



БАНК
АЛБІОН

SUSTAINABILITY STATEMENT

ESG 2020

Lake Synevyr
Carpathian Mountains, Ukraine

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Foreword:

Dear Reader, in 2020, Bank Lviv celebrated its 30th anniversary. In its three-decade history, the Bank has adapted and grown, and its business operations are commercially sound. Bank Lviv has developed as a reflection of the society of western Ukraine, of which we are a part. And we have played a role in shaping this society by creating opportunities and helping companies and individuals achieve their ambitions.

Every day we serve the needs of thousands of clients by providing important and convenient financial services, and we promote the development of Western Ukraine. Taking the values and goals of sustainable development into consideration and integrating them into our financial and investment activities, we want to become a leader in the field of sustainable financing in Western Ukraine over the next five years.

For Bank Lviv and our clients, sustainability and the transition to an “ecoLogical” economy is perhaps the greatest opportunity and the greatest challenge of the future. We see sustainable development and the ecological financing of projects as a strategic tool for the commercial success of Bank Lviv.

We will all remember 2020 as a year in which business and daily life underwent significant changes, and the social and financial consequences are likely to remain with us for many years to come.

Bank Lviv is a sound and well-positioned institution, and we can offer our clients support in times of crisis. Our top priority in 2020 was to ensure the health and safety of our employees, customers and external partners while continuing to support our customers with loans, expertise and advice. We will continue to pursue this path in 2021.

In the process, we had to invent new ways of working and new ways of meeting with and advising our clients, and this experience strengthened our ambition of making our banking operations better and simpler. The coronavirus pandemic continues to pose an enormous problem for us all. But our collective ability to adapt to new and unforeseen realities has also shown us what we can achieve by working together. I believe this is an important lesson learned as we begin to transform our business and economy towards a more environmentally friendly and sustainable future.

Ashot Abrahamyan
Chairperson of the Management Board





About Us:



1990

One of the first commercial banks in Ukraine



2006

Margeir Petursson (Island) acquires 99% of shares

Expansion to majority of regions in Western Ukraine



2018 - 2020

responsAbility (Switzerland) joins as new shareholder, acquiring 51% of shares

I.D. Inspiring Development GmbH (Germany) provides management services

Brand refresh and strong growth with a focus on small and medium enterprises (SMEs)

New strategy passed the "Covid-19 test"



About Us:

Shareholder (Switzerland)

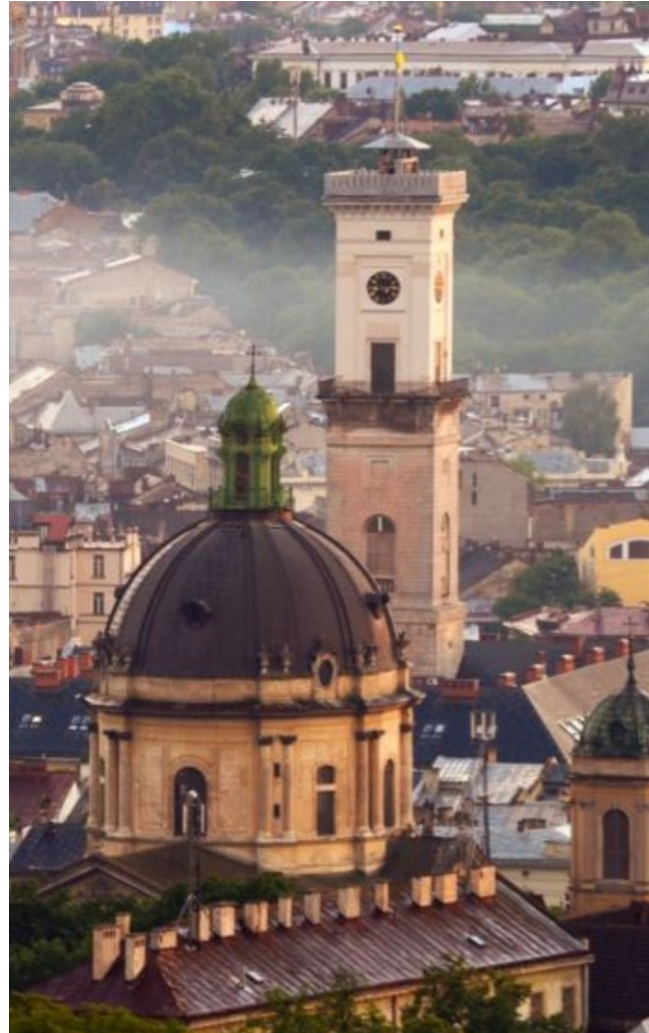


The Swiss investment fund responsAbility provides debt and equity financing to companies in transition economies and developing countries. Its shareholders include a number of reputable institutions in the Swiss financial market and its own employees.

