



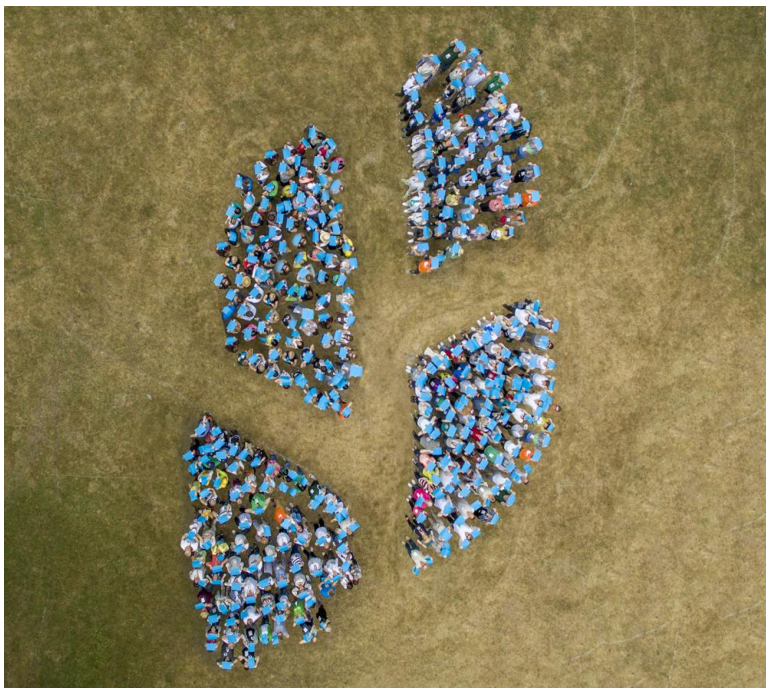
2018 M.
SOCIALLY RESPONSIBLE
ACTIVITY REPORT

Prepared according to the standard of the
Global Accountability Initiative

TURINYS

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About the report



Since 2008, Šiaulių bankas is a member of the Global Compact initiated by the United Nations. In developing its

Corporate Social Responsibility Report, the Bank follows the principles of the agreement, and this year reports for the second time, based on the recommendations of the Global Reporting Initiative (GRI).

Since 2010, the bank provides comprehensive social responsibility reports every year, which are publicly available on the Bank's website under the heading Social Responsibility and Global Compact. This report presents the Bank's Socially Responsible Activity Report for January-December 2018.

The report on socially responsible activities of Šiaulių bankas presents the Bank's progress in relations with employees, customers and the community and in the field of environmental protection.

Please feel free to submit your questions and comments on the report on socially responsible activities by e-mail komunikacija@sb.lt

CEO's Word



We are proud to be a Lithuanian bank. By providing financial services to our customers every day, we undoubtedly contribute to their wealth creation, realization of ideas and ambitions.

After all, the credit granted to the company means new opportunities: business development, innovation, new jobs created. A decent financing solution gives the population the impetus to realize a long-matured dream: to create cosy homes, broaden horizons, and gain valuable knowledge.

We are happy to contribute to the growth of society, but at the same time realize our responsibility. Therefore, with our knowledge, opportunities and energy, we promote the growth of the country's economy, develop entrepreneurial abilities, strengthen communities, and care for clean environment.

By giving a positive impulse to society, we grow ourselves, and socially responsible activities give a deep meaning to our work.

The report on socially responsible activity 2018 presents Šiaulių Bankas' approach to sustainable activities and particular work we have done for the benefit of society.

Vytautas Sinius, CEO of Šiaulių bankas

A handwritten signature in blue ink, which appears to read "V. Sinius". The signature is fluid and cursive.

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Strategy and analysis



Main effects, risks and opportunities

The key areas of the organisation's impact are determined by the nature of the group's activities and its long-term strategy.

Economy

Every day the Bank contributes to the growth of the Lithuanian economy. By offering a wide range of small and medium business finance instruments, the Bank aims to promote the development and growth of these businesses. As a major partner in the renovation of multi-apartment buildings in the country, the Bank contributes to energy efficiency projects.

Social area

In order to promote entrepreneurship of the country's population, the Bank's employees regularly read reports on business development opportunities.

In order to strengthen the communities and be closer to them, the Bank supports social, cultural projects and initiatives in the regions.

Environment

The Bank aims to reduce consistently the amount of resources consumed, and to preserve the environment in which it operates.

Company description



The Bank, established in 1992, is a rapidly and steadily growing financial institution with a diversified shareholder base distributed among Lithuanian and foreign shareholders, including the European Bank for Development and Reconstruction, which controls 26.02% of bank shares.

By providing professional financial services to private and corporate customers, the Bank seeks to be a reliable, flexible and attentive financial partner, which is of great importance to the growth of the country's potential, the well-being of the Lithuanian population and business.

Strategic directions of the Bank:

- Business finance;
- Consumer finance.

