

OPPORTUNITY BANK AD NOVI SAD SERBIA

GRI Report 2020

Reporting period: 1.1. – 31.12.2020

102-1 Name of the organization

Opportunity bank AD Novi Sad - Serbia

102-2 Activities, brands, products, and services

OBS activities gain a prominent role in financial inclusion of clients who have almost no other option for any financing in the Serbian banking system. Thanks to the consistent fieldwork approach and personalized service adjusted to the typical OBS micro client, Opportunity Bank today is well-known as the dominant player in the financial inclusion industry in Serbia and the Bank that provides opportunities even to those who would probably be declined by other commercial banks due to inadequate income or size of business. Reaching rural areas in order to assist those who are excluded from access to traditional banking sector and doing this in a profitable way has been made possible due to the Bank's clear strategy on which products and services are within mission and scope as well as constant empirical innovations with delivery channels and application of technology in order to more effectively serve clients. The strategic mission of OBS is to, by providing financial services, create opportunities for the financially excluded to fulfill their business or life-cycle needs and improve their lives as well as the lives of their families. OBS will continue to be most relevant institution in the field of financial inclusion in Serbia, with the ultimate goal of creating universal access to finance for all those economically active before 2027.

One of the main causes of the high-level of poverty and unemployment is that low-income households, particularly those in rural areas, lack access to financing that would facilitate self-employment and entrepreneurship activities. The situation is not helped by a complete lack of lending products aimed at micro clients offered by commercial banks due to the small loan sizes, absence of collateral and the perceived high risk associated with microcredit borrowers. All this makes access to credit very problematic and between 30 and 40% of the Serbian adult population has no access to financing for business, housing or emergency needs. This leaves an almost open market of rural farmers and micro businesses underserved, which is completely in line with OBS' mission to empower underserved and financially excluded people to transform their lives. Insight into available statistics, combined with data from the Serbian Credit Bureau show significant potential, especially when it comes to micro-businesses and farmers in rural areas who are mostly underserved by regular banks. Number according to available statistical data between 62% and 91 % of clients do not have a loan. OBS has been consistently growing market share when it comes to the number of loan clients and currently is the market leader in the farmers segment and one of the leaders in the segment of entrepreneurs. As of December 2020, official figures show 45.3% OBS market share in farm lending and 25.7% in lending to entrepreneurs.

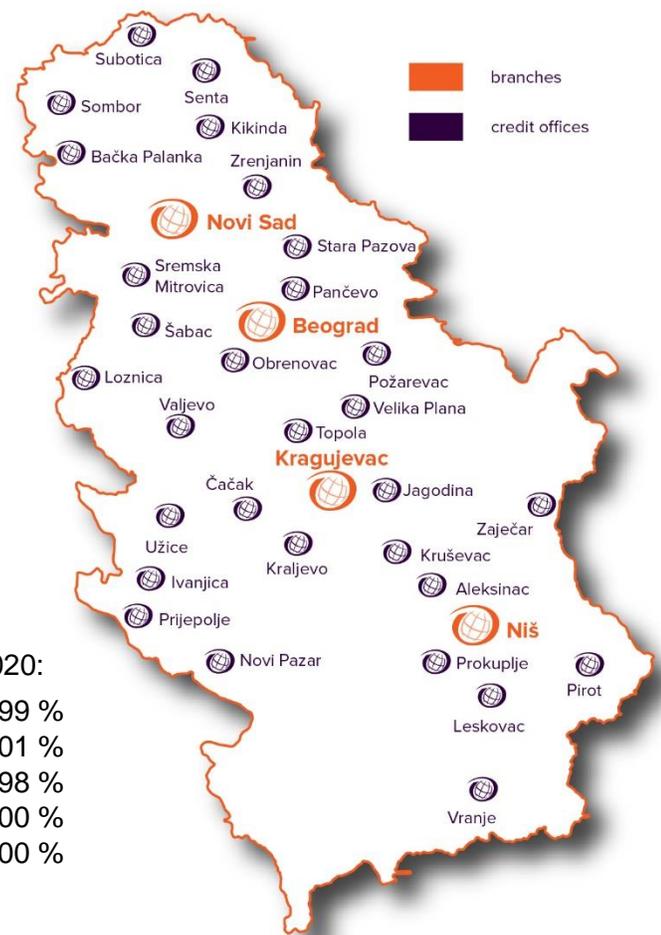
102-3 Location of headquarters

Bulevar Oslobođenja 2a
21000 Novi Sad
Serbia

102-4 Location of operations

Republic of Serbia:

