>	<b>46</b>	<b>19</b>	<b>14%</b>
<b>2021</b>					
<b>līdz 30</b>	11	15	8	9	
<b>30-49</b>	18	12	25	9	
<b>50-59</b>	6	5	3	2	
<b>60+</b>	1	1	2	2	
<b>Total:</b>	<b>36</b>	<b>33</b>	<b>38</b>	<b>22</b>	<b>19%</b>

\* Staff turnover (%) reflects the number of dismissed employees compared to the annual average number of employees for the period.

In 2023, a total of 90 employees were hired, while 74 were dismissed. Compared to 2022, the employee turnover percentage in 2023 is higher, but on a par with 2021. Overall, the Bank’s staff turnover remains stable, as evidenced by the seniority of staff in the Bank, with over 50% of employees in 2023 having been working for the Bank for more than 5 years. The Bank has a high opinion of the loyalty of its employees and the fact that employees value and consider the Bank a stable employer.

Breakdown of the Bank’s employees by seniority and gender in 2023	2023	
	Women	Men
Years of service		
1-4	118	75
5-9	27	23
10-19	53	39
20-30	29	15
>30	6	3
<b>Total:</b>	<b>233</b>	<b>155</b>

The Bank offers various internship and employment opportunities for young people. This is a good opportunity to gain valuable and useful knowledge in banking and general business organisation, with a view to possibly going on to work for the Bank and its subsidiaries.

In 2023, 68% of women and 32% of men working at the Bank had full-time contracts. There were 4 staff members on temporary contracts equally split between the genders.



**Working Conditions, Health and Safety**



In 2023, the Bank signed the Mission Zero Charter, joining an initiative aimed at creating a healthy and safe working environment.

In 2023, the Bank recorded no work-related accidents.

*"Taking care of our own mental health and that of our loved ones is particularly important in today's changing world – the need to change, adapt and learn new things, there are large amounts of information, there is competition and uncertainty."*

**Jolanta Millere-Livmane,  
HR Director at Rietumu Banka**



In 2023, the Bank was awarded the status of a Family Friendly Workplace. The Bank aims to create working conditions that are supportive of both employees and their families, and to foster such culture in society also.

committed to supporting the families of its employees. This is manifested both in the overall attitude, respect for family values, and in concrete actions. If necessary, the Bank provides support for employees when they experience adverse family circumstances.

The Bank has always been

The Bank respects privacy and is fully tolerant of all forms of family.

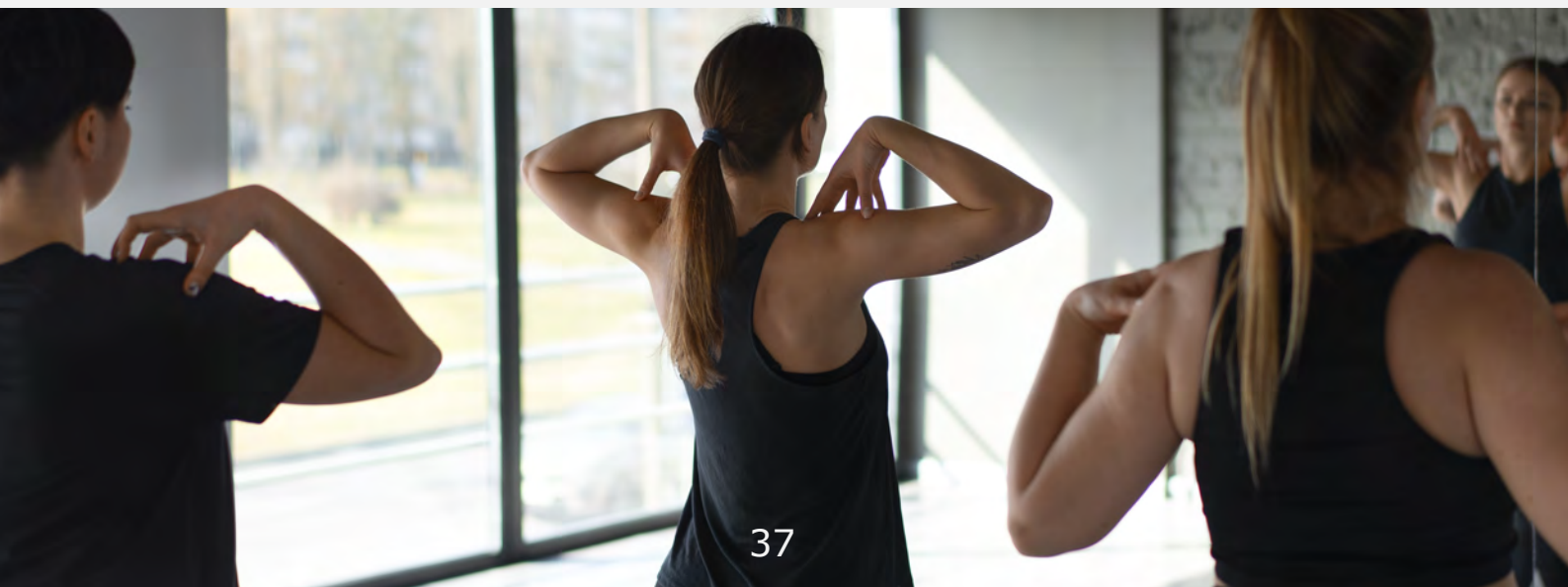
The Bank provides employees with comfortable, ergonomic working conditions, a safe working environment, and informs employees on a regular basis about occupational health and safety requirements at work and in emergency situations.

The Bank offers employees annual health check-ups at the Bank's premises.

Health insurance policies are provided to

employees, encouraging them to take care of their health on a regular basis as a preventive measure against the risk of illness. The cost of employee health insurance for 2023 is EUR 210,883.69. Health insurance covers purchases of glasses, psychological and psychotherapeutic counselling by a clinical psychologist and a specialist in cognitive behavioural psychotherapy to reduce and prevent anxiety, depression.

To promote mental health, employees are offered series of lectures "Professional



Burnout and how to Spot it in Yourself and Others”, “Effective Tools to Prevent Professional Burnout”.

We started to promote regular physical activity in weekly group exercises at the Bank’s head office. Employees have the opportunity to perform muscle relaxation exercises under the guidance of a professional trainer, paying special attention to the specifics of work in the office.