Shareholder (Iceland)



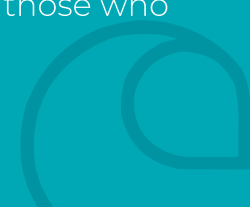
Private investor Margeir Petursson took a 99% stake in the Bank in 2006. Under his leadership, the Bank implemented the international standards that provide stability and reliability to its customers.



Bank Lviv is a 'European' bank, combining best traditions with modern technology to create a new culture of personalised banking in Ukraine. We value human relations above all and our goal is to improve our world. We are wholly owned by reputable international investors who implement a visionary strategy.

Our vision is to be the №1 bank in Western Ukraine for those who want to develop and improve the local business environment.

Bank Lviv's mission is to create opportunities, provide support and share experiences for those who strive for better.





About Us:



Ashot Abrahamyan,
Chairperson of the Management Board,
Armenia

Natalia Osadchiy,
Deputy Chairperson of the Management Board,
Moldova

Victor Khimyak,
Deputy Chairperson of the Management Board,
Ukraine

Tamar Thelidze,
Deputy Chairperson of the Management Board,
Georgia

Management Board

The members of the Bank's Management Board have extensive international experience in the management and development of large banks focused on small and medium-sized businesses. The Management Board applies best practices to create a strong, stable and motivated team of professionals. The key to success is quality training, continuous development, and a focus on independent decision-making by our employees.



About Us:



Supervisory Board

The Bank's Supervisory Board oversees and manages all of the processes and relationships that make up the Bank's operations. The Supervisory Board monitors the activities of the Management Board and protects the rights of depositors, creditors and shareholders.



About Us:



30 years of
discoveries

Western Ukraine's Local Bank
with 20 Branches. HO in Lviv.

376
Employees

30 000
Clients

USD 132m
Loan Portfolio

USD 101m
Deposits

All data is actual for 31 December 2020





E&S Strategy: ecoLogical

Our Environmental and Sustainable Strategy focuses on five main areas:



Since 2017, we have made tremendous progress in building on Bank Lviv's solid foundations to transform the Bank into the leading provider of credit and banking services for MSMEs and households in Western Ukraine. In the next phase of the Bank's development, we aim to develop Bank Lviv into a leader and role model in terms of environmental impact and green banking in Ukraine and the broader region.



E&S Strategy: ecoLogical

We are stewards of our environment, responsible, as individuals and as an institution, for protecting and improving our environment.

We are committed to full transparency and will publish regular environmental impact reports assessing Bank Lviv's activities and progress as from 2021.

We believe that MSME banking provides a great opportunity to positively impact the economic, social and natural environment in Western Ukraine.

We will make environmental and climate considerations the “ecoLogical lens” of our decision-making process, promoting a positive environmental impact through our work with clients and partners.





How to Read This Report:

This ESG 2020 Sustainability Statement is the first such report prepared by Bank Lviv.

The report reflects the ESG situation in our company and an analysis of our understanding of the actions needed in order to achieve sustainable development goals. Our aim was to analyze all areas of our operations and develop a map of our activities to guide us toward results in terms of sustainable corporate governance, an ecoLogical focus in our relationships with customers and in our team, an environmentally friendly work environment and procurement processes, and sound environmental protection.

Our desire to begin publishing an ESG report is due to a clear awareness and understanding of the need for responsible management in the social and environmental spheres.

We recommend to all readers that they read and review this report in full in order to gain a clear and complete picture of our work towards sustainable development at Bank Lviv.





