

Corporate Sustainability

Report 2021



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Making A Difference

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Abbreviations

ALCO	Assets and Liabilities Committee
AML	Anti-Money Laundering
AstroBank, Bank	AstroBank Public Company Limited
ATM	Automated Teller Machine
BoD	Board of Directors
CBC	Central Bank of Cyprus
CEO	Chief Executive Officer
CFT	Combating the Financing of Terrorism
CISO	Chief Information Security Officer
Covid-19	Coronavirus Disease
CRR	Capital Requirements Regulation
CSR	Corporate Sustainability Report
DPO	Data Protection Officer
EBA	European Banking Authority
ECB	European Central Bank
ESG	Environmental, Social, Governance
ETYK	Cyprus Union of Bank Employees
GDPR	General Data Protection Regulation
GHS	(GESY) General Healthcare System
GRI	Global Reporting Initiative
kWh	Kilowatt-hour
MW	Megawatt
NBG	National Bank of Greece
OCR	Overall Capital Requirements
P2G	Pillar 2 Guidance
Report	Corporate Sustainability Report 2021
RRF	Recovery and Resilience Facility
SDGs	Sustainable Development Goals
sKash	Electronic Wallet for p2p (Peer to Peer) Transactions
SME	Small and Medium Enterprises Unit
USA	United States of America
UK	United Kingdom
TY-ETYK	Medical Scheme of the Cyprus Union of Bank Employees
VAT	Value Added Tax
VRS	Voluntary Retirement Scheme



About the Report

The Corporate Sustainability Report 2021 (the “Report”) covers the period from 1 January to 31 December 2021 (annual reporting cycle), unless otherwise stated, and is addressed to the stakeholders of AstroBank Public Company Limited (“AstroBank”, the “Bank”). The previous report issued by the Bank was for the period 1 January to 31 December 2019. Even though it is not a regulatory obligation, the Bank opted to prepare this report for the year 2021 and onwards, to increase transparency to its stakeholders.

The Report has been renamed from Corporate Social Responsibility Report to Corporate Sustainability Report (CSR), to capture the Bank’s holistic approach towards sustainable development. Gradually, Environmental, Social and Governance (ESG) criteria will be integrated and become a core part of our business strategy, our risk management and our daily operations.

The Report has been prepared in accordance with the Global Reporting Initiative’s Sustainability Reporting Guidelines (GRI Standards): Core option. The index table for each of these standards is provided in the Appendix.

The aim of the Report is to present the strategy, activities, practices and results that the Bank has achieved during the reference year, in the wider context of sustainable development.

The content of the Report is based on the needs and expectations of the Bank’s key stakeholders as revealed from the value chain mapping and the materiality assessment exercises, carried out by the Bank. Through these exercises, the Report meets the goal of transparency, providing clear, accurate, unbiased and comprehensive information to all stakeholder groups, regarding the Bank’s approach to economic, social and environmental issues.

The ESG Unit has prepared the Report and has ensured that all material topics were covered. The Report has been reviewed and approved by the Bank’s Board of Directors.





The Report has been posted on the Bank's website, in electronic form. Any suggestions and comments regarding the Report are welcome. For any feedback in relation to the Report and its contents you may contact:

ESG Unit

AstroBank Public Company Limited
1 Spyrou Kyprianou Avenue, 1065 Nicosia, Cyprus
esg@astrobank.com



Message from the CEO

Being a key pillar of the island's banking system, supporting our clients and the economy on the basis of a sustainable growth model, is among AstroBank's main goals.



*Dear
stakeholders,*

Having gone through the pandemic and still feeling its impact today, we can safely conclude that apart from the difficulties it created, it also afforded us with the opportunity to build a better economy and society.

In our previous report, I stated that we were determined to turn this crisis into an opportunity in order to support the country and its economy and this is what we did.

At AstroBank, the many changes and challenges we successfully responded to, helped us become stronger, more resilient and better prepared as we enter this new, more demanding age.

The pandemic has laid bare the need for businesses to adopt sustainable and resilient practices and to anticipate and be able to manage ESG risks.

Environmental and social concerns have come into sharper focus during this time, pushing businesses to implement greener and sustainable methods.

Doing so, however, also opens up investment opportunities as people seek companies that integrate environmentally and socially responsible practices in their operations.



The move to a greener economy inevitably affects our clients who will require tailored solutions that will be effective in their respective sectors.

Being a key pillar of the island's banking system, supporting our clients and the economy on the basis of a sustainable growth model, is among AstroBank's main goals. This is what we did and this is what we will continue to do in a changing world that will require socially responsible and sustainable investment strategies.

We aim to simplify our processes and be able to provide clients fast, personalised services, and most importantly, make them feel they have someone on their side every step of the way.

While working to meet our clients' needs and expectations, we are also striving to reduce the bank's carbon footprint and create a modern and flexible work environment for our staff.

Moving forward, we plan to play a key role in helping people and the economy achieve the green transition, which, along with the reforms tabled by the government, will set Cyprus on the path of sustainable, robust growth.

Aristidis Vourakis
Chief Executive Officer



Who We Are

Making it Happen



AstroBank Public Company Limited was incorporated in Cyprus as a private limited liability company (Reg. No. HE189515), in accordance with the provisions of the Cyprus Companies Law, Cap. 113 and is operating under the supervision of the Central Bank of Cyprus. The registered office of the Bank is located at 1 Spyrou Kyprianou Avenue, CY-1065 Nicosia. The subsidiaries of the Group were incorporated in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113.



The principal activities of the Bank during the year continued to be the provision of banking and financial services. The principal activities of the property subsidiaries are the holding, administration and disposal of property acquired by the Bank in debt satisfaction. A separate subsidiary operates as an insurance agency.

The Bank provides banking and financial services through its branch network. As at 31 December 2021, the Bank operated 14 Retail Banking branches (decreased from 16 in 2020), 3 Service Centres for Large Corporate Companies, 1 Shipping Unit, 1 Service Centre for SMEs, 1 Private Banking Service Centre and 5 Service Centres for International Business Services, as well as a Representative Office in Moscow. The Bank is currently examining whether to terminate the operations of its Moscow Representative Office due to the developments of the Russia-Ukraine war.

AstroBank's operations are based on four pillars:

- Retail
- Corporate, SME and Shipping
- Private Banking & Wealth Management
- International Business Banking

Additional acquisitions:

- Through an agreement dated 12 May 2021 entered into between the Bank and Byblos Bank S.A.L., it was agreed that the Bank would acquire all the assets, liabilities and the banking business of Byblos Bank S.A.L. Cyprus Branch, with a view to consolidate it with its own business. The agreement was completed on 10 December 2021.
- On 26 November 2019 the Bank and the National Bank of Greece S.A ('NBG') signed a Share Sale and Purchase Agreement (SPA) under which the Bank would acquire the entire share capital of National Bank of Greece (Cyprus) Ltd. The deadline for completion has expired and therefore AstroBank has terminated the SPA in accordance with the relevant terms and provisions. An arbitration proceeding commenced in relation to the amount deposited by AstroBank to National Bank of Greece (Cyprus) Ltd as part of the SPA.



Our Values

Our Bank's reputation is a valuable asset to us and our employees, as the Bank's brand ambassadors, have a duty to uphold our principles and values which reflect the brand identity: Avoiding negative comments about our competitors, and instead promoting our Bank with positive arguments. We earn the trust of our customers, regulators, investors and each other by always acting with integrity and holding ourselves to high standards. Moreover, we aim to develop and invest on building long-term relationships with our customers.

- High-quality service and customer focus
- Integrity and professional conduct at all levels
- Avoiding negative comments about the competitors of the Bank
- Deepening customer relationships based on mutual benefit
- Showing flexibility and creatively searching for solutions and innovations
- Integrity, civility, immediate and personalised service and inventiveness
- Confidentiality, fairness, honesty and transparency in our transactions
- Compliance with the legal framework, internal regulations and instructions of the Management of the Bank.

Creating Value for our Shareholders

- Each of us makes a notable contribution to the Bank's profitability – whose improvement is the result of collective and consistent work – affecting both the Bank's revenues and expenses.
- We aim to secure the Bank against any risk, by complying with the legislation and our procedures in order to ensure a continuous and unhindered profitable course.

Market Position

- AstroBank's vision, strategic orientation and goals, are guidelines for all of us.
- We are constantly monitoring the ever-changing financial environment, in order to identify and exploit new opportunities and challenges.
- With a pioneering and creative spirit, we focus on innovative solutions while at the same time we improve ourselves, our teams and our organization.
- We value and respect our competitors and we promote the principle of fair competition. Our goal is to avoid and condemn any illegal actions, which, among others, may be linked to anti-competitive behaviour and monopoly practices.

Investing in People and Society

- We choose the best people in the market, focusing on ethics, integrity, professionalism, skills and competence.
- We consistently invest in the continuous advancement, development and wellbeing of our employees.
- We contribute to society, while always trying to improve the environment, local society and culture, while offering support to those who need it.



Our Ethics

Our commitment and part of our values is safeguarding our reputation. For this reason, it is of primary concern for our employees to act with honesty and a high sense of responsibility, and to ensure safeguarding of the information under their responsibility. To reinforce this, the Bank enforces policies to combat corruption, effectively manage conflicts of interest and outline the standards of ethical conduct expected from each member of staff.

Our Code of Conduct and Ethics

The Code of Conduct and Ethics highlights the importance the Bank attaches to integrating principles in the way we behave as professionals and the way we conduct business. The Code is addressed to every employee, irrespective of level or job description. It is further supported and complemented by other Policies, Procedures, Manuals and Circulars and altogether are incorporated in their entirety and constitute part of the employment contract of each member of staff.

The Bank has also adopted a Disciplinary Code which outlines the various disciplinary actions available to the Bank, in the event that an employee is found, by means of a fair procedure, to have violated any part of the Bank's Code of Conduct.

Our zero tolerance commitments

The Bank is committed to show zero tolerance in the violation of any of the following:

Diversity, Equity and Inclusion

Equal opportunities, the consistent, fair and unbiased treatment of all human beings and the development of the right conditions that reinforce and respect diversity, ensure dignity in the working environment and the broader context of society. We pride ourselves to be an equal opportunities employer and we preserve the same policies on Human Resources issues regardless of sex, race, colour, religion, sexual orientation, nationality or physical ability.

Anti-Bribery and Corruption

The Bank values its reputation and good name and one of its core principles is the commitment to integrity and professional conduct across all levels as well as confidentiality, honesty and transparency to transactions. The Bank's Anti-Bribery and Corruption Policy embodies these principles and applies a zero-tolerance approach to acts of bribery and corruption by any of its employees or business partners.

Within 2021

- > Zero incidents of corruption
- > Zero incidents in which employees were dismissed or disciplined for corruption
- > Zero incidents where contracts with business partners were terminated or not renewed due to violations related to corruption

Anti-harassment

We have a zero-tolerance approach for any type of harassment, bullying or victimisation on any grounds. This includes any behaviour that is unwelcome by the recipient which has as its purpose or result the violation of the dignity of a person, in particular when it is creating an intimidating, hostile, degrading, humiliating or aggressive environment. Employee complaints are handled with discretion and confidentiality and in the event that a disciplinary offence is substantiated, a penalty is imposed by the Disciplinary Committee of the Bank.

Whistleblowing Process

A Whistleblowing policy and procedure are in place and aim to enhance the enforcement of the Bank's framework, by laying down the minimum standards, providing for a high level of protection of persons reporting breaches of the Bank's framework. The policy ensures an independent reporting mechanism for anonymous reporting of unethical conduct and the confidential treatment of the reported incidents. The most important principle of the policy is the protection of the anonymity and confidentiality of the



persons and especially the employees who submit such reports, as well as the assurance that the employees will be protected against reprisal.

The policy covers the following areas: financial services, products and markets, and prevention of money laundering and terrorist financing as well as the protection of privacy and personal data, security of network and information systems.

Conflicts of Interest

Conflicts of interest may arise when the personal, business or financial interests of an employee deviate from the interests of the Bank or key stakeholders. The Bank understands, identifies, manages and prevents situations that may lead to conflicts of interest. To that end, a Conflicts of Interest policy is in place in order to identify and manage situations that give, or may give, rise to actual, potential or perceived conflicts of interest entailing a risk of damage to its customers' interests.

With regards to the treatment of conflict of interest of members of the BoD, members must disclose any conflict of interest and abstain from participating in the decision-making or voting on any matter where they may have a conflict of interest. If a conflict of interest is identified for an item on the agenda, then the member involved must abstain from the discussion and from voting for that particular item either in person or via proxy.



Our Strategy

With a view to improve our competitiveness and contribute to the country's business ecosystem, we invest in technology and innovation, constantly upgrading our services, promoting new products, exploring new business opportunities and cultivating a culture of cooperation and mutual respect with our customers.

Sustainable Growth

Our strategy is focused on long-term growth (organic and by acquisition). To achieve this, we aim at taking into consideration the environmental, social and governance impact in our strategic planning and execution of banking operations and business activities and harmonizing three core elements: economic growth, social inclusion and environmental protection.

Loan Portfolio Management

Reducing our non-performing loans through customer restructuring, consensual debt settlement arrangements, debt-for-asset swaps, foreclosures and effective capital management, as well as expanding our portfolio to include healthy, viable facilities remain a top priority.

Technology and Innovation

Well-aware of the ever-changing technological landscape and the customers' increasing expectations, we have always been a strong proponent of technology and innovation. As such, over the years, we have allocated a large portion of our resources to research and development, with a view to upgrade our offering and create innovative products and solutions that boost the organisation's competitiveness and in general create a flourishing business environment. At the same time, we are always open to exploring new business opportunities, while cultivating a culture of cooperation and mutual respect with our customers.

To this end, we are strengthening our sales and support teams, and improving marketing and product development in order to ultimately promote easier, faster and more secure transactions through the web, gradually eliminating the need to physically visit the Bank's branches.

sKash

Our product, sKash, Cyprus' first electronic wallet, provides clients with the opportunity to carry out their banking activities without any fuss. The user can pay, send and receive money on the go, all in one application. sKash's most important features are the following:

- Free Account opening with IBAN
- Pay on the go, using a QR code or contactless debit card, in Cyprus and abroad, in-store and online
- Instantly pay of monthly utility bills, free of charge
- Free digital remittances, to and from any person with a Cypriot mobile number
- Link multiple bank accounts to the application

Website

Our new corporate website was officially launched in April 2020. With a minimalistic look and feel, it is extremely user-friendly, since our goal was for our website to be a Customer Contact Tool and not merely a simple gateway for information. A current or potential client can fill-in a simple and quick form to request a call back in order to discuss in detail with one of our customer service experts. The website provides detailed information about:

- The Bank and its Governance
- News & Announcements
- The Bank's products and service channels
- The Bank's branch and ATM network
- Gateway to internet Banking
- Expression of interest for products
- Arrangement of online appointment

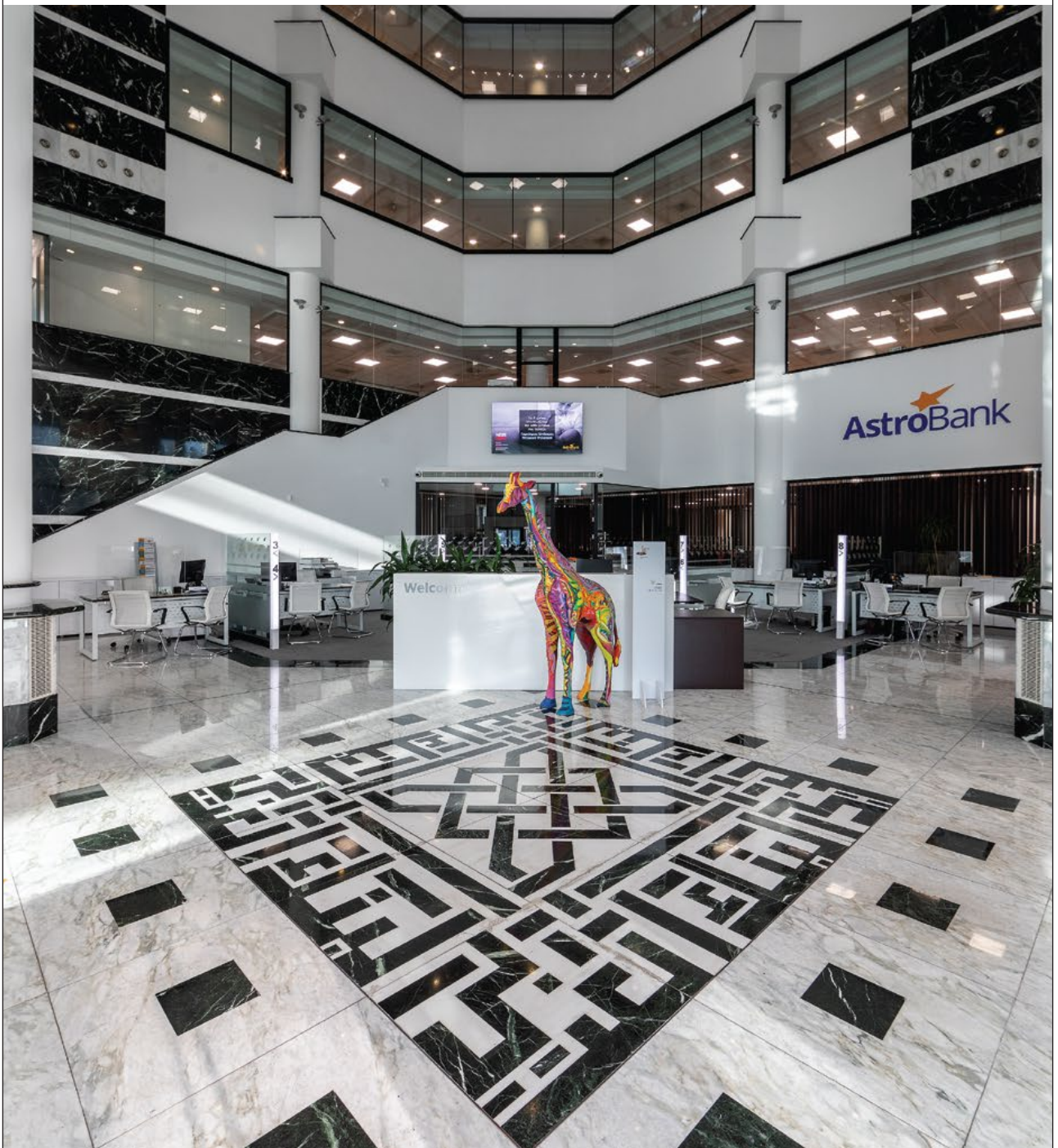


Digital Banking

Via our digital banking channel, customers may carry out their transactions at their own convenience. Our internet and mobile Banking offers a full range of functionalities that cover both corporate and retail needs. We intend to upgrade its digital banking channels to a new, user friendly and upgraded platform, in 2023.

