

Diversity and Inclusion Policy of DSK Bank AD

03/2022

Responsible unit: Human Resources Directorate

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I. Objective

1. The present Diversity & Inclusion (“D&I”) Policy (the “Policy”) of DSK Bank AD (“The Bank/ DSK Bank”) commits to ensuring a diverse and inclusive culture within DSK Bank Group (the “Group”).
2. The Policy promotes diversity on the management body, in order to promote a diverse pool of members, with aim to engage a broad set of qualities and competences when recruiting members of the management body, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the management body, aiming at an appropriate representation of all genders within the management body and ensuring that the principle of equal opportunities is respected when selecting members of the management body.

II. Regulatory and legislation documents referenced:

3. Internal framework:
 - 3.1. Code of Ethics of DSK Bank AD;
 - 3.2. Rules of Procedure of the Ethics Committee;
4. European legislative framework:
 - 4.1. Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on Prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (hereinafter: “Regulation (EU) No 575/2013”);
 - 4.2. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;
 - 4.3. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereinafter: “General Data Protection Regulation”);
 - 4.4. Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2021/05);
 - 4.5. Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04);
 - 4.6. Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (ESMA35-36-2319 and EBA/GL/2021/06).

III. Definitions

5. “**DSK Bank Group/Group**”: DSK Bank AD and its subsidiaries, in which DSK Bank has direct or indirect qualified shareholding;
6. “**Subsidiary**”: a company, in which DSK Bank has direct or indirect qualified shareholding;
7. “**Management Body**”: As per item 4. of ESMA35-36-2319 and EBA/GL/2021/06 the bodies having management (executive) and supervisory (non-executive) functions, i.e. the Management Board and the Supervisory Board of DSK Bank AD;

8. **„Diversity aspects“**: educational and professional background, gender, age and geographical provenance;
9. **„Ethics Committee“**: a specialized collective body, which is responsible for setting up firm guidelines for demonstrating ethical behavior by presenting positions in general and individual cases and decisions aiding interpretation. The Committee operates on the basis of the Rules of Procedure of the Ethics Committee;
10. **„Nomination Committee“**: a committee that acts as part of Bank’s corporate governance. The Nomination Committee has a key role in assessing the suitability, diversity and composition of the management body, as evaluating the members of the management body and key function holders, and examines the skills and diversity aspects required of the candidates.

IV. Scope

11. The present Policy applies to all employees, all functions and all units in the Bank, and shall apply to all subsidiaries once adopted by their Management Body.
12. Human Resources Directorate at DSK Bank AD must document and report any deviations from the present Policy to the Nomination Committee. Furthermore, they monitor and closely follow progress on the targets setting, starting from the 2023 year with ambitions to ensure the right focus and efforts.
13. The Nomination Committee shall decide on a target for the representation of the underrepresented gender in the management body.

V. Mission statement

14. The mission of DSK Bank Group is to create a working environment, where its committed employees are able to work in a diverse, mutually supportive team and in an inclusive working culture enabling them to work to the best of their potential. Diversity and inclusion are essential to the implementation of the corporate strategy.
15. Inclusion means creating equal opportunities to everyone to join the DSK community, to develop himself or herself and to move forward.
16. The present Policy aims to promote a more diverse and inclusive culture in DSK Bank, in order to stay relevant to the customers, employees, shareholders and society in the future.
17. A diverse culture is about inviting, welcoming and embracing multiple competencies, viewpoints and perspectives into DSK Bank to help the company to become more open and informed, and reflect the diversity of the societies the Bank is part of.
18. Essentially, an inclusive culture is about nurturing a sense of belonging in the workplace. When people belong, they are comfortable with expressing themselves openly, freely and in their own voice and feel empowered to make a difference.
19. A diverse and inclusive culture will create equal opportunities for DSK Bank’s employees and value for the Bank as a workplace and a business. It will unlock the full potential of the employees, provide a competitive edge and help become a better Bank for all stakeholders.

VI. Principles of the present D&I Policy

DSK Bank has committed to several principles in this D&I Policy, as follows:

20. Principle 1: Diversity

- 20.1. The Bank is committed to improving diversity across all diversity aspects as these are important levers to broaden the thinking and perspectives.

20.2. The Bank is in particular committed to increasing the share of the underrepresented gender in the management as the equal gender split in the general workforce is not reflected across all management levels.

20.3. DSK Bank aims to achieve this by strengthening D&I perspectives in the HR processes, e.g. with a key focus on the gender composition in both recruitment- and selection process, performance management process and when preparing the pipeline of talents and successors for key positions, in order to make this as balanced as possible.

20.4. The Bank strives towards an adequate diversity in terms of educational and professional background, gender and age among the members of the management body, in order to ensure diversity in their qualifications and competencies. It is a prerequisite that collectively the members of the management body shall have sufficient knowledge, professional competencies and experience to understand the Group's activities and the related risks.

