



ProCredit
H O L D I N G

ProCredit Bank

IMPACT REPORT APPENDIX 2021

Part of the Impact Report Package 2021

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Navigating the Impact Report Appendix 2021

This document is part of a set of three that jointly comprise our Impact Report Package 2021 and complement our Annual Report. The three documents are closely interrelated and cover the period from 1 January to 31 December 2021. Please also refer to the following documents for comprehensive insight into our sustainability approach:

Impact Report 2021

Our Impact Report can be accessed separately; it discloses our approach to sustainability and our philosophy on the issues that matter the most to our stakeholders. In the three sections structured around the material topics identified through our sustainability, materiality and impact assessment, this report provides information about our non-financial performance progress and initiatives.

Impact Report Datasheet 2021

The Impact Report Datasheet is a downloadable spreadsheet that allows our stakeholders to easily search for, compare and analyse our sustainability key performance indicators.

The Impact Report Package and the GRI content index included in the present document have been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Our full reporting suite, including annual reports and the full Impact Report Package, can be found at: <https://www.procredit-holding.com/downloads>

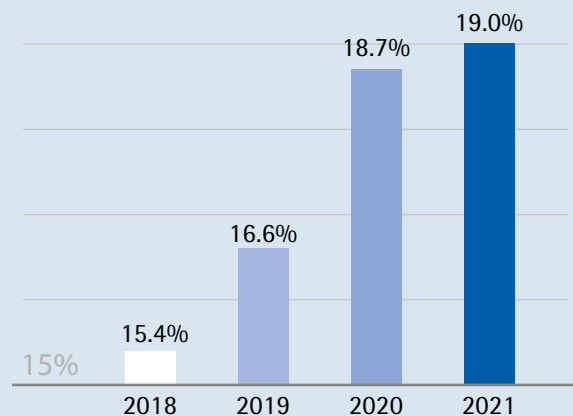
SUSTAINABILITY GOALS AND ACHIEVEMENTS

In 2018, the ProCredit group set itself three specific medium-term goals. This section summarises the progress made in attaining these goals over the last year.

20% GREEN LOANS BY 2023

Goal: Increase the relative size of the group's green loan portfolio to 20% of the total loan portfolio, while at the same time maintaining the high quality of our green lending activities

goal 20%



Note: In previous reports, the share of green loans in our total portfolio was expressed as a whole number. To increase precision, we are now showing the figures with one decimal place.

The share of green loans in our portfolio has been rising consistently since 2015, and although we had anticipated reaching the 20% threshold by the end of 2021 in all our countries of operation, our green loan portfolio currently represents 19% of our total loan portfolio. Although we met or even exceeded the 20% goal in two regions (South Eastern Europe and Germany), we still need to focus our efforts on increasing the share of green loans, taking into account the challenges and limitations, such as regulations and infrastructure, for each country. Over the last year, the green loan portfolio grew by 14.5% and we anticipate a similar growth rate for the coming year. Once we achieve our goal, we intend to revise and update it in order to continue institutionalising green finance within ProCredit.



For more information, see

> [Impact Report Datasheet 2021](#), Sustainable lending

> [Impact Report 2021](#), Our approach to green finance, pages 40f.



Specific achievements as of the end of 2021:

Size of green loan portfolio as of the end of 2021: EUR 1,128.1m

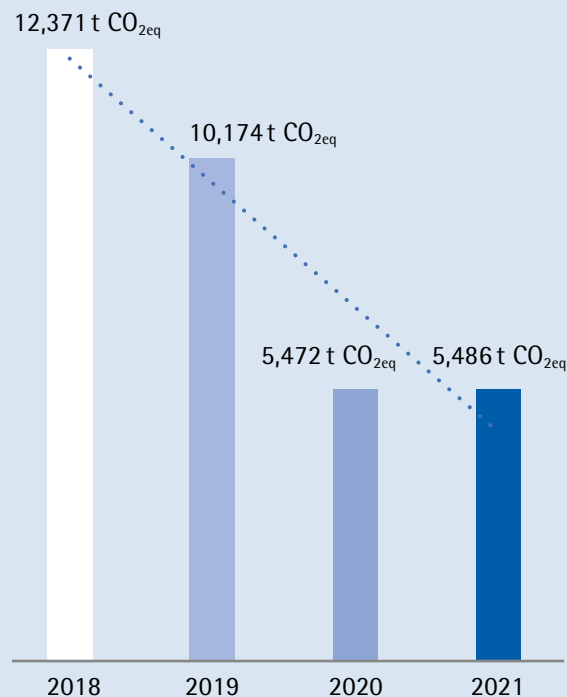
Increase of share of green loan portfolio in total portfolio in 2021: 0.3%

Green investment loans as a share of total investment loans: 25%

Increase in both the number and the volume of loans in all three green lending categories: energy efficiency (EE) investments that reduce energy usage by at least 20%, renewable energy (RE) investments into distributed or utility-scale RE generation systems, and other environmentally friendly investments (GR) such as in waste management or organic agriculture.

CARBON NEUTRALITY BY 2023

Goal: Become carbon neutral with regard to the group's own CO₂ emissions



Note: The CO₂ emission factors were updated with the IEA emission factor 2021. This change affects <1% the emission data shown here versus the data published in previous years.

This year, our direct carbon footprint totalled -56% of our 2018 CO₂ emissions, the year in which ProCredit set the goal of becoming carbon neutral. The steep decline in 2020 was attributed to the almost total absence of international travel, and although we saw an increase in the number of flights in the second half of 2021, the level still lies well below pre-pandemic times. Teleconferencing and online training methods, where possible, were widely adopted in 2021 in order to reduce international travel, while still responding to the needs and desires of our teams and clients to meet in person.

Additionally, other efforts contributed to the further reduction of our direct carbon footprint: the continued greening of our premises by investing in energy-efficient equipment, sourcing renewable energy and changing our car fleet from conventional fuel to mainly electric and (plug-in) hybrid vehicles.

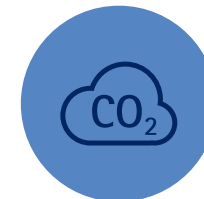
To maintain the downward trend, we plan to continue reducing our flights and increasing the share of e-cars in our fleet.



For more information, see

> [Impact Report Datasheet 2021](#), Environmental performance

> [Impact Report 2021](#), Our approach to green finance, pages 40f.



Specific achievements as of the end of 2021:

Investing in our own 3 MWp PV park in Kosovo (ProEnergy) to compensate our emissions

4 banks, ProCredit Holding, ProCredit Academy and Quipu's head office in Frankfurt are using electricity from renewable energy suppliers

8 banks and ProCredit Academy are equipped with their own rooftop PV systems (installed peak capacity of about 415 kWp as of Dec. 2021)

4 bank headquarters are EDGE-certified buildings

59% of the vehicle fleet is electric and 12% is (plug-in) hybrid

11% reduction in energy consumption in our office buildings between 2018 and 2021

STAFF COMPETENCE

Goal: Maintain and further increase the high level of social and environmental competence among our staff



Courses on environmental and social topics have always formed a key component of our long-term training programmes – the Onboarding Programme, the Banker Academy and the Management Academy. They also feature prominently in the materials used in our English language courses. In addition, all ProCredit institutions hold regular training sessions dedicated to environmental awareness and various aspects of environmental and social risk assessment, operational risk, information security risk and the corporate values embodied in our Code of Conduct.

During the pandemic, the Onboarding Programme was quickly moved online, and we have been able to continuously enrol our new colleagues without any delays.

In 2020, the transition to online learning presented huge challenges, but in 2021 we had already adjusted to the changes and were able to harness the new opportunities brought by this new modality. The constant sharing of experiences, lessons learned, and reflections of the colleagues involved in training and recruitment enabled us to find creative ways to maintain the discussion-driven and interactive approach of our trainings.

Progress in terms of environmental competence can be seen, for example, in the excellent results of our green lending operations. All our employees receive at least one training session on green topics every year. Environmental, credit risk and business department



Specific achievements as of the end of 2021:

Enlargement of the training offer through the newly established ProCredit e-learning campus.

Total hours devoted to environmental training: 13,850. Sustainable agriculture was the special topic in 2021.

Total hours devoted to Code of Conduct training: 14,132. Key elements of discussion this year: freedom of expression and education.

staff also participate in our green seminars, which are held twice a year. Additionally, we provide continuous training for specialist employees on environmental measures, green finance, management of E&S risks, among other topics.



For more information, see

Impact Report Appendix 2021

- SDGs, material topics and targets, SDG 4 > pages 23f.

> [Impact Report Datasheet 2021](#), Employees

> [Impact Report 2021](#)

- Staff development, pages 58f.

MATERIALITY AND IMPACT REPORTING

Reporting approach

The Impact Report 2021, of which this appendix and the separately available Datasheet are part, presents the economic, social, and environmental impact that the ProCredit group has had in our countries of operation in the 2021 calendar year. The group consists of ProCredit Holding AG & Co. KGaA, the 12 ProCredit banks worldwide, ProCredit Academy GmbH and Quipu GmbH.

The Impact Report Package 2021 has been prepared in accordance with the 2020 GRI Standards: Core option. The reporting principles developed by the GRI to achieve high-quality sustainability reporting have been integral to our reporting process:

Stakeholder inclusiveness and **materiality** were ensured by conducting a materiality assessment, described in more detail on [pages 6f.](#), in which employees, clients, and shareholders, as well as the management of ProCredit Holding and the ProCredit banks, were actively engaged.

The **sustainability context** is outlined in the [Impact Report 2021](#), pages 22f., providing the benchmarks against which we gauge our performance. This context is monitored continuously by the management of the banks and the ProCredit group at national, regional and group-wide level.

To ensure **completeness**, we regularly review and supplement the range of indicators we use to measure our impact (see [Impact Report Datasheet 2021](#)).

Accuracy: Audited information is used whenever available, and all sources are correctly referenced. We describe the methodology for our data collection and the bases used for our calculations in detail.

Balance: We strive to weigh our achievements against the corresponding risks, allow for differences across the group, and acknowledge the challenges that we have identified but have not yet been able to address satisfactorily.

Clarity: We aim for clear communication, connecting our statements with graphics where appropriate, systematising key information in overview tables and providing transparent explanations of the complex data included in the report. This year, to make it easier for the reader to find the relevant indicators and understand how they support the statements and claims made in the main three sections of the Impact Report 2021, we clearly linked the text sections and qualitative information to our Impact Report Datasheet. We present this year's reporting as our Impact Report Package, consisting of three documents, which can be accessed individually but should be analysed jointly. Together, they provide clear and comprehensive insight into our sustainability approach and data. The package comprises the following components: (1) an outline

of our approach to sustainability and our philosophy on the issues that matter the most to our stakeholders (see [Impact Report Datasheet 2021](#)); (2) additional sustainability reporting as per the GRI requirements, and disclosures on other voluntary initiatives (Impact Report Appendix 2021); and (3) a detailed presentation of our KPIs in a stand-alone downloadable Excel spreadsheet (see [Impact Report Datasheet 2021](#)).

Comparability: We place our impact in context by stating it in relation to comparable data from previous years, other companies in our "peer group", and other relevant benchmarks. Performance tracking is also facilitated by the fact that this report follows a similar performance indicator structure as our Impact Reports for previous years, downloadable from the [ProCredit Holding](#) website. The difference this year is that the indicators are presented in a separate datasheet, no longer embedded in the main body of the Impact Report. This allows for an easy three-year comparative analysis of our sustainability data.

Reliability: This report contains information from ProCredit publications that are subject to independent external review, including the [Annual Report](#), and the Environmental Statement for the four ProCredit institutions based in Germany, which is reviewed as part of the EMAS certification process.

Timeliness: Every effort has been made to report the most recent data available as of the publication date.

Stakeholder engagement and materiality analysis

Our approach to sustainability is lively and dynamic and so is the ProCredit group's dialogue with internal and external stakeholders. In addition to periodic formal engagements with stakeholders, which happen at least every three years, our approach to sustainability is constantly nurtured by free-flowing discussions at employee workshops, client meetings, and shareholder meetings.

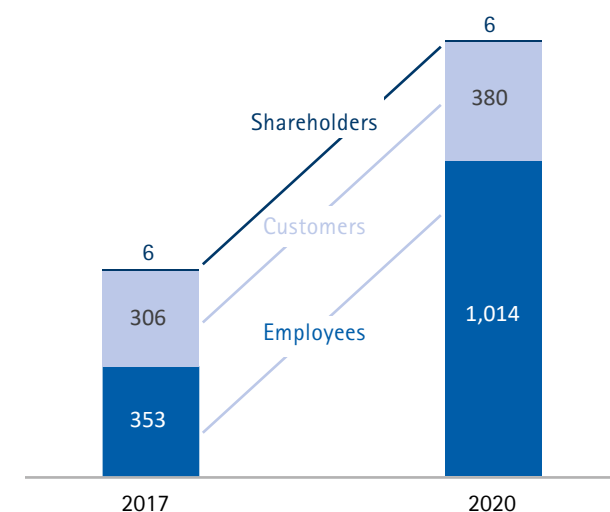
Our employees live our approach to sustainability and carry our shared values forward. Our services contribute to the sustainable development of our clients while responding to their evolving needs. Our shareholders ensure that the mission of the ProCredit group drives all actions with a long-term perspective. All their views, present and future interests, and expectations are key to determining the areas of focus of our sustainability strategy. This report is structured around the topics that have been deemed material by us and our closest stakeholders.

In 2020, given the highly exceptional circumstances that prevailed, the stakeholder engagement process was limited to the validation of the material topics that were identified previously during our formal three-step approach in 2017. A complete material reassessment involving key stakeholder groups, as initially intended, was not conducted but is planned for 2022 as we move to adopt the newly issued GRI Universal Standards 2021.

As part of the 2020 stakeholder engagement process, we first conducted a workshop at which eight managers from ProCredit Holding and the ProCredit banks discussed and assessed the material topics facing the group and rated their relative importance. In this context, it was also agreed to engage with the closest stakeholder groups, namely clients, employees, and shareholders. Then an online survey among four representative banks and their clients was conducted, to which a total of 380 clients (including 253 business clients) and 952 employees responded, plus 62 employees of ProCredit Holding. Six shareholders were also polled: Zeitinger Invest, KfW, DOEN, IFC, EBRD and ProCredit Staff Invest. All participants were asked to select and rank the key material topics that they consider most relevant to them. There was general agreement on the high-impact topics and several new aspects emerged that were incorporated into the 2020 and the 2021 sustainability approach and reporting. Finally, the

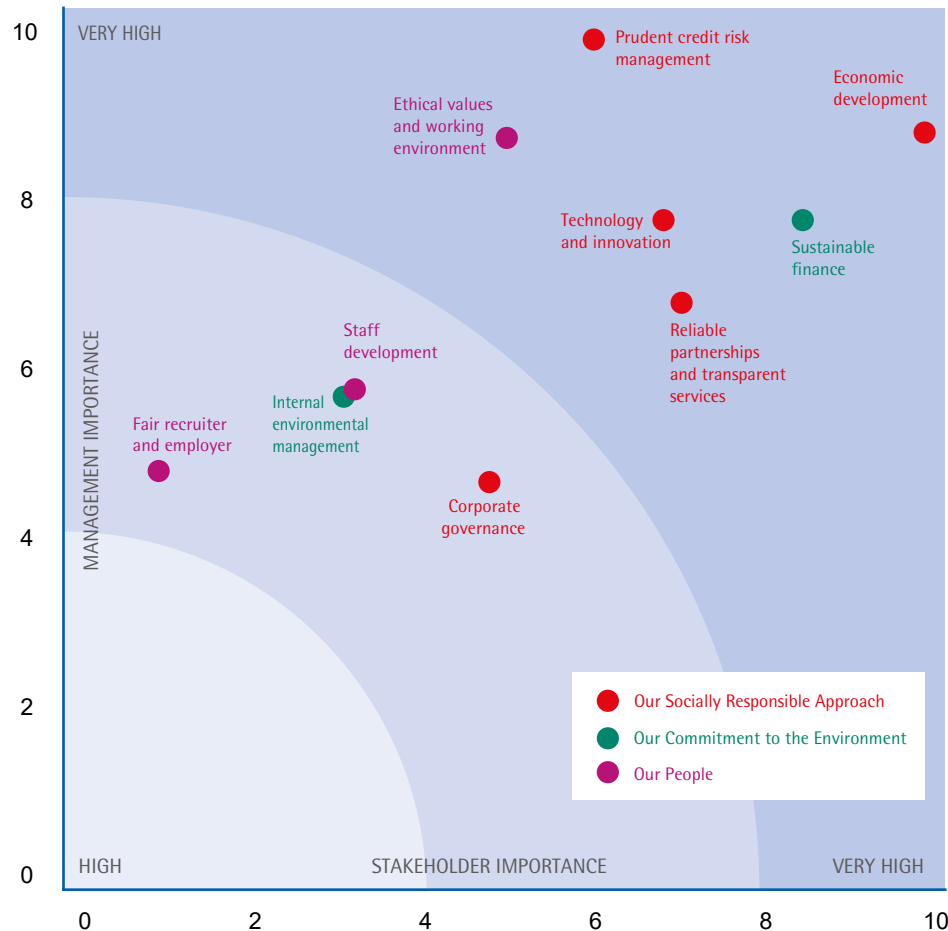
results were consolidated into a materiality matrix. For a detailed description of the methodology used in the management engagement, the stakeholder engagement and the development of the materiality matrix, please see the [Impact Report 2020](#).