The Bank’s employees participated in sports and team-building initiative Together – Around the Baltics, covering 65,388 km in 92 days. On average, each participant in the challenge walked 457 km in three months.

## Equal Opportunities

The Bank provides inclusive working environment where every employee can feel comfortable, be able to carry out their daily work and care for their own development because the Bank:

- Assesses risks of the working environment on an annual basis
- Implements a non-discriminatory, fair and equality-based employment policy
- Follows best HR management practices in line with the Bank’s values and operating principles
- Encourages employees to make suggestions for improving the working environment, including integration of sustainability initiatives in daily operations.

The Bank offers equal pay for equal work based on abilities, qualifications, beliefs and life experience, regardless of gender, ethnicity, religion, age, sexual orientation. The recruitment process is objective, systemic and fair, providing equal opportunities to all candidates without any restrictions or discrimination, in compliance with the principles of gender equality and prohibition of differential treatment set out in the Labour Law and other binding laws and regulations.

In 2023, the Bank advocated a change in eating habits of its employees by encouraging healthy eating and providing seasonal, natural sources of vitamins. The caterer at Rietumu Capital Centre office building also includes vegetarian meals in its menu. Shared kitchens are available in the office premises to ensure that employees can follow their individual eating habits, even during working hours.

Since 2017, employees have also been encouraged to participate in on-site blood donation events organised by blood donors at the Bank’s offices in order to contribute to health of the local community.

Information on the current developments at the Bank is published on the Bank’s Intranet on a regular basis.

A Talent Acquisition Programme was launched in 2023 with the aim of encouraging employees to attract suitable candidates for the Bank’s current vacancies. Employees can recommend friends and acquaintances who meet the requirements of the advertised vacancy, high performance culture and ethical standards, while being aware of potential risks of conflict of interest situations.

EQUALITY OF ATTITUDE – the Bank implements principles of equal treatment based on professional competence, knowledge and skills.

It is essential for the Bank not to allow human rights violations.

The Bank seeks to identify and mitigate the risks associated with this area and to encourage its customers and business partners to have appropriate employment policies and sufficient quality monitoring systems.

Environmental accessibility principles have been integrated in Rietumu Capital Centre office building for employees and visitors with functional disabilities.

Women prevail in the Bank's senior and middle management at 61%, and senior and middle management altogether represent 11% of the Bank's total staff. In 2023, the total number of senior and middle management staff decreased by 2%.

Senior management accounted for 4% of total staff in 2023 and was dominated by men – 12 men and 4 women. Compared to 2022, there was a 1% increase in the number of senior management members relative to total staff.

	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
<b>Executive Board members</b>						
<b>Administration</b>	1	3	1	4	1	4
<b>Senior managers</b>	2	8	2	7	3	8
<b>Middle managers (heads of units, heads of groups)</b>	18	11	11	10	10	13
<b>Other staff</b>	32	23	34	18	34	14
<b>Total:</b>	<b>211</b>	<b>142</b>	<b>223</b>	<b>149</b>	<b>233</b>	<b>155</b>

## **Employee Education, Performance Appraisal and Professional Development**

Raising the level of knowledge of employees, improving their professional skills and competencies is the Bank's priority and the main factor contributing to long-term success. The Bank organises periodic employee training courses on various subjects and content, including anti-corruption and AML/CTPF issues, and conducts knowledge checks after the training. The Bank has developed a training programme on sustainability-related matters, covering the Bank's sustainability scope and

matters that have an indirect effect on the Bank's activities – environmental and climate issues, natural diversity, circular economy, etc.

The Bank invests in the development and growth of employees. Heads of departments actively promote professional development of subordinate employees and support their desire to learn. Professional development training is available for all staff levels.

**The following training opportunities are available to employees:**

- 1) Onsite internal training conducted by qualified and competent Bank specialists in the relevant field**
- 2) Off-site or e-training – on-the-job training and online tests using an electronic content management system for employee testing as part of the approved annual plan**
- 3) External training – short- and long-term courses, lectures and conferences in Latvia and abroad. The Bank's senior management members participated in training on sustainable financing, organised by the University of Cambridge.**

The Bank implements an employee training model for maintaining competence, following the 70-20-10 principle, where 70% of training takes place during the performance of work and through effective mutual communication, 20% is the result of mutual contact and mentoring, 10% is formal face-to-face or online training. Relevance of the training course is considered when selecting a training programme.

In 2023, the Bank launched onboarding for new employees. During the

onboarding process, new employees are introduced to the Bank's history, mission, vision, strategy and goals, values, internal culture and traditions, sustainability scope, employee engagement, the Bank's lines of business and products, processes, as well as internal rules and regulations on general requirements, including documents on the prevention of money laundering and financing of terrorism and proliferation, identification of suspicious transactions.

### Development of employee competencies

**Enhancing the knowledge, skills and competencies required to perform the duties of a job is an important factor in the Bank's long-term success, therefore the Bank invests in the development and growth of its staff to maintain and enhance its competitiveness. Professional development of an employee is a shared responsibility of the employee and the employer.**

#### Share of trained staff (%):

- In the area of AML/CTPF - 41
- Internal training - 84
- External training - 92

**In 2023, the Bank's investment in external training to develop employees' competencies was 78% higher than in 2022.**

**In 2023, the Bank's average investment in the development of an employee's competencies was 70% higher than in 2022.**





In 2023, Chairman of the Bank's Executive Board Jeļena Buraja delivered a speech at the opening of the Financial Women's Association (FWA) Summit in New York.

Jeļena Buraja spoke of the Bank's experience, which in a short period of time successfully refocused its

operations towards the Baltic market and support for Ukraine. Jeļena Buraja drew the summit participants' attention to sustainability issues in business and shared the Bank's experience in financing and building solar parks. Following the summit in New York, the Bank's CEO became a member of the FWA.



**Support for Arts, Society and Culture**

In 2007, JSC Rietumu Banka established charitable foundation Nākotnes Atbalsta fonds with the aim to promote charity and engage in supporting socially significant initiatives, and to continue the tradition of patronage and philanthropy of the Bank's shareholders that had been ongoing since the late 1990s.