Branch & ATM Network

In our effort to improve customer service, we reached an agreement with Euronet Worldwide to provide AstroBank's customers with free cash withdrawals at more than 330 ATMs across the island.



Memberships and Awards

We are actively involved in various initiatives relating to the economy, the environment and society. More specifically, we are a member of the following professional bodies:

Cyprus Employers and Industrialists Federation

Cyprus International Business Association

The Financial Ombudsman of the Republic of Cyprus

Cyprus Investment Funds Association

Association of Cyprus Banks

Cyprus Chamber of Commerce and Industry

Pafos Chamber of Commerce and Industry

Nicosia Chamber of Commerce and Industry

Larnaka Chamber of Commerce and Industry

CSR Cyprus

Awards

We were awarded for our "Corporate Social Responsibility" programme at the 13th IN Business Awards, held on 30 June 2021. This recognition is a testament to our long-standing and multifaceted contribution to the country and its people, while it is especially valuable as it is based on the public vote.

We were also awarded for our volunteering and philanthropic actions, from the Pancyprian Volunteerism Coordinative Council, as a result of our participation in their 6th annual Competition 'Corporate Social Responsibility and Volunteering'.



Financial Overview



Economic Performance

AstroBank has a strong position in the Cyprus economy. The Bank maintains healthy liquidity levels, with a Liquidity Coverage Ratio of 260% as at 31 December 2021 (31 December 2020: 246%), well in excess of the regulatory minimum of 100%.

The primary objective of the Bank's capital management is to ensure compliance with the relevant regulatory capital requirements and maintain healthy capital adequacy ratios in order to support its growth and maximise value for its shareholders. As at 31 December 2021 the Bank's capital adequacy ratio stood at 16.58%, above the regulatory minimum Overall Capital Requirement ('OCR') of 13.60% and above the OCR including Pillar II Guidance ('P2G').

Total assets amounted to €3,018 million as at 31 December 2021 (31 December 2020: €2,833 million), presenting an increase of 6.5%.

Customer deposits stood at €2,191 million on 31 December 2021 (31 December 2020: €2,106 million), recording a 4.1% increase.

Gross loans (after the residual fair value adjustment on initial recognition) amounted to €1,298 million as at 31 December 2021 compared to €1,283 million as at 31 December 2020, increased by 1.2%.

On 31 December 2021, the Bank's total new lending granted to customers amounted to €240 million (2020: €200 million). The Group continued providing lending to creditworthy businesses and households, with focus on retail housing and secured lending. On 31 December 2021, the Group's net loans and advances to customers totaled €1,137 million (compared to €1,100 million at 31 December 2020). Increase in gross and net loans is driven mainly from the new lending granted in the year.

Profit before impairment losses on financial assets and non-financial assets for the year ended 31 December 2021 amounted to €17.3 million compared to €2.9 million in 2020 with the Profit for the year being €3.3 million compared to a loss of €18.1 million in 2020. It is noted that in 2020, €17 million was paid out to employees who opted for the Voluntary Retirement Scheme.

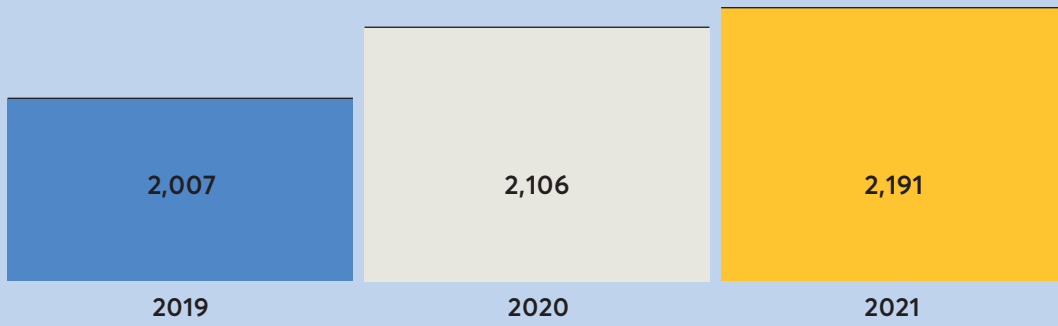


Financial results highlights (€)

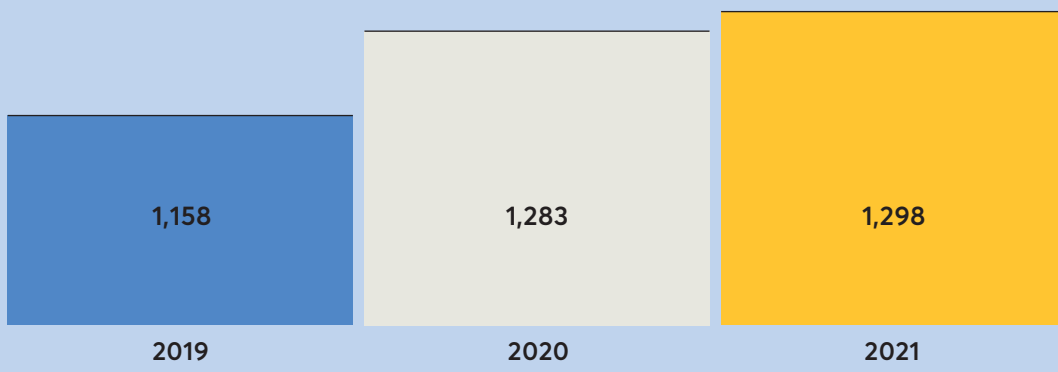
	2019	2020	2021
Total Assets	2,266,078,166	2,832,833,382	3,017,911,292
Customer deposits	2,007,425,085	2,105,730,886	2,191,390,594
Gross Loans to customers	1,158,072,576	1,282,952,701	1,297,725,526
Profit before provisions	30,957,676	2,899,615	17,338,142
Capital adequacy ratio	13.42%	15.01%	16.58%
Loans market share	3.90%	4.00%	5.00%
New lending (million/€)	238	200	240
Profit after tax	16,746,239	-18,109,483	3,266,514
Liquidity Coverage Ratio	324%	246%	260%
Regulatory minimum			
Overall Capital Requirement (OCR)	13.35%	13.60%	13.60%



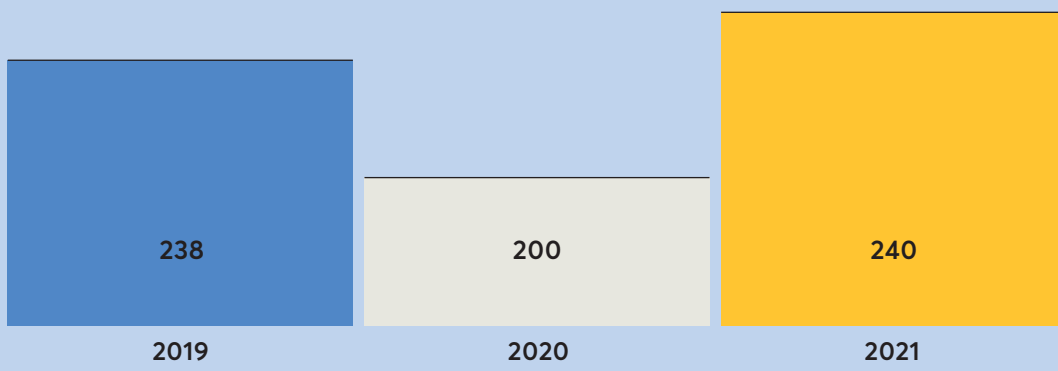
Customer deposits (€m)



Gross loans to customers (€m)



New lending (€m)



Direct Economic Value Generated and Distributed (€)

	2019	2020	2021
Direct economic value generated:			
Revenues	69,032,223	69,678,204	72,446,691
Economic value distributed:			
Payments to providers of capital <i>(Refer to Note 1)</i>	5,938,544	3,013,013	4,743,003
Employee wages and benefits	32,517,410	34,035,006	25,643,595
Operating costs	15,073,425	19,454,216	21,946,652
Impairment losses	3,203,543	19,640,215	10,470,572
Payments to Government <i>(Refer to Note 2)</i>	6,866,266	5,218,718	5,202,929
Community investments	255,000	396,390	223,226
Economic value retained	5,178,035	(12,079,354)	4,216,714

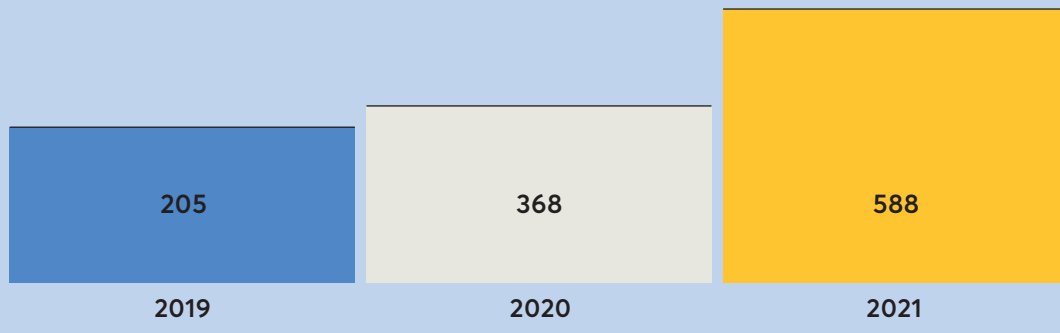
Notes:

(1) Includes payments to depositors and other interest expense.

(2) Includes tax payments such as special levy and VAT.

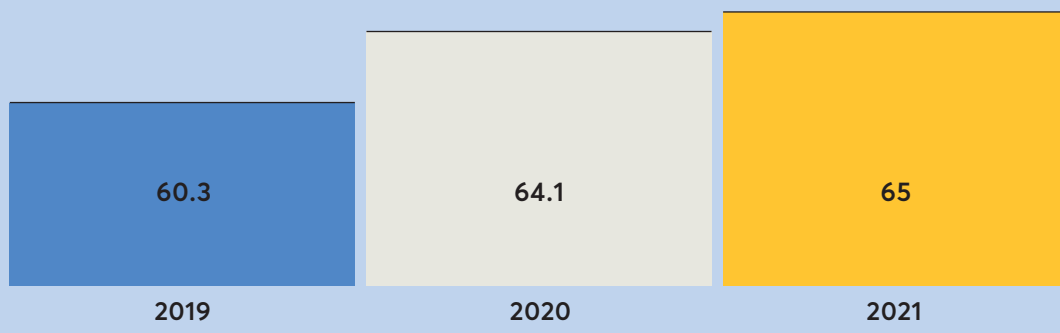


Assets Under Management (€m)

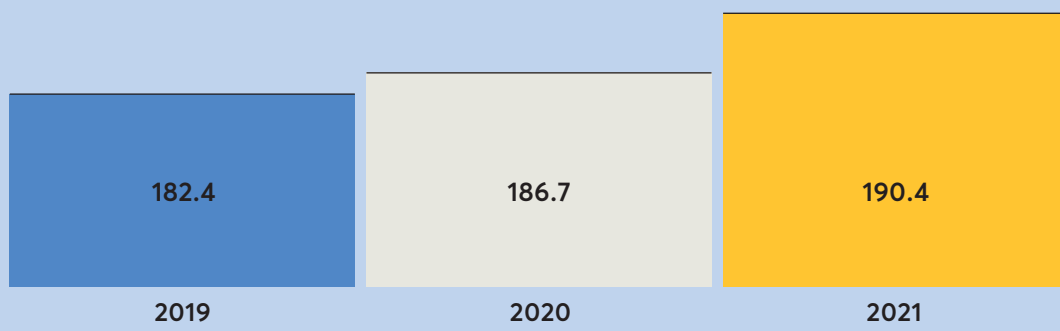


Note: Assets Under Management include €83 million in deposits for each year. These are also included in Customer deposits.

Net Sales (€m)



Total Capitalisation (€m)



Note: The graph presents the total capitalisation of the Bank broken down in terms of debt and equity. Since debt was equal to zero during the reporting period, total capitalization equals to equity. Shareholders Equity is equal to a firm's total assets minus its total liabilities. It is the corporation's owners' residual claim on assets after debts have been paid.



Our Business

The Bank's strategy is focused on long-term growth, by successfully managing risks, making the most of the upcoming opportunities and creating value for our stakeholders. 2021 was a challenging year, a year of growth and at the same time of recovery. The introduction of the vaccination program against Covid-19 allowed to slowly return to a new normality and we continued to adapt to this, to ensure our employees and customers were safe. Retail branches remained open and branch staff were redeployed in order to cover critical positions.

Retail Division

- > In 2021, the Retail Division focused at maintaining a healthy loan portfolio. At the end of 2021, Retail's gross loans at amortised cost increased to €232 million (2020: €196 million), with €70 million in newly implemented loans and €45 million in the pipeline pending to be implemented.
- > Retail's deposits were increased to €1.26 billion (2020: €1.22 billion).

Corporate Division

In 2021, Corporate, SME & Shipping Division invested in the following aspects:

- > Shifted to a more customer-centric operating model by defining each customer segment strategies.
- > Promoted green banking, taking advantage of opportunities to finance transition to the green economy.
- > Intense volatility in the shipping market, due to the impact of Covid-19 pandemic, had a significant impact on seaborne trade trends. The Bank's approach remained conservative, focusing on the optimal management of the existing portfolio and on improving its quality, by providing targeted new shipping-financing to existing and new customers.
- > At the end of 2021, Corporate's gross loans at amortised cost increased to €752.5 million (2020: €736 million) and deposits increased to €134.4 million (2020: €100.7 million)

International Division

- > The Division's primary target in 2021 was to proceed with a major de-risking and optimization of its international clientele, while at the same time achieve an increase in its total income and net profits. Additionally, to maintain and improve its internal controls to ensure that the Bank's AML and Customer Acceptance Policies are strictly adhered to.
- > Total income (primarily consisting of fee income) increased from €8.2 million in 2020 to €8.6 million in 2021. Net profits increased from €2.2 million in 2020 to €4.1 million in 2021. The 2020 numbers reflect the once-off cost of the Voluntary Retirement Scheme while 2021 saw an uptick due to commensurately reduced staff-related expenditure and increase in income.

Private Banking

Despite the various challenges, our Private Banking Unit achieved substantial growth in all the business metrics of its portfolio. Specifically, it reported the following, compared to 2020:

- > An increase in Assets Under Management to €588 million (2020: €368 million)
- > An increase in investment portfolio to €505 million (2020: €285 million)
- > Moreover, the Unit included several ESG funds and securities in the investment product list available to clients



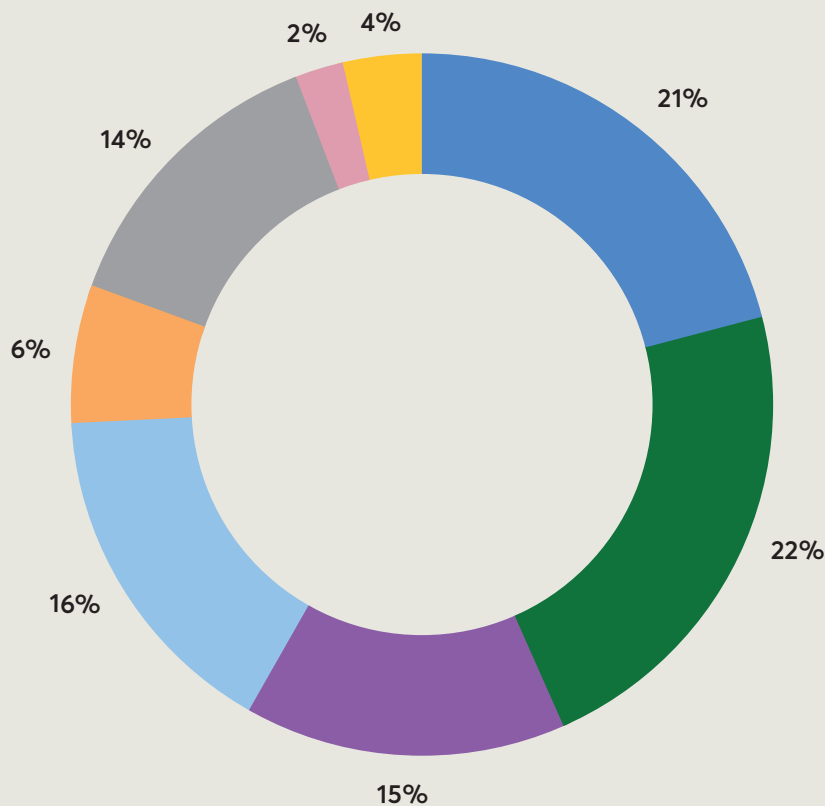
Our Materiality and ESG Performance

Making it Happen



Engaging with our stakeholders

We care about our stakeholders and we aim to establish long-term relations. Our stakeholders make a significant contribution to the Bank's value chain. The key stakeholders of the Bank, as identified through the value chain mapping exercise performed, are presented below along with their estimated relative significance and impact on the Bank:



● Customers ● Shareholders ● Employees ● Regulator ● Suppliers
● Business Community ● Non-Governmental Organisations ● Media



To be able to actively meet the expectations, concerns and issues we believe are important for our stakeholders, we promote an ongoing dialogue with them through various communication channels.