The following services are provided to private and business clients at the Bank:

- Bank service plans for a set monthly fee (for private customers);
- Opening and administration of bank accounts in euros and foreign currencies for Lithuanian and foreign clients;
- Transfer of funds in euros and foreign currencies to accounts in banks operating in Lithuania and abroad;
- Collection of utilities and other contributions;
- Electronic billing service, periodic and conditional payments;
- Account management in an online banking system;
- Mobile banking services;
- Issue and administration of payment cards;
- Provision of various short-term and long-term credits;
- Foreign exchange trading;
- Conclusion of various types of deposit agreements;
- Investment services;
- Mediation in transactions on securities (securities) exchanges;
- Transactions concluded over the counter;
- Counselling on issue, acquisition and transfer of securities;
- Managing the accounting of shares issued by companies;
- Debt securities (DS) authorization;
- Preparation of prospectuses for securities issued;
- Other investment services;
- Distribution of commemorative coins, numismatic sets, etc.

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Location of headquarters

The Bank's head office is located in Šiauliai.

Place of performance of transactions

The Bank's branches operate in major Lithuanian cities and regional centres, which are financially active. Bank services are provided throughout Lithuania.

Property and legal form

Šiaulių bankas is a limited liability public company.

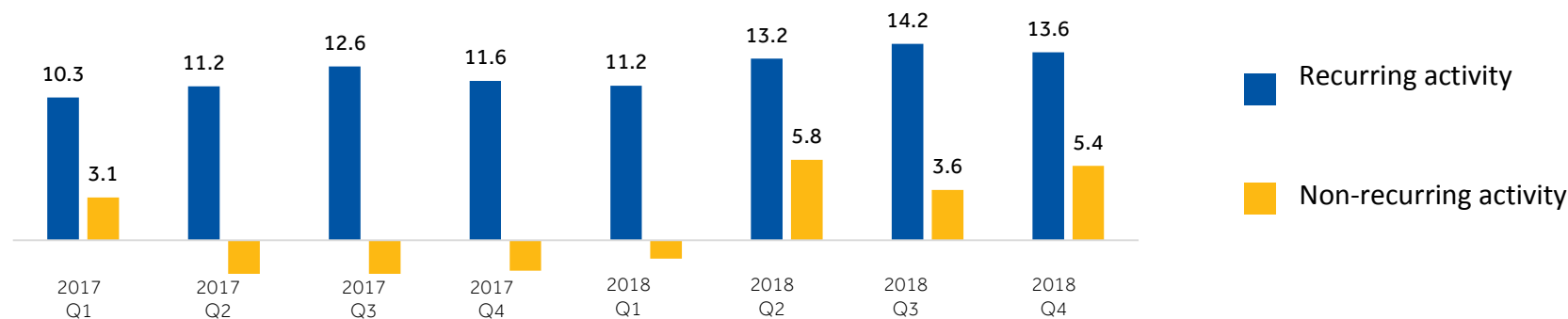
The shares issued by the Bank are listed on the Baltic Main List and are listed on the Nasdaq indexes. On 31 December 2018 the number of bank shareholders was 4,992.

Served markets

Bank services are provided in the Republic of Lithuania.

Organizational scale

In 2018, the Bank's Group earned 52.6 million euros and the Bank 53.1 million euros of unaudited net profit. Compared to 2017, the stable income of the banking group from last year's recurring activities increased by 14 percent.



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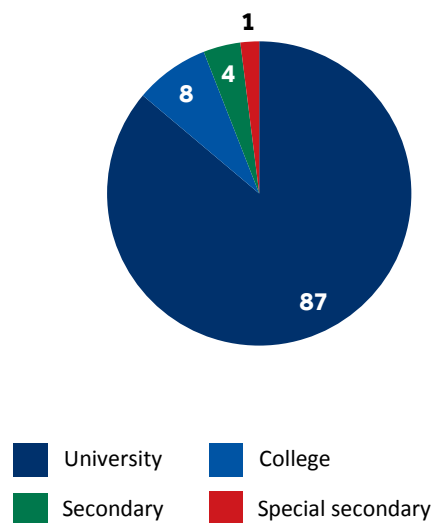
ŠIAULIŲ
BANKAS

Employee information

On 31 December 2018, 714 employees worked in the bank or 815 together with bank group companies.

On 31 December 2018 the bank group employed 80 per cent of women and 20 per cent of men

Distribution of group employees by education, per cent

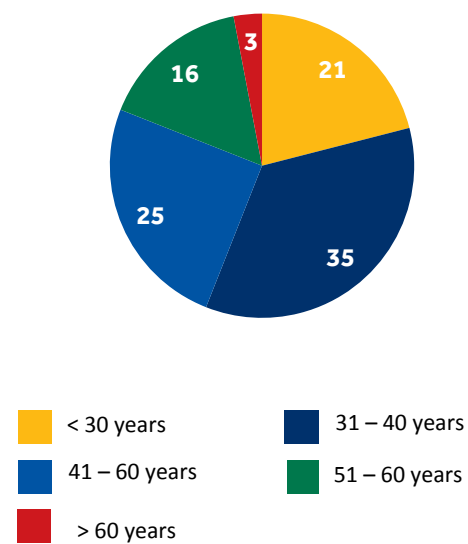


Precautionary principle or method

See report disclosure criterion 102-30.