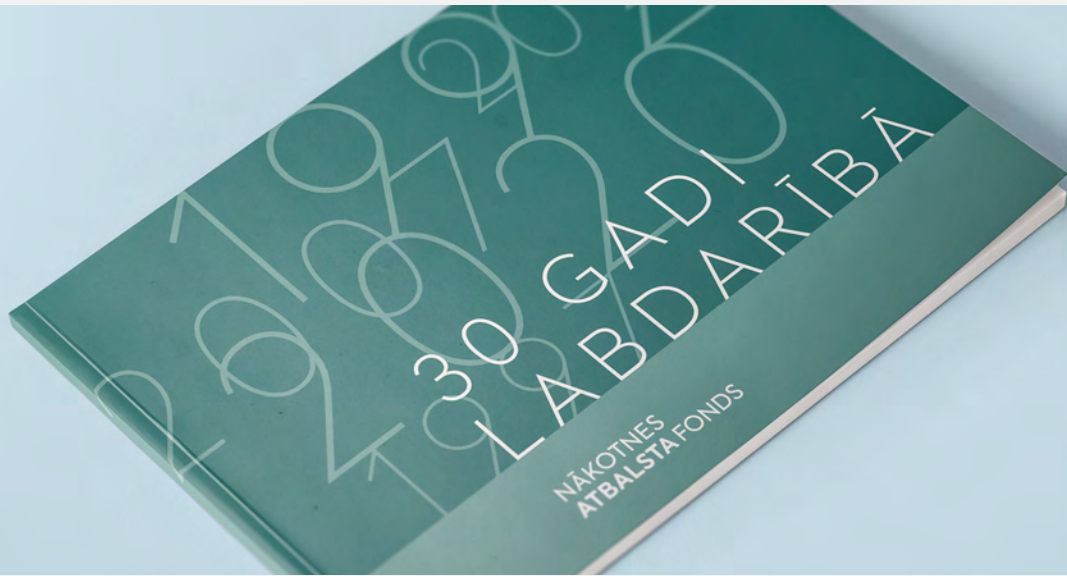
Since that time, Nākotnes Atbalsta fonds has implemented a large number of projects – 1,000 different projects across Latvia, donating almost EUR 10 million and becoming one of the largest charitable organisations in the history of Latvia.

From day one, the fund's priorities have been to promote public health, open up new healthcare opportunities for children, support children and young people from low-income families, as well as cultural, social and environmental projects important for society. In recent years, Nākotnes Atbalsta fonds has expanded its

activities to support achievements in sport, preservation of cultural heritage, urban development, it has also been implementing sustainability principles in cooperation with the Bank.

The fund's partners include such large, reputable organisations as the Children's Clinical University Hospital, Pauls Stradiņš Clinical University Hospital, the President's Chancery, the National Museum of Art, Ziedot.lv, Riga and other cities' municipalities, major religious denominations, the National Cultural Heritage Board, etc. Furthermore, year after year the fund has also supported smaller projects: crisis centres, environmental organisations, shelters, educational institutions, children's centres, associations for the disabled.

Since the beginning of the war, Nākotnes Atbalsta fonds has been supporting Ukraine and providing extensive and comprehensive assistance to Ukrainian refugees in Latvia.



In 2023, book "30 Years in Charity" was published, which looks into the current aspects of the development of charities, the priorities of modern society in this field, and the experience of Nākotnes Atbalsta fonds.

The book also provides an overview of

the history of philanthropy, its development in Latvia, and current trends.

In 2023, Nākotnes Atbalsta fonds supported implementation of 92 projects for a total amount of **EUR 637.081.**

*"In 2023, the Fund continued its long-standing practice of supporting sport, healthy lifestyle and classical culture, positioning itself as one of the leading charities in Latvia. The Bank was active as an expert in environment and solar energy development and plans to further develop its competencies. We are increasingly engaging the Bank's employees in charity, and have released tailor-made publications for the Bank's employees on sustainability approaches, practices and issues."*

**Sergejs Grodņikovs,**  
**Member of the Board at Nākotnes Atbalsta fonds**

Projects implemented by Nākotnes Atbalsta fonds	2022		2023	
	Number	EUR	Number	EUR
	84	704 575	92	637 081

### **Support for non-profit organisations**

- Riga Jewish Community
- Children's Foundation of Latvia
- Ziedot.lv foundation

Nākotnes Atbalsta fonds donated a significant amount of  
**EUR 49.000**  
to the Angels over Latvia campaign



### **Support for sport totalled EUR 183.723**

- Latvian Ice Hockey Federation
- Latvian Volleyball Federation
- Basketball club VEF Rīga
- Artistic Gymnastics Club Grācija
- Association Sports Izaugsmei (Sport for Growth)
- Latvian Swimming Federation
- Association to support veteran hockey players Hokeja Atbalstam
- Association Hokeja Skola Skabarga (Hockey School Skabarga)
- Fencing club Asmens
- Football club Dinamo Rīga
- Sergei Zholtok Foundation
- Support for biathlete Andrejs Rastorgujevs and cross-country skier Patrīcija Eiduka

**In 2023, the Bank became a patron of Dailes Theatre. The Bank is expected to allocate EUR 100.000 annually for the theatre's most ambitious new productions.**



**Support for cultural and artistic projects amounted to EUR 217.857**

- Inese Galante Foundation
- Kilogram of Culture Award
- Latvian National Opera and Ballet
- Latvian National Museum of Art
- Riga Art Nouveau Centre
- Andrejs Žagars Culture Support and Development Foundation
- Music and Art Support Foundation
- State Culture Capital Foundation
- Latvian Sacred Heritage competition
- Fund for Support for Jūrmala Music Secondary School
- Medicine History Museum Support Fund
- Dailes Theatre
- Latvian Classic Car Club
- Ventspils Culture Centre
- Culture and art development association ART Future
- Art Nouveau Museum
- Baltic Centre of Visual Researches – development of a documentary about hockey player Sandis Ozoliņš
- Baltic Choir Association - organisation of the International Baltic Sea Choir Competition in Jūrmala
- Artissimo Association
- Liegra Grāmatas - a book about painter Mark Rothko
- Dubulti community – a book on the history of Jūrmala
- Herman Brown Foundation – purchase of tickets for vulnerable social groups

**Support for children and young people's culture and sport**

**One of the priorities of Nākotnes Atbalsta fonds is to open up new opportunities for the development of children and young people. The fund supports annual sport development activities, including camps and competitions. The biggest of these are:**