STAKEHOLDER GROUP	NEEDS / EXPECTATIONS	MEANS OF COMMUNICATION	FREQUENCY
Customers	Customer service, provision of products and services with transparency, responsible information, personal data protection	Retail branch network Expert advisors in all Business Lines 24/7 call centre Corporate Website Social media channels Customer satisfaction surveys / Mystery Shopper Surveys Complaints Procedure	<i>Ongoing</i>
Shareholders	Reporting of accurate, timely and complete information on the Bank's annual and semi-annual financial results Return on investment	Annual General Meetings and Extraordinary General Meetings of Shareholders Investor Relations Section of Corporate Website Annual and semi-annual Financial Report and disclosures Press Releases	<i>Ongoing</i>
Employees	Issues concerning the Bank, training and development of skills, equal opportunity, fair pay, safety and well-being, work-life balance, labour rights	Appraisals and mid-year review of performance Training sessions Social events Informative emails and intranet Participation in volunteer actions	<i>Ongoing</i>
Regulator	Compliance with the supervisory and regulatory framework	Provision of data and information, reports and action plans, meetings, regulations, directives and circulars, participation in consultations	<i>Ongoing</i>
Suppliers	Cooperation based on transparent procedures and criteria to achieve mutually beneficial agreements	Supplier evaluation procedure Meetings Consistent payments Providing information about the Bank's Procurement Procedure	<i>Ongoing</i>
Business Community	Mutual cooperation, promoting new businesses based on specified criteria and transparent procedures	Press releases, meetings, open communication channels with professional associations, chambers of commerce industry, forums, summits	<i>Ongoing</i>



STAKEHOLDER GROUP	NEEDS / EXPECTATIONS	MEANS OF COMMUNICATION	FREQUENCY
Non-Governmental Organisations	Support of actions with a social impact	Requests processed with consistency Participation in volunteer actions and support for organisations and associations in the form of sponsorships and donations. Press Releases Social media	<i>Ongoing</i>
Media	Cooperation to ensure optimum presentation of the Bank's actions, social initiatives, products and services	Media monitoring, press meetings	<i>Ongoing</i>

Materiality Assessment

This section of the Report presents the topics that were identified as material for the Bank. As the materiality assessment for the year 2019 was performed in early 2021, the same assessment has been used for the present report as well. A new materiality assessment will be performed in early 2023, in preparation for the report of 2022.

The materiality assessment was carried out by the Bank, in order to determine and highlight certain material topics that are linked to the activities of the Bank.

As part of the materiality assessment, the Bank's key internal stakeholders completed a questionnaire, as representatives of the Control Functions and the Senior Management of the Bank. Because of pandemic-related restrictions and social distancing measures, a questionnaire replaced the workshop traditionally held.

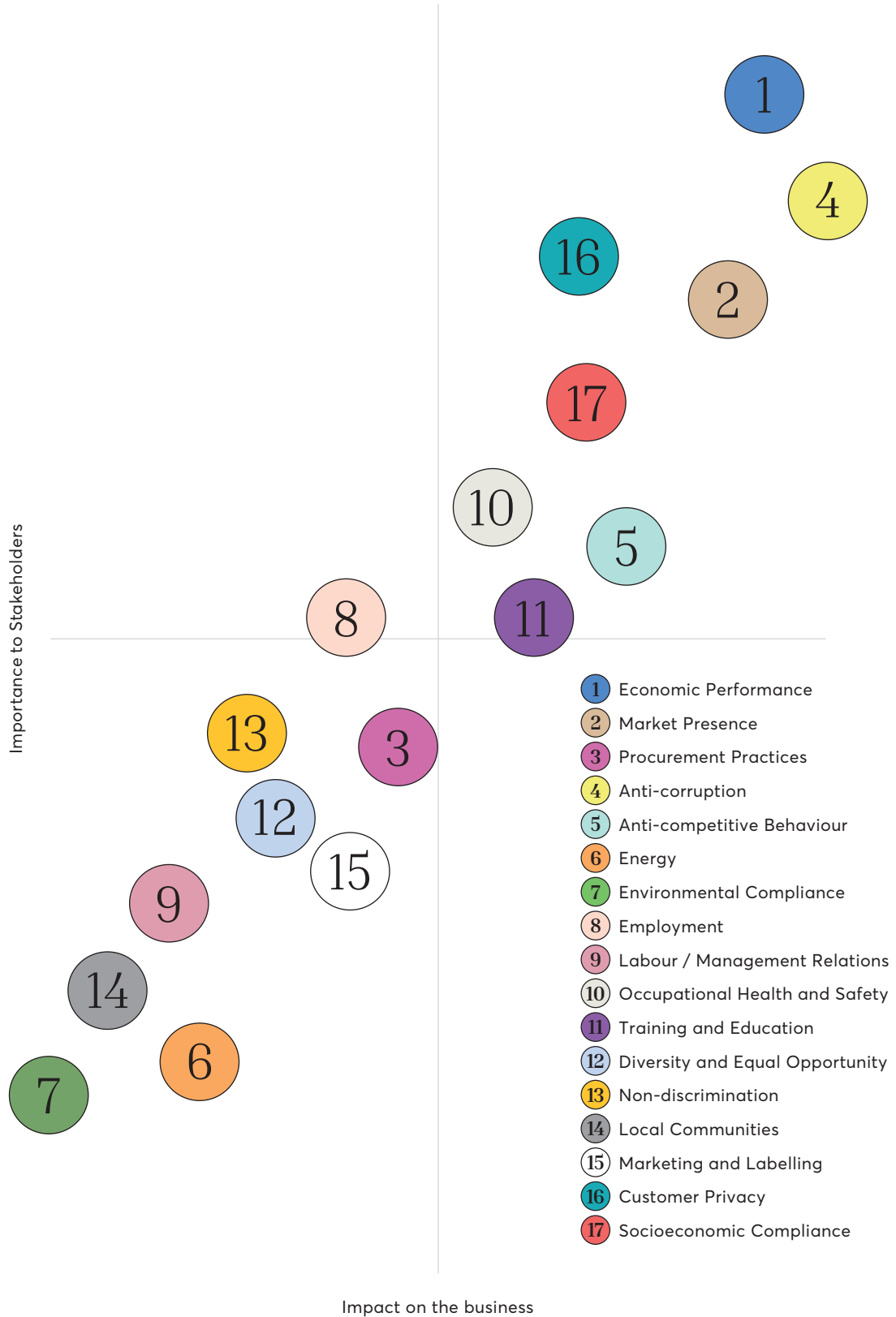
The participants were called to determine the materiality of each topic-specific standard and indicate the importance of certain issues, according to their opinion. The involvement of representatives of the Control Functions and the Bank's Senior Management, aimed to provide a comprehensive view of the various issues associated with the interests of its stakeholders.

The materiality assessment results were calculated based on the aggregated results of the questionnaires completed by each internal key stakeholder. The chart below presents the most important topics selected and the Bank's performance in each topic is presented within this report.

The following topics were found to be ones that most affect the Bank's decision-making process: Economic Performance, Anti-Corruption, Customer Privacy and Market Presence.



Materiality Assessment



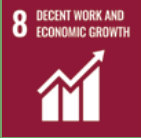

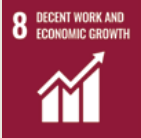

Alignment with the UN Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals were set up in 2015 by the United Nations General Assembly, as a call-to-action for people worldwide to address five critical areas of importance by 2030: people, planet, prosperity, peace, and partnership. Governments, non-governmental organizations and companies pledged to make the goals a success.

Financial organizations play a leading role in SDG implementation and as such, we are working towards embedding and integrating the SDGs into our strategy and defining sustainable development actions and goals, taking these into consideration and aiming to contribute to their achievement.



Alignment of our performance on the most material topics with the SDGs





TOPIC	STAKEHOLDER GROUPS AFFECTED	WHY IS THE TOPIC MATERIAL	PERFORMANCE 2021
Economic Performance and Financial Resilience	Shareholders Employees Suppliers Customers		Our 2021 Performance of Direct Economic Value is presented in the relevant chapter of the Financial Overview.
Anti-Corruption	Shareholders Employees Suppliers Regulator Customers		No incidents of corruption were identified for 2021. Please refer to the relevant chapter of Who We Are.
Market Presence	Shareholders Employees Suppliers Customers		All members of the senior management at significant locations of operation were hired from the local community. Please refer to the relevant chapter of Socioeconomic Review.
Customer Privacy	Customers		Please refer to the relevant chapter of Socioeconomic Review.



Our targets for the future

Our focus on ESG matters is essential to our business strategy and our targets for the future showcase our commitment towards our transition into a sustainable organization. We aspire to support long-term growth, by financing sustainable development and delivering value to all stakeholder groups.

To achieve this, will be focusing on creating positive economic, social and environmental impacts through all aspects of our activities.

PILLAR	OUR TARGETS FOR THE FUTURE	PROGRESS
Environment	Develop green products for the upgrade of the energy efficiency of homes and products aligned with the Recovery and Resilience Facility and introduce new, simple and swift procedures, always with the aim of offering the highest level of customer service	<i>In progress</i>
   	Create an action plan for the management of climate-related and environmental risks, based on the relevant ECB Guide	<i>Not started</i>
	Produce energy from renewable energy sources (Install Photovoltaic system in Head Office building) and purchase energy from renewable energy sources for all the Bank's premises	<i>In progress</i>



People and Society

Continue to support Society with donations and sponsorships *Ongoing*



Create an action plan for environmental and social volunteer activities and run internal campaigns to increase awareness and employee participation *In progress*

Continue to process personal data in accordance with GDPR requirements *Ongoing*

Continue to offer responsible products and practise responsible marketing, aligned with the relevant legislations *Ongoing*

Develop the 'We Care' action plan with purpose to improve employees work-life balance with tangible benefits such as extension of maternity and paternity leave, annual leave as a wedding gift, participation in wellness platforms *In progress*

Increase of the members of the under-represented gender in the Board of Directors to at least 30%, by 2023 *In progress*

Sustainability-related seminars to all members of staff to raise awareness and incorporate sustainability in our corporate culture *Not started*

Economy

Transform into a sustainable, resilient bank, while at the same time adhering with ESG requirements *In progress*



Invest in the Bank's digitalization, drive innovation and adopt agile practices *In progress*

Continue to improve customer satisfaction by simplifying processes and developing an omnichannel customer experience *In progress*



Environmental Review

Making it Happen



Fighting climate change and protecting the environment have become pressing matters over the recent years, as impacts related to these are evident globally, in sectors such as human health, ecosystems, agriculture and food safety.

As an organisation, we recognise climate change as the defining issue of our time.

Consequently, our environmental goal for the years to come is to monitor our performance and minimise our carbon footprint by setting specific targets, raising awareness within our stakeholder groups, and designing and developing projects to protect the environment and improve the use of natural resources. Moreover, we remain fully compliant with environmental laws and regulations and we aim to embed sustainability across our Bank's operations. It is noted that no fines were imposed to the Bank for non-compliance with environmental laws and regulations.



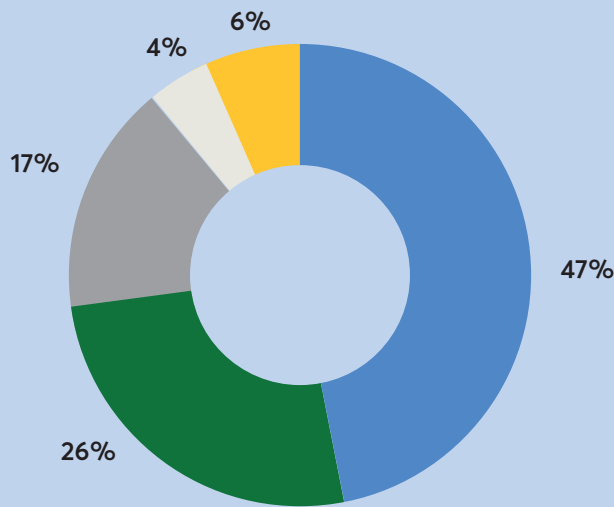
Energy Consumption

Monitoring energy consumption is becoming our most important environmental priority. Our energy use is due to the use of electricity for our operations, the use of diesel and petrol for our vehicles and diesel for heating our office buildings.

Electricity

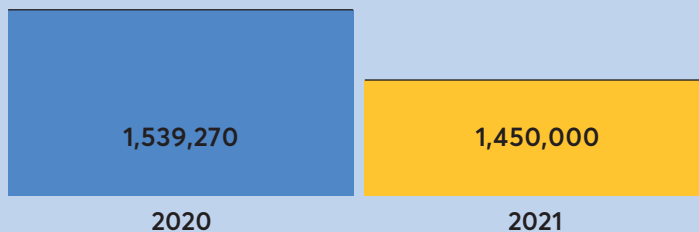
The total energy consumption is mainly due to the consumption of electricity in the Bank's branches and buildings. Heating, ventilation and air-conditioning systems consume the highest percentage of electricity (47%) followed by the Bank's electronic equipment (26%).

Main sources of electricity usage



- Heating / Ventilation / Air-Conditioning
- Electronic Equipment
- Lighting Features
- Kitchen Equipment
- Other

Electricity consumption from non-renewable energy sources (in kWh)

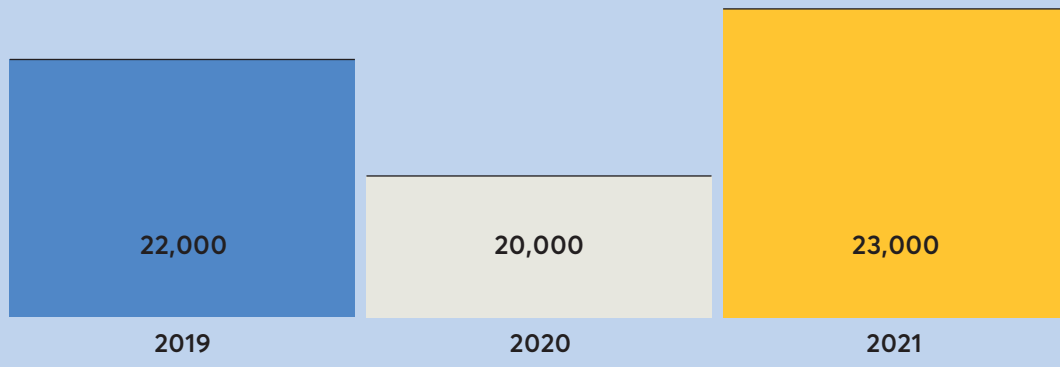


The electricity consumption of the Bank is from non-renewable energy sources. It is noted that 42% of the total consumption in 2020 and 48% of the total consumption in 2021 originated from the Head Office building. It is expected that from 2022 onwards, the consumption from non-renewable energy sources will decrease significantly, with the installation of photovoltaic systems in the Head Office building and the purchase of energy from renewable energy sources.

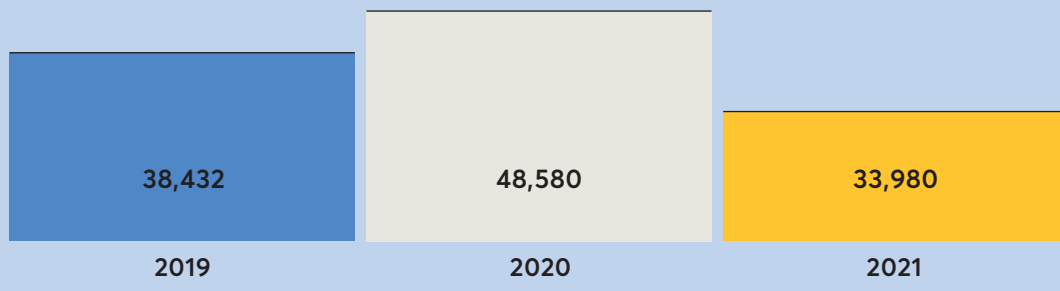


Fuel

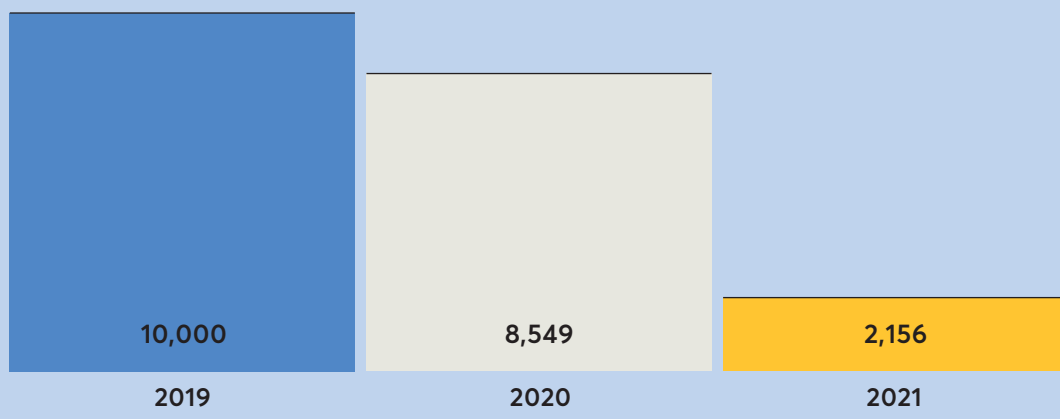
Diesel for heating (in litres)



Owned vehicles -diesel (in litres)



Owned vehicles -petrol (in litres)



Note: Number of vehicles decreased from 27 in 2019 and 2020 to 18 in 2021.



Paper Use and Recycling

Our efforts for 2022 will focus on reducing our paper consumption within the organisation, by encouraging double-sided printing and printing email correspondence only when it is necessary. This effort will be enhanced within the next years, through raising awareness with various internal campaigns, training our employees on environmental issues and communication of targets and achievements.

Paperless Cashier

The Paperless Cashier service was launched in 2020 and offers customers the option to carry out their over-the-counter transactions by signing digitally on a signature pad, instead on paper. The digitally-signed transaction is sent to the customer's personal email, which also enables the customer to store it on their computer or mobile phone for easier retrieval in the future.

Online Statements

As part of the process of reducing our paper consumption, we switched all our monthly, paper statements of credit cards, current and savings accounts, to online statements. Customers who are subscribers to our electronic banking service, can safely view their monthly account statements online, any time and on any device, through their electronic banking account.

Branch-It Service

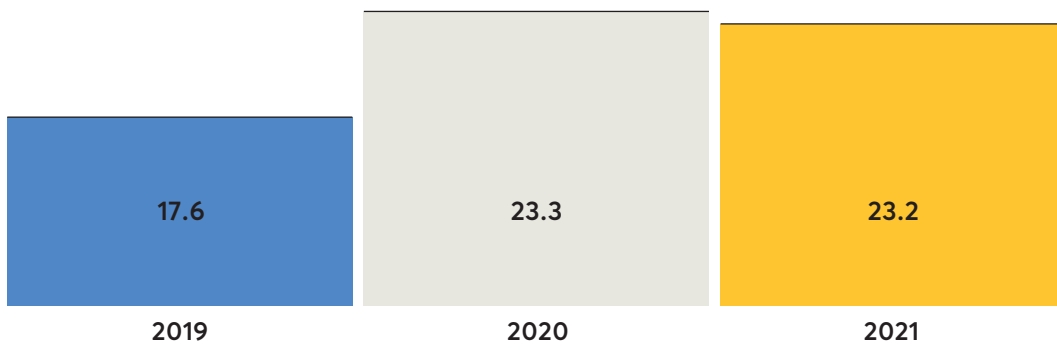
Via the electronic banking portal, customers have the option to safely upload specific documents required by the Bank and avoid being physically present at branches, as well as the printing of documents. In 2021 and as an additional measure to protect our customers during the Covid-19 pandemic, the list of documents was enhanced to include more documents and non-monetary instructions.