Verification of the ESG Report:

It is hereby verified that the data integrity assessment of the data presented in this statement was completed on February 10, 2021. Bank Lviv uses Klappir EnviroMaster, environmental software that collects environmental data and imports it into the Klappir system. The software solution in place at Bank Lviv covers energy (heating and electricity), waste generation, cold water supply and fuel consumption at the company's offices.

The environmental management solution complies with the following requirements:

- Energy management in compliance with local regulations and EU standards
- Management of electricity and district heating
- Fuel usage
- Waste management
- Water management
- Calculation of CO2-equivalent emissions

In my opinion, the ESG Statement gives a fair and reliable picture of the company's environmental metrics, social responsibility and governance (ESG). I confirm the Bank Lviv ESG Statement covering the periods from January 1 to December 31, 2019 and from January 1 to December 31, 2020 with my signature.

February 10, 2021



Verifier
Dr. Jón Ágúst Þorsteinsson
Chief Executive Officer at
Klappir Green Solutions, Iceland





Sustainability Policy

In 2020 Bank Lviv decided to go a step further, aiming to become a role model in environmental and climate issues in Ukraine by acquiring environmental management software and initiating annual Environmental, Social and Governance (ESG) reports. By sharing non-financial as well as financial information, Bank Lviv will become an even more transparent company.



Banks perform a vital role in providing guidance and initiating business trends that lead to progress, and Bank Lviv aims to be a force for environmental and corporate social responsibility awareness. The Bank will introduce a focus on financial and non-financial projects in sustainable development and green infrastructure, both inside and outside the institution, in order to set an example which its clients and partners can emulate. It will begin evaluating loan portfolios according to green criteria, and will develop new financial products that encourage the Bank's clients to set ambitious targets in this respect and implement them with the Bank's support.



Sustainability Policy



The Bank aims to minimize greenhouse gas (GHG) emissions and the negative environmental impact of its activities.

Human-influenced climate change is one of the greatest threats we are facing today, and Bank Lviv wants to contribute to efforts to ensure that Ukraine can meet its obligations under the Paris Climate Agreement and other local and international environmental and climate agreements, which includes limiting global warming to well under 1.5°C.

Bank Lviv plans to require its suppliers to take the environmental and climate impact of their activities into account and will consider the option of choosing the most environmentally considerate supplier.

When similar offers from suppliers are compared, environmental and climate considerations will play a critical role in the Bank's decisions. Bank Lviv's overarching goal is to reduce emissions of carbon dioxide and other GHG starting in 2021.

The Bank is setting ambitious targets and will publish the results of its progress in the areas where it has the greatest impact, such as everyday operations to provide its services to its customers.

Bank Lviv is committed to improving its employees' knowledge and understanding of environmental issues and to sharing its efforts and goals with clients. Employees will be empowered to support their company's journey towards a green future as set out in the Bank's new environmental policy, which is based on the UN Sustainable Development Goals, the ESG Reporting Guide for the NASDAQ, and the Paris Agreement.



UN Sustainable Development Goals

At the beginning of 2020, Bank Lviv approved the six selected Sustainable Development Goals (SDGs) that it intends to focus on. The Bank's Action Plan for reaching its environmental and social responsibility goals, and thus reducing the GHG emissions of its operations and value chain, also supports all six SDGs. The company will focus on greater gender equality in the workplace (Goal 5), affordable and clean energy (Goal 7), decent work and economic growth (Goal 8), responsible consumption and production (Goal 12), climate action (Goal 13), and partnerships to achieve these goals (Goal 17).

As a member of different organizations and a leader in the financial field in Western Ukraine, Bank Lviv is strengthening its cooperation in the area of sustainable development. It aims not only to involve members of its own organization, but also to set an example for suppliers, partners, and clients to work towards a sustainable development culture and environmental goals.





Environmental Reporting

Total CO2 bank's emissions came to 216t in 2020.

Scope 1 covers the collection of data from the company's vehicles with regard to employees' business trips. Scope 1 also covers natural gas used for heating. The EnviroMaster environmental database is updated manually with data on the fuel and natural gas consumed. Scope 1 emissions increased 20% in 2020 compared to 2019, mainly due to increased fuel consumption, as the company's operations grew significantly, and the use of cars increased accordingly.