Number of stakeholders consulted – First formal engagement compared to latest formal engagement



We consulted a total of 665 stakeholders in 2017. In 2020, we increased the total number of stakeholders consulted to 1,400. Four representative Banks were selected: Ukraine, North Macedonia, Bulgaria, Ecuador (2017); Kosovo replaced Ecuador in 2020.

Materiality Matrix



All topics identified in our materiality assessment underpin the management objectives and are in line with the ProCredit group's mission, which is to be the leading *Hausbank* for SMEs in our markets of operation – with a sustainable approach.

For our Impact Report 2020, we mapped our material topics according to their importance for our business (management evaluation) and the stakeholders' perception of their importance. A direct comparison with the 2017 assessment is not possible as we grouped together some of the topics that were considered separately in 2017. However, issues such as economic development, sustainable finance, reliable partnerships, and transparent services clearly remained a top priority. It should be highlighted that despite the ranking, all these topics are at the heart of what we do.

The Impact Report 2021 follows the three areas of content into which our material topics were arranged last year, but with slight adjustments to the naming: Our Socially Responsible Approach, Our Commitment to the Environment, and Our People.

Overview of our material topics, related impacts and boundaries

Material topic	ProCredit's impact	GRI boundary	Link between ProCredit and the impact
Economic development	Contributing to the economic development of the developing and transition countries in which we operate by providing responsible financial services to SMEs.	In the developing and transition countries where we operate, in particular for our SME clients and other counterparties as well as ProCredit's staff at each bank.	Contributes directly
Corporate governance	Guaranteeing accountability, fairness and transparency in relationships with stakeholders as well as enforcing measures to prevent corruption, bribery and money laundering.	In all countries where we operate, affecting all kinds of stakeholders, including investors, clients and our employees.	Contributes directly
Internal environmental management	Minimising our own carbon footprint and resource consumption.	At our premises in all countries where we operate.	Causes directly
Technology and innovation	Promoting transparency as well as the elimination of fraud, bribery, dependence, and informality through innovative banking solutions.	In all countries where we operate, particularly affecting our stakeholders, such as clients, investors and employees.	Contributes directly
Reliable partnerships and transparent services	Promoting long-term partnerships with our clients; promoting efficient, transparent and easily understandable account services, including proper data protection.	In all countries where we operate, particularly affecting our clients.	Causes directly
Sustainable finance	Enhancing sustainable development by encouraging the widespread adoption of responsible financial practices that are economically, socially, and environmentally inclusive and sound; financing sustainable business solutions and renewable energy/energy efficiency projects that contribute to climate change mitigation.	In all countries where we operate, particularly affecting our clients.	Contributes directly
Prudent credit risk management	Minimising potentially negative environmental and social impacts.	In all countries where we operate, indirectly preventing the negative impacts of the portfolio on the environment and society.	Contributes directly
Ethical values and working environment	Promoting gender diversity, a flat hierarchy and open communication.	In all of our business units, most importantly affecting our employees.	Causes directly
Fair recruiter and employer	Ensuring a transparent selection process with fair internal promotion and remuneration to attract and retain the right employees.	In all of our business units, affecting all applicants and our staff.	Causes directly
Staff development	Developing staff capacity through comprehensive knowledge and skills training, regular performance reviews and clear career options.	In all of our business units, affecting all our staff and indirectly our clients, who benefit from well-trained employees.	Causes directly

OUR MATERIAL TOPICS - MANAGEMENT APPROACH AND OVERVIEW

1. Material topic: Economic development

We contribute to environmentally and socially sound economic development in the countries in which we operate. By providing responsible and sustainable financial services to small and medium-sized enterprises, we support local business activities. Specifically, we work with companies that drive innovation through state-of-the-art investments and which strive to reduce their environmental impact. Our business clients, mostly active in the manufacturing, agricultural and service sectors, follow long-term business strategies, generate employment, and thereby form the backbone of the economies in our countries.

> [Impact Report 2021](#): Our Socially Responsible Approach, pages 9ff.

Relevant policies, guidelines and strategies

- Mission Statement
- Business Strategy
- Risk Strategy

Associated guidelines, webpages or similar

- > [Responsible banking for development](#)
- > ["Hausbank" for small and medium-sized businesses](#)
- > [Annual reports](#)

Key contents

- Promote sustainable development in countries with transition and developing economies
- Providing the production sector, especially SMEs, with transparent and responsible financial services
- By means of support to SMEs, achieve the following:
 - In the local market: The generation of formal employment, technological innovation, competitive pressure and adoption of international best environmental practices
 - At country level: Promote social stability through increased economic resilience, stronger internal growth and promoting exports and fair trade

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- IFC Performance Standards
- EBRD Performance Requirements

Responsibilities

At group level:

- Supervisory Board; ProCredit Holding Management
- Group Risk Management Committee

At bank level:

- Management Teams
- Local Supervisory Boards



Purpose of the management approach

Contributing to environmentally and socially sound economic development in the countries in which we operate.

Enhance positive impacts

2. Material topic: Corporate governance

Our responsible values, guidelines for action and organisational structures are designed to enable our employees to act responsibly in their daily work and foster our clients' trust in ProCredit's decisions. By opting for clear structures, procedures and standards, we avoid the need for a conventional top-down corporate environment. Flat hierarchies, timely and transparent communication flows, as well as small and focused teams, allow our banks to (re)act quickly and appropriately, both in everyday situations and in crises. In addition to fostering a culture of understanding and compliance among all staff members, we apply high standards, which often go beyond the local regulatory requirements. These and other values are documented in our Code of Conduct, which serves as an ethical compass for our staff and guides their behaviour and decision-making. In our countries of operation, we seek to lead by example: we set ourselves high standards of corporate governance and demand that our clients do the same.

> [Impact Report Datasheet 2021](#), > [Governance Structure and Committees \(Corporate Governance\)](#)

Relevant policies, guidelines and strategies

- Code of Conduct
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)
- Anti-Money Laundering Policy
- Group Compliance Policy
- Group Internal Audit Policy
- Group Whistleblowing Policy
- Group Risk Management Framework

Associated guidelines, webpages or similar

- > [Code of Conduct](#)
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)
- > [Prevention of money laundering and other financial crimes](#)
- > [Compliance management system](#)

Key contents

- Transparent, stable legal and corporate governance structure
- An established whistleblower system
- Ensuring that all reporting, risk management, AML and compliance obligations meet the requirements of German and European banking regulations
- All staff, as well as contracted suppliers, make a commitment to combat bribery and corruption through the Code of Conduct
- All permanent staff are trained on ethical standards

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- EBRD Performance Requirements
- IFC Performance Standards

2.a Material topic: Capital market

Relevant policies, guidelines and strategies

- Group Accounting Policy
- Group Reporting and Data Management Policy
- Group Funding Policy
- Group Standards for Full-time Personnel
- PCH Standard on the Process for Capital Increases and Dividend Payments

Associated guidelines, webpages or similar

- > [Investor Relations](#)

Key contents

- Transparent, comprehensive reporting to capital market investors in line with Prime Standard FSE requirements and the German Corporate Governance Code
- Maintain an adequate level of equity and an optimal rate of return on the capital employed, at the same time achieve and maintain a high degree of orientation towards the target group (SMEs)
- All shares can be freely traded

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- EBRD Performance Requirements
- IFC Performance Standards

2.b Compliance and banking regulation

Relevant policies, guidelines and strategies

- Group Compliance Policy
- Group Reporting and Data Management Policy
- Group Internal Audit Policy
- Group Guidelines for Managing Client Complaints
- AML Policy
- Group Audit Standard on Follow-up Process
- Exclusion List
- Code of Conduct

Associated guidelines, webpages or similar

- > [Risk management and internal controls](#)
- > [Internal audit](#)
- > [Compliance management system](#)
- > [Whistleblowing system](#)

Key contents

- Apply high standards (may go beyond the regulatory requirements of our countries of operation)
- Foster a culture of understanding and compliance among all staff members
- Have an effective compliance function which supports and monitors our aspirations in the area of regulatory compliance
- Applying German banking regulations, in addition to local banking regulations, at all of our banks for the majority of their activities
- All compliance processes are checked by the group's Internal Audit Teams

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- EBRD Performance Requirements
- IFC Performance Standards

2.c Complaint management

Relevant policies, guidelines and strategies

- Group Guidelines for Managing Client Complaints

Associated guidelines, webpages or similar

- > [Whistleblowing system](#)

Key contents

- Each ProCredit bank has a function responsible for handling client complaints, which includes ensuring proper documentation of the process
- Annual report on the number and nature of complaints received by the bank

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking

2.d Financial crime

Relevant policies, guidelines and strategies

- Group Risk Strategy
- AML Policy

Associated guidelines, webpages or similar

- > [Risk management and internal controls](#)
- > [Disclosure reports](#) (see Risk management)
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)
- > [Compliance management system](#)

Key contents

- Address financial crime risks in an integral manner through undertaking selective staff recruitment and onboarding processes
- Staff receive regular training courses on AML
- Employees and their relatives are not allowed to accept any kind of monetary or non-monetary benefit from any person or organisation seeking to influence our business decisions
- Specialised software systems to identify financial crime
- Screening of potential customers against a set of around 700 different sanction lists, blacklists and watch list
- Every single customer and every single international payment transaction made by ProCredit bank customers is screened against certain sanctions and watch lists
- All account movements through customer bank accounts are subject to AML monitoring activities

(International) standards, principles and/or initiatives followed

- UN Convention Against Corruption (2005)
- UN Global Compact
- UNEP FI Principles for Responsible Banking

2e Supply chain management

Relevant policies, guidelines and strategies

- Group Guidelines Sustainable Suppliers Code of Conduct

Associated guidelines, webpages or similar

- > [Group Environmental Management Policy](#)
- > [Environmental management](#)
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)

Key contents

- Contracted suppliers must sign a declaration that they will comply with ProCredit group Exclusion List
- Suppliers are screened against the Exclusion List (incl. recognition of ILO (International Labour Organization) standards on forced and child labour)
- Suppliers are screened according to anti-money laundering practices/procedures
- Suppliers must comply with national legal and regulatory requirements (incl. environmental and social compliance)

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- EBRD Performance Requirements

2.f Relations with the community

Relevant policies, guidelines and strategies

- Group Guidelines for Managing Client Complaints
- AML Policy
- Exclusion List
- Code of Conduct

Associated guidelines, webpages or similar

- > [Responsible banking for development](#)
- > ["Hausbank" for small and medium-sized businesses](#)
- > [Annual reports](#)
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)
- > [Code of Conduct](#)

Key contents

- Management board from own country's bank
- Staff development
- Payment above average
- Opportunities for young professionals (Onboarding Programme/ first job)
- Stimulate the domestic market by supporting SMEs
- Stimulate green activities
- Promote sustainable practices through environmental and social assessments of clients and suppliers
- Support for social and environmental community events and organisations at each bank's country level
- The staff are involved in voluntary activities inside their own countries of operation (support to charities, cultural and environmental events and activities)

(International) standards, principles and/or initiatives followed

- European Convention on Human Rights (1950)
- IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour
- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- Universal Declaration of Human Rights (1948)
- UN Convention Against Corruption (2005)
- EBRD Performance Requirements
- IFC Performance Standards
- UN Global Compact
- UNEP FI Principles for Responsible Banking

Responsibilities

At group level:

- Supervisory Board;
ProCredit Holding Management
- Group Internal Audit and Ethics Committee
- Group Compliance Committee
- Group Risk Management Committee
- Group Asset and Liability Committee
- Group and PCH Ad Hoc Reporting Committee
- Group Environmental Steering Committee
- Group Anti-Money-Laundering and Compliance team

At bank level:

- Management Teams
- Local Supervisory Boards
- Anti-Money Laundering Officers
- Compliance Officers
- AML and Compliance Teams
- Internal Audit Teams
- Bank committees
 - Audit
 - Compliance
 - Risk
 - Asset & Liability



Purpose of the management approach

Defining responsible values, guidelines for action and organisational structures aimed at enabling our employees to act responsibly in their daily work and fostering our clients' trust in ProCredit's decisions.

Enhance positive impacts

3. Material topic: Internal environmental management

In order to minimise our environmental footprint, we continuously analyse and monitor the impacts resulting from our activities. We set objectives that are explicitly designed to reduce emissions by improving energy efficiency, promoting renewable energies, and reducing resource consumption. We set an example to companies in our countries of operation by putting green building standards into practice and having our efforts visibly certified. We regularly publicise our environmental achievements both internally and externally with a view to raising awareness among employees and clients alike.

> **Impact Report 2021:** Our commitment to the environment, pages 33ff.

Relevant policies, guidelines and strategies

- Group Environmental Management Policy
- Group Plastic Strategy
- Group Guideline Sustainable Suppliers

Associated guidelines, webpages or similar

- > [Environmental standards](#)
- > [Our environmental management approach and results](#)
- > [Environmental management](#)

Key contents

- An environmental management system (EMS) certified under ISO 14001 to collect and monitor our internal environmental impact, including EMAS for ProCredit institutions located in Germany. The inventory includes energy (electricity, heat and fuels) water and paper consumption, CO₂ emissions for scope 1, 2 and 3 (only flights), CO₂ emissions by origin, CO₂ emissions of the loan portfolio, waste production and disposal.
- Commitment to reduce energy, water and paper consumption
- Commitment to reduce our overall carbon footprint in line with our medium-term goal to become carbon neutral.
- IT and office equipment should have the highest available eco-labels (Energy Star, Blue Angel, etc.).
- Our Greening ProCredit Premises Guide facilitates the implementation of efficient energy and resource use in ProCredit buildings.
- Part of the strategy to reduce CO₂ emissions is the use of renewable energies and energy efficiency practices in operational buildings. Encouraging EDGE certification in PCB buildings.
- We are in the process of replacing fossil-fuel-based fleet with electric and plug-in hybrid vehicles.
- Installation of public electric chargers in our countries of operation.
- Avoid utilising single-use plastic materials, applying the criterion to reduce the purchase and use of plastic office supplies and increase awareness about reducing plastic consumption and better management of plastic waste.
- Promoting the recycling of all waste, including in countries where there is no public infrastructure for this.
- Environmental and social criteria (energy efficiency, environmentally friendly materials and packaging, fair trade, local production, durability, ecologically certified food, etc.) are incorporated into procurement policies.

(International) standards, principles and/or initiatives followed

- Eco-Management and Audit Scheme (EMAS) for the Germany-based institutions
- ISO 14001 for all institutions outside Germany
- UN Global Compact
- UNEP FI Principles for Responsible Banking
- Partnership for Carbon Accounting Financials (PCAF)
- CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
- Convention on Biological Diversity (CBD)
- Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention)
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention)
- Convention on Wetlands of International Importance (Ramsar Convention)
- IUCN Guidelines on Protected Areas
- World Heritage Convention
- Montreal Protocol
- EDGE green building certification for head offices of PCB (BGR, ECU, GEO, MKD)

Responsibilities

At group level:

- Group Environmental Steering Committee
- PCH Group Environmental Management and Impact Reporting Unit
- Advisory support: through IPC GmbH

At bank level:

- Environmental Committees
- Environmental Management Units
- Environmental Officers



Purpose of the management approach

Minimising our own environmental footprint through continuous analysis and monitoring of the impacts resulting from our activities.

Mitigate negative impacts

4. Material topic: Technology and innovation

We promote digital transformation in our banking operations in order to deliver state-of-the-art, secure and convenient services to our clients, and maximise efficiency in our internal processes. By investing in and promoting the uptake of innovative and high-quality digital banking solutions, we strive to be a technological trailblazer in our countries of operation. At the same time, we continue to strengthen our defences against cyberattacks to ensure a consistently secure and reliable banking environment both for our staff and for our clients.

> [Impact Report Datasheet 2021](#)

Relevant policies, guidelines and strategies

- Group Information Security Policy
- Group Internal Audit Policy
- Group IT Strategy
- Group Audit Standard on Follow-Up Process

Associated guidelines, webpages or similar

- > [Modern banking services via electronic channels](#)
- > [About Quipu](#)
- > [Quipu website](#)

Key contents

- Shift to digital transactions, giving our clients freedom to access our services at any time.
- Almost 100% of transactions handled through automated systems, enhancing efficiency, formality and transparency.
- Next step: digitalise all non-financial transactions.
- Own IT service and software subsidiary: Quipu. To develop and quickly implement strategically important new IT solutions specific to ProCredit needs.
- Quipu is audited for compliance with related ISO standards and regulatory requirements (BAIT) on an annual basis.
- Quipu's processes are subject to internal auditing.

(International) standards, principles and/or initiatives followed

- ISO 9001:2015
- ISO 20000-1:2018
- ISO 27001:2013
- PCI DSS
- PCI Card Production
- PCI PIN Security Requirements
- PCI 3DS Core Security Standard

Responsibilities

At group level:

- Group IT Committee
- Group Internal Audit and Ethics Committee
- Quipu GmbH
- Group Information Security Officer

At bank level:

- IT Steering Committees
- Information Security Officers



Purpose of the management approach

Promoting digital transformation in our banking operations in order to provide a state-of-the-art, secure customer experience, and maximise efficiency in our internal processes.