Recycling

Paper is not discarded in common bins but collected in appropriate recycling bins. We have a total of 30 recycling bins in our branches and offices with capacity 20 liters each, that are collected by licensed contractors and sent for recycling on a monthly basis.



Paper consumption per employee (500pcs package)



Waste Management and Recycling

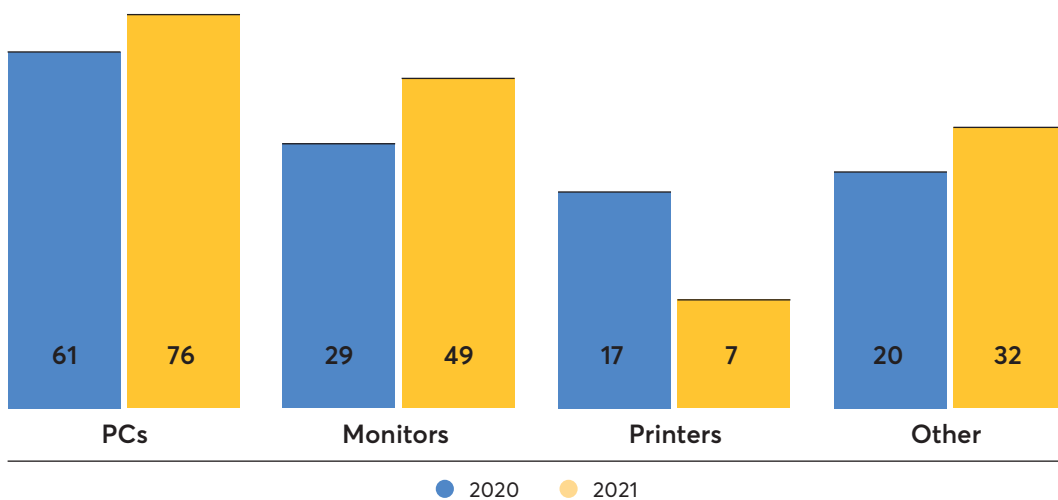
As the safe disposal of batteries, toner cartridges and other types of solid waste prevents the risk of polluting both the soil and water with heavy metals and other hazardous substances, we make every possible effort to recycle and/or redirect these. Depending on type, waste is collected in the appropriate bins or at designated areas, to be delivered to licensed waste management contractors. We monitor and manage the life cycle of the following materials within the organization:

- Toner cartridges
- Paper and packaging materials
- Electrical and electronic equipment
- Lamps and batteries

Our goal is to continue expanding our recycling programmes in order to ensure the safe management of all outgoing recyclable materials.

Electronic equipment such as monitors and printers that are decommissioned, are safely disposed, through recycling. In 2021, 1200 kg of electronic equipment were collected and sent for recycling.

Recycled electronic equipment (number of items)



1200 kg
of electronic
equipment
were recycled



Renovation of Branches

Acknowledging the need to reduce our environmental footprint, the Bank has performed energy audits for the improvement of the energy performance of branches and headquarters.

The following initiatives are included in all renovation projects of the Bank's branches and headquarters:

- Redesign of branches and headquarters based on energy saving plans
- Installation of new LED technology light fixtures and installation of air-conditioning systems with a minimum energy class of A+

Financing Renewable Energy Projects

Greenhouse gas emissions from human activities strengthen the greenhouse effect, contributing to climate change. Most emissions are carbon dioxide from burning fossil fuels. Using renewable energy sources, provides environmental and economic benefits such as generating energy that does not produce greenhouse gas emissions, diversifying energy supply and creating economic development.

By financing renewable energy projects, we support energy transition and at the same time, decarbonise our portfolio.

	2020	2021	TOTAL
Number of financed projects	16	14	30
Total MW	34,8	30,8	65,6
Amount financed (€m)	32.4	20	52.4

€52.4 million
*were provided
in financing
of renewable
energy projects,
between 2020-21*



Green Products

Focused on our commitment to support activities that will raise awareness and reinforce the protection of the environment, we have implemented a series of eco-friendly products and services.

EcoLogic FastAuto

We continue to offer lower interest rates (compared to the interest rates offered for our FastAuto product) to customers who choose to finance the purchase of their electric, hybrid, or low carbon emission vehicle, through our car hire-purchase scheme.

Biodegradable Cards

At the end of 2021, we designed a new series of debit and credit cards, which are almost completely biodegradable, aiming to reduce our environmental footprint by removing significant quantities of plastic which would otherwise end up in the ecosystem. Moreover, the front of our new cards portrays delicate ecosystems, endangered species as well as solutions that promote sustainability.

Our new range of cards also have upgraded security features. The card number, the owner's information and the expiry date are displayed on the back of the card, in a subtle way. At the same time, we continue to pioneer by issuing our debit cards at all our branches, instantly, in one customer visit, simplifying the issuance and card collecting process.

The first batch of our new cards reached our customers at the beginning of 2022.

Development of Green Products aligned with the Recovery and Resilience Facility

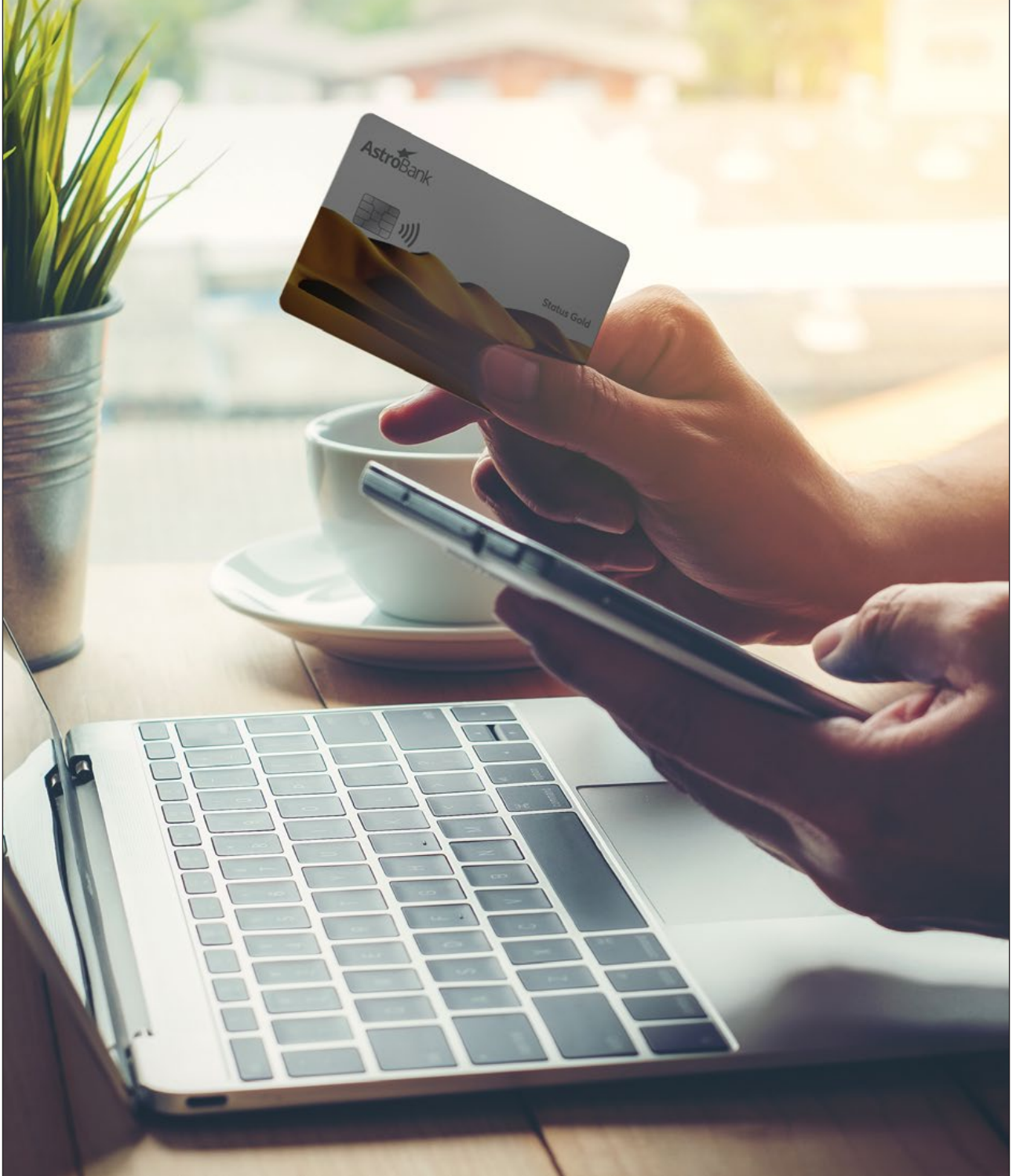
The Covid-19 pandemic has uncovered the necessity to build stronger, more resilient economies and the European Union has taken various initiatives towards that direction. One of them is the Recovery and Resilience Facility (RRF) that was created under Next Generation EU, the EU's landmark instrument for recovery from the pandemic, with a budget of €672.6 billion.

Cyprus is set to receive €1.2 billion in total over the lifetime of the plan, with €1 billion provided in grants and €200 million in loans, allocated in 75 investments and 58 reforms, for reinforcing economic and social resilience. 41% of the funding is intended for green transition and 23% for digital transition.

In our effort to support our customers, the economy and the environment, for 2022, we plan to launch a series of green lending products that will be aligned with the Recovery and Resilience Plan of Cyprus and will be directed at upgrading the energy efficiency for businesses and houses as well as renewable energy projects.

15%
*of all FastAuto
facilities granted in
2021 were for the
purchase of an electric,
hybrid or low carbon
emission vehicle*





Socioeconomic Review

Making it Happen



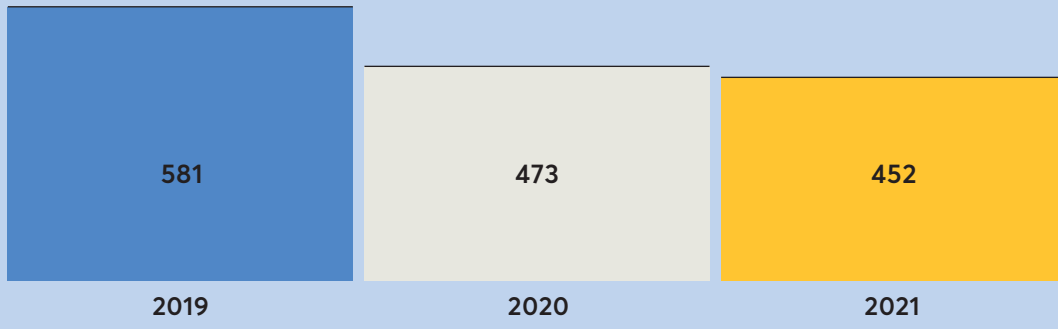
The Covid-19 pandemic has disrupted not only the economic and business landscape, but also the wider financial and banking sectors. In 2021 unprecedented challenges continued to arise and in response, we continued to take all immediate and imperative measures to protect our employees, fully complying with the guidelines issued by the governmental authorities, implementing actions under the Business Continuity Plan and continuing to support teleworking whilst ensuring that critical operations were performed. At the same time, we implemented actions and initiatives to support our customers and society.



Our People

We are committed to investing in our workforce, since we consider our people to be our most important asset. In 2021, we implemented a series of actions in support of our employee's growth and professional development, as well as initiatives to improve work-life balance and promote well-being.

Number of employees



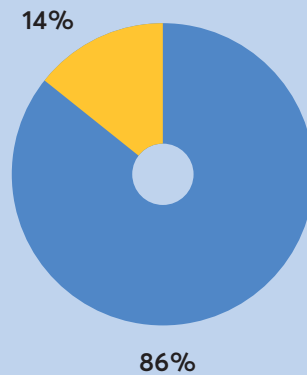
A Voluntary Retirement Scheme was implemented towards the end of 2020 which resulted to the decrease in the number of permanent employees for years 2020 and 2021. €17.7 million in total was paid to employees who opted for the Scheme.

Employee Breakdown

By position

6 Men
1 Woman
7 Total

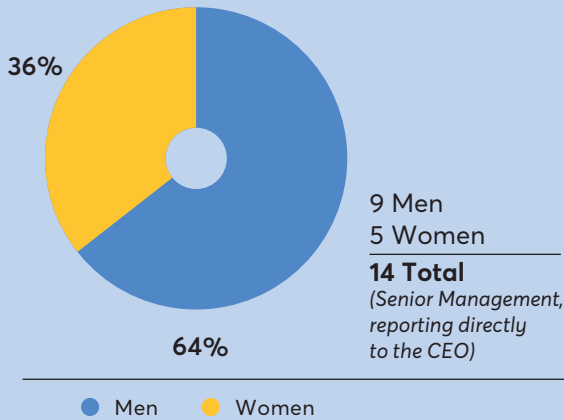
Board Members



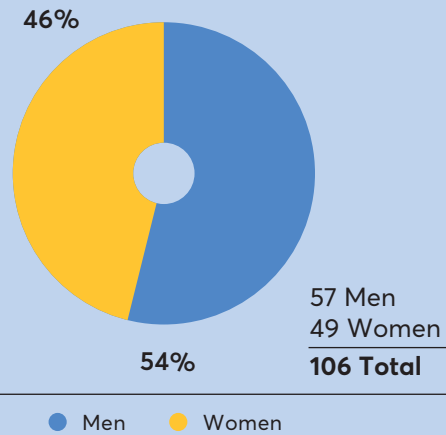
● Men ● Women



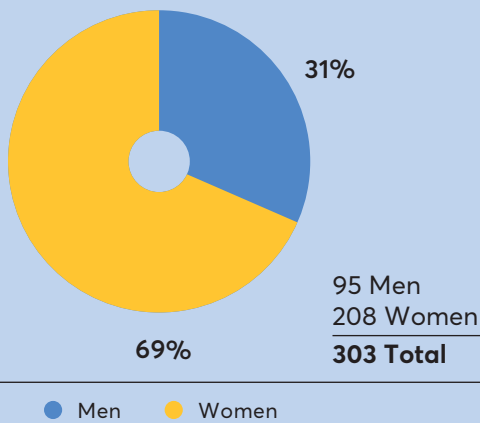
Senior Management



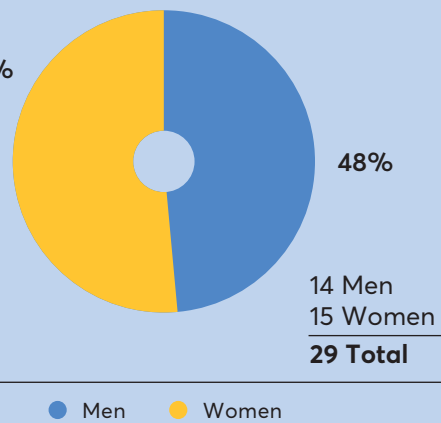
Managers



Non-managers



Employees with non-permanent employment contracts



22% Only 15% of the Board Members are female with the percentage increasing to 22% in 2022, with the nomination of Mrs Evi Rossidou Antoniadou as Executive Director.

84% 84% of female and 78% of male employees have a University or College degree or a professional title.

94% Most of our employees are permanent (94% in 2021) and all our employees are full-time.

62% 62% of the total permanent employees are female, however females only account for 36% of the senior management (reporting directly to the CEO). As we believe that gender diversity is a success factor for team performance, we remain focused on achieving a gender balance in senior positions.



Diversity and Equal Opportunity

The Bank implements high standards of professionalism and policies against discrimination and exclusion, aiming at an open work environment for all, with respect to diversity and individual rights. Diversity within the organisation leads to a broader range of experience, knowledge, skills and values and facilitates independent opinions and constructive challenging in the decision-making process.

The Bank believes in equal opportunities and is committed to creating a fair environment, where people can succeed regardless of gender, age, ethnicity, disability, religion, sexual orientation or cultural background. The Bank has fostered and promotes an anti-discrimination culture and has promoted high ethical standards of behaviour among its employees. For the period 2018-2021, there were no reported incidents of discrimination.

Diversity in the Board of Directors

Diversity Policy

The Bank recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. In order to encourage critical thinking and well-rounded opinions and decision making, the Bank strives to achieve diversity in the composition of its Board, especially with regard to academic background, professional experience, skills and competencies and age.

The Nomination & Remuneration Committee sets targets in the Diversity Policy for a minimum participation based on age, gender etc. and, if endorsed by the Board, it prepares and approves an action plan describing the necessary actions needed to reach the targets. The Committee recommends the approval of this target to the Board.

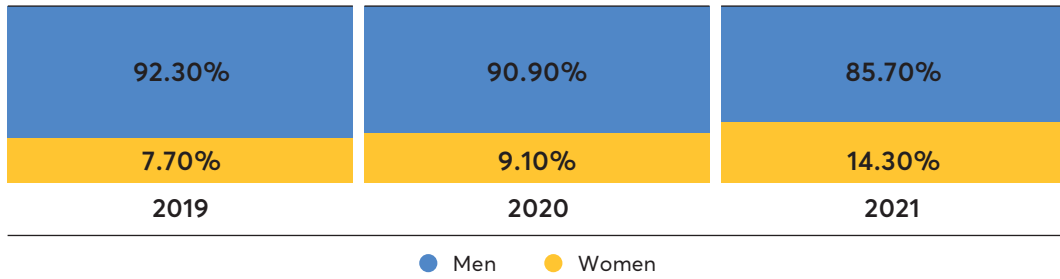
The Nomination & Remuneration Committee assesses periodically, and at least annually the structure, size, composition and performance of the Board and makes recommendations to the Board with regard to any changes. The Committee will discuss and agree every year on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

In an effort to ensure that the under-represented gender has a minimum percentage representation in the Board, the Nomination and Remuneration Committee has set the following targets:

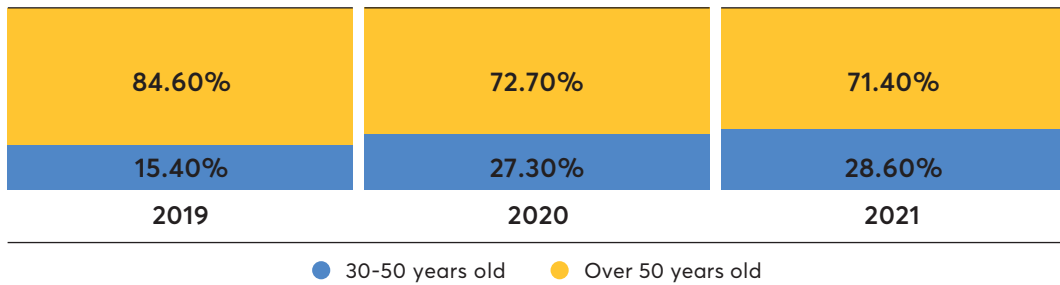
- To increase the percentage of the under-represented gender to at least 30% by 2023.
- To ensure that the under-represented gender has a minimum percentage representation in the Board.
- To determine how its representation rate will be increased.
- That minimum representation percentage and the policy are made known to the public.