1. Aleksinac	13. Novi Beograd	25. Subotica
2. Bačka Palanka	14. Novi Sad	26. Topola
3. Čačak	15. Obrenovac	27. Užice
4. Ivanjica	16. Pančevo	28. Valjevo
5. Jagodina	17. Pirot	29. Velika Plana
6. Kikinda	18. Požarevac	30. Vranje
7. Kragujevac	19. Prijepolje	31. Zaječar
8. Kraljevo	20. Šabac	32. Zrenjanin
9. Kruševac	21. Senta	33. Novi Pazar
10. Leskovac	22. Sombor	34. Prokuplje
11. Loznica	23. Sremska Mitrovica	
12. Niš	24. Stara Pazova	



102-5 Ownership and legal form

Opportunity Bank is a bank incorporated as a Joint Stock

Company with the following ownership structure as of 31.12.2020:

• UMWELTBANK AKTIENGESELLSCHAFT	29.99 %
• OTI-OPPORT.TRANSFORM.INV	22.01 %
• GLS GEMEINSCHAFTSBANK E.G.	19.98 %
• LEGAL OWNER TRIODOS FUNDS BV	14.00 %
• TRIODOS SICAV	14.00 %

102-6 Markets served

i. geographic locations where products and services are offered; Republic of Serbia

<ul style="list-style-type: none"> • Region Novi Sad • Region Kragujevac • Region Beograd • Region Čačak 	<ul style="list-style-type: none"> • Region Niš • Region Subotica • Region Užice • Region Valjevo
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ii. sectors served

- Agriculture
- Entrepreneurs
- Retail
- Services

iii. types of customers and beneficiaries.

- Micro and Small Entrepreneurs,
- Agro Households,
- Pensioners, Employees

102-7 Scale of the organization

- i. total number of employees = 442;



- ii. **total number of operations = 34 ;**
- iii. **net income = 18.8 M€ (2019)**
- iv. **total capitalization broken down in terms of debt and equity;**
 - a. 31.12.2020:
 - TOTAL CAPITALIZATION = 78.3 M€
 - DEBT =45.5 M€
 - EQUITY = 32.8 M€
- v. **quantity of products or services provided.**
 - Number of loans disbursed during 2020 = 30653

102-8 Information on employees and other workers

- a. **Total number of employees by employment contract (permanent and temporary), by gender.**
 - Total number 442
 - Men 224
 - Women 218
- b. **Total number of employees by employment contract (permanent and temporary), by region.**

Total number 442

Back Office 141	Region Kragujevac 66	Region Subotica 26
Region Beograd 27	Region Niš 50	Region Užice 19
Region Čačak 18	Region Novi Sad 39	Region Valjevo 56



- c. **Total number of employees by employment type (full-time and part-time), by gender.**
 - Full-time, woman 217
 - Part-time, woman 1
 - Full time, man 224
 - Part-time, man

- d. **Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).**

No significant variations identified.

- e. **An explanation of how the data have been compiled, including any assumptions made.**

Data is based on employee records files.

102-9 Supply chain

Bank has agreements with total of 14 suppliers.

- 4 Providers of ITC application and services
- 1 Provider of Staff salaries service
- 2 Provider of security and IT security services
- 1 Provider for Physical archiving
- 2 Printing and hybrid mail providers
- 1 AML and SWIFT provider
- 1 Architectural and maintenance provider
- 1 Electric power supplier
- 2 Other services providers

Local utility and water services are used for branch network.

102-10 Significant changes to the organization and its supply chain

There were no significant changes in the bank supply chain during 2020.

102-11 Precautionary Principle or approach

Bank continuously initiates measures to completely live up to its responsibilities towards employees, customers, shareholders and other stakeholder groups in line with environmental policy.

102-12 External initiatives

Bank as a member of Global Alliance for Banking on Values' signed the 3C INITIATIVE, to commit to disclose the climate impact resulting from their portfolio of loans and investments <http://www.gabv.org/news/global-banking-leaders-commit-to-align-their-carbon-footprint-with-paris-agreement>

102-13 Membership of associations

1. GABV, International
2. Association of Serbian Banks, Serbia
3. Chamber of Commerce of Serbia, Serbia
4. Chamber of Commerce of Vojvodina, Serbia

102-14 Statement from senior decision-maker

Vladimir Vukotic, CEO: "Along with our goal to have positive economic (Prosperity) and social (People) impact on the communities that we serve and on the Serbian society as a whole, Opportunity Bank has also used 2019 to start pursuing the third "P" of the triple bottom line – the goal to protect and preserve our Planet, in line with the principles of values based banking, which are embedded in the culture of the Global Alliance for Banking on Values (GABV), that Opportunity Bank Serbia (OBS) is a proud member of."

http://www.obs.rs/eng/wp-content/uploads/2020/07/OBS_annualReport_2019_web-1.pdf (Page 4)

102-15 Key impacts, risks, and opportunities

The main purpose of the SDG performance management is to ensure that the Bank is making progress in achieving its SDG goals that have been clearly set in Strategic Plan. Bank's previous mission has been focusing solely on financial inclusion but with shareholders change and potential for knowledge transfer from new shareholders, the mission change process has started toward including wider SDG goals and TBL (triple bottom line) impact to society.