Enhance positive impacts

5. Material topic: **Reliable partnerships and transparent services**

We seek to build long-term reliable and stable partnerships with our business and private clients as their *Hausbank*. Our well-trained staff take the time to analyse business models and investment ideas so that they are in a position to provide sound advice to small and medium enterprises, a client group that is still underserved in terms of appropriate financial services, particularly in the countries in which we operate. This approach contributes to sustainable development for our business clients and prevents them from becoming overindebted. In addition, we aim increasingly to support private individuals, including business owners, with transparent and well-structured account services, savings options and lending products, primarily via convenient and secure digital channels.

> **Impact Report 2021:** Our Socially Responsible Approach, pages 9ff.

Relevant policies, guidelines and strategies

- Mission Statement
- Group Business Strategy

Associated guidelines, webpages or similar

- > [Who we are: ProCredit today](#)
- > [Annual reports](#)/Fundamental information about the group

Key contents

- Establish long-lasting and reliable partnerships with all our clients.
- Fair and transparent advice from our staff, through a no-bonus policy system for open accounts or loans.
- Focus on establishing relationships, providing the right services at the right time, and supporting a client's success over the long term.
- Great caution in issuing consumer loans to private households.
- Focused on SMEs in agriculture, manufacturing, environmental-sound investments and regionally active in our countries of operation.
- Policy of NO mass marketing or advertising our services and conditions aggressively to boost loan disbursement.

- A comprehensive "know your client" approach, assessing clients' economic and financial situations, their business potential and repayment capacity in order to provide appropriate financing and to avoid over-indebtedness.
- Transparent communication of interest rates, related costs, conditions and contractual clauses of our lending and saving products. Explaining the calculation methodology to clients.
- Efforts to keep our clients, staff, investors and supervisory authorities informed in a comprehensive and transparent manner through various published reports.
- The bank uses a range of methods in order to educate clients in financial literacy: website sections, e-mails, social media, participation in congress and campaigns, TV appearances, and even external financial training education in some cases (ECU), webinars (MKD).
- The Code of Conduct sets out our fair, reliable and transparent approach to our clients, including the honest communication of our services and products.
- Our staff are instructed on consumer financial protection and product safety by means of annual ethics training.
- Use of various channels by banks to gauge customer satisfaction (social media, telephone surveys, meetings, clients' applications to open or close accounts).

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking
- IFC Performance Standards
- EBRD Performance Requirements

Responsibilities

At group level:

- Group Information Security Officer
- Information Security Working Group
- Group IT Committee

At bank level:

- Data Protection Officer
- Information Security Officer
- Data Breach Reporting Committee



Purpose of the management approach

Promoting long-term reliable and stable partnerships with our business and private clients as their *Hausbank*.

Enhance positive impacts

Relevant policies, guidelines and strategies

- Group IT Strategy
- Group Risk Strategy
- Group Information Security Policy
- Group Card and Self-Service Zones Security Standard
- Group IT Infrastructure Standard

Associated guidelines, webpages or similar

- > [Risk management and internal controls](#)
- > [Data protection](#)

Key contents

- Design of Information Security Management System is in line with international standards and subject to an external audit each year.
- Quipu's (group internal IT service provider) information security management system is certified to ISO 27001:2013, which covers all key information security issues.
- Our staff are trained in data security and privacy.
- Clients can demand rectification of their data.

(International) standards, principles and/or initiatives followed

- UN Global Compact
- 3-D Secure Security Requirements
- ISO 20000-1:2018
- ISO 27001:2013
- PCI DSS
- PCI Card Production
- PCI PIN Security Requirements
- PCI 3DS Core Security Standard
- GDPR

Responsibilities

- DPO
- ISO
- Risk Officers



Purpose of the management approach

Promoting long-term reliable and stable partnerships with our business and private clients as their *Hausbank*.

Enhance positive impacts

6. Material topic: Sustainable finance

We apply an economically, socially and environmentally inclusive approach to responsible finance. When evaluating the economic soundness of an investment, we take all possible negative environmental and social impacts into account. Our focus is on providing financial instruments that enable our client groups to realise innovative projects that are relevant for the local economies. Our green loans promote climate-friendly technologies that have a positive impact on the environment. We achieve our sustainable finance objectives by strictly applying our Exclusion List and maintaining a highly active dialogue with our clients.

> **Impact Report 2021:** Our Socially Responsible Approach, pages 9ff., Our Commitment to the Environment, pages 33ff.

Relevant policies, guidelines and strategies

- Mission Statement
- Group Business Strategy
- Group Environmental Management Policy
- Group Guideline Financing clients engage in plastic relate activities
- Group Plastic Strategy
- Group Standards for Managing the Environmental and Social Impact of Lending
- Group Credit Risk Management Policy and standards
- Group guidelines for green finance
- Group Standards for Financing Renewable Energy Projects
- Methodological Approach to Green Lending at ProCredit

Associated guidelines, webpages or similar

- > Who we are: ProCredit today
- > Annual reports/Basic information about the group

Key contents

- To provide SMEs with responsible financial services.
- Supporting local production and agriculture.
- Enhancing the local capacity for modernisation and innovation.
- Assessing the environmental impact of business activities by means of various tools and guidelines, such as the Exclusion List and E&S Standards.
- Increasing and promoting financial services to encourage clients to comply with environmental and social standards as well as to adopt energy-efficient technologies and renewable energy solutions.

(International) standards, principles and/or initiatives followed

- IFC Performance Standards
- EBRD Performance Requirements
- UN Global Compact
- UNEP FI Principles for Responsible Banking

6.a Green finance

Relevant policies, guidelines and strategies

- Group Environmental Management Policy
- Group Guidelines – Green Finance
- Group Standards for Financing Renewable Energy Projects
- Group Guidelines for Green Finance
- Methodological Approach to Green Lending at ProCredit

Associated guidelines, webpages or similar

- > Our Clients' Green Investments

Key contents

- Own technical eligibility criteria and principles for green lending, which are continuously revised to reflect the latest technology trends.
- Alignment with EU Taxonomy.
- Classification of green loans into three categories:
 - Energy-efficient equipment and processes (EE)
 - Renewable energy technologies (RE)
 - Environmentally friendly projects with a direct positive impact on the environment (GR)
- Distinguish between the baseline approach, the high impact approach and the best available technology approach.
- Development of a green bond.
- Organisation of half-yearly group-wide green seminars for staff training purposes.

(International) standards, principles and/or initiatives followed

- IFC Performance Standards
- EBRD Performance Requirements
- UN Global Compact
- UNEP FI Principles for Responsible Banking

Responsibilities

At group level:

- Group Environmental Steering Committee
- Group Risk Management Committee
- PCH Group Environmental Management and Impact Reporting Unit
- Group Credit Risk Department
- Advisory support: through IPC GmbH

At bank level:

- Environmental Committees
- Risk Management Departments
- Environmental Management Units
- Environmental Officers
- Green Finance Co-ordinators
- Environmental Risk Officers



Purpose of the management approach

Putting into action our economically, socially and environmentally inclusive approach to responsible finance.

Enhance positive impacts

7. Material topic: Prudent credit risk management

In our lending operations we strive to minimise potentially harmful economic, environmental and social impacts, e.g. by not allowing our clients to become overindebted and not financing ecologically unsound projects. We follow a differentiated and personalised approach to managing credit risk in order to support our clients throughout their economic cycles. We have developed and implemented robust processes for our lending operations, tailored specifically to the risk profile of our SME clients and manifested in our standardised group-wide policies. As environmental and social risks may turn into financial risk for the client and reputational risk for our banks, we consider effective E&S risk management to be indispensable for a sustainable credit institution.

> [Impact Report 2021](#): Our Socially Responsible Approach, pages 9ff.

Relevant policies, guidelines and strategies

- Group Credit Risk Management Policy
- Standards for Business Clients - Small and Medium
- Standards for Business Clients - Very Small
- Standards for Credit Facilities
- Standards for Private Clients
- Standards for Forborne Credit Exposures
- Standards for Borrower Units, Groups of Connected Clients, Counterparty Groups
- Standards for Credit Data Quality Validation
- Standards for Financing Renewable Energy Projects
- Standards for Impairment of Loans and Advances to Customers
- Standards for Managing the Environmental and Social Impact of Lending

Associated guidelines, webpages or similar

- > [Risk management and internal controls](#)
- > [Annual report/Risk Report](#)
- > [Disclosure report/Risk management](#)

Key contents

- Minimise the risk of over-indebtedness through focus on SME profile clients and the portfolio quality.
- Reduce negative environmental and social impacts of investments through strict E&S risk and exclusion criteria in the credit analysis.
- All ProCredit banks apply the high credit risk standards imposed by the German banking supervisory authority BaFin.
- Extensive annual training for business and credit risk staff.
- Early warning indicators against potential over-indebtedness and insolvency.
 - The process for managing the E&S risk of lending includes screening all clients against the Exclusion List.
 - A predefined categorisation system based on international standards separating individual economic sectors into high, medium or low environmental risk.
 - Conduct an on-site individual E&S risk assessment (depth depends on the environmental risk category and size of the exposure).
- Category A projects need an external environmental and social impact assessment (ESIA) and a watch list.
- An assessment of the company's social, health and safety conditions is carried out for all business clients.
- The use of sector-specific assessment forms and guidance notes, which highlight the risks inherent in each sector.
- Review of legal compliance, management of land, waste, water, soil, emissions and hazardous substances, site safety and social integrity.

(International) standards, principles and/or initiatives followed

- UNEP FI Principles for Responsible Banking
- IFC Performance Standards
- EBRD Performance Requirements
- UN Global Compact
- Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention)
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention)
- Convention on Wetlands of International Importance (Ramsar Convention)
- IUCN Guidelines on Protected Areas
- World Heritage Convention
- Montreal Protocol
- European Convention on Human Rights (1950)
- IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour
- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- Universal Declaration of Human Rights (1948)
- UN Convention Against Corruption (2005)

Responsibilities

At group level:

- Group Risk Management Committee
- Group Environmental Steering Committee
- PCH Group Environmental Management and Impact Reporting Unit
- Group Credit Risk Department
- Advisory support: through IPC GmbH

At bank level:

- Environmental Committees
- Risk Management Departments
- Environmental Management Units
- Environmental Officers



Purpose of the management approach

Minimising potential negative impacts of lending operations, such as over-indebtedness of clients or the negative environmental and social impacts of the projects we finance.

Mitigate negative impacts

Relevant policies, guidelines and strategies

- Group Risk Strategy
- Exclusion List
- Code of Conduct
- Group Guideline on Environmental and Social Impact Assessment
- Standards for Managing the Environmental and Social Impact of Lending

Associated guidelines, webpages or similar

- > [Managing The Environmental And Social Risk of Lending](#)
- > [Environmental standards](#)
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)
- > [Code of Conduct](#)

Key contents

- All credit and investment operations are analysed through our Environmental and Social management system.
- Our credit policy includes a specific assessment of environmental and social risk for all loans (climate risk, biodiversity, protected areas, forestry, energy production, plastic) at group level.
- The process for managing the E&S risk of lending includes:
 - Screening all clients against the Exclusion List
 - An assessment of the company's social, health and safety conditions is carried out for all business clients
 - A predefined categorisation system based on international standards separating individual economic sectors into high, medium or low environmental risk
 - An on-site individual E&S risk assessment (depth depends on the environmental risk category and size of the exposure)
- Category A projects need an external environmental and social impact assessment (ESIA) and a watch list.
- The use of sector-specific assessment forms and guidance notes, which highlight the risks inherent in each sector.
- Review of legal compliance, management of land, waste, water, soil, emissions and hazardous substances, site safety and social integrity.
- All our risk officers and staff receive training in managing the environmental and social risks of investments and procedures.

(International) standards, principles and/or initiatives followed

- IFC Performance Standards
- EBRD Performance Requirements
- UN Global Compact
- Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention)
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention)
- Convention on Wetlands of International Importance (Ramsar Convention)
- IUCN Guidelines on Protected Areas
- World Heritage Convention
- Montreal Protocol
- European Convention on Human Rights (1950)
- IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour
- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- Universal Declaration of Human Rights (1948)
- UN Convention Against Corruption (2005)

Responsibilities

At group level:

- Group Risk Management Committee
- Group Environmental Steering Committee
- PCH Group Environmental Management and Impact Reporting Unit
- Group Credit Risk Department
- Advisory support: through IPC GmbH

At bank level:

- Environmental Committees
- Risk Management Departments
- Environmental Management Units
- Environmental Officers



Purpose of the management approach

Minimising potential negative impacts of lending operations, such as over-indebtedness of clients or the negative environmental and social impacts of the projects we finance.

Mitigate negative impacts

8. Material topic: Ethical values and working environment

We seek to promote a positive working environment characterised by diversity, flat hierarchies and open communication, with the aim of retaining key personnel on a long-term basis. We pride ourselves on having developed an approach to staff that does not solely rely on monetary compensation. Our ethical approach to banking is fundamental and fully integrated into our corporate culture. Among other things, we heavily promote independence and critical thinking, responsibility, gender equality and fairness among our staff. Ensuring the health and safety of our employees is among our foremost priorities. Our corporate values are manifested in our Code of Conduct, and form the ethical compass of the ProCredit group.

> [Impact Report 2021](#): Our People, pages 49ff.

Relevant policies, guidelines and strategies

- Code of Conduct
- Group HR Policy

Associated guidelines, webpages or similar

- > [Our approach to staff](#)
- > [Human resources brochures](#)
- > [Code of Conduct](#)
- Exclusion List (see > [Our Code of Conduct](#), pages 34ff.)

Key contents

- The Code of Conduct addresses the personal integrity, professionalism, social responsibility, open communication and transparency values that are expected from our staff.
- The principle of a fixed salary is designed to avoid short-term, opportunistic behaviour by staff.
- The staff, depending on their country of operation, periodically attend different health and safety courses (first aid, health and safety at work, stress management, etc.), and some general medical services are also available to them (access to doctors, social workers, etc.).
- COVID-19 measures in our countries of operation include: facilities for working from home, personal protection equipment, tests, transport facilities, support of social workers, etc.
- Collective bargaining agreements: only in countries where the banking sector has trade unions (Romania).

(International) standards, principles and/or initiatives followed

- UN Global Compact
- IFC Performance Standards
- EBRD Performance Requirements
- ILO Declaration on Fundamental Principles and Rights at Work (1998)

Responsibilities

At group level:

- Management Board of PCH
- All employees of the group

At bank level:

- Management Teams
- HR Committees
- HR Teams



Purpose of the management approach

Promoting the creation of a positive working environment characterised by diversity, flat hierarchies and open communication, with the aim of retaining key personnel on a long-term basis.

Enhance positive impacts

9. Material topic: Fair recruiter and employer

To attract and retain the right employees, we have developed a transparent selection process complemented by fair internal promotion opportunities and remuneration. Fairness and openness are the key distinguishing features of our recruitment procedures. The candidates appreciate our merit-based approach, which treats every applicant in the same way, regardless of gender, origin or connections. In the same vein, we place great value on a transparent salary structure. We consciously refrain from offering short-term, performance-related bonuses, and ensure fair remuneration by capping the ratio between the highest and median salary levels.

> [Impact Report 2021](#): Our People, pages 49ff.

Relevant policies, guidelines and strategies

- Group HR Policy

Associated guidelines, webpages or similar

- > [Our approach to staff](#)
- > [Human resources brochures](#)

Key contents

- A fair and transparent recruitment procedure.
- Diversity: special focus on recruiting personal from non-financial backgrounds and diverse social groups.
- Transparent salary and promotion structure.
- Employee stock ownership plan (ESOP) – ProCredit Staff Invest: investment vehicle to enable staff members to acquire shares in ProCredit Holding.
- Staff have access to different non-compensation benefits depending on the country of operation (Job Ticket, company car sharing, health insurance, fitness club membership, accident insurance and/or pension plan).
- Part-time and home working possibilities to enable staff members to combine their careers with non-work activities, especially for the purposes of childcare or looking after dependents.

(International) standards, principles and/or initiatives followed

- UN Global Compact
- IFC Performance Standards
- EBRD Performance Requirements
- ILO Declaration on Fundamental Principles and Rights at Work (1998)

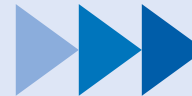
Responsibilities

At group level:

- Management Board of PCH

At bank level:

- Management Teams
- HR Committees
- HR Teams



Purpose of the management approach

Ensuring a transparent selection process complemented by fair internal promotion and remuneration to attract and retain the right employees.

Enhance positive impacts

10. Material topic: Staff development

We develop staff capacity through comprehensive knowledge and skills training, regular performance reviews and clear career options. Our approach emphasises the importance of investing in ongoing personal and professional development. At ProCredit we support our employees by providing regular opportunities for dialogue and feedback, and by offering continuous training. Our professional development curricula include not only banking skills, but above all courses on humanities, encouraging our staff to reflect on their own values and role in society and to emancipate themselves from ready-made ways of thinking.

> [Impact Report 2021](#): Our People, pages 49ff.

Relevant policies, guidelines and strategies

- Group HR Policy
- Standard for Staff Remuneration
- Guidelines for Staff Assessment

Associated guidelines, webpages or similar

- > [Our approach to staff](#)
- > [ProCredit Onboarding Programme](#)
- > [The ProCredit Banker Academy](#)
- > [ProCredit Academy Brochure](#)

Key contents

- Four training levels: Onboarding Programme, Specialist courses & workshops, ProCredit Banker Academy, ProCredit Management Academy.
- Various training programmes covering all employees (environmental, ethics and data security).
- Regular performance appraisals and feedback processes by means of meetings at manager and HR department level.
- An internal e-learning campus.