Gender Diversity in the Board of Directors

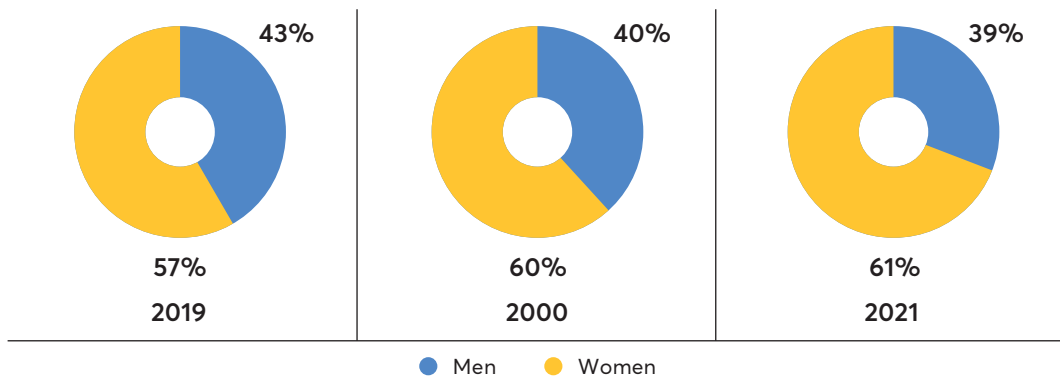
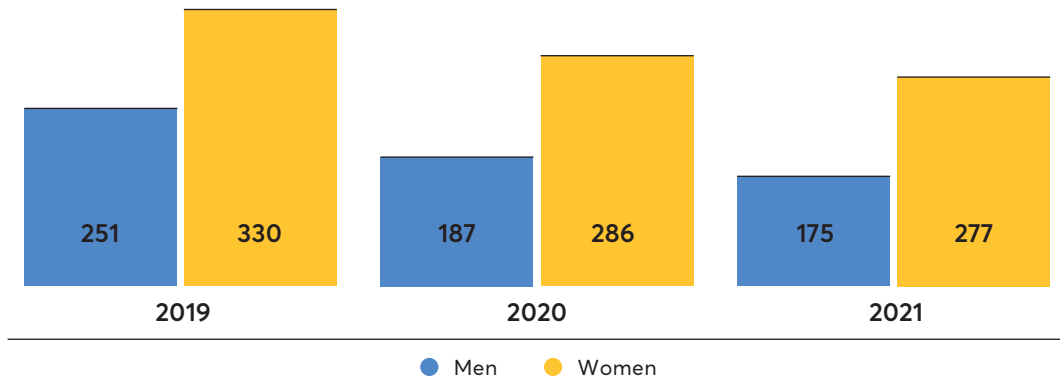


Age Diversity in the Board of Directors

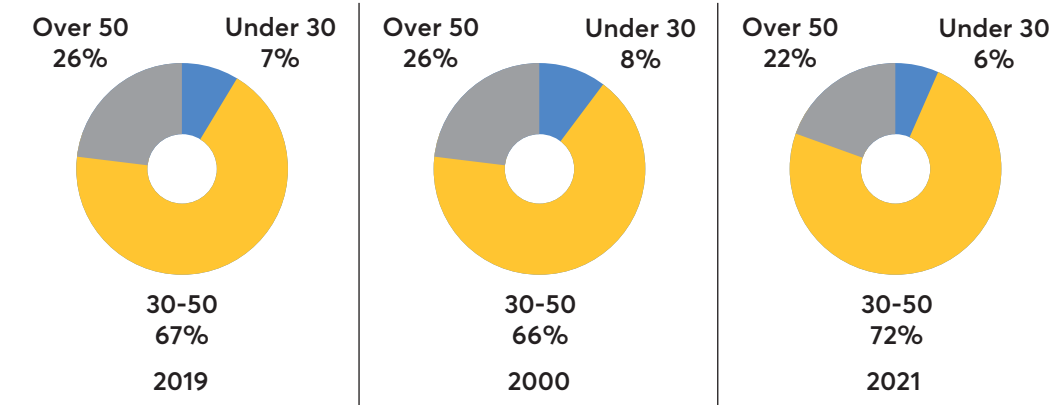
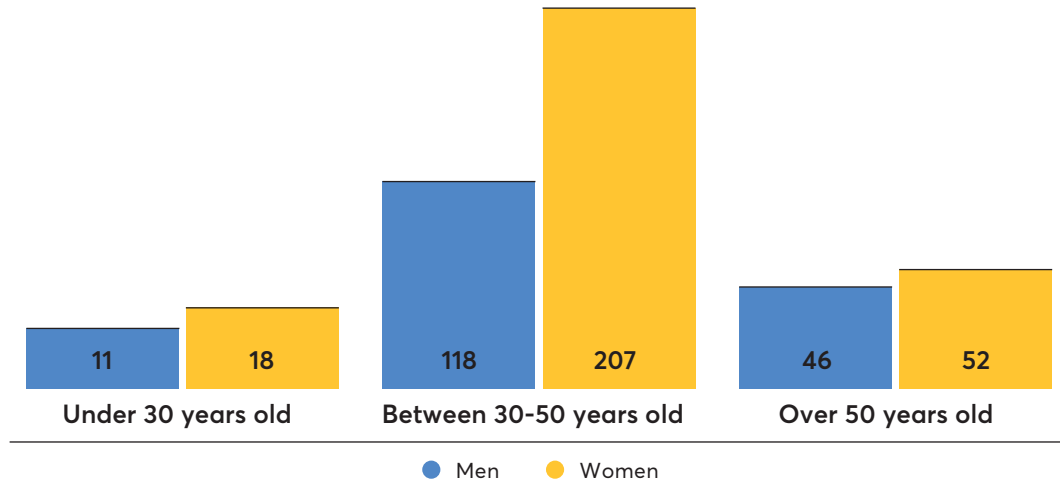


Diversity in Employees

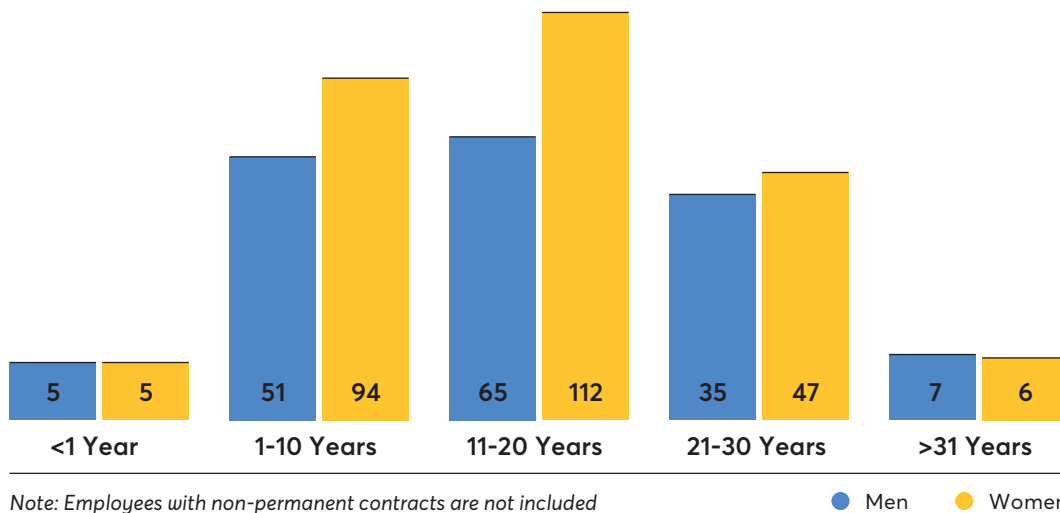
By gender



By age group



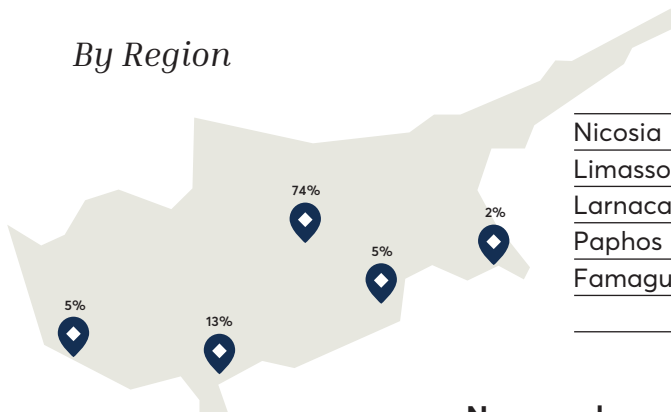
By years of service



Note: Employees with non-permanent contracts are not included



By Region

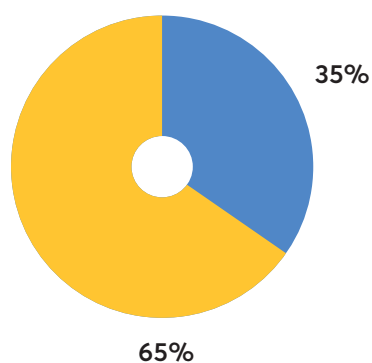


	Men	Women	Total
Nicosia	131	205	336
Limassol	21	39	60
Larnaca	10	13	23
Paphos	10	13	23
Famagusta	3	7	10
Total	175	277	452

New employee hires

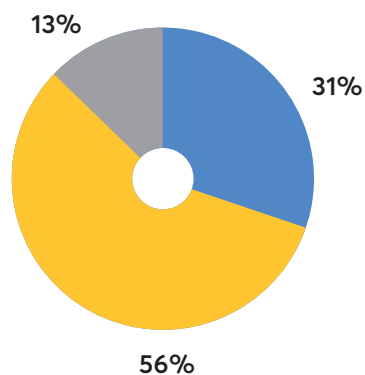
	Under 30 years old	Between 30-50 years old	Over 50 years old		
Men	Nicosia	6	7		13
	Limassol	1	1	1	3
	Larnaca	1			1
	Paphos				0
	Famagusta				0
	Total Men	8	8	1	17
Women	Nicosia	7	11		18
	Limassol		6	5	11
	Larnaca		2		2
	Paphos				0
	Famagusta				0
	Total Women	7	19	5	31
TOTAL	15	27	6	48	

By gender



Men Women

By age group



Under 30 years old Between 30-50 years old Over 50 years old

Note: Numbers include seasonal employees and employees that joined the Bank following the acquisition of Byblos Bank S.A.L Cyprus Branch.



Local Community Hires

The Bank has a positive market presence in Cyprus and tends to support the local community. During the reporting period, 100% of Senior Management at significant locations of operation were hired from the local community.

Notes:

(1) Senior Management is defined as Managers reporting directly to the CEO.

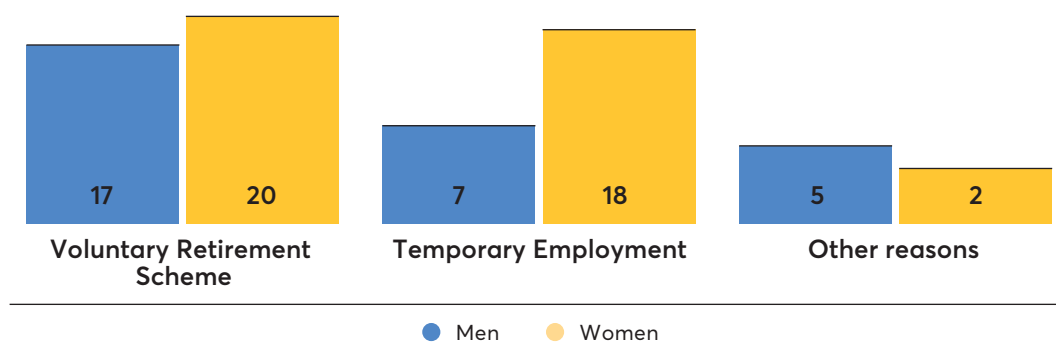
(2) Local refers to Cyprus.

(3) Significant locations of operation refer to the country's main regions: Nicosia, Limassol, Larnaca, Famagusta and Paphos.

Employee turnover

	Under 30 years old	Between 30-50 years old	Over 50 years old		
Men	Nicosia	2	11	12	25
	Limassol			1	1
	Larnaca				0
	Paphos	1		1	2
	Famagusta			1	1
	Total Men	3	11		29
Women	Nicosia	13	8	13	34
	Limassol	1	1	1	3
	Larnaca				0
	Paphos	2			2
	Famagusta	1			1
	Total Women	17	9	14	40
TOTAL	20	20	29	69	
Percentage	29%	29%	42%	100%	

Employee Turnover Analysis



Support at work

Training and Education

Training and education remains at the heart of our people's development strategy. It offers empowerment to employees to evolve constantly, in the rapidly changing world of employment, and at the same time keep abreast of the constant changes in rules and regulations. For the past 2 years, the majority of our training sessions took place online.

2019: 16 average hours of training per employee

2020: 10 average hours of training per employee

2021: 12 average hours of training per employee

Average training hours by gender:

Male	13
Female	11
Average	12

Note:

Information regarding gender is only available for 2021.

Methods of training

- Classroom
- Webinars
- E-learning

Anti-bribery and Corruption Seminars

Our organisation follows a set of policies and procedures on anti-bribery and anti-corruption. We adhere to a zero-tolerance policy towards bribery and corruption and we strive to promote transparency and integrity.

7 seminars, with 52 participants (12% of employees) were provided in 2021 on the topics of anti-bribery and anti-corruption.

Human Resources Business Partner

The HRBP role was established in 2021 and involves a holistic management of Human Resources issues for all departments in relation to HR's specialization areas, such as staffing, training, performance management, employee satisfaction/surveys, rewards, employee relations. The HRBP is responsible for providing guidance and aligning business objectives through the establishment of trust relationships within the members of staff and Heads of the Departments/Divisions that result in increasing productivity and building morale.

Adoption of Competency Framework

In 2021, the Bank has designed a new Model of Professional Competencies/ Competency Framework which describes the desired behaviors and skills that should characterize the Bank's employees at all levels and roles, for the best performance of the employee and consequently the organization.

The Professional Competencies Model will gradually be applied in all systems and procedures related to staff issues such as performance evaluation system, job descriptions, recruitment criteria, staff training. The professional competencies are related to the Bank's strategy and business goals and are also the framework for the formulation of personal staff development plans.



Performance assessment

New Human Capital Management System

Continuing to invest in our people's growth, in 2021 we launched the SAP SuccessFactors System, creating a one-stop shop for all employee needs and allowing an even more user-friendly experience and 24/7 access. SAP Success Factors is a complete, cloud-based Human Capital Management (HCM) system that covers and simplifies core HR processes, including a variety of modules such as Performance and Learning module. Prior to the launch, all employees participated in training sessions to ensure the smooth transition to SAP SuccessFactors.

Appraisal and Development Plan

With the launch of SAP SuccessFactors, we provided our employees with the opportunity to set individual job related and developmental objectives which were aligned with those of their department's as well as the Bank's. Individual objectives are directly linked to the person's job description and to the Key Performance Indicators of the role.

Performance

Employee performance is evaluated on the extent to which quantitative and qualitative objectives are realized. Through the Performance module, both employees and managers can monitor and manage performance goals in real time, 24/7, through all smart devices, while they are also able to provide instant feedback, regarding goals, strengths and development areas throughout the year, keeping employees engaged and building productive, thriving teams.

In 2021, all our permanent employees* (161 male, 262 female) and 52% of our non-permanent employees, received performance and career development review.

**numbers don't include the CEO*



Health and Safety

The Bank continued to apply all measures required to ensure the health and safety of our employees, customers and associates. We also ensured that implementing these measures led to controlling and minimizing the spread of the Covid-19 in the workplace, demonstrating that the safety of its people is an absolute priority.

In 2020 a technological infrastructure for up to 50% of our staff was set up to facilitate working from home. In 2021 and as the vaccination program was implemented at a large scale and normality begun to resume, the percentage of our staff that worked from home decreased to 30%.

The Bank's occupational health and safety management system is aligned with the Legal Framework requirements described below. The Legal Framework provides for the implementation of measures that promote the health and safety of persons at work as well as other persons who may be affected by work activities. For this purpose, the Legal Framework contains general principles in relation to the prevention of occupational risks, the protection of health and safety, the elimination of the risk factors of accidents at work and occupational diseases, the prevention of major accidents and the limitation of the consequences of such accidents, the briefing, consultation, balanced participation, the tutoring or training of persons at work and their representatives as well as rules for the implementation of these general principles.

The occupational health and safety management system covers the workers, activities, and workplaces of the Bank, as described below.

- Workers: All the job positions reflected in the Bank's organisational chart.
- Activities: All activities carried out within the Bank, including Cashiers, Office Work, IT, Maintenance Department, Messengers, Cleaners.
- Workplaces: All the facilities where the Bank's permanent or non-permanent staff of the Bank work from, including the Head Office, Business Centres, Branches, Offices, Warehouses.

The Bank has established Health and Safety Committees at all premises and regions. The committees:

- organise joint actions of the employer and employees to ensure compliance with the requirements of the occupational safety and health regulations
- organise inspections of working conditions (every three months) and occupational safety and health at workplaces
- inform employees of the results of these inspections
- collect proposals subject to the section of the collective agreement on occupational safety and health.

There is also a designated Safety Officer who deals exclusively and full-time with occupational safety and health issues in accordance with the provisions of the Cyprus Safety and Health at Work legislation.