OBS MISSION

The purpose of the Bank is: (a) to be a bank with a social and environmental conscience, with focus on those who are currently having difficulty accessing the financial services; (b) to provide banking services to sole traders, individuals or viable organizations that have positive economic, social or environmental impact to society; and (c) to achieve sustainable returns for itself and its stakeholders

The SDGs are a universal set of targets and indicators designed to help to end poverty, protect the planet and ensure prosperity for all as part of a new global sustainable development plan. In order to support reaching of the Sustainable Development Goals the Bank is focusing the activities and impact on the following five SDG goals of 1. No Poverty, 2. Zero Hunger, 8. Decent work and economic development, 12. Responsible consumption and production and 13. Climate action.



Goal 1. No Poverty

- To have at least 75% all OBS new loans to clients categorized as rural clients (with residence in rural areas)

- To have at least 40% of new loan clients categorized as under-banked (those who had no loans prior to taking a loan in OBS, according to the Credit Bureau)
- To have at least 25% share of new loans to loan clients categorized as Low Income Clients.

Bank will make a meaningful difference through maintaining the share of rural clients, underbanked clients and Low Income clients in total OBS portfolio and increasing the number of loans disbursed to these groups year on year.



Goal 2. Zero Hunger

Bank finances agro households and agriculture production thus helping the food market diversification and food availability. Bank will make a meaningful difference through maintaining the share of agro loan clients in total OBS portfolio (number of clients) at min. 35% also by increasing the number of loans disbursed to clients in agro portfolio year on year.



Goal 8. Decent work and economic development

Bank is financing startup entrepreneurs, micro SME and agro households which, together with regular loans also leads to clients growth. Bank will make a meaningful difference through increasing the number of jobs created by 7% comparing to the previous year, by maintaining the share of business loan clients in total OBS portfolio of min 20% and by increasing the number of loans disbursed to micro SME and entrepreneur clients year on year.



Goal 12. Responsible consumption and production

Bank has adopted principles of reduction of internal impact on the environment, reduction of energy consumption (and using green electric energy), paper, waste and reduction of CO2 footprint. Bank will make a meaningful difference through reduction of the climate impact of our operations intensity measured in tCO2e per year/FTE by 3% comparing to the previous year.



Goal 13. Climate action

Bank integrates environmental concerns, with social, cultural and economic considerations. We consider environmental aspects in lending process. Bank uses Exclusion list of activities, measures portfolio impact by PCAF standard as well as GABV score and reports in line with GRI principles. Bank is one of the signatory of the GABV 3C Carbon initiative. Bank will make a meaningful difference through the development of the Green loan products and green portfolio during 2022.

102-16 Values, principles, standards, and norms of behavior

Compliance Policy approved by the Board of Director describes the following compliance standards: Mutual respect and Non-Discriminatory Policy; Zero tolerance for any form of bribery and corruptions; All employees shall avoid conflict of interest; Equitable and fair treatment of customers; Responsible business conduct etc... Compliance Policy also contains Bank's core values: Commitment; Humility; Respect; Integrity; Stewardship; Transformation.

Additionally, in accordance with the Labor Rulebook approved by Executive Board all employees shall acting professionally toward clients and colleagues and should never abuse their position in Bank. Compliance Department performs regular annual trainings for all Bank's employees including the Executive Board members, regarding the compliance topics and standards. All employee shall sign the appendix 2 to the Labor Agreement "Code of conduct and confidentiality of information". All OBS partners in accordance with their agreements concluded with Bank are obliged to apply compliance standards. In accordance with the Compliance Policy, ultimate responsibility for the application of the Bank Code of Ethics lies with the Executive Board. Compliance Policy is available in Serbian and English language. Labor Rulebook is available only in Serbian language.

102-45 Entities included in the consolidated financial statements

There are no entities included in the organization's consolidated financial statements or equivalent documents.

102-48 Restatements of information

Since this is the first reporting period, there are no effect of any restatements of information given in previous reports, and the reasons for such restatements.



102-49 Changes in reporting

There are no changes in the reporting since this is the first reporting period.

102-50 Reporting period

1.1.2020 - 31.12.2020

102-52 Reporting cycle

Annual reporting cycle

102-53 Contact point for questions regarding the report

Miodrag Džodžo, Sustainable development goals director,

Email mdzodzo@obs.rs tel +381 62 757-478

102-54 Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI Standards: Core option

102-56 External assurance

Bank has no specific policy and practice with regard to seeking external assurance for the GRI report.