(International) standards, principles and/or initiatives followed

- UN Global Compact
- UNEP FI Principles for Responsible Banking

Responsibilities

At group level:

- Management Board of PCH

At bank level:

- Management Teams
- HR Committees
- HR Teams






Purpose of the management approach

Developing staff capacity through comprehensive knowledge and skills training, regular performance reviews and clear career options.


Enhance positive impacts




SDGs, MATERIAL TOPICS AND TARGETS

As in last year's report, we established a direct link between our key material topics and the selected SDGs and their respective targets. The matching is based on our own understanding of our areas of impact and their specific contribution to the SDGs while also taking into consideration relevant guidance documents provided by the UN Global Compact and GRI.








SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
 <p>Staff development</p>	 <p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>	<p><i>"Providing non-discriminative and open access to employees to (vocational) training, internship programs and further education. Adopting and developing comprehensive and coordinated corporate policies and programs on vocational guidance and vocational training."</i></p> <ul style="list-style-type: none"> - Standardised and transparent recruitment process for all candidates, including interviews, tests and group discussions. Same process for all applicants regardless of their seniority, experience or role they apply for. - Comprehensive training continuum for all employees, conducted online, on-the-job and at our training centres. - Development is based on meritocracy, our colleagues' attitude, and their qualifications. - 47% of training participants are women. - 60% of participants in our Onboarding Programme are women. - 50% of Management Academy participants are women.
	 <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>	<p><i>"..Offering technical and vocational guidance and training programs, ensuring that company-supported education and vocational training programs are equally available and accessible to all groups. Providing incentives for employees to obtain extra qualifications or continue their education. Engaging with educational institutions to develop or support programs for vocational training, employment skills and educational development, and improving teaching technical skills through providing innovative solutions – complementing rather than substituting government and public sector action..."</i></p> <ul style="list-style-type: none"> - In 2021, 425,010 hours of training were provided to ProCredit Bank colleagues, which represents on average 16 days of training per employee in a year. - Training costs amounted to EUR 6.4m in 2021. - 130 colleagues participated in English courses provided by the Academy teachers in 2021. - Approximately 15% of our staff are currently attending or have graduated from the Banker and/or Management Academy.

Relevant business actions according to GRI and UNGC: An analysis of the goals and targets (2017)
 - Relevant indicators and facts underpinning the business actions taken by the ProCredit group




SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
	 <p>4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</p>	<p><i>"..Including information on human rights, gender equality and sustainable development in internal policies, such as employee and supplier codes of conduct, and increasing awareness and practice by ensuring that these policies are thoroughly shared and understood by all employees including those in the supply chain. ... Promoting sustainable development by demonstrating the business' own commitment through implementing sustainability actions, and by demonstrating and communicating these effectively to employees, suppliers and all stakeholders."</i></p> <p>Training in sustainability topics, including:</p> <ul style="list-style-type: none"> - At least one training session on green topics for all employees (environmental measures at work and in private life, sustainable business and personal practices, management of E&S risks). - At least one training session on social topics (Code of Conduct) for all employees (human rights, diversity, democracy, ethics). - Twice-yearly green seminar for environmental, credit risk and business department staff (environmental measures and performance, sustainable business, management of E&S risks). - Specific green training for specialist employees on environmental measures, green finance, management of E&S risks. - Quarterly eco-newsletter distributed to all employees. - Total of 13,850 hours of environmental training. - Total of 13,563 hours of Code of Conduct training.







SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
 <p>Fair recruiter and employer</p>	 <p>5.1 End all forms of discrimination against all women and girls everywhere</p>	<p><i>"Embedding the principle of gender equality in policies and processes for both employees and governing bodies throughout its operations and supply chains, including recruitment, remuneration/benefits, training, promotion, and development reviews. Paying equal remuneration, including benefits, for work of equal value."</i></p> <ul style="list-style-type: none"> - Transparent performance management and long-term career perspective, taking the personal and family situation of individuals into account. Clearly structured staff recruitment approach defined in the ProCredit Group Human Resources Policy. - The broad-based 3-year programme of the Management Academy actively fosters women in its spirit of active learning, solidarity, friendliness, values and principles. - Transparent salary structure with fixed salaries which are defined in the Group Human Resources Policy. - 0 incidents of reported discrimination in 2021. - There is no difference in salary between men and women in comparable positions within the group.
<p>Ethical values and working environment</p>	 <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<p><i>".. Including proactively recruiting and appointing women to managerial and executive positions..."</i></p> <ul style="list-style-type: none"> - Females account for 37% of the management board members in the ProCredit banks and for 38% in the whole group. - The average number of consecutive years for female management board members is 13.1 years and 13.3 for male management board members, demonstrating that women in leading positions are encouraged to stay long-term.







Relevant business actions according to GRI and UNGC: An analysis of the goals and targets (2017)
- Relevant indicators and facts underpinning the business actions taken by the ProCredit group

SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
 <p>Environmental management</p> <p>Sustainable finance</p>	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>  <hr/> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> 	<p><i>"...Monitoring and reporting on the amount of energy produced, purchased and consumed, according to source. Supporting new business models to deliver sustainable and renewable energy..."</i></p> <ul style="list-style-type: none"> - Energy consumption within the organisation (60% of electricity from renewable energy sources). - Installed renewable energy capacity at own premises (414.9 kWp). - RE projects in loan portfolio (388.5 MW installed capacity). <hr/> <p><i>"...Reducing energy consumption in own operations e.g. through energy efficient technologies, obtaining sustainability certification for buildings. Creating new business models to deliver energy efficiency technologies..."</i></p> <ul style="list-style-type: none"> - Total energy intensity (5,738.3 kWh/employee). - Total energy consumption reduced by 13.5% between 2018 and 2021 - EE promoted through green loan products (EUR 638.3m EE loans), pushing industry standards forward with a minimum of 20% energy savings for eligibility. - Green deposits, enabling private savers to directly support green lending.
 <p>Technology and innovation</p> <hr/> <p>Economic development</p> <hr/> <p>Sustainable finance</p> <p>Environmental management</p>	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p>  <hr/> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>  <hr/> <p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> 	<p><i>"...Increasing economic productivity through co-developing technology with start-ups and investing in innovation and technology which responds to local needs..."</i></p> <ul style="list-style-type: none"> - Continuous development of the Direct Banking strategy: digitalisation of financial and non-financial services. From July 2020, all employees are equipped for working from home. <hr/> <p><i>"...Encouraging the formalisation and growth of SMEs, including through access to financial services and not doing business with companies that are not legally registered..."</i></p> <ul style="list-style-type: none"> - Significant indirect economic impact through promoting SMEs in transition economies. - Strong sense of responsibility as a bank: during the COVID-19 crisis, our business portfolio in our 12 countries of operation grew by 13%. <hr/> <p><i>"...Responsibly influencing consumer and consumption patterns and promoting sustainable consumption and lifestyles through, for instance, product development and marketing. Applying sustainability aspects to suppliers, not only to reduce the cost of supply but also to simultaneously implement efficiency measures and reduce the environmental footprint in the supply chain. Improving the efficiency of use of energy, water, (raw) materials and other resources..."</i></p> <ul style="list-style-type: none"> - Annual selection of green topics with marketing activities in order to address clients, employees and the general public across all ProCredit countries. - Printing paper use reduced by 6.4%, water use reduced by 3.3% compared to 2021. - Development of sustainable procurement guidelines including definition of what a sustainable supplier is.







Relevant business actions according to GRI and UNGC: An analysis of the goals and targets (2017)
- Relevant indicators and facts underpinning the business actions taken by the ProCredit group

SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
<p>Fair recruiter and employer</p>	 <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p><i>"...Establishing a zero-tolerance policy towards all forms of violence in the workplace and preventing sexual harassment. Ensuring non-discrimination in recruitment, remuneration and working status. Paying at a minimum the living wage. Paying wages adequate to satisfy the basic needs of employees and their families, and maintaining regular payment of wages..."</i></p> <ul style="list-style-type: none"> - New employee hires from all age groups and no significant differences in turnover rates across gender. - Key principles of what constitutes the ProCredit 'Res Publica' institutionalised through the Code of Conduct. - Entry-level salaries paid are significantly above minimum wage for job entry levels (ratio of 167%). - The Group Human Resources Policy ensures a transparent salary structure with fixed salaries.
<p>Prudent credit risk management</p>	 <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p>	<p><i>"...Developing policies and procedures in order to address incidences or suspected incidences throughout business activities, and incorporating these in the codes of conduct around acceptable employee behaviour and the recruitment and procurement process..."</i></p> <ul style="list-style-type: none"> - Exclusion List forbids establishing a business relationship with clients or suppliers which engage in activities involving harmful or exploitative forms of forced labour/harmful child labour. - Review of human rights compliance complemented by compliance with Exclusion List (by suppliers and clients alike).
<p>Ethical values and working environment</p>	 <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p><i>"...Implementing policies committing to freedom of association and collective bargaining, health and safety, no discrimination, combating workplace violence and rights awareness among workforce and share those values with all stakeholders. Building screening mechanisms and ensuring consistent practices in own supply chains..."</i></p> <ul style="list-style-type: none"> - Code of Conduct (including rigid Exclusion List) as ethical compass publicly accessible to all stakeholders. - All potential suppliers subject to a screening process to make sure they meet all of our environmental and social criteria and the core values laid out in our Code of Conduct. - All employees have the opportunity to receive English classes. The international environment with a huge range of different country backgrounds promotes inclusion and diversity amongst staff. - ProCredit institutions provide a range of different benefits to their employees, e.g. sponsoring or subsidising private health insurance costs, sports facilities or public transport.

SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
 <p>Economic development Sustainable finance</p>	 <p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>	<p><i>"..In this context, working with the public sector and local organisations to build up networks ensuring financial inclusion and equal access for SMEs, smallholders, and business led by the vulnerable. Providing innovative financing mechanisms like green bonds and impact investing to foster a sustainable domestic economy.."</i></p> <ul style="list-style-type: none"> - Promotion of the InnovFin SME Guarantee facility financed by the EU. - Issue of first green bond for emerging countries with IFC to promote green investments by SMEs. - Financing energy communities.
<p>Sustainable finance</p>	 <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<p><i>"..Innovating and/or investing in energy efficiency in buildings, road safety equipment, autonomous vehicles, smart metering, water and sanitation infrastructure, timber buildings and additive manufacturing, GHG reduction..."</i></p> <ul style="list-style-type: none"> - ProCredit promotes investments in energy and resource efficiency, renewable energies and environmental protection. - ProCredit invests in greening its premises following the EDGE green building standard scheme.
 <p>Economic development</p>	 <p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>  <p>10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations</p>	<p><i>"...Respecting internationally recognised principles standards and frameworks such as human rights. Complying with national and international financial regulations and ensuring that all interactions with other parties (including suppliers) are compliant with such laws. Adopting best practice where laws in an individual country are less stringent than those of other operating countries. Adhering to international standards as a minimum requirement and identifying ways to go further..."</i></p> <ul style="list-style-type: none"> - By pursuing international standards and best practices that often go beyond the requirements of local regulations (for instance when it comes to environmental and social risk management, procurement practices and internal environmental management), the ProCredit group contributes significantly to change in our regions of operation. Specifically, ProCredit's business activities contribute to stimulating the GDP of less-developed European countries and to reducing inequality in our countries of operation in comparison to Western Europe.

SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
 <p>Sustainable finance Environmental management</p>	 <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>	<p><i>"..Understanding sustainable management and resource efficiency in all operations, products and services. Establishing and maintaining proactive environmental management systems. Establishing measurable objectives and/or targets for improved environmental performance and resource utilisation. Regularly tracking and reporting energy, water and materials consumed and treated in business operations and improving efficiency by reusing/recycling..."</i></p> <ul style="list-style-type: none"> - Promotion of green financial products. - Regular certification of environmental management systems in all institutions following EMAS (German entities) or ISO 14001 (banks).
<p>Environmental management</p>	 <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p><i>"..Implementing circular business models such as using renewable, bio-based or fully recyclable inputs, recovering resources, extending product lifecycle. Tracking and reporting waste generated by type, treatment and disposal destination..."</i></p> <ul style="list-style-type: none"> - Total waste was reduced by 53% compared to 2021. - 100% use of either FSC-certified or recycled paper in all ProCredit institutions. - Development of group-wide strategy and Exclusion List to reduce the production and use of plastic.
 <p>Sustainable finance</p>	 <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p><i>"..Identifying risks and opportunities caused by climate change. Investing in environmental protection and improving the resilience to environmental hazards and resource scarcity throughout operations and the supply chain. Setting science-based GHG reduction targets in line with the goals of the Paris Agreement..."</i></p> <ul style="list-style-type: none"> - Green loans account for 19% of our total loan portfolio– of which almost 98% are loans to the SME sector (31 Dec. 2020). - Sustainability objective in the medium term: Become carbon neutral by 2023. - 201,485 tCO₂ of carbon emissions avoided in green portfolio via investment in EE, RE and other environmentally friendly projects (2020). - Analysis to identify and evaluate climate risks in lending is ongoing.
<p>Environmental management Staff development</p>	 <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p><i>"..Raising awareness and understanding among clients, investors and employees about climate change and natural disaster reduction through, for instance, providing training and educational activities, and having a clear communication strategy around risks, goals and the associated benefits. Communicating transparently to help identify the resources needed in the business' corporate climate policies, adaptation strategies and environmental investments..."</i></p> <ul style="list-style-type: none"> - Specific green training for specialist staff, general green training for all staff. - Regular eco newsletter to all staff. - Total of 13,850 hours of environmental training.

Relevant business actions according to GRI and UNGC: An analysis of the goals and targets (2017)
- Relevant indicators and facts underpinning the business actions taken by the ProCredit group

SDG and related material topic(s)	Target associated	Selection of relevant business actions/indicators which contribute to meeting the target
<p data-bbox="174 172 293 292">  16 PEACE, JUSTICE AND STRONG INSTITUTIONS </p> <p data-bbox="315 172 495 228"> Corporate governance </p>	<p data-bbox="533 172 622 308">  PROMOTE THE RULE OF LAW AND ENSURE EQUAL ACCESS TO JUSTICE </p> <p data-bbox="656 172 1021 284"> 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all </p> <hr/> <p data-bbox="533 515 622 651">  COMBAT ORGANIZED CRIME AND ILICIT FINANCIAL AND ARMS FLOWS </p> <p data-bbox="656 515 1021 659"> 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime </p> <hr/> <p data-bbox="533 802 622 938">  SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY </p> <p data-bbox="656 802 1021 858"> 16.5 Substantially reduce corruption and bribery in all their forms </p> <hr/> <p data-bbox="533 970 622 1106">  DEVELOP EFFECTIVE, ACCOUNTABLE AND TRANSPARENT INSTITUTIONS </p> <p data-bbox="656 962 1021 1050"> 16.6 Develop effective, accountable and transparent institutions at all levels </p>	<p data-bbox="1059 172 2056 403"> <i>"...Respecting the rule of law by respecting human rights and universal principles, not engaging in corruption, and not fuelling conflict. Modelling responsible conduct in the business' corporate values, policies and processes and throughout the business' value chain, doing no harm and implementing robust management procedures. Establishing strategies that incorporate business compliance, legitimacy and license to operate. Reviewing codes of conduct and standards of behaviour, implementing internal and external mechanisms for reporting unlawful behaviour, having appropriate escalation methods, and disclosing information on legal compliance systems (including information on sanctions for noncompliance with laws and regulations about human rights)."</i> </p> <ul data-bbox="1059 435 1776 491" style="list-style-type: none"> - 0 incidents of non-compliance with environmental laws and regulations. - 0 incidents of non-compliance with social/economical laws and regulations. <hr/> <p data-bbox="1059 515 2067 603"> <i>"...Complying with domestic and international law and frameworks regarding arms, financial conduct and crime. Using audited annual reporting (both financial and non-financial) to ensure transparency of activities and identifying and eliminating any illicit flows..."</i> </p> <ul data-bbox="1059 635 2067 778" style="list-style-type: none"> - All ProCredit institutions apply German and EU regulatory standards, local AML regulations as well as international best-practice methods for the prevention of money laundering and other financial crimes. - Exclusion List clearly forbids financing activities involving the production or trade of weapons and munitions. - Audited financial and non-financial reports available online: https://www.procredit-holding.com/downloads/ <hr/> <p data-bbox="1059 802 2067 890"> <i>"...Developing policies and programs to effectively address all forms of corruption. Understanding anti-bribery and corruption governance expectations from stakeholders and prohibiting bribery in any form whether direct or indirect. Providing capacity to develop effective, accountable and transparent institutions..."</i> </p> <ul data-bbox="1059 922 1910 1098" style="list-style-type: none"> - All banks operate specialised software systems to identify financial crime. - 3,181 people trained (course content: financial crime risk and anti-money laundering). - Anti-corruption policies publicly available via Code of Conduct. - Group-wide Code of Conduct training and updates. - 100% of client accounts screened against financial crime risks (including corruption risks). - Number of significant risks related to corruption identified in 2020: 38.
<p data-bbox="315 1145 495 1257"> Reliable partnerships and transparent services </p>	<p data-bbox="533 1145 622 1281">  ENSURE PUBLIC ACCESS TO INFORMATION AND PROTECT FUNDAMENTAL FREEDOMS </p> <p data-bbox="656 1145 1021 1313"> 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements </p>	<p data-bbox="1059 1145 2067 1257"> <i>"...Not misrepresenting nor omitting information about deceptive, misleading, fraudulent or unfair practices and providing sufficient information for consumers to make informed decisions. Preventing violation of consumer privacy, including security breaches, for business involved in collecting personal data from consumers..."</i> </p> <ul data-bbox="1059 1289 2067 1401" style="list-style-type: none"> - In 2021, we received a total of 879 customer complaints, which were primarily related to technical problems or the change in general terms and conditions. Over the course of the year we incurred costs of EUR 15,920 as a result of these incidents. Overall, we consider this an exceptionally low level that implies a high degree of customer satisfaction.