The Bank has the following prevention and support mechanisms in place, to efficiently deal with any personal problems or emergencies:

- First-aid and occupational health and safety training
- Evacuation and emergency response drills at all the Bank buildings

In 2021:

- > 1 health and safety security risk assessment conducted
- > 4 training sessions on health and safety in the workplace
- > 70 participants and 121 training hours in total
- > 2 first aid training sessions
- > 19 men and 18 women participants and 457 training hours in total
- > Only one non-serious work-related injury recorded
- > 172 work hours lost due to injury
- > 1 evacuation drill completed with the participation of 150 employees



Labour rights

Freedom of association and Collective bargaining

All employees have the irrevocable right to organise themselves in trade unions. In Cyprus there is only one banking union, the Cyprus Union of Banking Employees (ETYK). 92% of our employees are members of ETYK. The Union's elected representatives are consulted in matters that relate to employment and working conditions and participate in Internal Committees that handle employee issues (Disciplinary, Appeals, Grievances). The Bank commits to informing, consulting, and negotiating, whenever needed, with employee representatives during decision making processes. A Collective Agreement between the Bank and the Cyprus Union of Banking Employees is in place for the years 2019-21. All permanent employees are covered by the provisions of the Collective Agreement.

A party seeking to modify a collective agreement is obligated to give the other party at least two months' notice, prior to the expiration of the agreement, of their intention to do so, accompanied by a list of claims and/or modifications. This may or may not be stipulated in the collective agreement but is the common practice followed as per the Industrial Relations Code. Employees are given a minimum of two to four weeks' notice – on average depending on the significance of the operational change – prior to the implementation of significant operational changes that could substantially affect them.

Maternity and Paternity leave

Our employees enjoy the full benefits emanating from the relevant legislation, in relation to their maternity and paternity leave rights.

Moreover, in the Collective Agreement between the Bank and the Cyprus Union of Banking Employees that was renewed at the end of 2021, it was agreed that maternity leave is extended to six months, therefore exceeding the legal requirement, and paternity leave to three weeks with full salary compensation.

Parental leave 2021

8 female

3 male

100% returned to work upon the completion of the leave

Leave donation

Employees can donate their annual leave days to colleagues who need to be away from work for long periods of time, due to medical issues of a family member. In 2021 no need arose for leave donation.

Credit facilities

Employees enjoy discounted rates for the Bank's products and services. In 2021, the balances of employee loans that enjoyed discounted rates were €13.9 million.

Health insurance benefits

All employees (permanent and non-permanent) are covered under a Life Insurance Scheme with maximum insurance coverage equal to 60 gross salaries. They are also covered under an Accident Insurance Scheme.

Employees also remain insured under the TY-ETYK Medical Scheme which compliments the Government Health Care Scheme (GESY) and supports financially serious medical and urgent conditions.

*Maternity leave extended to **six months**, paternity leave extended to three weeks fully paid*



Supporting our employees and their families

We continued to provide towards the well-being of our employees and their families, through a series of supportive actions.

Children's first day of school

Parents with children at pre-school, 1st and 2nd grade of elementary school are provided with flexible working hours so they can escort their children on their first day of school without the additional stress of making it to work on time.

Employee Assistance Programme

The 'Employee Assistance Programme' that was introduced in 2013 provides counseling to employees for personal and work-related problems. The following complimentary services are offered to employees and family members:

- 24/7 Support line: the line offers unlimited counseling and guidance, provided by trained professionals for the management of personal/family or work matters.
- Counselling services: The employees and their family members also have the option to have one-to-one counselling sessions with an experienced professional.

Improving communication and employee experience

- The SAP SuccessFactors application that was launched in 2021 helps improve communication across the Bank and increases user autonomy and mobility. Specifically, through the available options, which are accessible 24/7 onsite and via all smart devices, users can:
 - Access their personal profile and their colleagues' work contact details
 - Enter and manage leave requests and their personal details through an easy to navigate process
 - Access a modern performance management platform, provide ongoing feedback and set development goals.
- In 2021, a new more user friendly, intranet portal was launched, that keeps employees up to date on important strategic, business and HR-related issues. It also includes a 'share your thoughts'

section to facilitate communication within the Bank and prompting employees to share their thoughts/suggestions in any aspect.

Supporting our employees who opted for the Voluntary Retirement Scheme

The Bank provides the following benefits to our employees who opted to take the VRS during 2020 and 2021:

- Offers coverage and pays contribution for existing members of TY-ETYK Medical Scheme as well as their existing dependents for a period of two years from their departure date or until the member reaches the age of 65
- Special Tariff Scheme Benefits continue to apply, regarding transactions effected through their AstroBank account for the next five years, or until the member reaches the age of 65
- Coverage under the Life Insurance Scheme, for a period of two years from departure date or until they reach the age of 65
- Existing discounted pricing in loans (as provided in the applicable Collective Agreement) remains as is for a period of five years from departure date or until they reach the age of 65

Talks

Acknowledging the importance of wellbeing in the workplace, a series of wellness programs was initiated, under the umbrella TALKS, providing our employees with tools for their personal development and self-improvement. The program includes online seminars, podcasts and flyers. The first round of online talks revolved around stress management and improving mental health.

Online yoga sessions

A three-month course of online yoga sessions was offered to our employees, providing stress management tools and mindfulness and the opportunity to practise this from the comfort of their homes.





*1 day off
work was granted
to each employee,
for vaccination
purposes*

Our response to Covid-19 pandemic

As the Covid-19 pandemic continued to affect us in all areas of our lives throughout 2021, we ensured that our business operations remained unimpacted by the crisis.

- Our retail branches remained open
- Our call centre remained available 24/7
- Our online banking was available with no interruptions

Business Continuity

Since day one of the outbreak of the pandemic, we have been proactive, taking every possible measure to protect both our staff and customers from Covid-19, while adhering to the guidelines of the Ministry of Health. We have drafted and implemented a comprehensive business continuity plan, keeping all our branches open, whilst ensuring the highest level of protection and safety.

- A special crisis management team operates on an ongoing basis and takes immediate decisions based on the latest developments

Employee and customer safety

- Option to work remotely was granted at a large scale (50% 2020, 30% 2021)
- Meetings were held online
- Safety measures were taken in our branches and office buildings
- We granted one day off work for each employee, for vaccination purposes. An additional day was granted to employees for the purposes of vaccination(s) of dependent minors



Use of Call Centre and digital channels

- Free cash withdrawals from our ATMs and from 330+ ATMs of the Euronet network
- Individuals can apply through the Bank's Call Centre for internet banking enrolment and re-issuance of password, for debit card issuance as well as re-issuance of destroyed, stolen or lost cards
- sKash electronic wallet for peer to peer transactions

Products

We responded immediately to our customers needs, by launching relevant products and suspending the payment of loan instalments.

Loan moratorium

In the light of the Covid-19 crisis, a moratorium was applied, as voted by the Cyprus Parliament in March 2020, to all individuals or legal entities across different sectors who applied and were eligible under the scheme (suspension of instalments of capital and interest for a period of nine months). The payment holiday for all these loans expired on 31 December 2020.

A second scheme for the suspension of loan repayments for interest and principal (loan moratorium) was launched in January 2021 for customers impacted by the second lockdown. Payment deferrals were offered to the end of June 2021, however, the total months under loan moratorium, could not exceed a total of nine months.

Interest Subsidy Schemes

We showed our support to our customers and Cyprus' society by continuing to participate in the Interest Subsidy Scheme for New Housing Loans and New Business Loans, that was announced in 2020 and extended until 31 December 2021.

The customers participating in the two schemes, receive a governmental interest subsidy for the first 4 years of their loan.

To support our customers further, we introduced additional benefits on the housing product, with discounts on insurance premiums and no penalty fees in the event of early repayments.

Overall, the total lending under the two schemes at the end of 2021 was €66 million.*

**approved applications*

€66 million
*new loans
approved under
the two
interest subsidy
schemes*



Our Society

Our Bank is committed to operate in an economically, socially and environmentally sustainable manner, prioritising the interests of its stakeholders.

For all of us here at AstroBank, giving back to society is an integral part of our culture, values and strategy, as well as our day-to-day operations. Our vision is to work responsibly - as a socially active member of society. We want to reciprocate the trust placed in us by society, by taking part in collective actions that aim to create a better tomorrow. Our mission is focused on being a driving force for prosperity, by adding value to the lives of our employees, customers, partners, shareholders, national economy, society and fellow human beings.

We have been committed to this since 2008, when we first began operations on the island as Piraeus Bank (Cyprus) Ltd. Over a period of more than 13 years, we have been investing in Corporate Social Responsibility, while always keeping our plans and initiatives up to date with the needs of society. We are continuously increasing our available resources, taking advantage of experiences gained over the years, while improving our plans in order to respond to the expectations and needs of Cypriot society more efficiently.

Today, Corporate Social Responsibility, is an integral part of our overall strategy. Our plan:

- Is implemented methodically
- Is committed to long-term goals
- Includes a number of sectors
- Is built on solid collaborations
- Promotes volunteerism, contribution and collective effort

Our Contribution to Society

Our vision is to operate responsibly, as an active member of society, adding value to the community that we serve and operate in. In these challenging times, of great financial and social significance, helping society and meeting its specific needs has become just as important as our other activities.

In 2021, a total of €223,000 was allocated for donations and sponsorships.

For a society of solidarity

We continue to actively support Europa Donna Cyprus, as a strategic partner. For 12 consecutive years, we have been co-organizing the Pink Silhouettes March, an initiative that aims to raise public awareness on matters related to breast cancer and empower women to fight this disease. Europa Donna Cyprus pioneered the introduction of the Population Control Programme in 2003 in Cyprus, aiming at early diagnosis and prevention. At the same time, in 2016 we sponsored the creation of the first Accredited Specialized Breast Centre in Cyprus, which offers free access to all women. In 2019, Europa Donna Cyprus expanded its programmes and services to patients with gynaecological cancers, with particular emphasis on patients with ovarian cancer.

Adapting to the conditions brought on by the pandemic, the 2021 march was without public participation, in support of each and every fellow human being battling breast cancer. The event took place as a torchlight procession, with members of the Board and volunteers of Europa Donna Cyprus, representatives of the Bank and 12 other organized groups, participating to share a message of hope, strength, and life.

€842,600
*allocated to
donations and
sponsorships
between
2019-2021*

We also systematically sponsor and volunteer with several non-governmental organisations, such as the Cyprus Red



Cross Society, Vagoni Agapis, Alkionides Charity and the Cyprus anti-cancer society. We also support the Cyprus Autistic Association, the Cyprus Association "One dream, one wish", the Association "Mora Thavmata" and the Association "Goal sti zoi".

As a long-term supporter of the Cyprus Autistic Association, we actively participate in initiatives aimed at raising awareness among the public for the needs of people with autism and their families, contributing to their social acceptance and integration. Every year, hundreds of buildings across the planet are lit up in blue and participate in the "Light It Up Blue" initiative. Within this context and for the 10th year, AstroBank's Head Offices on Spyrou Kyprianou Avenue and Engomi in Nicosia, where lit up in blue.

Volunteering

Our people are the backbone of our Bank. Our employees have always been the driving force behind the organisation's Corporate Social Responsibility programmes.

As an organisation, we actively promote volunteerism as an integral part of our culture, and every year, more and more employees are participating in our Corporate Social Responsibility initiatives.

Our employees participated in a voluntary blood donation drive that was held at the bank's headquarters in June 2021. As part of its long-standing collaboration with the Blood Bank of the Ministry of Health, the bank's employees and management embraced this initiative for yet another year.

The 'Astrobian' initiative was created by our Retail Division, encouraging colleagues at the retail branches to organize volunteering events throughout Cyprus. Our Astrobian volunteers dedicate their time, knowledge, creativity and effort to create a positive outcome for society.

Some of our Astrobian initiatives:

- Organising blood donations
- Organising clothing donations through the Red Cross

- Visiting the children's hospital and gifting presents for Christmas
- Donating supermarket vouchers to under-privileged families
- Clean up of the Linear Park in Strovolos
- Planting trees in fire-stricken areas
- Participating in a charity fundraiser in cooperation with the Charity Centre of Offering and Love 'Ayios Christoforos' (also known as KEPA)
- Offering food and beverages to the fire-fighters during the summer wildfires

Education

Our aim is to support the new generation, by providing children and young adults with the tools, as well as inspiration to change their lives for the best. In this framework, we have been collaborating with 'Junior Achievement Cyprus' since 2013, in order to promote entrepreneurship through experiential learning. We offer our support by sponsoring their activities, as well as by becoming mentors to students interested in exploring their entrepreneurial skills further. We were there for the residents of the mountainous communities of Limassol and Larnaca who were affected by summer 2021 wildfires, taking part in a joint effort, in cooperation with the Pancyprian Volunteerism Coordinative Council, so that all children could go back to school with the necessary school supplies. To that end, and because equal access to education is a top priority for the Bank, vouchers for the purchase of back-to-school supplies were offered to 113 students living in areas devastated by the fires.

Continuing our yearly tradition, we offer awards and grants to honour students of universities in Cyprus.



Our Suppliers and Vendors

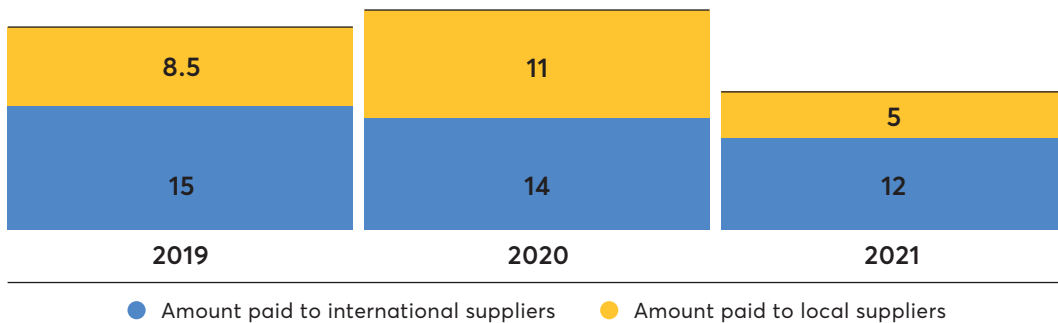
We follow transparent and standardised procedures in selecting our suppliers, through the relevant procurement procedures and following a predefined evaluation and approval process.

The evaluation of each supplier is based on the assessment of their professional behavior with regards to the quality with which they meet the technical and operational requirements set by the Bank, the organizational structure, the qualitative and quantitative competence of staff and the operational capabilities in relation to geographic distributions, as well as their economic behavior in terms of long-term financial viability, the impact of their contracts with the Bank on their turnover and the competitiveness of their pricing policy.

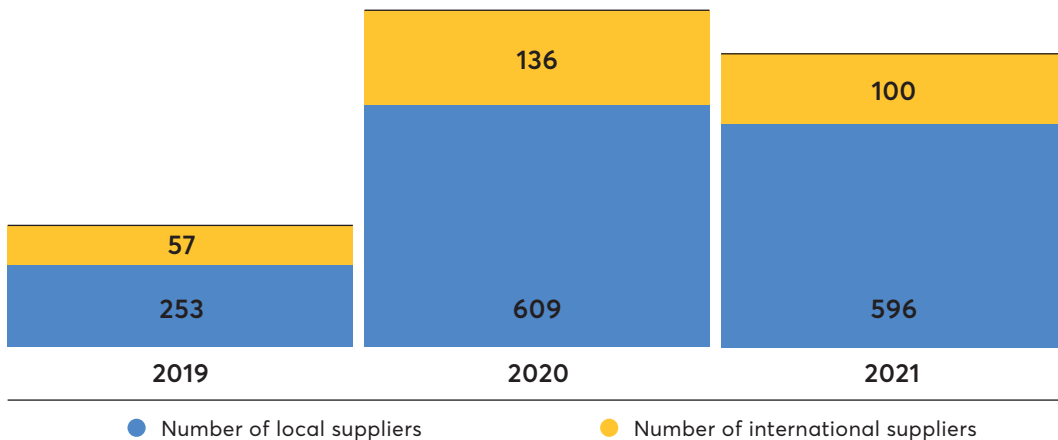
The Bank's suppliers are selected through a standardised, clear and transparent internal procedure, which is followed to evaluate and approve tenders. The Procedure is fully harmonized with all GDPR and compliance rules, regulations, and directives, while it prevents any conflict of interest.

- In 2021 we have paid €17 million in total to approximately 696 suppliers
- A total of approximately €12 million (71%) was paid to 596 local suppliers (86%) from 75 different industries.
- 75 types of suppliers, including providers of professional services, legal services, marketing services, insurance services, consultation services, etc
- From 9 different countries: Cyprus, UK, Greece, Netherlands, Lebanon, Germany, Switzerland, Luxembourg, USA

Amounts paid to suppliers (€m)



Suppliers



Note:
(1) Local refers to Cyprus.



Enhancing accessibility and financial inclusion

Financial inclusion: Payment accounts with basic features

We have been offering our customers the option to open a payment account with basic features, since 2020. The account provides individuals access to banking, including free over the counter services, access to ATMs and cash withdrawals that are free of charge, access to online banking and other services.

ATM access

We provide access to free cash withdrawals across the island, including remote areas, from our ATMs and from 330+ ATMs of the Euronet Worldwide network.

Our premises

The majority of our branches are fully accessible for disabled persons and persons with reduced mobility. It is our goal to make all our premises fully accessible by the end of 2023.



Our customers

We pride ourselves to be a customer-centric bank. Our customers are the core of our business and it is our top priority to offer them high quality services, professional customer service, security and fraud protection.

Customer privacy and protection

Data breaches, digital fraud, cyber-security attacks, compromised customer data and personal data breaches are all becoming more common as people become more reliant on technology and the use of digital channels to conduct financial transaction is constantly expanding. Information security and data protection continues to be one of our top priorities.

Information Security

One of our defence lines is the Information Security Department, which reports directly to the Board Risk Committee. The mission of the department is to manage the part of the business risk that derives from the dependency that our organization (like all modern Organizations) has on Information and Information Systems and allowing them to fully take advantage of today's interconnected economy.

In 2021, the Information Security Department:

- Continued to ensure its compliance with the evolving regulatory and legal requirements.
- Further strengthened its security posture, as it transitioned to a more hybrid work model, to minimize the risk of exploitation or data leakage.
- Performed a comprehensive assessment of the operational and security risks relating to the payment services as defined in the Directive on Payment Services (PSD2).
- Renewed its insurance coverage to help mitigate against certain potential losses associated with cyber incidents.
- Continued to cooperate and share intelligence and knowledge with its peers, the Central Bank of Cyprus, the Association of Cyprus Banks, the Police Cyber Crime Division and the National Computer Security Incident Response Team of Cyprus.

- The Bank performed a series of interventions on its systems to improve its security posture.
- Performed internal and external penetration tests, along with technical vulnerability assessments, to identify exploitable vulnerabilities.
- Enhanced systems patching management process so as to ensure regular and punctual security patching of its systems.
- Executed annual Business Continuity (BC) tests to ensure business continuity.