302-1 Energy consumption within the organization

- a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
Petrol and Diesel = 152,8 t
- b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
None
- c. In KWh, the total:
 - i. electricity consumption



- ii.
 - a. **669,1 MWh**
- heating consumption
 - a. **260,4 MWh**
- e. Total energy consumption within the organization, in joules or multiples= 9,15 GJ annually
- g. Source of the conversion factors used.
 - https://www.rapidtables.com/convert/energy/kWh_to_Joule.html
 - <https://deepresource.wordpress.com/2012/04/23/energy-related-conversion-factors/>

303-2 Management of water discharge-related impacts

Bank has no specific standards set for the quality of effluent discharge. Bank uses local municipality effluent receiving network. Organization produces common water discharge from water sinks, kitchens and toilets.

303-3 Water withdrawal



- a. Total water withdrawal from all areas is 1,8 megaliters per year 100% from third-party water.
 - c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
 - i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids);
1,8 megaliters per year
 - ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). **None**
- The data have been compiled based on the municipal utility service invoices for 2019.

303-5 Water consumption

Bank total annual consumption is 150 m³ per month or 1,8 megalitres per year. Bank measures water consumption via water bills from local utilities providers.

304-1 Operational sites near high biodiversity value

Banks branches and business units are located in populated areas out of the sites with high biodiversity value.

304-2 Significant impacts on biodiversity

There is no significant direct and indirect impacts on biodiversity of the banks operations.

304-4 IUCN Red List species and national conservation list species

Banks operations do not have impact on IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization.

305-1 Direct (Scope 1) GHG emissions

- a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent = **876,52 tCO₂e**
- b. Gases included in the calculation; **CO₂**
- c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. **None**

305-4 GHG emissions intensity

- a. GHG emissions intensity ratio for the organization.
 - GHG emissions intensity = **2,11 tCO₂e per FTE**
- b. Organization-specific metric (the denominator) chosen to calculate the ratio.
 - FTE – Full time equivalent**
- c. Types of GHG emissions included in the intensity ratio: **direct (Scope 1),**

d. Gases included in the calculation: CO₂

305-6 Emissions of ozone-depleting substances (ODS)

Bank does not produce, imports or exports of ozone depleting substances.



306-2 Waste by type and disposal method

Regarding waste and disposal bank provides the following information:

Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:

- i. Reuse =0 t
- ii. Recycling =1,14t electrical waste including laptops, computer screens, PC, printers, scanners and 6 kg of fluorescent lighting pipes
- iii. Composting =0 t
- iv. Recovery, including energy recovery =0 t
- v. Incineration (mass burn) =0 t
- vi. Landfill =0t
- vii. On-site storage = 5kg fluo pipes, 10kg electric heaters, 150kg lighted bank signs.
- viii. Other =0t

Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:

- i. Reuse =0 t
- ii. Recycling = 24 kg paper, 56kg plastic
- iii. Composting =0 t
- iv. Recovery, including energy recovery =0t
- v. Incineration (mass burn) =0t
- vi. Landfill = 7 t non hazard waste (office material, furniture etc)
- vii. On-site storage = 1t (office material)
- viii. Other =0 t

How the waste disposal method has been determined:

Disposal methods are determined in accordance with the Law on Waste Management and bylaws in this area (Regulations, regulations), the Opportunity Bank's Waste Management Plan, which accompanies the document on the movement of waste depending on its category (hazardous / non-hazardous). At the beginning of each year, and no later than March 31, the annual report on the waste of the waste producer for the previous calendar year is submitted on the GIO1 form. Form GIO 1 is filled in through the information system - NRIZ and additionally submitted to the Agency on the forms that are printed from the information system NRIZ.

306-3 Significant spills

No significant spills were recorded in the observed period.

306-4 Transport of hazardous waste

a. Total weight for each of the following:

- i. Hazardous waste transported = 1.14t electrical waste, 0.006t fluorescent tubes
- iv. Hazardous waste treated = 1.14t electrical waste, 0.006t fluorescent tubes

b. Percentage of hazardous waste shipped internationally = **0**

c. Standards, methodologies, and assumptions used.

- Law on Waste Management;



- Waste Management Plan - Opportunity Bank;
- Waste catalog - Instructions for determining the index number;
- Regulation on products that after use become special waste streams;
- Rulebook on the form of Daily Records and Annual Waste Report;

306-5 Water bodies affected by water discharges and/or runoff

No water bodies and related habitats were significantly affected by water discharges and/or runoff.

307-1 Non-compliance with environmental laws and regulations

There were no significant fines, non-monetary sanctions or cases brought through dispute resolution mechanisms.

308-1 New suppliers that were screened using environmental criteria

Bank did not perform the screening of the new suppliers using the environmental criteria.

Date: 31.5.2021

In Novi Sad