INTERNATIONAL PRINCIPLES, STANDARDS AND MEMBERSHIPS

Main international principles and standards followed by ProCredit institutions

Environmental principles and standards:

- CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
- Convention on Biological Diversity (CBD)
- Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention)
- Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention)
- Convention on Wetlands of International Importance (Ramsar Convention)
- Eco-Management and Audit Scheme (EMAS)
- ISO 14001:2015
- IUCN Guidelines on Protected Areas
- World Heritage Convention
- Montreal Protocol
- Partnership for Carbon Accounting Financials (PCAF)

Social principles and standards:

- European Convention on Human Rights (1950)
- IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour
- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- Universal Declaration of Human Rights (1948)
- UN Convention Against Corruption (2005)
- UNEP FI Principles for Responsible Banking (PRB)
- Entrepreneurs for future. Declaration to operate according to Paris 2015 climate contract

Environmental and social standards:

- IFC Performance Standards
- EBRD Performance Requirements
- UN Global Compact
- UNEP FI Principles for Responsible Banking (PRB)

Information security principles and standards:

- 3-D Secure Security Requirements
- ISO 20000-1:2011
- ISO 27001:2013
- PCI DSS
- PCI Card Production
- PCI PIN Security

Quality management standards:

- ISO 9001:2015

Memberships of individual ProCredit banks related to sustainability

All ProCredit banks are members of the banking association in their respective countries, and the majority are members of at least one of the relevant chambers of commerce (e.g. national, German or international).

Other exemplary memberships of individual ProCredit banks:

- Supervisory Board of NALED (National Alliance for Local Economic Development) (ProCredit Bank Serbia)
 - Environment Protection Committee - Business Association of Georgia (ProCredit Bank Georgia)
 - European Business Network for Corporate Social Responsibility (ProCredit Bank Kosovo)
 - Macedonian Energy Forum (ProCredit Bank Macedonia)
 - Protocolo de Finanzas Sostenibles del Ecuador and UN Global Compact (Banco ProCredit Ecuador)
-

UNEP FI PORTFOLIO IMPACT ANALYSIS

In order to strengthen our impact analysis, in 2021, we took further steps to analyse in detail the impact of our loan portfolio using the [UNEP FI Portfolio Impact Analysis Tool for Banks](#). This tool is an iterative input-output workflow Excel sheet that helps banks to determine the most significant areas of impact, aligned with the sustainable development goals, and to set targets in their areas of highest impact.

Methodology and Results

The holistic approach of the tool comprises four steps:

Step 1. Scope:

Identify ProCredit's core business areas.

We considered all ProCredit business activities – private banking (7%), business banking (77%), and corporate banking (15%) – in all our countries of operation (Albania, Bosnia and Herzegovina, Bulgaria, Ecuador, Germany, Georgia, Kosovo, Moldova, North Macedonia, Romania, Serbia and Ukraine). We also took into account the market position of each activity in the country and the share of the bank's overall business that the respective business activity represents.

Step II. Scale of exposure:

Identify the scale of the bank's activities with regard to specific industries, technologies, and geographies.

We calculated the respective shares of outstanding loan amounts by country of operation and by industry sector or economic activity to which the loans had been issued. For a detailed analysis, we identified the 15 most relevant industry sectors or economic activities represented in each ProCredit bank's portfolio.

Furthermore, we identified the potential negative and/or positive social, environmental, and economic impacts that are associated with each of these sectors or economic activities using the UNEP FI Impact Radar tool. This tool is designed to assist an organisation in the evaluation of its business relevance in terms of environmental, social and governance (ESG) issues, and identify where the organisation is best positioned to promote positive impacts and/or most at risk of causing negative impacts. We identified the agriculture, manufacturing, construction, transportation and storage sectors as the main drivers of impact in our group-level portfolio.

Step III. Context and relevance:

Identify the most relevant challenges and priorities related to sustainable development in our countries of operation.

For this propose, we screened 74 sustainability indicators in 22 impact areas defined in the Impact Radar associated with the SDGs (e.g. water, climate,

employment, etc.) and scored their level of need for each country of operation based on international standards (e.g. sustainable development report, ILOSTAT, UNDP - Human Development Index, etc.). It is important to mention that Kosovo was excluded from this analysis due to a lack of data available from international statistics institutions. This gap and the engagement of local stakeholders regarding the outcomes will be addressed in future analyses.

We identified that the highest needs in our countries of operation are:

1. Food (SDG 2)
2. Mobility (SDG 9, 11)
3. Strong institutions, peace and stability (16, 17)
4. Inclusive, healthy economies (SDG 8, 9)
5. Health and sanitation (SDG 3,6)



Step IV. The most important positive/negative impact areas:

Considering the scale of exposure of ProCredit's activities and the highest SDG-related challenges in our countries of operation, the tool identified the most important positive/negative impact areas at group level as follows:

Positive impact	Negative impact
Health and sanitation (SDG 3,6)	Climate (SDG 13)
Food (SDG 2)	Waste (SDG 6, 12, 14, 15)
Employment (SDG 8)	Biodiversity and ecosystems (SDG 14, 15)
Housing (SDG 3, 11)	Resource efficiency/security (SDG 6, 12, 13, 14, 15)

Knowing the main impact areas associated with the main sectors and economic activities of our loan portfolio, we analysed which of them need to be prioritised. In this analysis, we considered the main national and international standards, as well as the priorities that the society has at the national and global levels, and correlated them with our business strategy.

We concluded that our current business strategy is already focused on improving our main positive impact, given our approach to supporting SMEs in relevant sectors, such as agriculture and production, and promoting sustainable finance, such as renewable energies, energy efficiency, green buildings, electric vehicles, and other green technology investments by our clients. On the other hand, we are aware that supporting sectors in the real economy, such as agriculture and production, inevitably involves a potential negative impact on the environment, as shown by the outcome of the analysis. Therefore, we seek to minimise our main potential negative impact by conducting a detailed environmental and social risk assessment of our loans, taking into consideration indicators such as waste, biodiversity, resource efficiency, soil and water management, etc.

Hence, we decided to continue strengthening our business approach, putting emphasis on addressing the most urgent challenges that our society is facing by mitigating climate change and strengthening the sustainability of businesses (sustainable finance).

Step V. Scale and intensity/salience of the social, economic, and environmental impact identified:

After identifying the most important impact areas of the group, we identified the main tools and standards to measure the scale and intensity/salience of the social, economic, and environmental impact identified.

To address climate change, the ProCredit group already measures and discloses the CO₂ emissions of its own operations (see [> Impact Report Datasheet 2021](#)), and in the short term our target is to become carbon neutral by the end of 2023. Nevertheless, we decided to become a signatory to the Partnership for Carbon Accounting Financials (PCAF), which obliges us to measure and disclose the CO₂ emissions of our loan portfolio (for more information, see [> pages 35ff.](#)) and enables us to set targets on this basis. Furthermore, we analysed our current climate change risk management process, considering the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

To strengthen the sustainability of our loans, ProCredit has already defined the short-term goal to increase the relative size of our green loan portfolio to 20% of our total portfolio by the end of 2023. However, bearing in mind that at the regional level, the EU Taxonomy is becoming the reference

for analysing the sustainability of a business activity, we also conducted a gap analysis of our green loan criteria and environmental and social assessment against the EU Taxonomy, with the aim of defining further steps to strengthen the sustainability of our loan portfolio.

Based on the above analyses, the main actions identified to improve our positive impact and minimise our potential negative impact in accordance with our business strategy are:

For climate change:

- Increase our measures to reduce CO₂ emissions related to our operations, including emissions related to loans (Scope 3)
- Strengthen our methodology to analyse climate physical and transition risk

For sustainable finance:

- Increase the share of green loans in our total portfolio
- Align our environmental and social risk assessment with the EU Taxonomy



ACCOUNTING OF THE GHG EMISSIONS LINKED TO OUR LOAN PORTFOLIO

As part of our continued climate action efforts to support the Paris Agreement target of limiting global warming to 1.5°C above pre-industrial levels, we have committed to disclosing information regarding emissions related to our financial activities (Scope 3 emissions) by implementing the Partnership for Carbon Accounting Financials (PCAF) Standard.

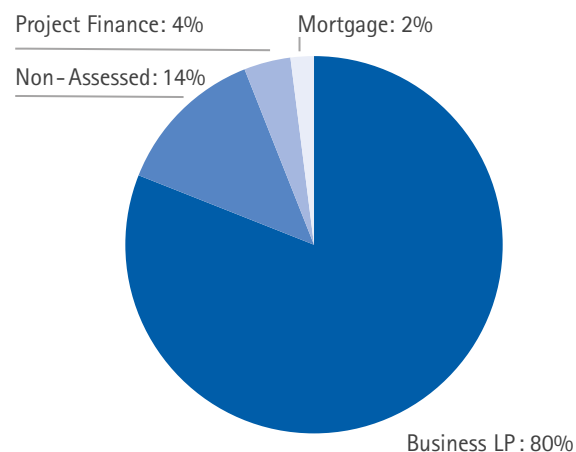
In cooperation with our consulting partners Internationale Projekt Consult (IPC) and Climate Risk Services (CRS), and using technical assistance funds received from the Development Bank of Austria (OeEB), we have applied the PCAF methodology and approach, which are explained in detail below.

The PCAF Standard supports the measurement and disclosure of three types of emissions: generated emissions (emissions generated by economic activities), emission removals (emissions captured and stored in trees, plants, soil, etc.) and avoided emissions (emissions avoided through the implementation of green technologies). This year, our report is limited to generated and avoided emissions (see [Impact Report Datasheet 2021](#), Sustainable lending). A separate project is under way for the accounting of our sequestered emissions, along with the development of our sustainable agriculture strategy.

In line with the PCAF methodology, we first divided our loan portfolio into relevant asset categories: business loans, mortgages, and project finance. Using this approach, 86% of the portfolio can be accounted for, as seen in figure on the left. Currently, the remaining 14% cannot be assessed, due to a

lack of data or data quality issues. Furthermore, the small share of consumer lending was not included, as a PCAF methodology for such services has not yet been developed.

In the next step, we applied the PCAF methodology to all loans in each of the eligible asset categories. The two figures needed to carry out calculations are the attribution factor and the client emissions. The attribution factor is the proportion of our financing in relation to the total cost of the project or the client's balance sheet. The emissions considered are those of the client related to the activity carried out using the loan. These two factors are multiplied to calculate the total emissions financed for each client as shown in the figure below. Emissions can be calculated in different ways – in our case, an emissions factor, which denotes emissions per revenue for a specific business activity, is usually multiplied by the client's revenues.



$$\text{Financed emissions} = \sum_i \text{Attribution factor}_i \times \text{Emissions}_i$$

$$\frac{\text{Outstanding amount}_i}{\text{Total equity + debt}_i}$$

(with i = borrower or investee)

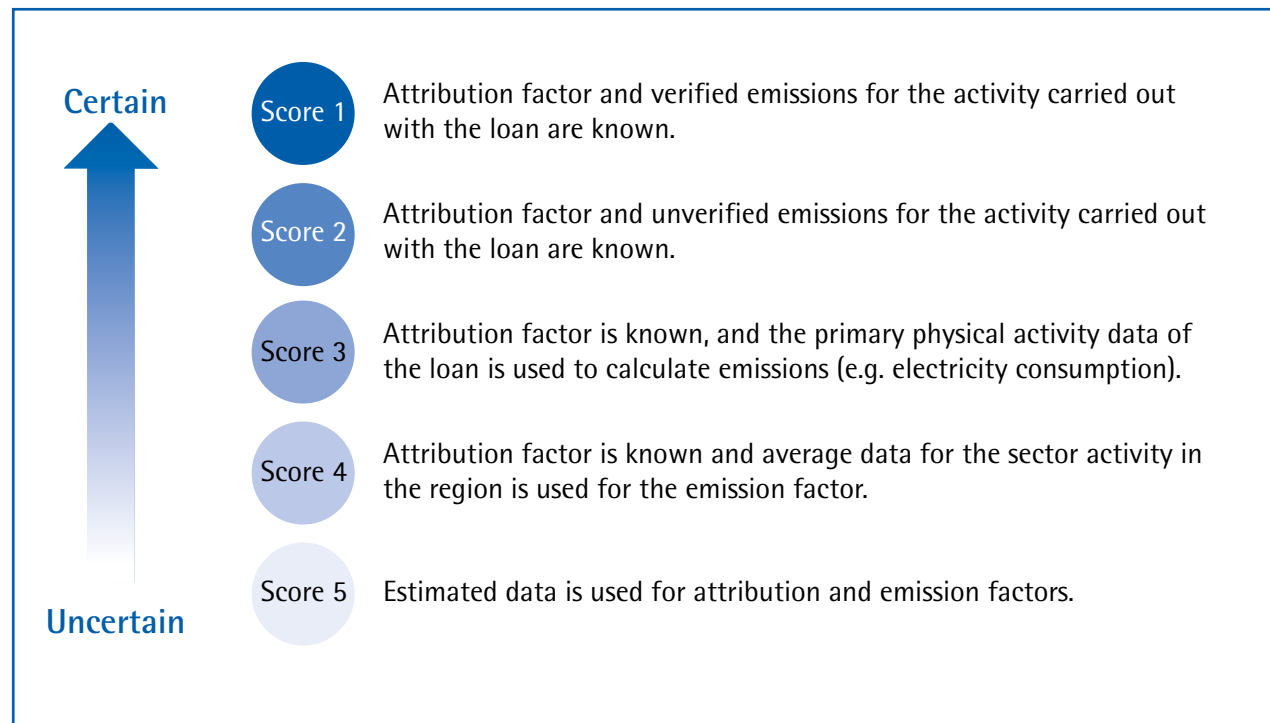
Another important factor to be considered for accurate reporting is the quality of data used for the calculations as shown in the figure below.

Depending on the availability of data at the client level and using the PCAF's emission factor database 2021, a score of 4 or 5 was achieved for most of our calculations. The second table on the next page shows the average score by industry sector.

Specific assumptions

For the attribution factor, the balance sheet numbers of our clients for the financial year 2020 were used as a reference. However, we used the portfolio structure as of the end of 2021. In addition, for mortgages we used the market value at origination or, in the absence thereof, the oldest value available.

For the emission factors of the EU countries in which we operate, direct sector activity-based emission factors from the PCAF database were used. However, for non-EU countries, an estimate was made, based on the data available for countries with similar geographic and economic conditions. A ratio was then applied to Scope 2 emissions, based on the electric and heat emission factors¹ of each country in relation to the country used as a baseline. Furthermore, for Scope 1 emissions data for the agricultural sector, a ratio was also applied considering the FAOSTAT² crop and livestock emissions of each non-EU country versus the country used as a baseline.



¹ IEA, Emission Factor 2021

² Food and Agriculture Organization of the United Nations Statistics, 2017

Results

The results obtained are summarised in the tables on the right. The main contributors to our loan portfolio emissions are connected to relevant sectors, such as agriculture, livestock and the manufacturing of raw materials. These results confirm the approach of various international standards and regulations that prioritises energy-intensive sectors in the transition to low-carbon technologies. However, it is important to highlight that these results are based on sector averages and thus the effect of the green lending approach taken with our clients is not captured here. Hence, we aim to establish new strategies to support our clients in the sectors identified in the transition to low-carbon technologies and at the same time strengthen our data quality and acquisition process in order to improve the accuracy of our carbon accounting.

GHG emissions of loan portfolio (2021)

Type of lending	Total outstanding (EUR m)	Attributed emissions (tonne CO _{2eq.})	Emission intensity (ktonne CO _{2eq.} /billion EUR)
Business loans	4,772	638,545	134
Project finance	175	-	-
Mortgages	109	5,243	48
Out-of-scope	1,029	na	na


GHG emissions of loan portfolio by sector (2021)

Sector activity	Total outstanding (EUR m)	Attributed emissions (tonne CO _{2eq.})	Emission intensity (ktonne CO _{2eq.} /billion EUR)	Data quality score (1=high, 5=low)
Agriculture (A)	874.6	295,455	337.8	4.5
Minerals (B)	20.6	3,762	183.0	4.6
Industry (C)	1,245.3	221,291	177.7	4.5
Utilities (D)	20.4	29,503	1,449.0	4.9
Water distribution (E)	20.4	12,060	591.8	4.3
Construction (F)	352.7	10,658	30.2	4.5
Retail (G)	1,400.9	40,514	28.9	4.6
Transport (H)	232.9	9,906	42.5	4.4
Leisure (I)	154.5	1,609	10.4	4.6
Information and communication (J)	62.0	2,378	38.3	4.6
Financial services (K)	16.5	474	28.7	5.0
Real estate (L)	126.3	1,380	10.9	4.8
Scientific and technical activities (M)	69.5	2,973	42.8	4.6
Administrative services (N)	62.8	2,613	41.6	4.6
Regional administration (O)	0.3	16	63.2	5.0
Education (P)	35.6	578	16.3	4.6
Healthcare (Q)	48.4	2,186	45.2	4.7
Recreation (R)	13.0	721	55.4	4.9
Other services (S)	15.5	468	30.3	4.5
Total	4,772.0	638,545	133.8	4.5

UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING (PRB)

Self-assessment reporting

The aim of the United Nations Environment Programme Finance Initiative (UNEP FI) is to ensure that signatory banks' strategies and practices align with the Sustainable Development Goals and the Paris Climate Agreement. This is ProCredit's report on implementing the Principles for Responsible Banking using the self-assessment template provided by the UNEP FI (March 2022).