Scope 2 covers data on cold water supply, electricity and heating; this data is entered manually in the Klappir EnviroMaster software application. There are no CO2 emissions from cold water usage. However, emissions from heating and electricity were lower in 2020 than in 2019, because in 2020 the heating season started a few weeks later than in 2019. Nevertheless, the overall level of Scope 2 emissions was very similar in 2019 (28 t of CO2) and 2020 (26t of Co2).

Scope 3 covers data on emissions released from waste based on the EWC code and R/D indicators. Data on waste generated is entered manually, and the emissions attributable to waste are then calculated by the EnviroMaster software. There was a slight (12%) increase in generated waste in 2020; however, this was normal and was attributable to significant growth in Bank Lviv's operations. Note that in 2020, waste was not sorted and recycled in Bank Lviv, so all waste went to landfill. Also, Scope 3 emissions in 2020 (19.7t CO2) increased slightly compared to 2019 (17t CO2) due to growth in the company's operations, as mentioned above.





Sustainability Objectives Bank Lviv 2021



- Reduce GHG emissions by 3% across all company operations. Measure the results and regularly provide information on the status of the measurable factors.
- Start collecting and monitoring data to measure the carbon footprint and prepare an Environmental (ESG) Report to compare progress every year starting from 2020.
- Assess all possible CO2 emission sources to account for emissions and take action to reduce the company's carbon footprint.
- Reduce GHG emissions by emphasizing waste recycling and reducing electricity use and water consumption.
- Continue with an educational e-mail signature campaign for clients and partners to remind them to print out e-mails only when necessary.
- Provide health insurance to all employees in 2021.
- Develop financial products for SME and retail clients that will have a positive environmental impact.



Sustainability Objectives Bank Lviv 2021

Waste

Begin sorting waste in the Bank's offices and recycling it, in all regions in which the Bank operates.

Launch an educational program on waste sorting and recycling for the employees in order to eliminate unsorted waste within the company.

Start tracking printer paper to ensure that the paper is managed so as to reduce usage.

Reduce CO2 emissions from waste by 15% in 2021.

Electricity

Start an educational program and training for employees about energy-saving measures in the office, such as turning off lights and electrical appliances.

Install automatic lighting in the buildings.

Goal: reduce GHG emissions from electricity .

Water

Reduce cold water usage by at least 5% in 2021. Educational information on saving water will be provided to the employees.

Heating

Replace existing gas boilers and thermostats on Bank premises or install new ones, as necessary.

Establish and follow temperature standards during the heating season.

Fuel

Start monitoring GHG emissions related to air travel.

Try to optimize company travel and transport routes.

Promote car sharing and carpooling; encourage public transport use and bike riding.





ESG Statement 2020

Operational Parameters

Operational Parameters	Unit	2019	2020
Total Revenue	thousand EUR	721,15	904,54
Total Assets	thousand EUR	120 950,69	143 269,11
Total Equity	thousand EUR	13 532,36	12 082,77
Number of full time equivalent employee	FTEs	371	376
Total space for own operation	m ²	5 194,6	5 194,6
Total space for own operation	m ³	15 972,9	15 972,9

Key performance indicators	Unit	2019	2020
GHG emissions per FTE	kgCO ₂ e/FTEs	502,9	575,3
Development of GHG emissions per FTE	%	100%	114,4%
GHG emissions per unit of revenue	kgCO ₂ e/thousand EUR	258,73	239,16
Development of GHG per revenue	%	100%	92,4%

Asset Management	Unit	2019	2020
Number of buildings	no.	23	23
Number of cars and trucks	no.	15	15

GHG emissions are growth during the business volume activities increase.