21. Principle 2: Equality

21.1. The Bank is committed to ensuring that all employees are provided with equal opportunities and terms throughout the entire employee life cycle, general working conditions, pay or career development.

21.2. The Bank aims to obtain this by having the right policies and daily practices in place, and by ensuring that nomination processes are designed in a way that helps Nomination committee focus and deliver on D&I perspectives. Where appropriate, the Bank also monitors that employees are provided with equal terms and reports and acts if any discrepancies are identified within relevant areas.

21.3. The Bank is committed to ensure equal opportunities for all genders. Equal career prospects help to improve the representation of the underrepresented gender in the management body of institutions in the longer run, by facilitating the existence of a diverse pool of candidates for such positions.

22. Principle 3: Inclusion

22.1. The Bank has a zero tolerance against any kind of bullying, harassment and discrimination and is committed to creating an inclusive culture free from these behaviors.

22.2. All individuals should feel they belong, be comfortable with expressing themselves openly, freely and in their own voice and feel empowered to make a difference. It is therefore expected from both leaders and employees to demonstrate an inclusive attitude and behave in daily practices in such a way that builds and fosters an inclusive culture.

VII. Responsibilities for fulfillment of the present D&I Policy

23. It is responsibility of all employees and the management body to contribute to creating a diverse and inclusive culture within DSK Bank Group, as follows:

23.1. It is expected by all employees to behave in a way that is respectful of other colleagues and to acknowledge their individuality;

23.2. Hold in from actions and behavior that may be interpreted as harassment even if it was not the intent;

23.3. All leaders and employees proactively counteract and stop any direct or indirect bullying, harassment or discrimination.

24. The Nomination Committee of DSK Bank monitors and follows the implementation and fulfillment of the obligations of the present D&I Policy, at least once per year and at each new procedure for election of members of the management body.

VIII. Strategy goals of the D&I Policy in practice

25. The Bank pursues 3 important goals in its daily operation:

- 25.1. to develop the diversity, with its variety of views and experiences and to facilitate independent opinions and sound decision-making within the management body;
- 25.2. to provide all groups of employees with equal opportunities in the workplace;
- 25.3. to create a discrimination-free, open and inclusive workplace.

26. Concerning the employment of the under-represented gender, these 3 goals can be achieved through various programs:

- 26.1. Gender ratio in the management bodies: DSK Bank is committed to improve the gender ratio within the management bodies, while also taking into account the legal requirement that the members of the management bodies must have adequate knowledge, skills and experience. The fulfillment of the latter requirements shall remain the top priority during the selection of suitable candidates.

The goal is to have at least two female members in the Management Board and in the Supervisory Board of DSK Bank. A set of D&I targets have been defined for 2023.

Implementation: In order to ensure that there is a sufficient number of internally appointed female candidates concerning the succession planning of the management of the company, the Bank determined a proportion of at least 25% of female candidates in the leadership succession planning practice.

- 26.2. Gender-neutral remuneration policy: DSK Bank follows the expectation of a gender-neutral remuneration policy not only as a kind of principle, but it is actually reflected in the Bank's remuneration practice:

- a. In its remuneration strategy the Bank adjusts the position-based wage bands to the level of the positions and market practices;
- b. The Bank monitors the wages regularly in order to prevent any significant gender pay gaps;
- c. The Bank's performance evaluation system is based on objective indicators and/or specific objective.

- 26.3. Equal opportunities and anti-discrimination: The Code of Ethics of DSK Bank establishes and enforces the prohibition of gender discrimination not only with regard to remuneration, but concerning all aspects of the workplace environment as well. In order to ensure the latter requirement, DSK Bank Group operates an ethics whistleblowing system under the direct supervision of the Ethics Committee of DSK Bank.

27. Other diversity aspects related to educational and professional background, age, and geographical provenance are important aiming to be achieved:

27.1. educational and professional background diversity – highly educated professionals with experience in different areas, with multiple degrees will respond adequately to the new challenges in front of the banking activity; these qualities are to be assessed during the nomination of new candidates for management bodies.

27.2. targeted age diversity is focused on finding of perfect balance between know-how of the young and more experienced managers.

27.3. geographical provenance is in place although the Bank operates only in one country;

28. Inclusive approach: Creating an open and supportive workplace atmosphere is important, therefore an essential element of the group-level senior management training of DSK Bank is the leadership training on "Diversity and Inclusion".

IX. Closing Provisions

§1. This D&I Policy is adopted by the Supervisory Board on 22.03.2022 and enters into force after adoption.

Performed reviews causing actualization of the Policy:

On by (*name and position of employee*); next review date -

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