Reporting and Self-Assessment Requirements	High-level summary of ProCredit's response	Reference(s)/Link(s) to ProCredit's full response/ Relevant information
 <p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>The ProCredit group focuses on banking services for small and medium-sized enterprises (SMEs) in transition economies and on direct banking activities for private clients. We operate in South Eastern Europe, Eastern Europe, South America and Germany. Our target group comprises innovative companies showing dynamic growth and stable, formalised structures. Through our work, we want to contribute to creating jobs, enhancing capacity for innovation, and encouraging investments in ecological projects. We place particular emphasis on issuing green loans and promoting local production, especially in agriculture. Our business strategy is based on long-term relationships with our clients and staff as well as a conservative approach to risk. We offer the full range of banking services in terms of financing, account operations, payments and deposit business, and we also support our clients in their long-term investment projects. In addition, we offer efficient trade finance solutions and international payments through our network of banks.</p>	<p>> Annual Report 2021 - Fundamental information about the group, pages 23ff.</p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Sustainability is a key component of our business strategy, and the aim of our activities is to make a positive, sustainable contribution to the environment and society, while minimising any potential negative impact. Our Impact Report discloses our efforts to fulfil this goal. Specifically, the section "SDGs, material topics and targets" summarises our specific actions to meet targets related to the Sustainable Development Goals (SDGs). The section "Environmental management" covers our efforts related to the Paris Climate Agreement, while the section "International principles, standards and memberships" discloses the main frameworks to which ProCredit is committed.</p>	<p>> SDGs, material topics and targets > International principles, standards and memberships > Impact Report 2021 - Environmental Management, pages 34ff.</p>



Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) **Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

ProCredit's mission is to promote positive impacts in our countries of operation while reducing the negative impacts and managing risk in a prudent manner. Since 2017, ProCredit has engaged in a periodic materiality analysis following GRI standards, the most recent of which was conducted in 2020. (See: "Materiality and impact reporting"). In order to strengthen our impact analysis, in 2021 we took further steps to analyse, in detail, the impact of our loan portfolio using the UNEP FI Portfolio Impact Analysis Tool. (See: "UNEP FI Portfolio Impact Analysis".) For this analysis we considered:

Scope: All ProCredit business activities: private banking (7%), business banking (77%), and corporate banking (15%), in all our countries of operation (Albania, Bosnia and Herzegovina, Bulgaria, Ecuador, Germany, Georgia, Kosovo, Moldova, North Macedonia, Romania, Serbia and Ukraine); also, the market position of each activity in the country and the share of the bank's overall business that the respective business activity represents.

Scale of exposure: We calculated the respective shares of outstanding loan amounts by country of operation and by industry sector or economic activity, and assessed the potential negative and/or positive social, environmental and economic impacts that are associated with each of these sectors or economic activities. As a result, we identified the agriculture, manufacturing, construction, transportation and storage sectors as the main drivers of impact in our group-level portfolio.

Context & relevance: We identified that the highest needs in our countries of operation are: food (SDG 2), mobility (SDG 9, 11), strong institutions, peace and stability (SDG 16, 17), inclusive, healthy economies (SDG 8, 9), and health and sanitation (SDG 3,6). Kosovo was excluded from this part of the analysis due to a lack of data available from international statistics institutions. This gap and the engagement of local stakeholders regarding the outcomes will be addressed in future analyses.

Considering all these variables, we decided to continue strengthening our business approach, putting emphasis on addressing the most urgent challenges that our society is facing by mitigating climate change and strengthening the sustainability of businesses. (See: "Our approach to green finance".)

Scale and intensity/salience of impact: After identifying the most important impact areas of the group, we identified the Partnership for Carbon Accounting Financials (PCAF) Standard and the Task Force on Climate-Related Financial Disclosures (TCFD) as the main tools to measure our performance on climate change. To assess our support for strengthening the sustainability of a business, we conducted a gap analysis of our green lending and E&S assessment procedures against the EU Taxonomy.

[> Materiality and impact reporting](#)
[> UNEP FI Portfolio Impact Analysis](#)

> Impact Report 2021

- Our socially responsible approach, pages 9ff.
- Our approach to green finance, pages 40f.
- Environmental management, pages 34ff.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

ProCredit mostly fulfilled the requirements regarding Impact Analysis. We identified our positive and negative impact, applying a holistic approach and considering several stakeholders. However, we still want to improve the accuracy of our analysis at country level, specifically by improving our analysis of the sustainability context and engaging local stakeholders in the analysis.

<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>As a result of our materiality analysis, ProCredit had already defined 23 targets related to 9 SDGs, including climate change actions and sustainable finance. These targets and actions are detailed in the section "SDGs, material topics and targets".</p> <p>Furthermore, in 2018, the ProCredit group set itself specific medium-term goals for 2023 in addressing our main areas of impact: mitigating climate change, enhancing the sustainability of our loan portfolio and increasing staff competence on the topic.</p> <ul style="list-style-type: none"> - Carbon neutrality: Become carbon neutral with regard to the group's own CO₂ emissions - 20% green loan portfolio: Increase the relative size of the group's green loan portfolio to 20% of the total loan portfolio, while at the same time maintaining the high quality of our green loans - Staff competence: Maintain and further increase the high level of social and environmental competence among our staff <p>However, with the new outcomes of the different analyses that ProCredit has conducted in our main impact areas (climate change and sustainable finance), we aim to set new targets for both topics in 2022.</p>	<p>> <u>SDGs, material topics and targets</u></p> <p>> <u>Sustainability goals and achievements</u></p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>ProCredit has fulfilled the requirements regarding target setting. However, since the targets are medium-term (2023), this year we will extend them and/or define new targets based on the impact analysis results and outcomes of specific ongoing internal research related to climate change mitigation, adaptation and risk.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>The implementation and monitoring of our three mid-term targets are reflected in different sections of our Impact Report 2021:</p> <ul style="list-style-type: none"> - Carbon neutrality: In the "Environmental management" section, we detail all actions and initiatives, at group level, to reduce our own CO₂ emissions (EDGE certification of our own buildings, PV installations and investments, e-cars, purchase from RE suppliers, reduction of flights, etc.). In 2021, ProCredit committed to measure and disclose the emissions of our loan portfolio, using the Partnership for Carbon Accounting Financials (PCAF) methodology to define new targets on climate change mitigation, adaptation and risk management. - 20% green loan portfolio: In the "Our approach to green finance" section, we detail all the actions and initiatives of the group to achieve the 20% target for our green loan portfolio, based on our strong strategy to promote PV projects and roof installations, and our tailored client approach, advising and supporting our clients to engage in sustainable practices. ProCredit's actions to enhance the sustainability of its loans go beyond promoting positive impacts through sustainable technologies; they also include minimising our negative impact on society and the environment by systematically assessing the environmental and social risk associated with each client, as explained in the "Why credit risk is key for impact" section. - Staff competence: In the "Staff development" section, we detail all the actions and initiatives in the group to continue raising the level of staff competence on social and environmental topics. This year we can especially highlight the implementation of an e-campus at the ProCredit Academy, which will improve the efficiency and scope of our internal training system. 	<p>> Impact Report 2021</p> <ul style="list-style-type: none"> - Our approach to green finance, pages 40f. - Environmental management, pages 34ff. - Staff development, pages 58f. - Why credit risk is key for impact, pages 24ff.
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>ProCredit has fulfilled the requirements regarding plans for target implementation and monitoring. However, since the targets are medium-term (2023), this year we will extend them and/or define new targets, which will involve developing new plans for target implementation and monitoring.</p>		

<p>2.4 Progress on Implementing Targets</p> <p>For each target separately: Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>Progress and achievements on each target are detailed in the section "Sustainability goals and achievements".</p> <ul style="list-style-type: none"> - Carbon neutrality: Our carbon footprint has not been reduced significantly from 2020, which was an exceptional year due to the pandemic and the accompanying working-from-home measures. Nevertheless, en route to our carbon neutrality goal, we have seen a significant improvement (almost 50%) from our 2018 baseline. - 20% green loan portfolio: We are already very close to achieving this goal. The share of green loans in our portfolio has been rising continuously since 2015, and we expect to reach the 20% threshold by next year. - Staff competence: This year 13,850 total hours were devoted to environmental training, 13,563 total hours to Code of Conduct training. 	<p>> <u>Sustainability goals and achievements</u></p> <p>> <u>Impact Report Datasheet 2021</u></p> <ul style="list-style-type: none"> - Environmental performance - Sustainable lending - Employees
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.</p>		
<p>ProCredit has fulfilled the requirements regarding progress on implementing targets.</p>		



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof</p>	<p>We aim to be a stable partner that directs our clients, mainly SMEs, towards sustainable development. The core of our sustainability principles is captured in our Code of Conduct, which is the first requirement that the banks ask their employees, clients and suppliers to commit to. In the Code of Conduct, we address Environmental, Social and Governance (ESG) standards, such as ethical behaviour (anti-corruption, anti-money laundering practices, diversity, anti-discrimination, etc.), social issues (human rights, labour rights, etc.) and environmental issues (environmental awareness, environmental risk assessment, promotion of green investments, etc.). In addition, consideration of our clients' social and environmental risks is firmly integrated into our credit decision-making processes, with the goal to minimise our negative impact and potential environmental and social risk, as shown by our Group Environmental Management Policy, our Group Standards for Managing the Environmental and Social Impact of Lending and our Plastic Strategy.</p> <p>At the same time, we actively promote and support investments in green technologies, shaping our portfolio in that direction, as shown by our targets and the green initiatives described in the "Our approach to green finance" section.</p>	<p>Managing the Environmental and Social Risk of Lending (see our > ProCredit Holding website).</p> <p>Code of Conduct (see our > ProCredit Holding website)</p> <p>Group Environmental Management Policy (see our > ProCredit Holding website)</p> <p>Plastic Strategy (see our > ProCredit Holding website)</p> <p>> Impact Report 2021</p> <ul style="list-style-type: none"> - Our approach to green finance, pages 40f.
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>ProCredit aims to promote and engage all clients in sustainable practices, from green building, e-cars, and green deposits for private individuals to renewable energies, energy efficiency measures and green technologies for our business clients. The impact of these efforts is reflected in the fact that green loans make up nearly 20% of our total portfolio, and in the specific client cases described in the "Our approach to green finance" section.</p>	<p>> Impact Report 2021</p> <ul style="list-style-type: none"> - Our approach to green finance, pages 40f. <p>> Sustainability goals and achievements</p>



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

<p>4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>We have engaged with different stakeholders to achieve society's goals. ProCredit works in continuous collaboration with important IFIs, such as the EBRD, OeEB and Finance in Motion, to promote sustainable finance through access to funds, technical assistance and other interactions. We also collaborate on an ongoing basis with our main consulting partner, Internationale Projekt Consult (IPC), which supports us in conducting studies, training our staff, developing tools, and reporting on the sustainability of our operations and our loans. Furthermore, we are signatories to relevant sustainability standards, such as the UN Global Compact, PCAF and GRI. In addition, we address all our clients and suppliers, assessing and promoting sustainable practices and managing environmental and social (E&S) risk. The result of these efforts can be seen in the large share of sustainable suppliers in our supplier base, and in the distribution of E&S risk categories in our portfolio.</p>	<p>> International principles, standards, and memberships</p> <p>> Impact Report 2021</p> <ul style="list-style-type: none"> - Our approach to green finance, pages 40f. <p>> Impact Report Datasheet 2021</p> <ul style="list-style-type: none"> - Supply chain - Sustainable lending
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Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The management of our positive and negative (potential) impact is a priority at management board level, as can be appreciated from the fact that the different sections of the Impact Report 2021 were written by our own management board members. Furthermore, ProCredit has a Group Environmental Steering Committee (GESC) that addresses at group level the main topics related to sustainability and the environment. In addition, our Code of Conduct and Business Strategy are centred on managing our impact, and various policies and standards support the effective implementation of the principles (e.g. Group Environmental Management Policy, Plastic Strategy, Group Guidelines Sustainable Suppliers, Group Standards for Managing the Environmental and Social Impact of Lending).</p>	<p>> Our material topics - Management approach and overview</p> <p>Managing the Environmental and Social Risk of Lending (see our > ProCredit Holding website).</p> <p>Code of Conduct (see our > ProCredit Holding website)</p> <p>Group Environmental Management Policy (see our > ProCredit Holding website)</p> <p>Plastic Strategy (see our > ProCredit Holding website)</p>
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>In signing the ProCredit Code of Conduct, our employees commit to the aim of minimising our ecological footprint at all levels of our business operations. They receive extensive training on sustainability topics and are engaged in quarterly sustainability reporting (e.g. internal environmental performance, green loan analysis). In addition, at group and bank level, there is continuous communication and discussion on sustainability topics in the form of newsletters, group presentations and other media, with an emphasis on responsible banking.</p>	<p>> Impact Report Datasheet 2021 - Employees</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>The Group Environmental Steering Committee (GESC) is the main group-level body responsible for defining strategies and management actions related to the group's environmental and impact performance. Since our adoption of the Principles of Responsible Banking (PRB) in 2020, this committee has been engaged in their implementation, including the process of target-setting and defining actions to fulfil the targets, as is shown in the section "Sustainability goals and achievements".</p>	<p>> Sustainability goals and achievements</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>ProCredit has fulfilled the requirements regarding governance structure for implementation of the principles.</p>		



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

The Impact Report Package 2021 details our progress in relation to our impact. In the section "SDGs, material topics and targets", we disclose our impact analysis and the main actions undertaken to address general SDG targets. We also show our first results using the UNEP FI Impact Analysis Tool and the PCAF Standard for the financial accounting of carbon emissions arising from our loan portfolio.

In the section "Sustainability goals and achievements", we disclose our progress towards our specific current targets, in particular our three mid-term targets.

In the section "Our commitment to the environment", we report our efforts to strengthen our climate change risk management, following TCFD recommendations and aligning our current loan sustainability analysis with the EU Taxonomy.

[> SDGs, material topics and targets](#)
[> Sustainability goals and achievements](#)

[> Impact Report 2021](#)
 - Our commitment to the environment, pages 33ff.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding progress on implementing the Principles for Responsible Banking.

ProCredit has fulfilled the requirements regarding progress on implementing the Principles for Responsible Banking.

Annex: Definitions

a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".

ANALYSIS OF THE PORTFOLIO IN TERMS OF E&S RISK

As at the end of 2021, the ProCredit group's loan portfolio amounted to EUR 5.9 bn. Due to its distribution across various business activities, the portfolio can be broken down into the following categories with regard to the level of environmental risk:

- Low (41%)
- Medium (45%)
- High (6%)

The remaining 8% of the portfolio consist of loans to private clients, which are defined as having an insignificant environmental impact and are, therefore, not assigned to an environmental risk category.

Compared to the previous year, the share of loans in the respective environmental risk categories in the total loan portfolio remained fairly stable.

The most commonly financed activities in the high environmental risk category include trade in hazardous materials and the manufacture of plastic products. These two activities account for approximately 58% of the high environmental risk portfolio with roughly equal shares. Trade in hazardous materials typically includes not only trade in chemicals (such as agricultural chemicals and fertilisers), but also the operation of fuel stations and trade in automotive fuels. The manufacture of plastic prod-

ucts includes plastics and synthetic rubber in primary forms. The latter has been included in the high environmental risk category since 2019, in line with the ProCredit Plastic Strategy. The composition of the portfolio of top activities classified as being of high environmental risk has changed slightly compared to last year, mainly due to the phasing out of a number of clients engaged in plastic production, especially those producing single-use plastic items. This trend is expected to continue in 2022.

The third business sector categorised as having a high environmental risk is the chemical production industry, which represents 19% of the high environmental risk portfolio. This typically includes pharmaceutical companies and producers of various household cleaning products and cosmetics.

This is followed by waste management activities in terms of volume in the high environmental risk portfolio. When properly handled, waste management is an activity that we value, due to its positive impact on the environment – especially in our countries of operation, where good waste management is either not very common or fails to meet international best-practice standards.

A smaller share is taken by hydro-electric power plants, which are financed exercising great caution. This share has decreased over the past years, as has

the extraction of raw materials and the transport of hazardous materials.