ESG Statement 2020

Environmental

Greenhouse Gas Emissions	Unit	2019	2020
Scope 1	tCO ₂ e	141,2	170,5
Scope 2 (location-based)	tCO ₂ e	28,4	26,1
Scope 2 (market-based)	tCO ₂ e	-	-
Scope 3	tCO ₂ e	17	19,7
Gross operational carbon emission	tCO ₂ e	186,6	216,3
Total emissions neutralized by carbon offset projects	tCO ₂ e	0	0
Net operational carbon emissions	tCO ₂ e	186,6	216,3
E1/UNGC: P7/GRI 305-1,305-2,305-3/SASB: General Issue / GHG Emissions/TCFD: Metrics & Targets			

Emissions Intensity	Unit	2019	2020
GhG emissions per megawatt-hour consumed	kgCO ₂ e/MWh	153,3	159,9
GhG emissions per full-time equivalent (FTEe) employee	tCO ₂ e/FTEs	0,5	0,58
GhG emissions per unit of revenue	kgCO ₂ e/thousand EUR	258,73	239,16
GhG emissions per unit of equity	tCO ₂ e/thousand EUR	0,01	0,02
GhG emissions per unit of space (m ²)	kgCO ₂ e/m ²	35,92	41,65
GhG emissions per unit of space (m ³)	kgCO ₂ e/m ³	11,68	13,54
E2/UNGC: P7, P8/GRI 305-4 /SDG: 13/SASB: General Issue / GHG Emissions, Energy Management			

The growth of fuel consumption is the main part of CO₂ pollutions increases in 2020.



ESG Statement 2020

Environmental

Energy Usage	Unit	2019	2020
Total energy consumption	kWh	1 216 888	1 352 667
Of which energy from fossil fuel	kWh	639 809	780 289
Of which energy from electricity	kWh	459 886	466 513
Of which energy from heating	kWh	117 193	105 865
Direct Energy Consumption	kWh	639 809	780 289
Indirect Energy Consumption	kWh	577 079	572 378

E3|UNGC: P7, P8|GRI 302-1, 302-2|SDG: 12|SASB: General Issue / Energy Management

Energy Intensity	Unit	2019	2020
Energy per full-time equivalent (FTEe) employee	kWh/FTEs	3 280	3 598
Energy per unit of revenue	kWh/thousand EUR	1 687,4	1 495,4
Energy per square meter	kWh/m ²	234,3	260,4
Energy per cubic meter	kWh/m ³	76,2	84,7

E4|UNGC: P7, P8|GRI 302-3|SDG: 12|SASB: General Issue / Energy Management

Energy Mix	Unit	2019	2020
Fossil Fuel	%	75,1%	77,3%
Nuclear Energy	%	20,3%	18,5%
Renewable Energy	%	4,6%	4,2%

E5|GRI 302-1|SDG: 7|SASB: General Issue / Energy Management

Water Usage	Unit	2019	2020
Total water consumption	m ³	2 486	2 288
Cold water	m ³	2 486	2 288

E6|GRI: 303-5|SDG: 6|SASB: General Issue / Water & Wastewater Management



ESG Statement 2020

Environmental

Environmental Operations	Unit	2019	2020
Does your company follow a formal Environmental Policy?	yes/no	Yes	Yes
Does your company follow specific waste, water, energy, and/or recycling policies?	yes/no	No	No
Does your company use a recognized energy management system?	yes/no	No	No
<i>E7 GRI: 103-2 SASB: General Issue / Waste & Hazardous Materials Management</i>			
Climate Oversight / Board	Unit	2019	2020
Does your Board of Directors oversee and/or manage climate-related risk?	yes/no	Yes	Yes
<i>E8 GRI: 102-19, 102-20, 102-29, 102-30, 102-31 SASB: General Issue / Business Model Resilience, Systematic Risk Management TCFD: Governance (Disclosure A)</i>			
Climate Oversight / Management	Unit	2019	2020
Does your Senior Management Team oversee and/or manage climate-related risks?	yes/no	Yes	Yes
<i>E9 GRI: 102-19, 102-20, 102-29, 102-30, 102-31 SASB: General Issue / Business Model Resilience, Systematic Risk Management TCFD: Governance (Disclosure B)</i>			



ESG Statement 2020

Environmental

Waste Management	Unit	2019	2020
Total waste generated	kg	28 921	33 546
Of which sorted waste	kg	-	-
Of which unsorted waste	kg	28 921	33 546
Recycled/recovery	kg	-	-
Landfill/disposal	kg	28 921	33 546
Percentage of sorted waste	%	0%	0%
Percentage of recycled waste	%	0%	0%

Waste Intensity	Unit	2019	2020
Total waste per full-time equivalent (FTEe) employee	kg/FTEs	78	89,2
Total waste per unit of revenue	kg/thousand EUR	40,1	37,1

Primary energy source	Unit	2019	2020
Total fuel consumption in litres	litres	29 836	41 390
Petrol	litres	29 836	41 390
Total fuel consumption in kg	kg	22 377	31 042,5
Petrol	kg	22 377	31 042,5

The efficiency of fuel consumption and waste sorting/recycling are the two main challenges for the bank in the future regarding internal operations.