During 2021 the department has communicated with members of staff throughout the year, with 11 informative emails on security matters. 448 members of staff also attended an online security awareness and Data Protection Privacy training session. Customers receive regular informative SMS's and notifications through the internet banking platform, the Bank's corporate website and social media.

In 2021 two successful fraudulent transactions were executed against customers of the Bank. The Bank incurred no direct loss, but these resulted to a total loss for our customers of €7,400. The Bank reported the incidents to the competent authorities for further investigation and possible actions against fraudsters and instructed customers to report these to the local competent authorities.

ZERO
successful
cyberattacks
in 2021



Customer Privacy

The Bank has adopted and has been operation in full compliance with all regulations, directives and laws on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) and has appointed a Data Protection Officer (DPO) who reports directly to the CEO of the Bank.

So far, the Bank has faced a minor number of complaints, concerning breaches of customer privacy and losses of customer data. In 2021, one case was reported and resolved, as per data protection legislation and rules. The case carried no penalty and the affected data subjects were informed on time, according to data protection legislation and rules.

Moreover, no substantiated complaints were received from regulatory bodies.

The Bank communicates information on how to protect customer privacy, to all members of staff, through email, to all Bank's customers via SMS, as well as through notifications in the Bank's corporate website and internet banking portal. There were also 2 seminars conducted on matters of data protection, attended by 426 members of staff.



Customer Service

With customer service being at the centre of our activities, we continue to improve our products and services while at the same time adhering to the relevant rules and regulations and providing transparent information to our customers.

Responsible information and communication

As part of our responsible customer information policy, we aim at providing comprehensive information to every customer, so as to communicate our products and services in a transparent manner.

Before carrying out any transactions with the Bank, or any requests for products and services, customers may refer to the Basic Terms and Conditions governing the relationship between the customer and the Bank as well as the Tariff Guide that includes all Bank's charges for every product and service provided. Both documents are available online and through the branch network. Customers also obtain detailed information about the features of a credit facility they may be interested in, through the special pre-contractual agreements, through the Bank's branch network.

A Marketing and Promotional Activities procedure ensures compliant advertising and covers the issue of fair advertising, in order to comply with the provisions of the relevant legislations which govern this matter. A Procedure on Social Media and Alternative Advertising Channels Management, for the management of material, posts and messages published, is also in place.

In 2018 the Consumer Protection Service of the Ministry of Energy, Commerce and Industry, initiated an inspection of the Bank's marketing advertisements including audio, video, printed advertisements etc. Following examination, they identified that the Bank was in violation of certain provisions of the relevant legislation, between April 2020 – September 2020. The Consumer Protection Service submitted a list of recommendations for improvement and an administrative fine of €6,000 was imposed to the Bank. The recommendations

issued by the Consumer Protection Service were taken into consideration and adopted in the advertisement material of the Bank.

Responsible development of products

The Bank follows a standardised procedure that includes steps for the design, approval, development and placement of new products and services in the market (and/or any significant changes to existing products and services). It also describes the actions that need to be taken for the development of new markets/business, and for exceptional transactions. The process is also regulated by the Bank's New Product Approval Policy (NPAP) which is aligned with the relevant EBA Guidelines.

The approving Authority for new products and services (and significant changes to existing ones) is the Assets and Liabilities Committee (ALCO). Prior to the submission of a new product to ALCO for approval, the assessment and documented opinion of at least the following departments with respect to their areas of responsibility is necessary: Risk, Compliance, Legal Services, Finance, Credit, Organisation & Methods, IT, Human Resources, MiFID II Governance Function (for MiFID II related services) and Business Lines relevant to the product/service.

The proposals/assessments address the following main issues: product rationale and fit within the existing product range, product features, product eligibility criteria and conditionalities, pricing models & profitability, target market, negative target market, distribution channels, consistency with the risk strategy and risk appetite of the Bank, the impact on liquidity and capital adequacy, risk appetite limits and profitability, regulatory compliance, legal matters, accounting implications, availability of adequate human resources with knowledge and expertise to understand and manage the associated risks, material Changes to related IT systems and processes, dependence on third parties, material changes to related processes, identity of the business unit and individuals responsible, product testing and discontinuation & exit strategies.



The Product Managers supervise the smooth and successful placement of the Product/Service in the market taking any corrective measures, where necessary. The Product Managers also liaise with the Business Lines to create reports for the monitoring of the Product/Service in terms of sales and service, the progress of the objectives and the degree of readiness of the distribution networks in the promotion of the Product/Service in accordance with its specifications. During 2021, we did not have incidents of non-compliance concerning product and service information and labeling.

Mystery Shopper

The Bank has been performing mystery shopper surveys, to ensure that the quality of its products, customer service and branch environment are of the highest standards. Using an independent vendor who provides an objective evaluation of its standards and procedures, the Bank analyzes the results of each survey and uses these as an unbiased metric for setting benchmarks and targets for improving customer experience and existing processes.

In 2020, a total of 128 mystery shopper visits were performed whereas in 2021 the

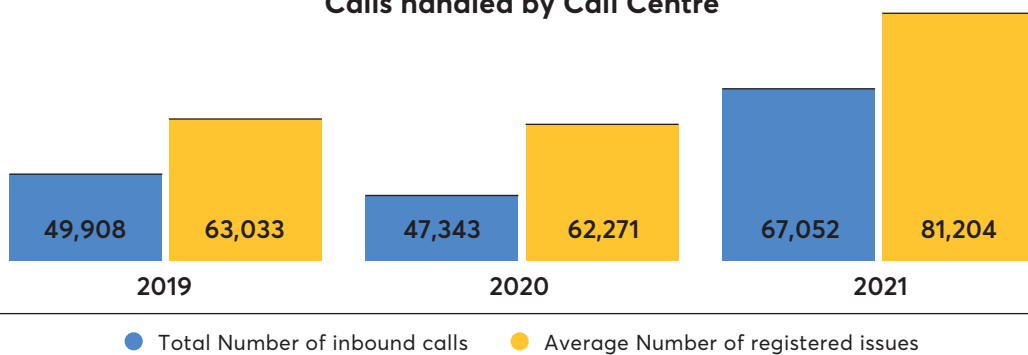
number was reduced to 70 due to the Covid-19 pandemic and in an effort to protect the employees and customers by minimizing the number of people present at the Bank's premises.

Call Centre

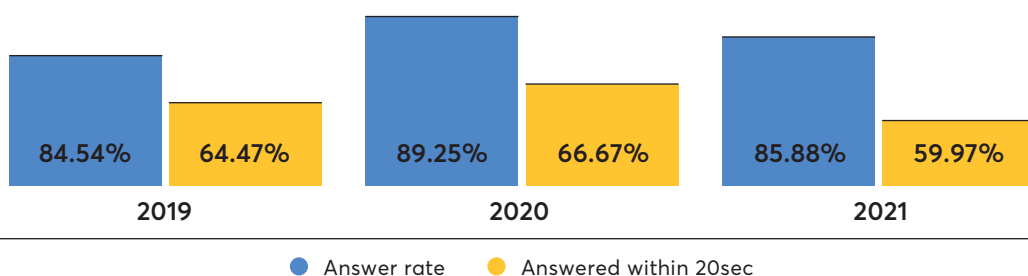
Our Call Centre is available 24 hours a day, 7 days a week, with six full time and one part time employee.

- In 2021, the Call Centre has received 67,052 calls and has handled a total of 81,204 issues.
- 85.88% of all incoming calls were answered in 2021, in comparison to 89% in 2020, the slight deterioration being due to the large increase of incoming calls (19,709 more calls compared to 2020).
- 60% of the calls were answered within the first 20 seconds with the average speed to answer at 58 seconds.
- The Call Centre also handles emails that are sent from customers and non-customers of the Bank. In 2021, 3,470 emails were received and handled.

Calls handled by Call Centre



Answer Rate

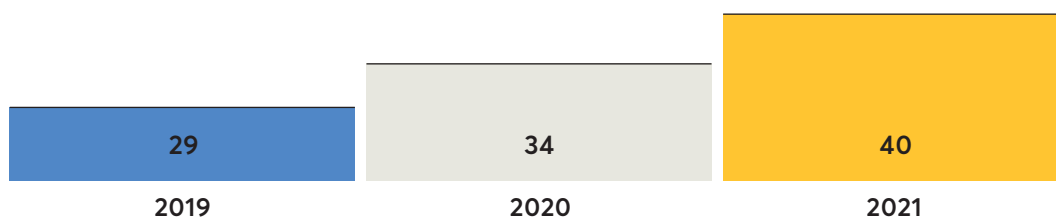


Complaints procedure

The Bank has in place a complaints procedure and is committed to handling all grievances in a timely, accurate, discreet and respectful manner. The Bank has committed to respond within a period of 10 days from receipt and in the event that more time is needed to investigate the claim, the customer is informed accordingly with an interim letter.

In 2021, the Bank has received 40 complaints. All were resolved by the end of the year, including 2 complaints that were pending from the prior year.

Customer Complaints Received



Complaints 2021	# of complaints
Pending from 2020	2
New received in 2021	40
Completed in 2021	42
Pending end of 2021	0

Areas of concern	# of complaints
Customer Service Behavior	9
Data protection / GDPR	1
Loan charges / calculations	4
Fees charged	4
Banking services	17
Reasons for rejection of account opening / closing	3
sKash	2
Total	40

The Bank also has in place an Appeals Committee for the fair handling of restructuring requests. The Committee has not received an appeal over the past 3 years.

Online appointment

Using technology as a means to simplify procedures and to first and foremost improve the customer experience, we launched an online service, for clients to schedule their appointments with bank representatives at any branch of their choice.

At a time when technology has become an integral part of daily life and with the difficulties arising from the Covid-19 pandemic in mind, this online appointment scheduling system simplifies banking even further. It helps save time from waiting in lines at the branch, as every meeting can be scheduled online in advance. Customers can make use of these appointments to discuss with the bank's specialised staff matters regarding loans, credit cards, insurance and other banking solutions.



Governance Review

Making it Happen





Transparency, credibility, accountability and security are the fundamental corporate governance principles in the contemporary corporate environment. These principles provide the framework for the achievement of the Bank's objectives, reflect the Bank's values and safeguard the interests of the shareholders.

The internal Regulation on corporate governance, which is binding on the instruments of the Bank, incorporates all relative legislative provisions as well as the framework of its internal supervision and management. The aim of the Regulation is to provide transparency and efficiency to the current corporate governance system and to determine the rules of sound and responsible administration in order to strengthen the confidence of shareholders, employees and customers towards the Bank.



Our Shareholders

The Bank's shareholders holding more than 5% of the issued share capital as at 31 December 2021 are as follows:

Shareholders	Number of ordinary shares	% held
Holding M. Sehnaoui S.A.L.	4,938,061	20.902%
Bassam Najib Diab	3,018,694	12.778%
Piraeus Bank S.A.	2,362,000	9.998%
WG Cyprus (Holding) SAL	2,263,337	9.580%
Mar Takla Palace SAL	1,195,929	5.062%
Other	10,914,697	41.680%

Remaining shareholding of 41.68% is held by 30 other shareholders comprising both of individuals and legal entities.

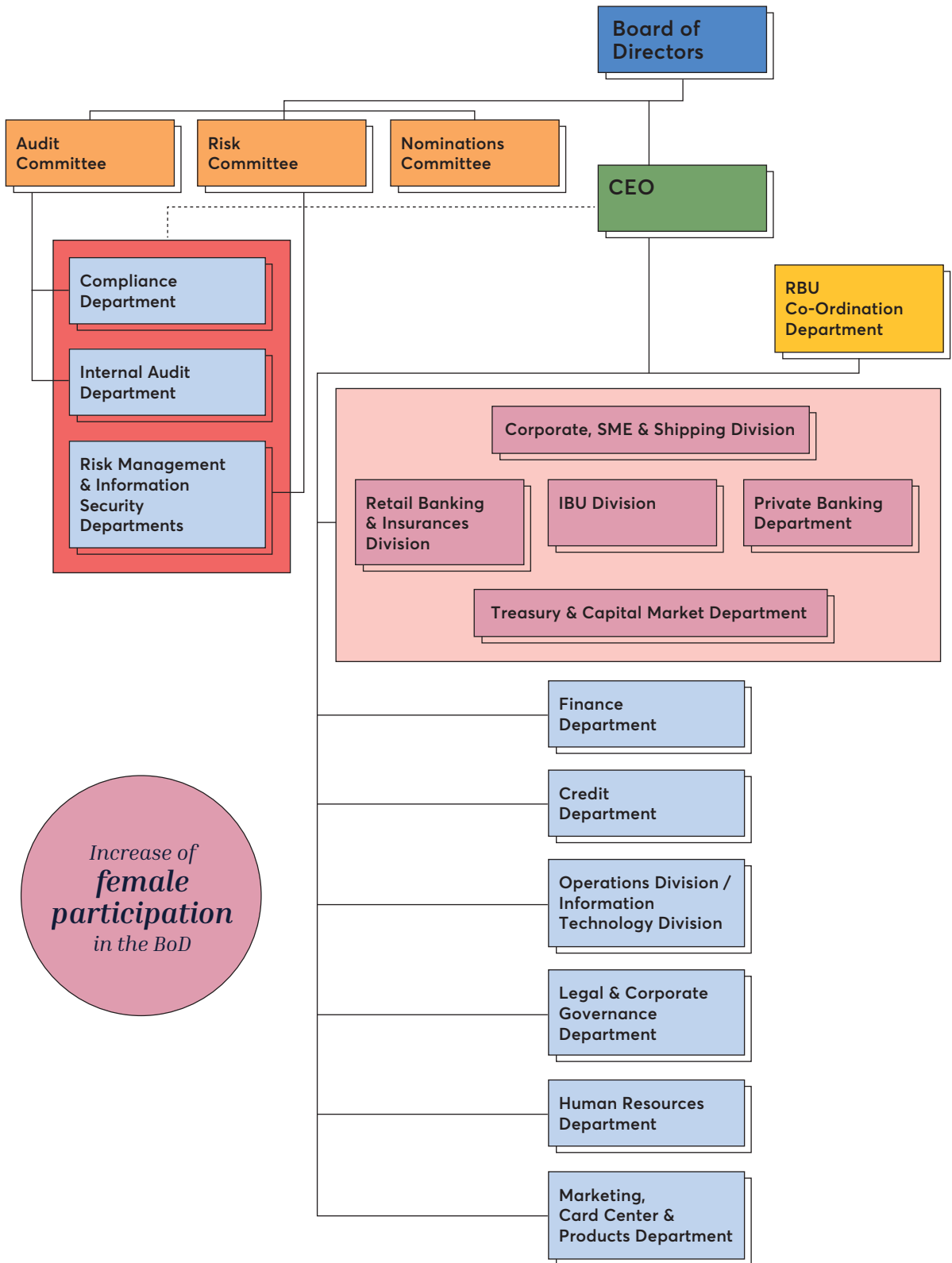
During the Board of Directors meeting on 22 June 2020 the Bank has examined and approved the request for conversion of the 1,250,000 redeemable preference shares into 1,250,000 ordinary shares of nominal value €1 each and a share premium of €7 each. During the year 2020, the Bank has issued and allotted 2,613,035 ordinary shares of nominal value €1 each at a share premium of €7.85 each, resulting in an increase in the issued share capital by €2,613,035 and an increase in share premium by €20,512,325. Following the conversion of the redeemable preference shares and the issue of share capital, the share capital and share premium amounted to €23,624,789 and €155,383,361 respectively.

There were no changes to the issued share capital during the year ended 31 December 2021.

In December 2021, the Group issued €1.2 billion and \$2.1 billion senior preferred bonds. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contributes towards the Group's MREL requirements.



Our Organizational Structure



Increase of female participation in the BoD



Our Board of Directors

The Board of Directors is the supreme governing body and responsible with establishing the ethical standards and corporate values that shall guide the daily activities of the Bank for the BoD itself, the Executive Directors and the remaining employees of the Bank. In this context, the BoD has approved and/or issued a Code of Conduct for Bank Employees, a Code of Service, a Disciplinary Code, a Policy on Conflict of Interest, a Policy on Whistleblowing and the Procedure on Personal Complaints.

Name	Position	Notes
Michalakis Sarris	Independent Non-Executive Chairman	Appointed on 24 September 2021 and as Chairman on 15 December 2021
Shadi Karam	Independent Non-Executive Chairman	Until 15 December 2021
Maurice Sehnaoui	Non-Executive Vice Chairman	
Bassam Najib Diab	Non-Executive Director	
Hikmat Abou Zeid	Non-Executive Director	Until 10 December 2021
Aristidis Vourakis	Executive Director, Chief Executive Officer	
George Kourris	Senior Independent Director Independent Non-Executive Director	Until 22 April 2021
Andreas Vasiliou	(appointed as Senior Independent Director on 26 October 2021)	
Maria Dionysiades	Independent Non-Executive Director	
Costas Partassides	Independent Non-Executive Director	

The Chairperson of the Board of Directors is an Independent Director and does not hold any executive duties within the Bank.

Dr Shadi Karam resigned from the position of Chairman of the BoD on 15 December 2021. Mr Michalakis Sarris who was appointed as Independent Director on 24 September 2021, was subsequently appointed as Chairman of the BoD on 15 December 2021, following approval from the Central Bank of Cyprus.

Mrs. Evi Rossidou Antoniadou was also elected as a new member of the Bank's Board of Directors, as Executive Director, in September 2021. The appointment was approved by the Central Bank of Cyprus in 2022.

Mr George Kourris resigned from the position of Senior Independent Director on 22 April 2021. Mr Hikmat Abou Zeid resigned from the position of Non-Executive Director on 10 December 2021. Mr Andreas Vasiliou was appointed Senior Independent Director on 26 October 2021.

In 2021, Dr Shadi A. Karam, the Chairman of AstroBank's Board of Directors until 14 December 2021, received a distinction of the Cyprus Institute of Marketing (CIM), and has been selected as an Honorary Fellow.



Our Committees

The Board Committees

The BoD has the primary responsibility for internal governance at all times and defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the Bank, including the segregation of duties and the prevention of conflicts of interest. In this respect, the BoD is responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy and internal governance. Additionally, the BoD ensures the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards.

The Board of Directors is supported by three Committees established on the Board level, that aim to make its operations more effective by delegating Directors to focus on specialized areas and facilitate the Board's decision-making process.