- Beach volleyball for young talents
- Women's football club Rīga
- Basketball Personalities Growth School
- Music and Art Support Foundation for talented young musicians
- Inese Galante Talents annual competition for young musicians and singers

**Support for medical education and science totalled EUR 97.113**

- Latvian Foundation for Innovative Medicine
- Pauls Stradiņš Clinical University Hospital Development Society
- Digestive Diseases Society
- Association AGIHAS
- Ezerkrasts society of the blind
- Annual competition for the best nurse Meklējam Sirdsmāsu, organised in cooperation with Presidential Chancery administration
- Autism Support Centre
- Health Screening Solutions – support for research on longevity and quality of life
- Psychological rehabilitation projects to support Ukrainian refugees

**Support for social projects**

- Support for Aizpute Samaritan Charity Kitchen and Day Centre
- Christmas celebrations for Latvian children with physical disabilities
- Donation of furniture by IK Movers company to the Children's Foundation of Latvia and Riga Latgale District

Society for the Disabled

- Purchase of beds and mattresses for night shelter of Evangelical Christian Church Blue Cross
- Construction of a wheelchair ramp at Aizkraukle Church

One of Latvia's most memorable sports achievements in 2023 was the Latvian national ice hockey team's 3rd place at the World Ice Hockey Championships. To celebrate the bronze medals, the Bank hosted a reception for the Latvian Ice Hockey Federation officials and the

Latvian national team players. As a long-standing official partner of the Latvian Ice Hockey Federation, the Bank provided additional support of up to EUR 60.000 for young hockey players.



**Volunteering and support**

Nākotnes Atbalsta fonds donated furniture, office and kitchen equipment to the Children's Foundation of Latvia crisis and rehabilitation centres and Riga Latgale District Society for the Disabled, as well as Tavi Draugi (Your Friends) association that provides

support for Ukraine and Ukrainian refugees in Latvia.

Transport service was also arranged for the shipment. In total, more than 200 items of furniture and equipment were delivered to the three organisations in five trucks.

**The Bank's employees often participate in volunteer work and support activities in order to:**

- Raise support and donations (goods and cash) for animal shelters, including the largest shelter, Ulubele
- Take part in nationwide clean-up campaign Lielā Talka
- Collect Christmas gifts for children, pensioners and the disabled

## Support for Ukraine

### **Nākotnes Atbalsta fonds and the Bank's employees are actively involved in supporting Ukraine:**

- Close cooperation has been established with Riga Ukrainian School, which received a donation of computer equipment in 2023, while Ukrainian refugee children had the opportunity to visit a children's exhibition at the National Museum of Art and received Christmas gifts.
- Annual support for the Children's Foundation of Latvia summer camps for children with special needs. In 2023, summer camps were also organised for Ukrainian refugee children.
- Nākotnes Atbalsta fonds in cooperation with the Embassy of Ukraine, took part in charity campaign "Million Lives and Trees of Memory", dedicated to the defenders of Ukraine, and made sure that 25 guelder rose saplings were planted in the Ukrainian Garden in Riga.
- A memorial stone to the victims of the Holodomor was set up in the Ukrainian Garden in Riga.
- Christmas presents were collected and handed over to children from refugee families.
- Support project in cooperation with Pauls Stradiņš Clinical University Hospital Development Society for providing dental services to Ukrainian civilians
- Ukrainian children visited exhibition "Green and Greener" supported by Nākotnes Atbalsta fonds
- Charity campaign to raise funds for victims of humanitarian and ecological disaster caused by the destruction of Kakhovka Dam
- Charity auction to support Ukraine, organised by ArtEmbassy auction house at Rietumu Capital Centre gallery

**In 2023, more than EUR 50.000 or approximately 0.5% of the Bank's profit was donated to Ukraine.**

**In 2023, Rietumu Banka Chairman of Executive Board Jeļena Buraja, member of the Council at Nākotnes Atbalsta fonds, received special gratitude from the Ambassador of Ukraine to Latvia for extensive assistance to Ukraine.**



## Stakeholders

The Group has identified stakeholders who influence sustainable development of the Group's operations and whose sustainable operations are influenced by the Group. The Group has assessed the stakeholders' needs and types of influence.

The Group actively cooperates with all stakeholders and builds transparent relationships with the stakeholders. Initial stakeholder engagement and cooperation towards sustainability preemptively contributes to reducing the likelihood and impact of sustainability risks and efficiency of the management thereof, at the same time it does not obstruct achievement of the business development strategy objectives. This enables the Group to make a comprehensive positive impact and develop even more sustainable solutions.

The Group pursues stakeholder engagement by both strengthening implementation of the Group's sustainability principles and by improving knowledge of the impact of sustainability risk factors on stakeholders' business models, and by preventively reducing the likelihood and impact of sustainability risks emanating from stakeholders.

The Group is committed to communicating to stakeholders the requirements of the sustainability principles across its operations and value chain, progress with sustainability risk governance and related key performance indicators, including the projected measures. The Sustainability Report provides stakeholders with comprehensive information about the Group's performance and sustainability progress.

Stakeholders	Sustainability priorities	Impact tools	Impact channels
Shareholders	Governance	Internal processes	Governance measures
Employees	Environment, social, and governance	Internal processes	Involvement, training, information notices, surveys
Clients	Environment, social, and governance	Products and services	Information notices, questionnaires, guidelines
Cooperation partners	Environment, social, and governance	Internal processes, external activities	Information notices, guidelines
Public authorities	Governance	Compliance assurance	Monitoring, control, correspondence, dialogue

## Customers and End-users

Customers are the party that is influenced the most. The Bank's operations focus on serving large and medium-sized enterprises, as well as high net worth individuals in Latvia and other Baltic and European countries.

In 2023, the Bank's internal culture and efficiency of operations were improved to enhance the range of quality services and products already provided to customers.

Clients are offered personalised service with strict adherence to the principles of data protection, non-discrimination, fairness and transparency.

Recognising that the Bank, as a financial institution, plays an important role in the creation and development of a sustainable economy, customers and partners are supported in the process of transition and adaptation to climate change goals.

In 2023, the Bank issued a number of large loans to support business growth in Latvia, including a EUR 25 million loan to Astor Group for development of its hotel business and a EUR 48 million loan to Riga Retail Park, the owner of the Sāga shopping centre.