ProCredit banks do not categorically exclude clients with business activities in high environmental risk sectors from financing. Instead, their environmental and social performance is thoroughly analysed to ensure that none of the associated risks result in increased credit risk or lead to negative environmental and social impacts. The group's approach to assessing activities involving high environmental risk is revised regularly. We aim to set increasingly demanding requirements and ensure that all assessments are thorough; this includes the use of external assessments of adverse environmental and social impacts when financing larger exposures at both the bank and group levels.

In 2022, we will continue to place strict demands on the environmental and social practices of our clients. We will focus on carrying out thorough assessments of our business clients, providing advice on the better management of environmental and social risks, thereby contributing to the enforcement of environmental and social regulations and internationally accepted best practices in our countries of operation. By doing so, we strive to minimise risk and increase sustainability-related impact.

GRI CONTENT INDEX 2021

Disclosure	Page number/URL or comment	Material topic matched
GRI 102: GENERAL DISCLOSURES 2016		
ORGANISATIONAL PROFILE		
102-01 Name of organisation	> Website: ProCredit Holding and its role	-
102-02 Activities, brands, products, and services	> Website: About us	-
102-03 Location of headquarters	> Website: ProCredit worldwide	-
102-04 Location of operations	> Website: ProCredit worldwide	-
102-05 Ownership and legal form	> Website: Legal form of ProCredit Holding	-
102-06 Markets served	> Impact Report 2021 : Our approach to green finance, pages 40f. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff. > Annual Report 2021 : Fundamental information about the group , pages 23ff.	-
102-07 Scale of organisation	> Annual Report 2021 : Key financial figures, page 4	-
102-08 Information on employees and other workers	> Impact Report Datasheet 2021 : Employees Note: Employee numbers are expressed as the head count as at the end of year and include all persons who are in an employment relationship with a member of the ProCredit group and who are on the company payroll. Exchange staff are accounted for at the institution responsible for paying their salary. Self-employed persons or employees of suppliers of the ProCredit group are not included in these statistics.	-
102-09 Supply chain	The supply chain for the group primarily consists of suppliers of office materials and technical equipment, banking machinery and vehicles. - Other links in the ProCredit group's supply chain include service companies such as consultancies, lawyers or auditors. > Impact Report Datasheet 2021 : Supply chain	-

Disclosure	Page number/URL or comment	Material topic matched
102-10 Significant changes to the organisation and its supply chain	There have been no significant changes. i. The scope of countries of operations has not changed with respect to 2019. In 2020, the group continued to expand its banking business in eight countries in South Eastern Europe, three countries in Eastern Europe as well as Ecuador and Germany. The business model remains focused on providing banking services to small and medium sized enterprises and further building a market position as a modern and transparent direct bank for private individuals. ii. There have been no material changes in the capital structure of the group (shares are listed on the Frankfurt Stock Exchange). No material changes in significant shareholdings occurred in 2021 according to the last available voting right notifications. In 2020, ProCredit Holding bought the remaining minority shares in ProCredit Bank Ukraine and is now the sole shareholder of all ProCredit banks. iii. The group continues to work with a broad and well diversified base of funding providers, including banks and international financial institutions.	-
102-11 Precautionary principle or approach	Whenever new services or processes are introduced, a New Risk Assessment (NRA) is conducted. If the services or processes are environmentally relevant, the Environmental Coordinator or Environmental Unit of each institution is also involved in this assessment to ensure that the environmental impact is appropriately appraised and taken into account.	-
102-12 External initiatives	Impact Report Appendix 2021: International principles, standards and memberships ≥ page 31 Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff.	-
102-13 Membership of associations	Impact Report Appendix 2021: International principles, standards and memberships ≥ page 31 Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report Datasheet 2021 : Memberships and donations	-
STRATEGY		
102-14 Statement from senior decision-maker	≥ Impact Report 2021 : Letter from the Management Board, , pages 6ff.	-
102-14 Key impacts, risks and opportunities	Impact Report Appendix 2021: Materiality and impact reporting ≥ pages 6ff. Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. Impact Report Appendix 2021: Sustainability goals and achievements ≥ pages 2ff. Impact Report Appendix 2021: UNEP FI Portfolio Impact Analysis ≥ pages 32ff. ≥ Impact Report 2021 : Sustainability Context, pages 22f.	
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behaviour	≥ Our Code of Conduct : Mission Statement, page 7 ≥ Impact Report 2021 : 2021 Fact and figures, page 3 ≥ Impact Report 2021 : Responsible Banking – Reconciling profit with values, pages 10ff. ≥ Impact Report 2021 : Ethical values and working environment, pages 51ff. ≥ Impact Report Datasheet 2021 : Compliance ≥ Impact Report Datasheet 2021 : Crime prevention ≥ Impact Report Datasheet 2021 : Memberships and donations	-

Disclosure	Page number/URL or comment	Material topic matched
GOVERNANCE		
102-18 Governance structure	<p>> Website: Corporate governance</p> <p>> Impact Report Appendix 2021: Our material topics – management approach and overview > pages 9ff.</p> <p>Detailed information about the departments and committees involved in the decision-making on all our material topics can be found in the "Responsibilities" box under the description of each topic in the: Management approach.</p>	-
102-24 Nominating and selecting the highest governance body	> Disclosure Report 2021 : Section: Management Body	-
102-35 Remuneration policies	<p>> Impact Report 2021: Fair recruiter and employer, pages 54ff.</p> <p>> Disclosure Report 2021: Remuneration</p> <p>> Annual Report 2021: Remuneration report for the management board and supervisory board</p> <p>> Impact Report 2019: pages 58ff.</p> <p>The ProCredit group generally opposes contractual variable payments. Variable remuneration such as bonuses are only granted on an exceptional and very limited scale and are always determined on the basis of long-term commitment and performance. We see long-term commitment reflected in employees' adherence to our core values and objectives, which of course includes supporting sustainable economic development in our countries of operation and following the environmental and social guidelines laid out in our Code of Conduct.</p> <p>Termination payments: In line with regulatory requirements in the respective countries of operation.</p> <p>Clawbacks: Due to the remuneration structure, clawbacks are not applicable.</p> <p>Retirement benefits: No retirement benefits apply.</p>	-
102-38 Annual total compensation ratio	> Impact Report Datasheet 2021 : Employees	-
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff.	-
102-41 Collective bargaining agreements	ProCredit recognises the right of our employees to join trade unions and engage in collective bargaining in accordance with local law. In Romania, all employees are covered through collective bargaining agreements in accordance with the Law of Social Dialogue No 62/2011. This represents about 6.6% of the total employees of the ProCredit group. In general, it is not a common practice in our countries of operation for financial institutions and IT companies to have collective bargaining agreements.	-
102-42 Identifying and selecting stakeholders	<p>Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff.</p> <p>During a management workshop, a joint decision was taken to engage ProCredit's closest stakeholders, namely shareholders, clients, and staff, in the form of an online survey as was carried out in 2017. The banks included in the survey represent ProCredit's varying degrees of size and regional coverage.</p>	-

Disclosure	Page number/URL or comment	Material topic matched
102-43 Approach to stakeholder engagement	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. We continuously confer with stakeholders in direct discussions. Moreover, every three years stakeholders are systematically approached to give us their comments on key issues in an online survey.	-
102-44 Key topics and concerns raised	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff. > Impact Report 2021 : Ethical values and working environment, pages 51ff. This year's report places more emphasis on our main principles and the reasoning behind our approach to the aspects that we define as material. Another concern raised was a critical reflection of current sustainability rating approaches. Clearly, the economic and social implications of the COVID-19 pandemic on our countries of operation were still key concerns for us this year; to address the situation, we conducted an intensive vaccination campaign with all our staff and strengthened our health and safety strategy on the topic. Also, notwithstanding the pandemic, our materiality assessment was not conducted as anticipated and the topics remained the same as in previous years. A comprehensive materiality assessment is planned for the year 2022.	-
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	Scope of Group Impact Report 2021: South Eastern Europe: ProCredit Bank (Bulgaria) E.A.D., ProCredit Bank S.A.(Romania), ProCredit Bank Sh.a (Albania), ProCredit Bank d.d. (Bosnia and Herzegovina), , ProCredit Bank Sh.a (Kosovo), ProCredit Bank A.D. (North Macedonia), , ProCredit Bank a.d. Beograd (Serbia) Eastern Europe: JSC ProCredit Bank (Georgia), BC ProCredit Bank (Moldova), JSC ProCredit Bank (Ukraine). Germany: ProCredit Holding AG Et Co. KGaA (Germany), ProCredit Bank AG (Germany), ProCredit Academy GmbH (Germany), Quipu GmbH (head office in Frankfurt, Germany; as well as four subsidiaries in San Salvador, El Salvador; Skopje, Macedonia; Pristina, Kosovo; and Kiev, Ukraine; plus regional offices in Accra, Ghana; Bucharest, Romania; and Moscow, Russia). South America: Banco ProCredit S.A. (Ecuador). Excluded from the Group Impact Report, but included in the Annual Report: ProCredit Regional Academy Eastern Europe (North Macedonia). The details of each entity can be found in the > Annual Report 2021 .	-
102-46 Defining report content and topic boundaries	Impact Report Appendix 2021: Materiality and impact reporting, > pages 5ff. Impact Report Appendix 2021: Overview of material topics, related impacts and boundaries, > page 8 The content of this report generally follows the different thematic areas of our 10 material topics, describing our positive impact and/or how we strive to avoid/mitigate negative impacts. Some specific actions related to social issues (modern slavery), cryptocurrencies and the environment (Climate Change) were highlighted.	-
102-47 List of material topics	Impact Report Appendix 2021: Materiality and impact reporting, > pages 5ff. Impact Report Appendix 2021: Overview of material topics, related impacts and boundaries, > page 8	-
102-48 Restatements of information	Restatements were made due to updates and corrections for individual performance indicators (mainly related to internal environmental data). Significant restatements are marked with an asterisk (*). Please see > Impact Report Datasheet 2021 for more details.	-
102-49 Changes in reporting	There were no significant changes to the material topic definitions and boundaries used in the previous report.	-

Disclosure	Page number/URL or comment	Material topic matched
102-50 Reporting period	Calendar year 2021; figures for financial years 2019 and 2020 have been included for comparison purposes if relevant.	-
102-51 Date of most recent report	March 2021	-
102-52 Reporting cycle	Annually	-
102-53 Contact point for questions regarding the report	Investor Relations Team: pch.ir@procredit-group.com Green Environmental Management and Impact Reporting Team: pch.greenfinance@procredit-group.com	-
102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	-
102-55 GRI content index	Impact Report Appendix 2021: GRI content index , > pages 47ff.	-
102-56 External assurance	The report is not externally assured.	-
TOPIC SPECIFIC DISCLOSURES		
GRI 200: Economic performance		
GRI 202: Market presence 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Cryptocurrencies and responsible banking, pages 17f.	Economic development
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Cryptocurrencies and responsible banking, pages 17f.	Economic development
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Cryptocurrencies and responsible banking, pages 17f.	Economic development
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	> Impact Report Datasheet 2021 : Employees Significant locations of operations: refer to our four main regions of operation.	Economic development

Disclosure	Page number/URL or comment	Material topic matched
202-2 Proportion of senior management hired from the local community	> Impact Report Datasheet 2021 : Employees	Economic development
GRI 203: Indirect economic impacts 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Cryptocurrencies and responsible banking, pages 17f. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Economic development
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Cryptocurrencies and responsible banking, pages 17f. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Economic development
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Cryptocurrencies and responsible banking, pages 17f. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Economic development
203-2 Significant indirect economic impacts	> Impact Report 2021 : Our socially responsible approach, pages 9ff.	Economic development
GRI 205: Anti-corruption 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.	Corporate governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Website: Corporate values > Website: Prevention of money laundering and other financial crimes	Corporate governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. Corruption risks can result in losses on two levels, internally and for clients. All banks utilise specialised software systems to screen all transactions for signs of financial crime (supervised by the AML/Compliance unit at ProCredit Holding). In order to monitor corruption risks internally, the Group Operational Risk Management unit regularly scrutinises the incidents recorded in the risk event database; makes detailed analyses of the management summary report for high risk events; analyses ad hoc escalations from all institutions and, where applicable, escalates them further to the PCH Management Board and/or the Group AML Officer and Group Audit department; regularly revises and consolidates the fraud Key Risk Indicators for all banks as well as the risk assessments and scenario analyses for all institutions; reviews the new risk approvals and outsourcing risk analyses performed by each institution. Moreover – if applicable at group level – performs new risk approvals and outsourcing risk analyses; prepares group annual reports; and reports regularly to the Group Risk Management Committee on the group operational risk profile. The Group Operational Risk Management unit undertakes all of these actions to make sure that adequate measures are taken in the event that risks materialise or potential risks are detected. In addition, risk awareness training is mandatory for each staff member at least every two years. The Group Operational Risk Management unit also coordinates the necessary insurance policies at group level.	Corporate governance

Disclosure	Page number/URL or comment	Material topic matched
205-1 Operations assessed for risks related to corruption	<p>> Impact Report Datasheet 2021: Crime prevention</p> <p>All defined scenarios and processes related to operations are assessed for potential risk of corruption. Each client account is also screened for financial crime risks of any kind, including corruption.</p>	Corporate governance
205-2 Communication and training about anti-corruption policies and procedures	<p>> Impact Report 2021: Ethical values and working environment, pages 51ff.</p> <p>> Impact Report Datasheet 2021: Crime prevention</p> <p>> Impact Report Datasheet 2021: Employees > Staff development</p> <p>> Website: Prevention of money laundering and other financial crimes</p> <p>See Code of Conduct training, training on financial crime risks and risk awareness training.</p> <p>100% of employees and management board members receive training in anti-corruption policies and procedures.</p> <p>We communicate our anti-corruption policies to governance body members, employees and business partners publicly via our > Code of Conduct.</p> <p>Business partners such as suppliers are obliged to adhere to our values by signing a declaration of compliance.</p>	Corporate governance
GRI 206: Anti-competitive behaviour 2016		
103-1 Explanation of the material topic and its boundaries	<p>Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff.</p> <p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p> <p>> Website: Corporate values</p>	Corporate governance
103-2 The management approach and its components	<p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p>	Corporate governance
103-3 Evaluation of the management approach	<p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p>	Corporate governance
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	<p>> Impact Report Datasheet 2021: Compliance</p> <p>No instances of non-compliance with laws and regulations have been identified.</p>	Corporate governance
GRI 300: Environmental performance		
GRI 302: Energy 2016		
103-1 Explanation of the material topic and its boundaries	<p>Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff.</p> <p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p> <p>> Impact Report 2021: Environmental Management, pages 34ff.</p>	Internal environmental management
103-2 The management approach and its components	<p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p> <p>> Impact Report 2021: Environmental Management, pages 34ff.</p> <p>> Impact Report 2019 > pages 31ff.</p>	Internal environmental management

Disclosure	Page number/URL or comment	Material topic matched
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental Management, pages 34ff. > Impact Report 2019 > pages 31ff.	Internal environmental management
302-1 Energy consumption within the organisation	> Impact Report Datasheet 2021 : Environmental Performance Cooling energy for air conditioners is included under electricity consumption. Omission: Steam energy is not used at ProCredit premises.	Internal environmental management
302-3 Energy intensity	> Impact Report Datasheet 2021 : Environmental Performance The indicators only consider energy consumption within the organisation.	Internal environmental management
302-4 Reduction of energy consumption	> Impact Report Datasheet 2021 : Environmental Performance Energy reductions were impacted by the special circumstances of 2020. We also acknowledge that the additional energy used at our employees' residences whilst working from home has not been reflected in the assessment.	Internal environmental management
GRI: 305: Emissions 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Overview of material topics, related impacts and boundaries > page 8 > Impact Report 2021 : Our approach to green finance > pages 40f.	Internal environmental management
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Our approach to green finance > pages 40f. > Impact Report 2019 > pages 31ff.	Internal environmental management
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Our approach to green finance > pages 40f. > Impact Report 2019 > pages 31ff.	Internal environmental management
305-1 Direct (Scope 1) GHG emissions	> Impact Report Datasheet 2021 : Environmental Performance Consolidation approach for emissions: operational control. CO ₂ , CH ₄ and N ₂ O gases are considered. Omission: Biogenic emissions are not considered, as the complexity of calculating them is disproportionate to the additional insights they would provide in this context.	Internal environmental management
305-2 Energy indirect (Scope 2) GHG emissions	> Impact Report Datasheet 2021 : Environmental Performance Consolidation approach for emissions: operational control. For purchased electricity CO ₂ emissions are considered. For district heating, CO ₂ , CH ₄ and N ₂ O gases are considered. Omission: Biogenic emissions are not considered, as the complexity of calculating them is disproportionate to the additional insights they would provide in this context.	Internal environmental management
305-3 Other indirect (Scope 3) GHG emissions	> Impact Report Datasheet 2021 : Environmental Performance Consolidation approach for emissions: operational control. Includes CO ₂ emissions. Omission: Biogenic emissions are not considered, as the complexity of calculating them is disproportionate to the additional insights they would provide in this context.	Internal environmental management

