

Environmental, Social and Governance (ESG) Policy

At Tirana Bank, we believe that responsible banking is not only about financial performance, but also about the impact we create for people, communities, and the environment. Our Environmental, Social and Governance (ESG) Policy reflects this belief and sets the direction for how sustainability and ethical conduct are integrated into our daily work.

We are conscious that ESG is a journey. Operating in a dynamic and developing market, we understand the practical challenges faced by businesses and financial institutions alike. For this reason, Tirana Bank has chosen a balanced and pragmatic approach building strong foundations today, while progressively strengthening the integration of ESG principles across our operations and products over time.

This Policy expresses our commitment to manage environmental and social risks responsibly, to act with integrity and transparency, and to support Albania's transition toward a more sustainable, inclusive, and resilient economy.

- Scope and Applicability

This ESG Policy sets out how Tirana Bank translates its commitment to sustainable and responsible banking into practice. It provides both a strategic direction and a practical framework for integrating environmental, social, and governance (ESG) considerations into the way the Bank operates, finances, and engages with stakeholders.

The Policy guides Tirana Bank's lending and investment activities, as well as the conduct of its employees, management, clients, and business partners. It defines the principles and responsibilities that support the identification, assessment, mitigation, and monitoring of environmental and social risks, while promoting sound governance and long-term value creation.

The ESG Policy also forms the foundation of the Bank's Environmental and Social Management System (ESMS), which is the operational mechanism through which ESG risks and opportunities are addressed across the credit and investment cycle, from initial client engagement and due diligence, through approval and monitoring, to portfolio review and continuous improvement.

In applying this Policy, Tirana Bank ensures compliance with applicable Albanian legislation and relevant EU directives, international conventions ratified by Albania, and the environmental and social requirements of International Financial Institutions (IFIs).

Implementation follows a **phased and pragmatic approach**. In the initial stage, priority is given to transactions financed directly or indirectly with International Financial Institution (IFI) resources and to business activities with higher environmental or social risk exposure. As the Bank's systems, experience, and internal capacities continue to develop, ESG standards and practices will be progressively extended across the Bank's entire portfolio and operational spectrum.

The Policy applies across all financial products and client segments. It also applies to all departments, branches, and business lines, ensuring that ESG considerations are embedded across risk management, credit analysis, operations, procurement, and governance processes. Employees, management bodies, and relevant subsidiaries are responsible for upholding the principles outlined in this Policy, while suppliers, contractors, and service providers are expected to operate in line with the Bank's ESG standards.

Where feasible and appropriate, Tirana Bank seeks to extend the same ESG principles beyond individual transactions to its wider operations, including internal environmental management, human resource practices, and community engagement, reinforcing a consistent and responsible approach.

- Our ESG Commitment

At Tirana Bank, we believe responsible banking is essential to long-term value creation and trust. Our ESG Policy sets out how we integrate environmental protection, social responsibility, and sound governance into our strategy, operations, and financing activities. Through this Policy, we commit to managing ESG risks responsibly, promoting ethical conduct, and supporting Albania's transition toward a sustainable and inclusive economy.

Environmental Responsibility

Tirana Bank is committed to supporting environmental protection and climate resilience by:

- Complying with applicable national legislation, EU requirements, and International Finance Institutions' standards
- Integrating environmental risks into credit and investment decisions
- Supporting green finance and climate-resilient projects
- Reducing the environmental footprint of the Bank's own operations

Social Responsibility

The Bank promotes responsible and inclusive practices by:

- Respecting human rights and internationally recognized labor standards
- Promoting safe, inclusive, and respectful workplaces
- Protecting vulnerable groups
- Encouraging community engagement and the use of grievance mechanisms where projects may have environmental or social impacts

Governance and Ethics

Strong governance underpins sustainable banking at Tirana Bank through:

- High ethical standards and zero tolerance for corruption or misconduct
- Transparent communication and ESG reporting
- Clear accountability and integration of ESG considerations into risk management

- Implementation and Monitoring

Turning Tirana Bank's ESG commitments into everyday practice requires a structured, consistent, and proportionate approach. Implementation of this Policy is carried out through the Bank's Environmental and Social Management System (ESMS), which provides the practical framework for identifying, assessing, managing, and monitoring environmental, social, and governance risks.

The ESMS is integrated into the Bank's lending, investment, and operational processes. Transactions are screened to identify potential ESG risks and to confirm compliance with applicable Albanian legislation, relevant EU requirements, and the environmental and social standards of International Financial Institutions (IFIs). Transactions with limited or no ESG risk are handled through simplified procedures, while activities with higher potential impacts are subject to enhanced due diligence. This ensures that the level of analysis and oversight remains proportionate to the scale and nature of each transaction.

At the portfolio level, ESG performance data is reviewed to identify recurring risks, emerging trends, and sectors that may require closer supervision or additional support. The results of these reviews are reported to senior management and the Board, ensuring effective oversight and informed decision-making.

Tirana Bank tracks and improves its internal performance in areas such as energy and resource efficiency, waste management, workplace safety, and staff diversity, as part of its broader sustainability efforts. It uses the insights gained from implementation and monitoring to strengthen its ESG framework, enhance staff capacity, and continuously improve its approach to responsible and sustainable banking.

- Transparency and Engagement

Tirana Bank believes that open, honest, and ongoing dialogue with stakeholders is essential to responsible and sustainable banking. Our long-term success depends on the trust of our clients, employees, shareholders, regulators, partners, and the communities in which we operate.

Engaging with stakeholders helps us better understand expectations, identify risks early, and work together toward shared sustainability goals. It is an ongoing process that allows the Bank to listen, learn, and respond, and it plays an important role in strengthening our policies, improving our services, and enhancing our overall ESG performance.

Tirana Bank engages with a wide range of stakeholders, including clients and borrowers, employees, shareholders and the BALFIN Group, regulators and supervisory authorities, International Financial Institutions (IFIs), suppliers and contractors, and local communities that may be affected by financed activities. Each of these groups contributes to the Bank's ability to operate responsibly and create long-term value.

We maintain multiple channels for dialogue and feedback. For projects with potential environmental or social impacts, clients are expected to conduct transparent and inclusive community consultations, and the Bank reviews these processes as part of its due diligence and monitoring activities.

Transparency also means providing safe and accessible ways for stakeholders to raise concerns. Tirana Bank operates a formal grievance mechanism that allows clients, employees, and community members to submit questions or complaints related to environmental, social, or ethical matters through the Bank's established complaint channels. All grievances are handled fairly, promptly, and confidentially, with serious issues escalated to senior management where necessary.

The Bank is committed to transparent disclosure of its ESG commitments, performance, and progress. Internally, the Bank keeps employees informed and engaged on ESG matters, encouraging their active contribution to continuous improvement.

- Our Commitment to the Future

Sustainability is a long-term commitment and an ongoing journey. By embedding environmental, social, and governance (ESG) considerations into our business model and decision-making processes, Tirana Bank aims to strengthen its resilience, support responsible growth, and create lasting value for its clients, communities, and the wider Albanian economy.

Looking ahead, the Bank will continue to develop its systems, skills, and partnerships to deepen the integration of ESG principles across all areas of activity. This includes strengthening risk management practices, expanding sustainable and green financing solutions, and working closely with clients to support their transition toward more responsible and resilient business models.

Tirana Bank adopts a practical and future-oriented strategy, striving to harmonize financial success with meaningful environmental and social contributions, so that today's growth lays the foundation for a resilient and sustainable future for generations ahead.