

2024 Annual Environmental & Social Performance and Client Protection Performance Reports highlights

Overall

At AccessBank, we are committed to upholding the highest standards of responsibility, guided by development-oriented principles. Our focus lies in supporting the growth of small businesses and fostering financial inclusion within the population of Azerbaijan. We contribute to sustainable development by providing responsible financial services and solutions to households, micro, small, and medium enterprises, all while adhering to universally recognized banking practices.

Our Environmental and Social Management System (ESMS) encompasses considerations of environmental and social factors in lending, as well as the direct impact of our operations. We believe in sensitizing, policy-making, and motivating actions that align with these principles.

We firmly believe that serving as an ethical and sustainable business within the national context can serve as a powerful motivator for our customers. By setting an example and leading the way in our market, coupled with continuous education, we aspire to become trusted advisors to our clients on their journey towards a sustainable future.

Therefore, we are building fundamental grounds in two capacities:

- **Internal environmental management:** our approach is based on processes and procedures that help us to systematically reduce our direct environmental footprint.
- **Management of E&S risk in lending:** We recognize the responsibility for our clients' environmental and social impact. In order to mitigate E&S risks and assess the potential E&S impact of financed business activities, the E&S risk assessment is an integral part of our credit risk analysis.

CSR and other activities of AccessBank during 2024

External activities

- **Bank participated in a tree planting action** within the framework of the "Year of Solidarity for a Green World", with the support of AccessBank, along with participation of members from Baku Port and the Azerbaijan Chapter of the Institute of Internal Auditors (IIA Azerbaijan Chapter). 170 olive trees and pines were planted on the ground of Baku Port. Additionally, in Nakhchivan, over 80 pine and fruit trees were planted.
- **"Future BankHers" non-paid internship** for women project started in December 2023, aiming to encourage women to pursue careers in the financial sector, expand their role in the country's economic development. Participants worked together with Bank team to acquire theoretical knowledge as well as practical skills, in addition, mentoring and vocational training were provided. A total of 986 candidates applied for participation, and after online and offline tests and interviews, 20 candidates were selected to begin the internship. The program ended in March 2024, with 13 out of the 20 candidates successfully completing it.
- AccessBank, in collaboration with third party partners, has organized tailored training programs aimed at **empowering local entrepreneurs within the agricultural sector and women entrepreneurs**. These initiatives focus on equipping participants with both financial and non-financial knowledge and skills essential for their understanding

of how to manage and grow their businesses. A total of 18 training sessions were delivered in 2024, reaching 385 participants.

- **To celebrate International Children's Day**, AccessBank hosted a unique event for the children of its media partners. The event featured a tour of various bank departments, giving young participants an inside look at the operations of the bank. They also took part in a training session focused on enhancing financial literacy.
- **"Bizdən Biznes" Startup Competition**, organized in partnership with the Small and Medium Business Development Agency (KOBIA), took place from October to December 2024. The competition aimed to stimulate innovation, create opportunities for new entrepreneurs, and provide a platform for implementing startup business ideas, thereby contributing to economic growth. The competition concluded with 20 projects selected from over 500 applicants. As part of the competition, the winners received financial prizes to support their business ideas. The winners were as follows: 1st place went to the "Climasel" cooling panels project, 2nd place to the agricultural waste-to-animal protein conversion project, and 3rd place to the beeswax coatings project.
- **"Retail Bankers School" project 3.0** was launched for graduates without any work experience who wish to build a career in banking. Out of 1,021 applicants, 16 participants were selected to take part in a two-month paid internship. The program included one week of technical training, followed by hands-on experience in a real-world work environment.
- Through **"IT Summer School"** and **"Summer Internship Program,"** a total of 24 talented young individuals had the opportunity to gain hands-on experience in a real banking environment and enhance their professional skills. At the end of the program, participants received certificates, and some were hired by the bank.
- **"The Day of AccessBank" educational project** was held in partnership with leading Azerbaijani universities, including Khazar University and UNEC. The initiative aimed to provide students with unique opportunities for professional growth and career development. It featured meetings, career advice, insights on the bank's recruitment processes, and networking and business training.
- **ESG page** on the Bank's website is accessible to users. The page provides information on the Bank's vision, E&S management system, annual E&S performance report highlights, policies, awards, and ESG targets.
- We became the first Azerbaijani bank to **join Client Protection Pathway**. By taking this action, AccessBank has joined a global network of people committed to protecting customers and reinforcing our commitment to ensuring that our financial products and services are always in the best interest of our clients.
- AccessBank became **a member of the UN Global Compact**, committing to uphold the ten principles of the Global Compact, which encompass human rights, environmental responsibility, labor standards, and anti-corruption efforts. This significant step reinforces AccessBank's dedication to advancing sustainable development goals and integrating Environmental, Social, and Governance (ESG) principles throughout its operations.