ESG Statement 2020

Environmental

Asset Management	Unit	2019	2020
Number of buildings	no.	23	23
Office space	no.	23	23
Production space	no.	-	-
Number of vehicles and machinery	no.	15	15
Petrol / Diesel	no.	15	15
Electrical vehicles	no.	-	-
Other alternative fuel sources (hybrid, methane, hydrogen, etc)	no.	-	-
Number of vessels	no.	-	-
Own vessels	no.	-	-
Chartered vessels	no.	-	-
Number of aircrafts	no.	-	-
Own aircrafts	no.	-	-
Chartered aircrafts	no.	-	-



ESG Statement 2020

Social

Employee Turnover	Unit	2019	2020
<i>Full-time Employees</i>			
Year-over-year change for full-time employees	%	15%	12%
Dismissal	%	16%	14%
Retirement	%	-	-
Job transition	%	-	-
Death	%	0%	0%
<i>Contractors and/or consultants</i>			
Year-over-year change for contractors and/or consultants	%	13%	12%
Dismissal	%		1%
<i>Gender</i>			
Men	%	27%	29%
Women	%	73%	71%
<i>Age</i>			
<20	%	1%	1%
20-29	%	24%	24%
30-39	%	43%	40%
40-49	%	20%	22%
50-59	%	9%	10%
60-69	%	3%	3%
70+	%	1%	0%
S3 UNGC: P6 GRI: 401-1b SDG: 12 SASB: General Issue / Labor Practices			

The bank employs 70% of women, which reflects the market situation. The employee's age split is balanced and 19% of employees are under 25 years old, which proves the bank's strategy to hire talents and develop banking professionals in-house.



ESG Statement 2020

Social

Gender Diversity	Unit	2019	2020
<i>Enterprise Headcount</i>			
Percentage of women in enterprise	%	73%	70%
Women	no.	269	265
Men	no.	102	111
<i>Entry- and Mid-level Positions</i>			
Percentage of women in entry- and mid-level position	%	72%	71%
Women	no.	267	260
Men	no.	99	106
<i>Senior- and Executive-level Positions</i>			
Percentage of women in senior- and executive-level positions	%	40%	50%
Women	no.	2	5
Men	no.	3	5
<i>S4/UNGC: P6/GRI: 102-8, 405-1/SASB: General Issue / Employee Engagement, Diversity & Inclusion</i>			
Temporary Worker Ratio	Unit	2019	2020
Full-time positions		98	99
Total enterprise headcount held by part-time employees	%	2%	1%
<i>S5/GRI: 102-8/UNGC: P6</i>			
Non-Discrimination	Unit	2019	2020
Does your company follow a sexual harassment and/or non-discriminatory policy?	yes/no	Yes	Yes
<i>S6/UNGC: P6/GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016)/SASB: General Issue / Employee Engagement, Diversity & Inclusion</i>			



ESG Statement 2020

Social

Global Health & Safety	Unit	2019	2020
Does your Company publish and follow an occupational health and/or global health & safety policy	yes/no	Yes	Yes
<i>S8/GRI: 103-2 (See also: GRI 403: Occupational Health & Safety 2018)/SDG: 3/SASB: General Issue / Employee Health & Safety</i>			
Child & Forced Labor	Unit	2019	2020
Does your company follow a child labor policy?	yes/no	Yes	Yes
Does your company follow a forced labor policy?	yes/no	Yes	Yes
If yes, do your child and/or forced labor policy cover suppliers and vendors?	yes/no	No	No
<i>S9/GRI: 103-2 (See also: GRI 408: Child Labor 2016, GRI 409: Forced or Compulsory Labor, and GRI 414: Supplier Social Assessment 2016)/UNGC: P4, P5/SDG: 8/SASB:</i>			
Human Rights	Unit	2019	2020
Does your company publish and follow a human rights policy?	yes/no	Yes	Yes
If yes, does your human rights policy cover suppliers and vendors?	yes/no	No	No
<i>S10/GRI: 103-2 (See also: GRI 412: Human Rights Assessment 2016 & GRI 414: Supplier Social Assessment 2016)/UNGC: P1, P2/SDG: 4, 10, 16/ SASB: General Issue /</i>			