*Since last year, the Bank has been actively involved in financing of and investing in renewable energy development projects: solar parks, hydroelectric power stations, etc. The transition to a green economy is in line with our business development and sustainability plans and objectives, and also in line with the needs of our customers. We aim to make a significant contribution to the renewable energy industry.”*

**Artūrs Jukšs,  
Head of Loan Department at Rietumu Banka**

The Bank is committed to promoting sustainable business models for its customers, helping them reduce the environmental impact of their business operations.

The Bank’s clients include:

- Corporate clients with a clear legal and organisational structure, whose operations comply with regulatory requirements and the Bank’s policy
- Private individuals, business owners with clear origin of funds, good reputation, who are residents of EU member countries.

Rietumu Banka does not cooperate with clients whose business operations or ownership/participation structure may cause disproportionately high risk of money laundering and terrorism or proliferation financing (ML/TPF), sanctions or reputational risk.

The Bank pursues a clear and

comprehensive “Know Your Customer” policy.

Information about risks and opportunities related to products and services of the Bank is communicated to customers on website [www.rietumu.com](http://www.rietumu.com) and via the Internet bank.

The Bank will terminate business relationship with a customer if, during the course of the cooperation, disproportionately high and uncontrollable ML/TPF, sanctions or reputational risks are identified regarding the customer.

In 2023, the number of the Bank’s customers increased by 30% compared to 2022, and the bank had 3,635 new customers.

Long-standing and successful cooperation continued in 2023: 20% of the Bank’s clients have been cooperating with the Bank for more than 20 years and 10% for 10-20 years.

	Number of clients		Over 20 years		10-20 years		Less than 10 years	
	2022	2023	2022	2023	2022	2023	2022	2023
<b>Customers – Loro banks</b>	10	13	0	0	5	5	5	8
<b>Corporate clients</b>	1378	1296	62	68	270	281	1046	947
<b>Private individuals</b>	10700	14414	637	666	1379	1285	8684	12463
<b>Total:</b>	<b>12088</b>	<b>15723</b>	<b>699</b>	<b>734</b>	<b>1654</b>	<b>1571</b>	<b>9735</b>	<b>13418</b>

The Bank’s financial solutions are tailored to the individual needs of its customers, taking into account the details and objectives of their projects.

The Bank’s clients are companies operating in sectors such as green

energy, food production, commodity production, commercial and residential real estate development, construction, import and export transactions, financial services, technology, trade, etc.



The Bank offers a full range of modern services, with a particular emphasis on tailor-made business financing solutions, including lending for new projects, refinancing of existing

liabilities, credit lines and business investments. In five years, the Bank has provided financing of more than EUR 1 billion. 'Green' loans represent 37% of the Bank's total loan portfolio.

*"In our daily cooperation with clients, we have seen that interest in various ESG-related issues has increased significantly in the course of time. By analysing the requirements and suggestions of our clients, we have realised that ESG is not something elusive, but an opportunity, including when thinking about their future prospects. Integrating ESG criteria into our product offering is the Bank's goal for 2024, as we believe that this is how we can achieve long-term objectives of both the Bank and our clients by promoting sustainable and responsible business practices."*

**Jānis Plikšs,**  
**Head of Customer Management at Rietumu Banka**

**In 2023, the Bank terminated cooperation with 108 clients.**

Termination of cooperation, number of cases	2021	2022	2023
	373	102	108

**Disclosures**

To ensure accuracy and transparency of disclosures, the Group collects and aggregates data within its value chain to the extent possible.

The Group's value chain includes suppliers, equipment manufacturers, employees, customers, transport companies, processing companies and local communities.

In 2023, the sustainability section of the Bank's website was upgraded to facilitate easy, quick access to information for its end-users.

The Group ensures clarity, accuracy and veracity of the information provided to customers.

The Group is one of the major Latvian companies that, in accordance with the European Union's Corporate Sustainability Reporting Directive, will be obliged to include a sustainability report in the management report of the

financial statements in 2025.

For the Group, 2023 is an important preparatory year for sustainability disclosures. The Group has actively studied regulations related to the Directive and raised its competencies and readiness in line with the requirements of the Sustainability Reporting Standards.

In 2023, the Bank complied with the disclosure requirements under Regulation 2019/2088 and Regulation 2022/1288 regarding the Bank's individual portfolio management service by disclosing information on environmental and social performance and sustainable investments in the Sustainability-Related Information section of the website, as well as published statements on investment decisions' most significant negative impacts on sustainability factors.

## Procurement and Suppliers

In 2023, as part of its regular supplies, the Bank received:

- 1) Office equipment
- 2) Computer equipment
- 3) Stationery, office supplies
- 4) Plastic cards for the production of payment cards
- 5) Paper recycling services

In 2023, purchases of paper and stationery with a manufacturer's ecolabel and/or a label stating that they are made from recycled materials is continued.

The procurement process takes into account ESG principles, which focus on assessing the availability of environmentally-friendly alternatives on the market and, where possible, choosing more sustainable products and services. To ensure an efficient and effective supplier selection process, the Bank chooses to cooperate with reliable suppliers with relevant competencies and quality indicators.

The Bank evaluates and selects suppliers of goods and services on the basis of the following criteria:

- Financial standing
- Reputation
- Qualifications of the workforce
- Appropriate technical capabilities
- Prior experience
- ESG risk assessment
- Sustainability aspects

It is important to the Bank that activities of suppliers are consistent with the Bank's values. Consequently, in 2024 the procurement process for assessing suppliers and bids' compliance with sustainability principles will also be improved.

Ordering of stationery is centralised through a single electronic system. The number of deliveries of services and goods has been reduced and is carried out in a planned manner to reduce transport emissions.

## Governance

A Corporate Governance Policy was developed in early 2023. The Bank has a strong and transparent corporate governance framework based on internal regulatory documents. All the Bank's business decisions are made in Latvia.

The Bank pursues a sustainable approach in line with the Bank of Latvia's nine-step roadmap and requirements for a sustainable financial sector.