Internal activities

- **The 'Employee Engagement' survey** was distributed to employees who have been with the bank for more than three months. The survey was designed to assess the level of employee engagement within the organization and to gather valuable insights that can help improve the workplace and develop strategies to make the bank the best place to work.
- **AccessLife project continued** – an internal aid fund to support employees and their family members in need of financial or other help. By the end of 2024, 1,002 employees had joined the program. In 2024, 48 applications were processed and AZN 179k was provided in financial support for health recovery of employees and their family members.
- **Team-building training** was organized for employees. During the training, participants enhanced their knowledge in key areas such as information security, anti-

money laundering, the code of ethics, positive communication, and emotional intelligence. The session also focused on strengthening team dynamics, identifying individual strengths and weaknesses, and improving communication skills.

- **A voluntary eye examination for employees** at the business office was organized.
- **“Basics of emergency medical care” training** was organized for employees in Head Office and all Branches. Topics covered included recognizing the signs of a heart attack and stroke, performing cardiopulmonary resuscitation (CPR), and providing first aid for injuries and burns. The training was attended by 600 participants, equipping them with vital skills to respond effectively in emergency situations.
- **“Bank Management” Training**, spanning 36 hours, was organized for Microcredit Managers. The program covered key areas such as bank management, prudential loan regulation, finance and accountability, risk management, internal audit, and internal control. Managers who successfully completed the training were awarded certificates.
- **Interactive “Product Management” Training** was organized for a group of employees, led by an international trainer. Over two days, participants explored key aspects of product management, including customer needs analysis, product strategy, design thinking, communication, metrics, and analysis, to help drive innovative financial solutions.
- **“Access Change Leaders” contest**, aimed at driving process improvement and enhancing efficiency within the bank, encouraged employees to submit innovative ideas to advance our operations. Three winners were chosen for their impactful contributions.

Achievement/Awards

- AccessBank was awarded **"Gender Equality Financing" award** as part of the "Women's Economic Empowerment in the South Caucasus" project, implemented by the United Nations Development Programme (UNDP) based on the Women's Empowerment Principles (WEP) with the support of the Swiss Cooperation Organization. This award demonstrates the bank's commitment to gender equality and efforts to create conditions that support the professional development of women.
- AccessBank became **a winner in four nominations** according to the results of the **“Banking Awards – 2023” event**, organized by the Azerbaijan Banks Association (ABA) in February 2024. The nominations are as follows: Corporate social responsibility; Financial literacy advocate; ABA member who has conducted activities related to increasing financial accessibility for Small and Medium Businesses; Participation in the Self-Employment Program.

AccessBank's direct environmental impact in numbers

AccessBank aims to reduce its direct environmental impact by monitoring the most applicable environmental aspects. By this, AccessBank identifies its areas of impact and such data will guide AccessBank to adopt appropriate measures in order to be more efficient and having less impact. AccessBank has done the following and achieved certain results:

- 8 tons of paper and paper products were sent for recycling in 2024;
- The bank has participated in the “Collect Batteries, Protect Nature” project since 2022. In 2024, 54.8 kgs of batteries were handed over for proper disposal;
- Replacement of incandescent and halogen light bulbs with LED bulbs has been successfully completed across all our branches. Additionally, the process of replacing fluorescent light bulbs with led lights is in progress in Head Office;
- Monitoring the internal/direct impact (water, paper, electricity, and fuel consumption).

GHG emission from electricity consumption			
	y2024 (tCO2eq)	y2023 (tCO2eq)	%Change
Annual average per employee	0.97	1.00	-3%

GHG emissions were calculated on the assumption that 0.439 tons of CO2 emitted for every 1MWH of grid energy. Calculation was based on information from Climatiq Technologies GmbH data for Azerbaijan.

Environmental Aspect: Waste Management - Paper					
Offices	Printed in kg (2024)	Recycled in kg (2024)	Printed in kg (2023)	Recycled in kg (2023)	Printed difference
Branches	50,907.30		45,705.56		11%
Head Office	3,713.97		5,318.43		-30%
Total	54,621.27	8,266.00	51,023.99	20,979.00	7%

Despite 14% YoY increase of loan portfolio, Bank successfully limited the corresponding increase in printed paper.

- Plastic water bottles are no longer in use at the head office and branches. Switched to glass bottles. In the same time, water dispensers will remain, since they are reusable and recycled plastics;
- Several paperless projects have been implemented: 1) moving cash order transactions at cashiers' desks to paperless and 2) creating shared printing areas;
- Electronic Document Management for the coordination and signing of Intra-Bank Documents (Procedure, Rules, Policy, Memo and others) has been implemented.

In 2024, there were no accidents or fatalities involving bank employees.

E&S approach in business loans.