ESG Statement 2020

Governance

Board Diversity	Unit	2019	2020
Total board seats occupied by women (as compared to men)	%	0%	0%
Committee chairs occupied by women (as compared to men)	%	0%	0%
<i>G1/GRI 405-1/SDG: 10/SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)</i>			
Board Independence	Unit	2019	2020
Does the company prohibit CEO from serving as board chair?	yes/no	Yes	Yes
Total board seats occupied by independents	%	50%	50%
<i>G2/GRI: 102-23, 102-22</i>			
Collective Bargaining Agreement	Unit	2019	2020
Total enterprise headcount covered by collective bargaining agreements (X) to the total employee population	%	100	100
<i>G4/UNGC: P3/SDG: 8/GRI: 102-41/SASB: General Issue / Labor Practices (See also: SASB Industry Standards)</i>			
Supplier Code of Conduct	Unit	2019	2020
Are your vendors or suppliers required to follow a Code of Conduct	yes/no	Yes	Yes
If yes, what percentage of your suppliers have formally certified their compliance with the code	%	-	-
<i>G5/UNGC: P2, P3, P4, P8/GRI: 102-16, 103-2 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016/SDG: 12/SASB</i>			
Ethics & Anti-Corruption	Unit	2019	2020
Does your company follow an Ethics and/or Anti-Corruption policy?	yes/no	Yes	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	100%	100%
<i>G6/UNGC: P10/SDG: 16/GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)</i>			



ESG Statement 2020

Governance

Data Privacy	Unit	2019	2020
Does your company follow a Data Privacy policy?	yes/no	Yes	Yes
Has your company taken steps to comply with GDPR rules?	yes/no	Yes	Yes
G7 GRI: 418 Customer Privacy 2016 SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)			
ESG Reporting	Unit	2019	2020
Does your company publish a sustainability report?	yes/no	No	No
Is sustainability data included in your regulatory filings?	yes/no	Yes	Yes
G8 UNGC: P8			
Disclosure Practices	Unit	2019	2020
Does your company provide sustainability data to sustainability reporting frameworks?	yes/no	No	Yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)?	yes/no	No	Yes
Does your company set targets and report progress on the UN SDGs?	yes/no	No	Yes
G9 UNGC: P8			
External Assurance	Unit	2019	2020
Are your sustainability disclosures assured or validated by a third party?	yes/no	No	Yes
G10 UNGC: P8 GRI: 102-56			



Methodology

In 2020, Bank Lviv began using an environmental software solution that collects measurements from each operating unit and feeds them into a central environmental database. The environmental software processes the data, calculates the GHG emissions, and calculates the company's carbon footprint accordingly. The information is published in the software's user interface, which is designed to provide a clear overview of environmental issues across different areas of the business and to help management achieve the desired results.

This ESG 2020 Sustainability Statement sets forth Bank Lviv's GHG emissions for the base year 2020 and for 2019 and its Action Plan for 2021. The calculations and this report are based on the Greenhouse Gas Protocol (GHG Protocol), a standardized methodology used to calculate companies' and organizations' environmental footprint (<https://ghgprotocol.org>).

The operational control methodology set forth in the GHG Protocol has been chosen to report on the company's emissions. Under the operational control approach, companies should account for 100% of greenhouse gas emissions from operations under their control. They should not account for greenhouse gas emissions from operations that they have no control over, even if they have a vested interest in such operations.

The GHG Protocol divides emissions into three scopes to effectively set boundaries between direct and indirect emissions (E1):

Scope 1 covers emissions that have a direct impact on a company's operations and are generated by sources that are owned or controlled by the company. In the case of Bank Lviv, Scope 1 is limited to vehicle fuel emissions and emissions due to natural gas used for heating.