The Bank's corporate governance is based on the following principles:

- Sustainable and responsible development
- Openness and transparency
- Clearly defined roles, responsibilities and accountability
- Effective internal control
- Compliance
- Staff performance and professional development
- Cooperation with stakeholders
- Equal opportunities
- Ethics and prevention of conflict of interest

*"In order to achieve a common understanding of the regulatory requirements in the area of sustainability, the Bank has organised training at different levels to ensure that staff are clear on the regulatory requirements, approach, needs and objectives. To ensure transparency of sustainability reporting data in line with international standards and the Bank's generally accepted practices, more information needs to be disclosed at the Group level than has been done in the past by increasing the collection, storage and analysis of data related to sustainability reporting, by designing and adapting internal processes and by further development of internal resources. It is necessary to continue changes to internal processes and products and to consider the use of different systems and resources to ensure accuracy, consistency and accessibility of the information provided, as well as compliance with regulatory requirements and the Sustainability Strategy."*

**Natalija Bojšakova,  
Head of Compliance Management at Rietumu Banka**

## Risk Management

The Bank and the Group's internal regulatory framework sets out the general principles, guidelines, obligations and measures to be followed in sustainability risk management. This Report is coordinated and compiled by the Bank's manager of sustainability projects, who engages experts in the relevant functions or processes to provide information specific to the requirements, taking into account data availability and strategic considerations. To mitigate the risks associated with qualitative disclosures, the Bank applies a number of controls, such as the 'four eyes principle'. For quantitative disclosures related to climate and environmental data, the Bank follows internal data governance requirements and principles. The primary source of data for collection is the internal database and, where internal data are not available, the Bank seeks to collect primary data directly from clients or external data sources that provide reliable information.

Sustainability risk management, as an integral part of risk management, is comprehensive and is implemented at all levels and in each business unit. To ensure this, the Group and the Bank apply the three lines of defence risk models across all functions and define clear roles and responsibilities, develop and continuously improve the risk management framework, organise internal and external training, assign responsibilities, implement dual controls and the 'four eyes principle', and avoid any potential conflicts of interest. In addition, the Bank and the Group ensure that all material risks are identified, assessed, monitored, managed and controlled. The Credit Risk and Enterprise Risk Management Administration and the Information Systems Security Department perform independent control functions and are responsible for ensuring that the Bank and its

subsidiaries have an appropriate risk management framework and that all business units operate in accordance with this framework.

In managing risks, the Bank and its subsidiaries seek to take into account the known risk origins, sources and factors, including sustainability risk factors. The Bank and its subsidiaries manage sustainability risk in accordance with the established Risk Management Strategy. In addition, the Bank and its subsidiaries define, assess and document a sustainability risk profile and conduct a sustainability materiality assessment in accordance with the established Risk Management Policy and Risk Profiling Procedure. The Bank and the Group's risk management policies are regularly reviewed to take into consideration changes in the regulatory environment, market conditions, products and services offered, as well as learning new best practices and experience.

All types of risks are assessed as intangible or material sustainability risks in terms of materiality of sustainability risks. The purpose of the sustainability risk profile assessment is to reflect the sustainability risk factors to which the Bank and its subsidiaries are most exposed in their operations and the channels and triggers through which they are transmitted. The assessment of the sustainability risk profile is based on a methodology where, for each individual risk type, the likelihood and consequences of the occurrence of events impacting sustainability are assessed in accordance with the requirements of the Risk Management Policy and the Risk Profiling Procedure. Based on the results of the 2023 sustainability risk profile assessment, credit risk, market risk and operational risk were identified as the risks with potentially the most significant impact on sustainability.

<b>Processes for managing material sustainability risks</b>	<b>Credit risk</b>	<b>Market risk</b>	<b>Operational risk</b>
<b>Risk management strategy</b>	Credit risk management strategy and appetite framework, credit risk management and monitoring framework	Market risk management strategy and appetite framework, market risk management and monitoring framework	Operational risk management strategy and appetite framework, operational risk management and monitoring framework
<b>Risk management policy</b>	Credit risk taxonomy, general risk management and control requirements	Market risk taxonomy, general risk management and control requirements	Operational risk taxonomy, general risk management and control requirements
<b>Identification</b>	Risk profile assessment procedure	Risk profile assessment procedure, market risk management policy	Risk profile assessment procedure, operational risk management policy, incident management
<b>Measurement and assessment</b>	Limit setting and control procedure, ICAAP and ILAAP, risk profile assessment procedure, daily/ weekly/ monthly/ quarterly reporting process	Market risk management policy, limit setting and control procedure, ICAAP and ILAAP, risk profile assessment procedure, daily/ weekly/ monthly/ quarterly reporting process	Operational risk management policy, limit setting and control procedure, ICAAP and ILAAP, risk profile assessment procedure, daily/ weekly/ monthly/ quarterly reporting process
<b>Response</b>	Plan for resumption of operations, contingency funding	Market risk management policy, plan for resumption of operations, contingency funding plan	Operational risk management policy, plan for resumption of operations, contingency funding plan, business continuity plans
<b>Control and supervision</b>	Limit setting and control procedure	Market risk management policy, limit setting and control procedure	Operational risk management policy, limit setting and control procedure

ICAAP – Internal capital adequacy assessment process

ILAAP – Internal liquidity adequacy assessment process

For Credit and Market Risks, the main aspects influencing the sustainability risk factors of the Bank and its subsidiaries are changes in market and consumer behaviour, population migration, political instability and non-compliance with regulatory requirements and international best practices, while for Operational Risk, the main aspects impacting the sustainability risk factors are non-compliance with regulatory requirements and international best practices, data and information security, inadequate environmental and social risk management, corporate and risk

culture.

In 2023, the Bank hired external expert and consultants to improve integration of sustainability risk factors into risk management.

In 2024, the Bank is planning to conduct an analysis of internal shortcomings to identify weaknesses in the sustainability risk management framework and controls. The findings will be discussed at meetings of the Council and the Executive Board and serve as important input for improvement of processes and annual disclosures in the 2024 Report.