The E&S assessment process for business loans begins with screening against the Exclusion List and Reject Criteria. This is followed by evaluating compliance with national laws and relevant Performance Standards. Environmental and social risks for all business loans are then assessed using the NACE classification to determine the risk level. For transactions identified as high risk, additional E&S assessments are conducted to ensure comprehensive risk management.

The credit portfolio fully complies with the **Exclusion List** of business sectors agreed upon with shareholders and international partners. In December 2024, the Exclusion List was updated, including—but not limited to—political or religious content, investments related to the destruction of protected areas and activities impacting regions designated as United Nations National Parks and Protected Areas, among others. The updated Exclusion List is available on the Bank's website.

Extract from industry breakdown of disbursed loans in 2024 of SME and Micro loans' outstanding amount and % share in business portfolio (USD)

<i>Industry</i>	<i>Outstanding Amount</i>	<i>% in Grand Total Business Portfolio</i>
TOTAL BUSINESS PORTFOLIO	390,652,867	100.00%
AGRICULTURE	122,674,628	31.40%
SERVICE	81,209,430	20.79%
PRODUCTION	17,316,934	4.43%

As of the end of 2024, the total portfolio consists of 67% Micro, 20% Retail, and 11% SME loans.

The Bank is currently developing its internal green taxonomy definition in line with CBAR's regulations and international best practices. The criteria for portfolio selection and the green taxonomy are under review by external technical experts.

AccessBank would like to advance in green activities and be an active player in the market, which in the long run will benefit us and the Bank's customers. We are committed to a transition towards a sustainable future by setting an example and acting as role model in Azerbaijan.

Client Protection Projects

Overview

In 2024, AccessBank has conducted an assessment of Client Protection Principles. Based on the results, tasks and projects were identified to further strengthen the bank's approach and principles.

The following projects have been implemented and work has been done:

1. During 2024, the quality of Customer Service continued to be tested. Newly opened branches were equipped with the QMatic queuing system, and employees were provided with listening devices.
2. The necessary equipment was purchased and installed to measure the service quality of 76 cashier-operators and the quality control of their service was tested as a pilot project in 3 branches.
3. The process of providing all bank branches with a queue management systems and equipment has been completed.
4. Four service centers were opened in Guba, Masalli, Gabala, and Goranboy, thus shortening the distance customers had to travel and at the same time expanding coverage area.
5. For accessibility to customers, working time of Sabail branch was changed:
 - Before: Working days from 09:00-18:00, Saturdays non-working day
 - Now: Workig days from 09:00-18:00, Saturdays from 11:00-16:00

We are dedicated to upholding the highest standards of ethical conduct and social responsibility as a financial institution. AccessBank is driven by principles focused on sustainable development and inclusive growth. Our mission involves fostering the growth of small businesses and promoting financial inclusion among the population of Azerbaijan. Through the provision of responsible financial services and solutions, we aim to facilitate the sustainable development of households, micro, small, and medium enterprises. We are

committed to adhering to globally recognized banking standards and best practices, ensuring the integrity and reliability of our services.

“Completed” tasks

Overall, the training sessions pertaining to loans and non-credit products have equipped employees with a comprehensive understanding of the products, enabling them to tailor offerings according to the specific needs of customers. Furthermore, these sessions have provided employees with insights into the product development process and the associated procedural steps.

Several trainings were delivered to colleagues covering AML, Lending, Information Security, Credit and Non-Credit Products and other topics involving more than 2800 participants.

Trainings concerning the AML covered the topics below:

- Case Studies;
- Customer Identification;
- Recognizing Red Flags;
- Working with Clients: understanding the needs;
- Anti-Money Laundering for the Banking Industry.

Identifying customer needs based on their usage of our products is one of the important and desired actions of AccessBank. Therefore, during 2024, certain processes have been updated in order to promote the best possible usage of our products, rather than push sales. Regular customer satisfaction surveys is also conducted through our Mystery Shopper efforts.

AccessBank prioritizes Client Protection Principles as fundamental to achieving sustainable growth. By aligning project development and implementation with these principles, AccessBank fosters an agile product development methodology. As digital products continue to evolve within the market, ensuring the integrity of the digital financial inclusion ecosystem is paramount to earning and maintaining the trust of clients. To address this, AccessBank is committed to implementing a scoring model for Micro loans, launching a New Mobile Application, and introducing other products that adhere to Client Protection Principles.

Building on past projects and identified initiatives, AccessBank recognizes the ongoing opportunity for improvement in each principle. As such, AccessBank is dedicated to supporting initiatives that:

- Carry out the maximum number of banking operations remotely;
- Enhance clients' financial knowledge;
- Improve customer service in branches;
- Develop and enforce the microfinance sector;
- Offer reliable retail products;
- Apply tasks that improve Client Protection Principles.