Scope 2 covers emissions related to electricity consumption and heating. Emissions of this type do not occur within the organizational boundaries of the company and are therefore considered to have an indirect impact on operations. Bank Lviv has accounted for location-based emissions.

Scope 3 covers indirect emissions originating from services provided to Bank Lviv. There are several factors involved, including emissions generated by goods transports by contractors on behalf of the company, vehicle journeys by employees travelling to and from work, and employees' airline flights. It also includes emissions generated by vehicles removing waste from the company's offices. In the case of Bank Lviv, Scope 3 is limited to waste management.

Emissions originate from the transport of supplies to the company, from the company's operations, and from the transport of goods and services from the company.

Scopes 1, 2 and 3 are subdivided into direct and indirect

GHG emissions. The operational factors that fall under each scope and that contribute to Bank Lviv's carbon footprint are also taken into account.

The base year is 2020.

The operations covered by the emission inventory are:
Company headquarters
Offices/buildings
Vehicles owned and/or operated by the company.

Included in the company's operational boundaries for Scope 1 and Scope 2 emissions are the following business units: company headquarters, offices, and vehicles owned and/or operated by the company.

The operations included in Scope 3 emissions are waste, employee commuting, and international and domestic airline flights. Bank Lviv tracked waste-related emissions in 2020.

Fiscal year

The company's fiscal year runs from January 1 to December 31, and environmental data is calculated for the period from January 1 to December 31 accordingly.



Methodology

Accounting method

A closed-loop energy management system (Klappir EnviroMaster software) is used to collect most data and perform calculations automatically based on country-specific coefficients. For further information see www.klappir.com.

Direct and indirect GHG emissions (E1)

GHG emissions are calculated according to the World Resource Institute (WRI) Greenhouse Gas Protocol. Carbon dioxide equivalent (CO₂e) is a quantity that describes, for a given mixture and amount of GHG, the amount of carbon dioxide (CO₂) that would have the same global warming potential (GWP), i.e. the ability of a gas to trap heat in the atmosphere when measured over a specified timescale (generally 100 years).

Carbon and energy intensity (E2)

Carbon intensity figures are based on the combined results for Scope 1, Scope 2 (location-based and market-based), and Scope 3 (business travel, employee commuting, and services related to our business activity). Emission intensity is calculated by dividing GHG emissions by a selected operational parameter unit and is reported as tCO₂e per unit (e.g. tCO₂e per revenue unit). Emission intensity indicators are used to measure and compare the company's emissions relative to its operational scale.

Direct and indirect energy consumption (E3)

Total energy consumption measures all energy consumed by the Bank, including fuel for the company's vehicles and heavy machinery (Scope 1) and electricity consumption and hot water heating (Scope 2). Energy consumption is reported by the source in kilowatt-hours (kWh).

Energy intensity (E4)

Energy intensity is calculated by dividing total energy consumption by a selected operational parameter unit and is reported as kWh per unit (e.g. kWh per full-time equivalent employee (FTEe)). Energy intensity is used to measure the efficiency of energy usage and compare the company's energy consumption to its operational scale.

GRI Global Reporting Initiative

GRI helps companies, the government and other authorities identify, gather and report environmental, social and governance (ESG) information within a defined framework. The GRI framework for sustainability reporting offers a guide as to how to publish this information clearly and comparably. Reporting is based on the GRI methodology and uses the appropriate performance indicators. Please refer to the GRI website for more information (<https://www.globalreporting.org/>).

UN SDG United Nations Sustainable Development Goals

The UN Sustainable Development Goals are a universal call to action aimed at eliminating poverty, protecting the planet, and ensuring that all people enjoy peace and prosperity. Reporting is based on the UN Sustainable Development Goals. See the UN SDG website for more information (<https://sdgs.un.org/goals>).

United Nations Global Compact (UNGC): Companies or institutions participating in the UN Global Compact commit to working towards the Global Compact's Ten Principles (<https://www.unglobalcompact.org/what-is-gc/mission/principles>). For more details, see <https://www.unglobalcompact.org/>.

ESG reporting

The abbreviation ESG stands for the environment, social, and governance, as set out in the ESG reporting guide for the NASDAQ Nordic exchanges. For more information, see the NASDAQ website (<https://www.nasdaq.com/ESG-Guide>).



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ESG 2020

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