*"We do know that sustainability is not a fad, it is the foundation of the viability and profitability of any present-day company. The Green Deal is unstoppable and in a few years we will be living in a 'low carbon' society – this is the reality of the future and this is what we are preparing for at this time. That is why we are working hard to integrate ESG factors into the management of all risks, the Bank's business processes and our cooperation with customers, service providers and other partners."*

**Sandris Straume,**  
**Member of the Executive Board, Chief Risk Officer at Rietumu Banka**

## Internal Control

In order to improve effectiveness of the internal control system, **the following initiatives were implemented in 2023:**

- 1st line of defence has been significantly strengthened. A Customer Research Unit has been established at the Customer Management Department. Accordingly, the division of functions between the 1st and 2nd defence lines has been revised with a view to strengthening the research processes.
- A new process and technical tool for documenting the results of low- and medium-risk customer research in the 1st line of defence has been developed.
- Review of internal regulatory documents and improvement of certain processes in line with

recommendations of the Bank of Latvia and the Internal Audit Service.

- Extraordinary assessments of the sanctions risk level were carried out, analysing changes in customer behaviour and the causes thereof, as well as regular analyses of the typology of sanction violations and evasion and the necessary control scenarios.
- The Bank has been commended by the competent public authorities for work on management of sanctions risks and quality of its reports, and is regularly invited to public authorities' meetings on sanctions.
- In 2023, the Bank paid significant attention to quality control and improving employees' competences, with around 40 training sessions on AML/CFT and sanctions for the Bank's staff.

## Remuneration Principles

At the beginning of 2023, the Bank's Remuneration Policy was updated to make the remuneration system fairer and more motivating in order to attract competent qualified employees in the long term and motivate them for quality performance and increased efficiency, promoting employees' level of responsibility and initiative.

The objective of the Remuneration

Policy is to facilitate implementation of a personnel policy that is consistent with the Bank's mission, objectives and development strategy, to balance out salaries and improve competitiveness in the banking sector. The Remuneration Policy is aimed at stable and competitive remuneration that is always paid on time, with social guarantees and benefits.

### **The Bank implements best practices and innovations in sustainable finance and remuneration principles, keeping abreast of developments and adhering to the following:**

- Gender equality and gender equity, offering equal pay for equal work
- The principle of fairness, by offering remuneration commensurate with the experience and competence of the employee

### **The Bank's Remuneration Policy:**

- Supports the Bank's ability to attract, develop and retain highly motivated, competent and goal-oriented employees
- Is gender neutral
- Ensures that remuneration is commensurate with the employee's performance
- Ensures fair remuneration that is competitive in the labour market

Remuneration for each employee is determined according to his or her professional qualifications, competence and experience, taking into account the complexity and responsibility of the job and the level of remuneration for the job in the labour market.

Remuneration comprises a fixed part, which is not related to the employee's performance and is made up of the salary and allowances specified in the employment contract, and a variable part, which depends on the employee's performance and assessment of the performance.

Performance assessment for all employees takes place annually. The Remuneration Committee also sets

financial and non-financial targets for the Executive Board on an annual basis, as well as their impact on the variable part of remuneration, and follows work on these targets.

The variable part of employees' remuneration that affects the Bank's risk profile is determined through an assessment of the performance of the given employee at least annually, assessing both qualitative and quantitative criteria in combination with the overall performance.

The employee's performance takes into account the performance indicators for the reference year and the past two (2) years, if available.

## **Business Ethics**

The Bank and the Group's priority is to maintain an environment that prevents ethical misconduct, corruption and/or conflict of interest situations.

The Conflict of Interest Management Policy sets out strict basic principles – no material or other interest on the part of an employee or related party is allowed.

The Bank adheres to corporate values, including high standards of professional

conduct and ethics, to ensure that employees perform their duties with the utmost integrity, are impartial in the performance of their duties and decision-making, comply with laws and regulations, and conduct themselves in accordance with high ethical standards.

The Bank regularly provides training and advice on the management of conflict of interest situations.

## **Whistleblowing**

**The Bank has established a procedure for reporting risks, violations and shortcomings observed in the Bank's operations. Employees have access to a number of channels for reporting various violations:**

- Operational risk cases
- Operational compliance risk
- Conflict of interest situations
- AML/CFT and sanctions violations
- Illegal or unethical transactions
- Violations within the meaning of the Whistleblowing Law

**Employees have the right to be consulted and inquire about any risks and violations related to the Bank's operations.**

The Bank has several reporting channels for interested parties to report any information or suspicions of corruption, fraud, conflict of interest or other illegal activity involving the Bank, its subsidiaries and their employees.

An employee may submit an anonymous report by filling out the anonymous

reporting form on the Bank's Intranet.

Employees may raise the alarm about alleged or actual violations that may harm public interest within the meaning of the Whistleblowing Law, the Financial Instruments Market Law, the Credit Institutions Law, by email: [trauksme\\_RB@rietumu.lv](mailto:trauksme_RB@rietumu.lv).

Ombudsman of Finance Latvia Association, which handles customer complaints about the conduct and services provided by credit institutions registered in the Republic of Latvia: phone: +371 67284562, email: [ombuds@financelatvia.eu](mailto:ombuds@financelatvia.eu) or [rietumu.com](mailto:rietumu.com).

In the Complaints and Suggestions section of the Bank's website [rietumu.com](http://rietumu.com)  
By phone: +371 67025555, or by email: [complaint@rietumu.lv](mailto:complaint@rietumu.lv).



In 2023, 69 submissions were received through the reporting channels, of which 30 were classified as complaints. The complaints concerned the Bank’s tariffs and commission, customer service – including payment processing and execution, loans and financial instruments. Compared to 2022, the number of complaints decreased by 46%. Most of the complaints were unfounded.

	<b>2022</b>	<b>2023</b>
<b>Submissions</b>	<b>12</b>	<b>39</b>
<b>Complaints</b>	<b>55</b>	<b>30</b>
<b>Total:</b>	<b>67</b>	<b>69</b>