Disclosure	Page number/URL or comment	Material topic matched
305-4 GHG emissions intensity	> Impact Report Datasheet 2021 : Environmental Performance	Internal environmental management
305-5 Reduction of GHG emissions	> Impact Report Datasheet 2021 : Internal Environmental Performance Emissions reductions compare to 2020 were not significant, due to the specific circumstances in that year (i.e. fewer flights than expected). We also acknowledge that the emissions at our employees' residences whilst working from home have not been reflected in the assessment.	Internal environmental management
GRI 307 Environmental compliance 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental Management, pages 34ff.	Corporate governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental Management, pages 34ff. > Impact Report 2019 > pages 31ff.	Corporate governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental Management, pages 34ff. > Impact Report 2019 > pages 31ff.	Corporate governance
307-1 Non-compliance with environmental laws and regulations	> Impact Report Datasheet 2021 : Compliance No instances of non-compliance with laws and regulations have been identified. Significant fines and non-monetary sanctions are defined as those amounting to more than EUR 100,000.	Corporate governance
GRI 308 Supplier environmental assessment		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental Management, pages 34ff.	Corporate governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental Management, pages 34ff. > Impact Report 2019 > pages 31ff.	Corporate governance

Disclosure	Page number/URL or comment	Material topic matched
103-3 Evaluation of the management approach	<p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021: Environmental Management, pages 34ff.</p> <p>Over the last two years, the ProCredit group has taken significant steps to expand the scope of its supply chain management. The most recent version of the Group Guidelines on Sustainable Suppliers provides clear criteria for selecting suppliers of products and services, and encourages the ProCredit banks to look beyond their direct suppliers to investigate the suppliers' respective supply chains wherever possible.</p> <p>All suppliers are expected to adhere to the core values of the ProCredit group. They are screened for compliance with our Exclusion List (see > Our Code of Conduct, page 34), and with all statutory environmental and social requirements, and are required to sign a declaration of compliance. This in itself raises their awareness of sustainability issues. However, the process goes far beyond these minimum standards to include other environmental and social indicators whenever possible and feasible. These are used to classify particularly sustainable suppliers (considering for instance the introduction of certified environmental management systems, sustainable waste management systems and packaging as well as policies and action to ensure equal opportunities amongst staff, to name just a few). To assist the banks in their procurement decisions, a group-wide Sustainable Supplier Screening and Assessment Tool has been developed, and members of each bank's Environmental Management unit sit on the tender committees. Support also comes from the Group Environmental Management team, offering additional advice and communicating best practices across the group.</p>	Corporate governance
308-1 New suppliers that were screened using environmental criteria	> Impact Report Datasheet 2021 : Supply chain	
GRI 400: Social performance		
GRI 401: Employment		
103-1 Explanation of the material topic and its boundaries	<p>Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021: Fair recruiter and employer, pages 54ff.</p>	Fair recruiter and employer
103-2 The management approach and its components	<p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021: Fair recruiter and employer, pages 54ff.</p>	Fair recruiter and employer
103-3 Evaluation of the management approach	<p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021: Fair recruiter and employer, pages 54ff.</p>	Fair recruiter and employer
401-1 New employee hires and employee turnover	<p>> Impact Report Datasheet 2021: Employees</p> <p>Note: The average number of employees during the respective period is calculated by averaging the year-end data specified in Disclosure 102-8. When computing new hire rates and turnover rates for specific sub-groups, the sub-group average is used as the denominator.</p>	Fair recruiter and employer

Disclosure	Page number/URL or comment	Material topic matched
GRI 404: Training and education 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting ≥ pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report 2021 : Staff development, pages 58f.	Staff development
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report 2021 : Staff development, pages 58f.	Staff development
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report 2021 : Staff development, pages 58f.	Staff development
404-1 Average hours of training per year per employee	≥ Impact Report Datasheet 2021 : Employees	Staff development
404-3 Percentage of employees receiving regular performance and career development reviews	≥ Website: Code of conduct . All staff members receive a yearly performance and career development review.	Staff development
GRI 405: Diversity and equal opportunity 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting ≥ pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report 2021 : Ethical values and working environment, pages 51ff.	Ethical values and working environment
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report 2021 : Ethical values and working environment, pages 51ff.	Ethical values and working environment
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview ≥ pages 9ff. ≥ Impact Report 2021 : Ethical values and working environment, pages 51ff.	Ethical values and working environment
405-1 Diversity of governance bodies and employees	≥ Impact Report Datasheet 2021 : Employees	Ethical values and working environment
405-2 Ratio of basic salary and remuneration of women to men	Impact Report Appendix 2021: SDGs material topic and targets, ≥ pages 23ff.	Ethical values and working environment

Disclosure	Page number/URL or comment	Material topic matched
GRI 406: Non-discrimination 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. > Impact Report 2021 : Ethical values and working environment, pages 51ff.	Fair recruiter and employer
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Ethical values and working environment, pages 51ff.	Fair recruiter and employer
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Ethical values and working environment, pages 51ff.	Fair recruiter and employer
406-1 Incidents of discrimination and corrective actions taken	> Impact Report Datasheet 2021 : Employees	Fair recruiter and employer
GRI 408: Child labour 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
408-1 Operations and suppliers at significant risk for incidents of child labour	In 2021 no operations were identified as having any significant risk for incidences of child labour. Our Exclusion List (see > Our Code of Conduct , page 34) categorically excludes sectors that are of high risk in this regard (i.e. exploitation in diamond mines, and underground mining in general). Moreover, the activities of all clients, suppliers and other counterparties are screened for exploitative forms of harmful child labour. No business relationship can be established with entities involved in child labour.	Prudent credit risk management, governance

Disclosure	Page number/URL or comment	Material topic matched
GRI 409: Forced or compulsory labour 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Responsible Banking - Reconciling profit with values, pages 10ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Responsible Banking - Reconciling profit with values, pages 10ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	In 2020 no operations were identified as having any significant risk for incidences of forced or compulsory labour. Our Exclusion List (see > Our Code of Conduct , page 34) categorically excludes sectors that are of high risk in this regard (i.e. exploitation in diamond mines, and underground mining in general). Moreover, the activities of all clients, suppliers and other counterparties are screened for forced or compulsory labour. No business relationship can be established with entities involved in forced or compulsory labour.	Prudent credit risk management, governance
GRI 412: Human rights assessment 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Responsible Banking - Reconciling profit with values, pages 10ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Responsible Banking - Reconciling profit with values, pages 10ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Responsible Banking - Reconciling profit with values, pages 10ff. > Impact Report 2021 : Why credit risk is key for impact, pages 24ff.	Prudent credit risk management, governance
412-1 Operations that have been subject to human rights reviews or impact assessments	We are aware that in many of our countries of operation, violation of human rights is an issue (see for instance sustainability context, indicators of equal treatment and absence of discrimination). Therefore, we place particular importance on our values laid out in the Code of Conduct, which includes the strict application of our Exclusion List (see > Our Code of Conduct , page 34). Therefore, the business clients of all our banks are subject to a human rights review (social assessment).	Prudent credit risk management, governance
412-2 Employee training on human rights policies or procedures	> Impact Report Datasheet 2021 : Employees (Code of Conduct training) 100% of employees and management board members receive training in human rights policies and procedures.	Prudent credit risk management, governance

Disclosure	Page number/URL or comment	Material topic matched
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	All business clients of banks are subject to human rights screening and confirm that they are in compliance with local laws and our Exclusion List (see > Our Code of Conduct , page 34) when signing the loan agreement. Suppliers of all institutions must also sign a supplier declaration form, confirming that they adhere to all local laws as well as our Exclusion List (see > Our Code of Conduct , page 34).	Prudent credit risk management, governance
GRI 414: Supplier social assessment		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental management, pages 34ff.	Corporate governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental management, pages 34ff. Over the three years, the ProCredit group has taken significant steps to expand the scope of its supply chain management. The most recent version of the Group Guidelines on Sustainable Suppliers provides clear criteria for selecting suppliers of products and services, and encourages the ProCredit banks to look beyond their direct suppliers to investigate the suppliers' respective supply chains wherever possible. All suppliers are expected to adhere to the core values of the ProCredit group. They are screened for compliance with our Exclusion List (see > Our Code of Conduct , page 34), and with all statutory environmental and social requirements, and are required to sign a declaration of compliance. This in itself raises their awareness of sustainability issues. However, the process goes far beyond these minimum standards to include other environmental and social indicators whenever possible and feasible. These are used to classify particularly sustainable suppliers (considering for instance the introduction of certified environmental management systems, sustainable waste management systems and packaging as well as policies and action to ensure equal opportunities amongst staff, to name just a few). To assist the banks in their procurement decisions, a group-wide Sustainable Supplier Screening and Assessment Tool has been developed, and members of each bank's Environmental Management unit sit on the tender committees. Support also comes from the Group Environmental Management team, offering additional advice and communicating best practices across the group.	Corporate governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Environmental management, pages 34ff.	Corporate governance
414-1 New suppliers that were screened using social criteria	> Impact Report Datasheet 2021 : Supply chain	Corporate governance
GRI 417: Marketing and labelling 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.	Reliable partnerships and transparent services, technology and innovation
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.	Reliable partnerships and transparent services, technology and innovation

Disclosure	Page number/URL or comment	Material topic matched
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. Our close-knit international group structure allows us to leverage various types of information and resources to respond to crises locally while learning the lessons and deploying preventive measures globally. While security solutions are powerful and must have weapons against cybercrime, the limit of their effectiveness remains the human factor. The quality, competence and awareness of the staff who work with IT solutions and data are areas in which ProCredit invests continuously.	Reliable partnerships and transparent services, technology and innovation
417-2 Incidents of non-compliance concerning product and service information and labelling	> Impact Report Datasheet 2021 : Compliance No instances of non-compliance with laws and regulations have been identified.	Reliable partnerships and transparent services
417-3 Incidents of non-compliance concerning marketing communications	> Impact Report Datasheet 2021 : Compliance No instances of non-compliance with laws and regulations have been identified.	Reliable partnerships and transparent services
GRI 418: Customer privacy 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.	Reliable partnerships and transparent services, technology and innovation
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. ProCredit Holding and each of the subsidiaries have Information Security Officers, who are embedded into the group's risk management structures. They serve as a point of contact for all employees and stakeholders on information security aspects of the banks' operations. Potential or actual security events are reported immediately to local and group management so that timely corrective and preventive measures can be taken, they are also recorded and documented in the group-wide Risk Event Database for analysis. One of the cornerstones of our defence against data security risks is having well-trained staff bound by high ethical standards. Accordingly, information security is a key component of the Code of Conduct and risk management training provided to all employees. Data security is one of the many areas in which the ProCredit group derives major advantages from having its own in-house IT service provider. Special focus has been placed on incorporating mature data protection functions into all Quipu software following the introduction of GDPR. For example, implementation of the "right to be forgotten" – finding and deleting personal data upon the request of both customers and employees – is now a routine process. Moreover, Quipu software provides uniform standards of data protection, which means that ProCredit banks in non-EU countries also benefit from the same high level of security and privacy. Furthermore, Quipu developers collaborate closely with local DPOs to ensure that compliance with local laws is also given in cases where different rules apply. Clients who choose a digital, cashless bank obviously need to rely on the efficiency and security of card-based transactions. The Quipu Processing Centre, which handles card payments for the majority of ProCredit banks, is fully certified regarding security, quality management and IT service management standards. It is regularly audited for compliance with these standards as required by Visa and MasterCard.	Reliable partnerships and transparent services, technology and innovation

Disclosure	Page number/URL or comment	Material topic matched
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. In 2020 Quipu expanded its collaboration with third-party suppliers. To offset the risks associated with outsourcing, all potential suppliers are very closely assessed to ensure that personal data are processed in line with EU law (GDPR). The data centre provider that stores the majority of the group's data also serves numerous other German banks and is recognised as one of the safest in the world, providing the highest possible level of protection.	Reliable partnerships and transparent services, technology and innovation
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	> Impact Report Datasheet 2021 : Customers	Reliable partnerships and transparent services, technology and innovation
GRI 419: Socioeconomic compliance 2016		
103-1 Explanation of the material topic and its boundaries	Impact Report Appendix 2021: Materiality and impact reporting > pages 5ff. Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.	Corporate governance
103-2 The management approach and its components	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Our approach to green finance, pages 40f.	Corporate governance
103-3 Evaluation of the management approach	Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff. > Impact Report 2021 : Our approach to green finance, pages 40f.	Corporate governance
419-1 Non-compliance with laws and regulations in the social and economic area	> Impact Report Datasheet 2021 : Compliance No instances of non-compliance with laws and regulations have been identified. Significant fines and non-monetary sanctions are defined as those in amounts above EUR 100,000.	Corporate governance
OTHER INDICATORS		
G4 Sector Disclosures: Financial Services		
FS03 Compliance with environmental and social requirements	> Impact Report 2021 : Why credit risk is key for impact, pages 24ff. > Impact Report 2021 : Our approach to green finance, pages 40f. > Impact Report Datasheet 2021 : Compliance Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.	Prudent credit risk management
FS04 Staff competency to implement environmental and social policies	> Impact Report 2021 : Our approach to green finance, pages 40f. > Impact Report 2021 : Staff development, pages 58f. Impact Report Appendix 2021: Sustainability goals and achievements > pages 2ff. Specific environmental and social risk training is provided for all staff engaged in E&S risk assessment at bank level. Moreover, specialised, in-depth group-wide training is provided for the environmental risk officers and environmental department employees. In 2020, 45 such specialists received a total of 1,800 training hours.	Prudent credit risk management

Disclosure	Page number/URL or comment	Material topic matched
FS05 Interactions regarding environmental and social risks and opportunities	<p>> Impact Report 2021: Our approach to green finance, pages 40f.</p> <p>> Impact Report 2021: Staff development, pages 58f.</p> <p>Impact Report Appendix 2021: Sustainability goals and achievements > pages 2ff.</p> <p>> Impact Report 2021: Why credit risk is key for impact, pages 24ff.</p> <p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p>	Prudent credit risk management
FS06 Portfolio in business lines	<p>> Impact Report 2021: Environmental management, pages 34ff.</p> <p>> Impact Report 2021: Our approach to green finance, pages 40f.</p> <p>> Impact Report Datasheet 2021: Sustainable lending</p>	Sustainable finance
FS08 Share of green products	<p>> Impact Report 2021: Our approach to green finance, pages 40f.</p>	Sustainable finance
FS09 Audit of E&S risk policies	<p>> Impact Report Datasheet 2021: Sustainable lending</p> <p>> Impact Report 2021: Our approach to green finance, pages 40f.</p> <p>Impact Report Appendix 2021: Our material topics - management approach and overview > pages 9ff.</p> <p>Implementation of the E&S policy is scrutinised during the internal credit risk audit as well as during the internal EMS audit.</p>	Prudent credit risk management
FS10 E&S issues of clients	<p>> Impact Report 2021: Our approach to green finance, pages 40f.</p> <p>> Impact Report Datasheet 2021: Sustainable lending</p> <p>> Impact Report 2021: Why credit risk is key for impact, pages 24ff.</p> <p>We discuss social issues with all business clients and, for those classified as having a medium or high E&S risk, we also discuss environmental issues. ProCredit has a total of 36,166 business clients.</p>	Prudent credit risk management
FS15 Fair design and sale of financial products	<p>> Impact Report 2021: Our approach to green finance, pages 40f.</p> <p>> Impact Report 2021: Why credit risk is key for impact, pages 24ff.</p>	Reliable and stable partnerships

LIST OF ABBREVIATIONS

AML	Anti-money laundering	GR	Other environmentally friendly investments	PCB	ProCredit Bank
CBD	Convention on Biological Diversity	GRI	Global Reporting Initiative	PCH	ProCredit Holding
CITES	Convention on International Trade in Endangered Species	HR	Human Resources	PCI	Payment Card Industry
DOEN	DOEN Foundation (from Dutch doen = to do)	IFC	International Finance Corporation	PCI DSS	Payment Card Industry Data Security Standard
DPO	Data Protection Officer	ILO	International Labour Organization	PRB	Principles for Responsible Banking
E&S	Environmental and social	ILOSTAT	International Labour Organization Statistics	PV	Photovoltaic
EBRD	European Bank for Reconstruction and Development	IPC	Internationale Projekt Consult GmbH	RE	Renewable energy
ECU	Ecuador	ISO	International Organization for Standardization	SDG	Sustainable Development Goals
EDGE	Excellence in Design for Greater Efficiencies	IUCN	International Union for Conservation of Nature	SME	Small and medium-sized enterprise
EE	Energy efficiency	KfW	Kreditanstalt für Wiederaufbau	TCFD	Taskforce on Climate-related Financial Disclosures
EMAS	EU Eco-Management and Audit Scheme	KPI	Key performance indicator	UN	United Nations
EMS	Environmental Management System	KWG	Kreditwesengesetz (German Banking Act)	UNDP	United Nations Development Programme
ESIA	Environmental and social impact assessment	kW	Kilowatt	UNEP FI	United Nations Environment Programme Finance Initiative
ESOP	Employee stock ownership plan	kWh	Kilowatt hour	UNGC	United Nations Global Compact
FSE	Frankfurt Stock Exchange	MIGA	Multilateral Investment Guarantee Agency		
FSC	Forest Stewardship Council	MKD	North Macedonia		
GDP	Gross domestic product	MWh	Megawatt hour		
GDPR	EU General Data Protection Regulation	NFRD	Non-Financial Reporting Directive		
GESC	Group Environmental Steering Committee	NRA	New risk assessment		
GEO	Georgia	OeEB	Österreichische Entwicklungsbank (Development Bank of Austria)		
GHG	Greenhouse gases	PCAF	Partnership for Carbon Accounting Financial		



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