Audit Committee

- Chairperson: Costas Partassides
- Members: Maria Dionyssiadis, Michalakis Sarris (26/10/2021 - 15/12/2021), George Kourris (resigned on 22/04/2021)

The main responsibilities of the Audit Committee are:

- To monitor and assess the adequacy and effectiveness of the Internal Control System.
- To submit proposals for the resolution of any weaknesses in the Internal Control System.
- To monitor the implementation of measures that have been decided by the Board of Directors.
- To evaluate the work of the Internal Audit unit and the Compliance Department.

- To submit proposals to the Board of Directors for the selection or replacement of the external auditors.
- Moreover, the Chairman of the Audit Committee, is responsible for the implementation of the Law and Directives, circulars and/or regulations issued by the Central Bank of Cyprus pursuant to the Prevention and Suppression of Money Laundering Law, and of any other relevant acts of the European Union.

Risk Management Committee

- Chairperson: Maria Dionyssiadis
- Members: Andreas Vasiliou, Costas Partassides

The main responsibilities of the Risk Management Committee are:

- To develop the Bank's strategy regarding risk-taking and capital management.
- To assess the adequacy of the Bank's risk management policy.
- To evaluate the effectiveness of the Bank's Risk Management unit.
- To submit proposals to the Board of Directors on relevant matters.

Nomination & Remuneration Committee

- Chairperson: Bassam Diab
- Members: Andreas Vasiliou, Michalakis Sarris (since 26/10/2021), George Kourris (resigned on 22/04/2021)

The main responsibilities of the Nomination and Remuneration Committee are:

- To develop, periodically review, and monitor the implementation of the Bank's remuneration policy.
- To assess the composition and performance of the Board of Directors.
- To submit proposals to the Board of Directors for the selection, renewal or replacement of Board Members.



The Management Committees

The Bank is also supported by management committees that contribute to the efficient operation of the organization.

Assets and Liabilities Committee (ALCO)

The ALCO manages the balance sheet of the Bank from both a risk and a business perspective and oversees the implementation the directives set forth. The committee ensures that business opportunities identified and pursued by business lines fall within safe limits and parameters.

Provisioning Committee

The mission of the Committee is to approve individual and collective Expected Credit Loss provisions prepared in accordance with applicable International Accounting Standards, EBA/ECB Guidelines and the Bank's internal Policies and Procedures, as presented by the Finance Department and Risk Management Department.

IT steering Committee

The main purpose of the Committee is to monitor and provide guidance for (a) the implementation of the Bank's IT and Information Security Strategy as communicated by the BoD, (b) the implementation of the Policies approved by the BoD relevant to the Security and Integrity of the IT systems and data and (c) the implementation of best practices regarding IT and Information Security Governance.

Appeals Committee

The Appeals Committee, that was established under the Arrears Management Directive, has as its mission to review each borrower's appeal thoroughly, fairly and objectively and to ensure that the borrower's restructuring request has been fairly handled within the Code Framework, so that a compromising solution may be reached between the borrower and the Bank and legal proceedings may be avoided to the maximum possible extent.

Crisis Management Committee

The Crisis Management Committee is responsible for the recommendation of preventive measures and monitors that all control measures and containment steps have been implemented.

Disciplinary Committee*

The Disciplinary Code defines the procedures, rules and measures to be followed in cases where a member of the Bank staff commits a disciplinary offence.

Disciplinary Appeals Committee*

Employees being disciplined have the right to appeal against the decision of the Disciplinary Committee.

Personal Complaints Committee*

The Personal Complaints Procedure defines the mechanism for the handling of any problem that is created at the workplace (Health and Safety) or results from labour relations (e.g. harassment, threats, etc.) or any other complaint that the staff would like to raise.

Promotions Appeals Committee*

The object of the Promotions Appeals Committee is to examine objections raised by members of the Bank's staff after the completion of the promotions procedure and their announcement.

Credit Committees

The Bank has established Credit Committees that are responsible for the decision-making on credit related issues.

**The Disciplinary Committee, Disciplinary Appeals Committee and Personal Complaints Committee all consist of three members appointed by the Bank and two by the Cyprus Union of Bank Employees (ETYK). The Promotions Appeals Committee consists of two members appointed by the Bank and one by ETYK.*



How We Are Governed

Decision-making Process

Major Shareholders are represented in the Board of Directors and participate in the discussions and decision-making process of the Board/Committees. External Auditors are invited as needed to participate and provide information/advise the Board of Directors / Committees.

Where necessary, the Heads of Control Functions, Senior Managers and/or other employees are instructed by the Board/Committees to communicate and/or consult with stakeholders both within and outside the Bank and report the outcome to the Board/Committee.

At the instruction of the Board of Directors, Senior Managers are responsible for the development of strategies, policies and goals, which they must present to the Board of Directors for approval.

Nominating and Selecting the Highest Governance Body

The selection process for the highest governance body, the BoD, is based on the candidates' personal qualifications such as experience, skills and personal characteristics, including personal integrity and judgement. Our principles highlight the importance of independence, equality and diversity.

The BoD is sufficiently diverse as regards age and educational and professional background to reflect an adequately broad range of experiences and facilitate a variety of opinions and critical challenge, while also having adequate collective knowledge, skills and experience to be able to understand the institution's activities, including the main risks.

The nomination and selection process is carried out by the Nomination and Remuneration Committee, which then presents its recommendations to the Board of Directors for approval/ratification.

We have a specific Policy of Assessment and Reassessment of the Fitness and Probity of the Board of Directors and

Managers. This Policy sets out:

- (a) the procedures for the assessment and reassessment of the fitness and probity of the relevant persons;
- (b) the assessment criteria for the fitness and probity of the relevant persons;
- (c) the measures applicable in cases where members or managers are not fit or not proper; and
- (d) the criteria rendering members of the management body independent (independence criteria).

The Nomination and Remuneration Committee of the Bank actively contributes to adopting appropriate criteria on the assessment of the fitness and probity of the relevant persons. During the assessment of the relevant persons, the Bank ensures that they:

- (a) possess the necessary experience, expertise and knowledge to fulfil their responsibilities and functions; and
- (b) that they act honestly, ethically and with integrity – characteristics which promote a culture of compliance with the regulatory environment governing the operations of the Bank.

Independence Criteria

Each Board member (independent or otherwise) has the responsibility to act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary, and to effectively oversee and monitor the management's decision-making.

Prior to appointing a Non-Executive and Independent member, the Bank ensures that the candidate member is independent in character and judgement and verifies whether there are any conflicts of interest, relationships or circumstances which could affect or could appear to affect the candidate member's judgement.

The Board of Directors adopts suitable criteria in order to assess whether a member is independent. The minimum criteria that must be satisfied by a candidate member are the following:



- (a) Has not served in the senior executive management of the Bank or its group and neither has his/her spouse and his/her spouse has not been a member of the management body of the Bank or its group at any time during the past five (5) years.
- (b) Does not himself/herself or his/her spouse, maintain or has maintained in the past three (3) years, a material business relationship with the Bank or its group either directly as a partner or substantive shareholder or as director or senior officer of an entity which maintains such a relationship.
- (c) In case of existing non-executive member of a Bank, he/she does not receive or has not received any material additional remuneration from the Bank or from its group apart from fees as a non-executive member. Additional remuneration includes the participation in share options or any other performance-related incentive or target granted to the candidate member. Additional remuneration does not include a fixed income from a retirement scheme, including post-dated income regarding previous services to the Bank or its group, provided that this income is not connected in any way with the continuation of these services.
- (d) Is not or has not been during the past three (3) years an external consultant or an external auditor or partner or senior officer (directly responsible for the affairs of the Bank) of external consultants or auditors of the Bank.
- (e) Does not have a relative in the senior executive management or who is a member of the Board of Directors of the Bank.
- (f) Does not have any other connection to the senior executive management or members of the management body of the Bank through any business relationship (for example, through common ownership, directly or indirectly, of 20% or more of voting rights or share capital of a company and/or through cross-directorships in a company, excluding non-profit organisations).
- (g) Does not hold, directly or indirectly, 5% or more of the share capital or voting rights, nor, in any way, represents a shareholder or has a relative who holds,

directly or indirectly, 5% or more of the share capital or voting rights of the Bank. This criterion does not apply when the Bank is a subsidiary company of a credit institution, nor when the Bank received state aid.

- (h) Has not served a total term of over nine (9) years, either consecutive or not, on the management body of the Bank.

Ongoing Training

All members of the BoD, especially the non-executive members receive targeted training for developing and/or refreshing their knowledge and skills. The members of the Board of Directors participate in training sessions, on matters of interest, new developments and general issues, as needs arise.

Some of the training sessions carried out in 2021:

- Developments on the Regulatory Framework
- Suitability Directive 2020
- Compliance Update
- Internal Control Framework & Internal Audit
- Regulation Considerations in Banking & Risk Management Framework
- Information Security Department Framework & Security Awareness 2021
- The Compliance Function and Developments
- Overview of Sound Risk Management Principles and Capital Adequacy Requirements

Performance Evaluation

The following processes are followed for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics:

- Annual assessments are performed of the Board of Directors as a Body, the BoD Chairperson, the individual members and the Committees. A report on the Chairperson's evaluation as well as an evaluation of the BoD as a whole are submitted to the CBC.
- Annual self-assessments the Committees.



- Every three years, the Bank appoints an independent external consultant (Audit Firm other than the Statutory Auditors) to perform a review and evaluation of the composition, efficiency and effectiveness of the management body and its committees.

Reporting Process

Any highly important issue may be presented to the BoD, if deemed necessary by the Senior Management of the Bank. The Secretary of the Board of Directors will present the issue to the Chairperson of the Board and obtain the necessary approval to include the relevant item in the Agenda of a Board meeting.

The Board of Directors reviews and approves annual reports from the Control Functions, which are discussed during Board meetings. The Head of the respective Control Function is present at the meeting and provides all necessary information and or clarifications required by the Board. The Control functions also submit Quarterly reports to the BoD Committees.

Remuneration Policy

The Remuneration Policy of the Bank is consistent with the objectives of the Bank's business and risk strategy, corporate culture and values, long-term interests and the measures used to avoid conflicts of interest and should not encourage excessive risk-taking.

The Board of Directors adopts and periodically reviews the Remuneration Policy and is responsible for its implementation. The Nomination and Remuneration Committee of the Board annually reviews the Remuneration Policy and monitors its implementation. The remuneration of the members of the Board of Directors is approved at the Annual General Meeting of the Shareholders of the Bank.

The Nomination and Remuneration Committee is responsible for setting out the Bank's policy on remuneration and other benefits received by the Executive Members of the Management of the Bank and the staff of the Bank in accordance with the relevant CBC Directive and taking into account where applicable, the Collective Agreements between AstroBank and the Cyprus Union of Bank Employees (ETYK).

In December 2021, the Bank reached an agreement with the Cyprus Union of Bank employees for the renewal of the collective agreement for the year 2022. The agreement relates to certain changes including the introduction of a new performance related pay component as part of the annual salary increase.



Our Internal Control Functions



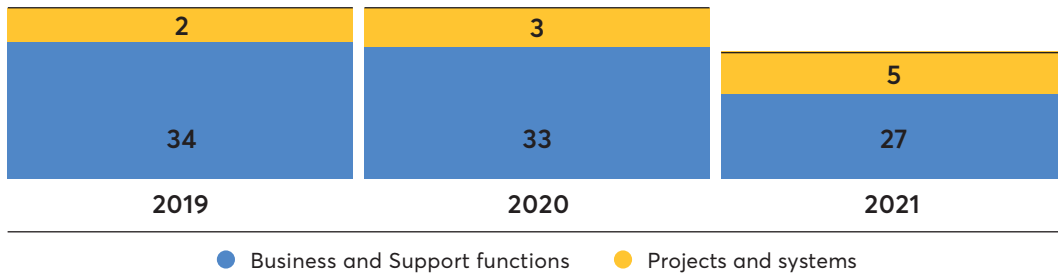
Internal Audit

The Bank has established a strong Internal Audit Department, which assesses the adequacy and effectiveness of the Internal Control System. The Internal Audit Department is independent and its Head reports to the BoD of the Bank through the Audit Committee. The BoD members are ultimately responsible for maintaining the Internal Control System, the monitoring and evaluation of its adequacy and its effective implementation. The Internal Control System aims at effectively managing risks that threaten the Bank and ensures:

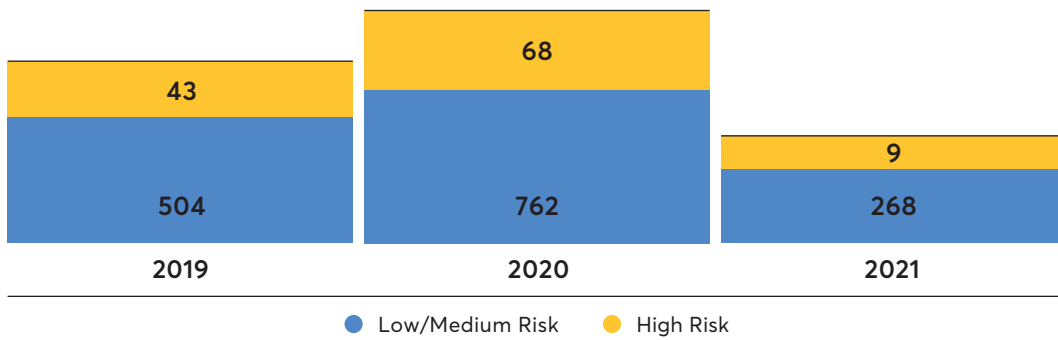
- effective and efficient operation
- prudent conduct of business activities
- reliability of reported internal & external Information
- sound administrative & accounting procedures
- compliance with laws/regulations and internal rules



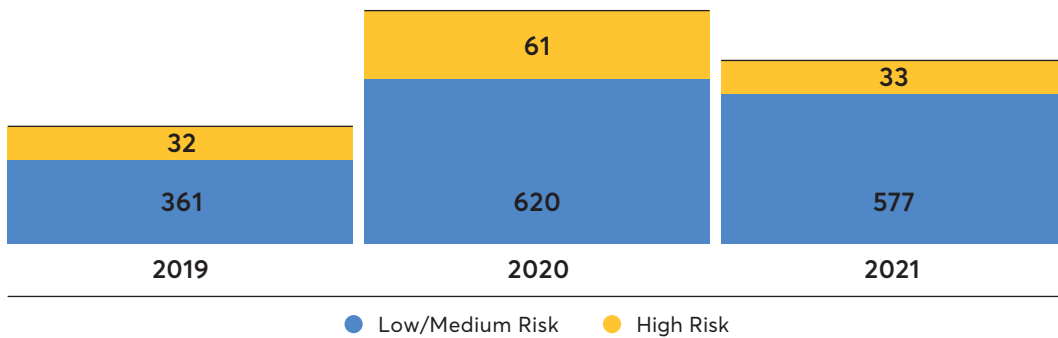
Number of audits



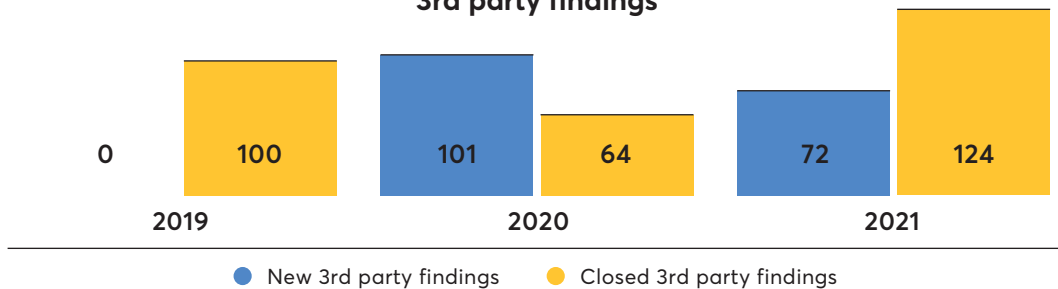
New findings



Resolved findings



3rd party findings



Notes:

- New findings include findings identified in the reference year
- Resolved findings include new and brought forward findings closed during the reference year



Compliance Department

The Compliance Department is an administratively-independent department responsible for the implementation of the compliance policy adopted by the BoD to comply with the applicable legislative and regulatory framework. The mission of the Compliance Department is to act pre-emptively in order to effectively address the risk of regulatory compliance. The Compliance Department establishes, implements and maintains appropriate mechanisms and activities for promoting and maintaining a culture of corporate compliance and integrity within the institution.

The Bank adheres to a zero-tolerance policy towards money laundering and the financing of terrorism, and the Compliance Department ensures that the Bank is in compliance with the current anti-money laundering ('AML') and combating the financing of terrorism ('CFT') regulatory framework. The Bank is constantly faced with challenges resulting from current affairs (the Russia-Ukraine war), frequent paper leaks and publications on financial corruption (e.g., The Russian Laundromat and The Panama Papers), as well as investigative documentaries (the most recent being Al Jazeera's Cyprus Papers) that create a constant need to increase anti-money laundering (AML) and Know Your Customer (KYC) controls on the Bank's customers and transactions.

Risk Management

The Bank places special emphasis on the effective monitoring of risk management with a view to maintain the stability and continuity of its operations. In this context, the Bank's competent bodies make sure to record and regularly re-evaluate its Operational Strategy as it comes to taking up, monitoring and handling risks and classifying transactions and clients by level of risk, setting the maximum acceptable exposure limits applicable each time in total for each type of risk and the further specialisation of each of the above limits, establishing limits for the termination of loss-making activities or other corrective actions.

The Risk Management Framework identifies and defines 10 Principal Risks:

Credit risk
Market risk
Liquidity risk
Operational risk
Reputational risk
Country risk
Concentration risk
Strategic risk
Capital adequacy risk
Other risks

ESG risks will be included in the upcoming update of the Framework. An Operational Risk Management Framework (which is fully aligned with the Bank's Risk Management Framework) is also in place.

The Risk Appetite Framework defines the level of risk we are prepared to accept across the different risk types, taking into consideration varying levels of financial and operational stress.

Information Security

The Bank pays special attention to the formulation and regular evaluation and update of its strategy, regarding the continuous development of a framework of principles for the secure, efficient and smooth operation of its systems. The Bank also recognises the need for an emergency plan aimed at handling extraordinary operational issues and a recovery plan for potential disasters and has established a Business Continuity Plan in order to safeguard the continuity of its most critical operations. Additionally, the bank has a Disaster Recovery Plan, which applies in cases of disaster that may cause the prolonged closure of the bank's systems.



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AstroBank Public Company Limited
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