**Anti-corruption principles**

**The Group’s business principles are based on the fundamental values of integrity and accountability.**

**The Group has zero tolerance for bribery (corruption, bribe-giving, bribe-taking) in any form.**

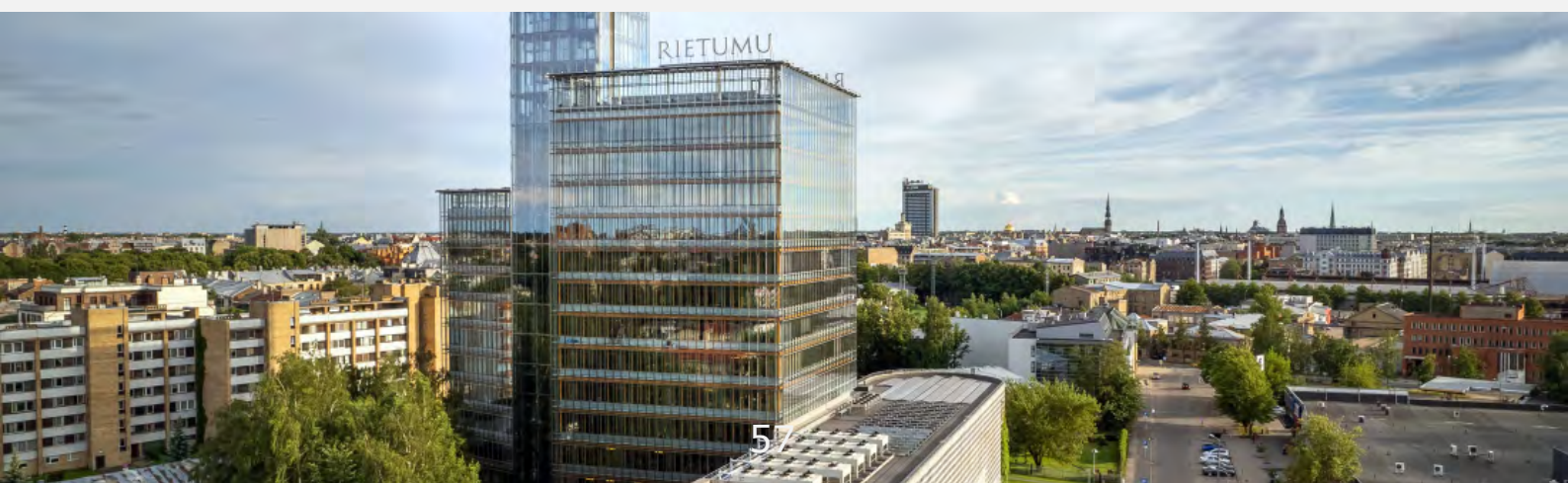
**The Group expects strong and clear intolerance:**

- From the Bank’s senior management (Council, Executive Board and persons performing key functions)
- Employees
- Subsidiaries
- Partners
- Counterparties
- Suppliers
- Agents
- Other institutions that have business relationship with the Bank
- Customers

**Employees have the right to be consulted and inquire about any risks and violations related to the Bank’s operations.**

**The Anti-Corruption Policy sets high ethical standards, open and honest business management, efforts to develop corporate culture and ensure compliance with the principles of best corporate business practices, as well as to maintain an impeccable reputation. Compliance with the Policy is mandatory for all employees, regardless of their position.**

**Employees are obliged to report cases of corruption and any suspicion of corruption. Reporting is anonymous and confidential. It does not have negative consequences for the whistleblower.**



## **Sanctions policy**

The Group has zero tolerance for violations of sanctions regimes.

The Group refuses to engage in any transactions that may violate applicable UN, EU and LV sanctions regimes, as well as complies with the OFAC sanctions regime.

The Group takes all applicable measures to mitigate and prevent the risk of violations and circumvention of sanctions within the Group.

The Group continues to apply and develop measures to mitigate sanctions risk after 24.02.2022 and has set up transaction monitoring alerts regarding payments with business partners in Russia and Belarus.

The Group provides internal and external training on sanctions and sanctions risk management to all employees based on their responsibilities and role in the sanctions risk management process.

The Group's Sanctions Officer ensures effectiveness of sanctions monitoring and best practices and compliance with binding sanctions regimes.

## **Data security**

When processing personal data, protection of privacy is of particular importance. The Bank and the Group always make sure that processing of personal data of customers and employees is carried out in accordance with the applicable privacy and personal data protection regulations.

We have the highest quality information technology and information security management, protecting both the Bank and the Group's information and infrastructure (cyber security) and customer data.

The Bank provides all employees with training on personal data protection and data security, prevention of corruption and compliance with sanctions.

## References to GRI indicators

GRI indicator	Disclosures	Page
<b>GRI 2</b>	<b>General disclosures</b>	
<b>1 The organisation and its reporting practice</b>		
2-1	Information about the organisation	SR4
2-2	Entities included in the organisation's sustainability reporting	SR4
2-3	Reporting period, frequency and contact point	SR5, 53
2-4	Restatements of information	SR3
2-5	External assurance	SR3
<b>2 Activities and workers</b>		
2-6	Activities, value chain and other business relationships	SR42, 43, 44, 45, 50
2-7	Employees	SR30, 31, 32, 33, 34, 35
2-8	Workers who are not employees	SR32
<b>3 Governance</b>		
2-9	Governance structure and composition	SR16, 17, 18, 19
2-10	Nomination and selection of the highest governance body	SR17
2-11	Chair of the highest governance body	SR16, 17, 18, 19
2-12	Role of the highest governance body in overseeing the mgmt of impacts	IP16, 17, 18, 19
2-13	Delegation of responsibility for managing impacts	SR16, 17, 18, 19, 45, 46, 47
2-14	Role of the highest governance body in sustainability reporting	SR16, 17, 18, 19
2-15	Conflicts of interest	SR50
2-16	Communication of critical concerns	SR46, 47, 48, 50, 51, 52
2-17	Collective knowledge of the highest governance body	SR16, 17, 18, 19
2-18	Evaluation of the performance of the highest governance body	SR17
2-19	Remuneration policies	SR34,49
2-20	Process to determine remuneration	SR34,49
2-21	Annual total compensation ratio	SR49
<b>4 Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	SR5, 9, 12, 13
2-23	Policy commitments	SR3, 12, 13, 14, 44, 46, 51
2-24	Embedding policy commitments	SR3, 12, 13, 14, 44, 46, 51
2-25	Processes to remediate negative impacts	SR20-29, 44, 45
2-26	Mechanisms for seeking advice and raising concerns	SR34, 50
2-27		None
2-28	Membership associations	None
<b>5 Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	SR34, 35, 41, 50
2-30	Collective bargaining agreements	SR32
<b>Topic standards</b>		
<b>GRI-302: Energy</b>		
302-1	Energy consumption	SR20-24, 27-29
<b>GRI-306 Waste</b>		
306-2	Waste management	SR24, 25
<b>GRI-401: Employment</b>		
401-1	Employee turnover	SR31, 32

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