For more information see Financial Risk Management, the explanatory letter to Financial Accountability 2018.

Distribution of group employees by age, per cent



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External initiatives

Šiaulių bankas since 2010 has been member of the United Nations Global Compact..

Membership in associations

Organizations, associations and associated organizations the bank is involved in:

- Lithuanian Banking Association;
- Lithuanian Financial Brokerage Association;
- Lithuanian Confederation of Employers;
- Association of Personnel Management Professionals;
- Vilnius Chamber of Commerce, Industry and Crafts;
- Kaunas Chamber of Commerce, Industry and Crafts;
- Klaipėda Chamber of Commerce, Industry and Crafts;
- Šiauliai Chamber of Commerce, Industry and Crafts;
- Panevėžys Chamber of Commerce, Industry and Crafts;
- Panevėžys Chamber of Commerce, Industry and Crafts Utena Branch;
- Klaipėda Association of Industrialists;

- Šiauliai Association of Industrialists;
- Akmenė Association of Entrepreneurs;
- Kelmė region Association of Entrepreneurs;
- Mažeikiai Association of Entrepreneurs;
- Tauragė Association of Entrepreneurs;
- Kelmė Association of Entrepreneurs;
- Šilalė region Association of Entrepreneurs
- ISACA;
- BNI recommendation marketing service;
- Stock Exchange NASDAQ OMX Baltic;
- Global Interbank Financial Telecommunication Organization (SWIFT);
- MasterCard Worldwide International Payment Card Organization;
- Visa Inc;
- UN Global Initiative Global Compact.

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Ethics and integrity



In the day-to-day activities, the Bank's employees follow the following three basic sets of principles:

- Bank values;
- Code of Ethics;
- Customer service standard.

The four bank values (Trust, Professionalism, Respect, Responsibility) at the general bank conference in 2014 were refined jointly by all the bank's employees.

In order to make it easier to understand and adopt the bank's values and descriptive behaviours, from 2015 onwards the bank plays a game of values. Its purpose is to identify the behaviour of everyday situations that best matches the bank's values. The value game encourages employees to collaborate, exchange views and make a joint decision. Such a game is played on a quarterly basis by all new employees at the Newbie Days.

The Bank is guided by the Code of Ethics, which does not tolerate any inequality, violence, psychological or other forms of pressure and discrimination.

The Bank has a common anonymous intranet channel for the compliance officer, through which any employee can report a violation of any regulatory requirement in the Bank. The report is investigated and, if confirmed, prompt action is taken to eliminate the violation.

The customer service standard defines the behaviour of employees in serving customers.

Consultation mechanisms and ethical issues

Corporate governance

The Bank is subject to an anonymous mechanism of reporting to compliance officer and Chairman of the Bank Appointment Committee. Anonymous messages can be posted on the bank's intranet website at any time of the day. The notice to the compliance officer mechanism is to report any unlawful actions by the Bank group employees (including executives): theft of the Bank, its clients, partners, employees assets, fraud, abuse of office, conflicts of interest, suspicions of non-compliance with the Bank's Code of Ethics or other requirements of the Bank's internal legislation, etc. The Bank's Compliance and Prevention Department is responsible for this mechanism.

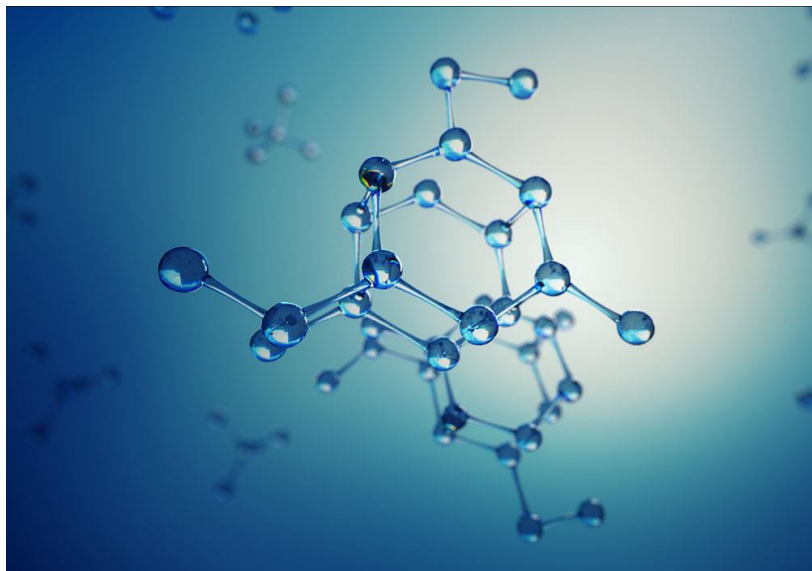
The measure allows the Chairman of the Bank's Appointment Committee for confidential (also anonymous if needed) reporting of any committed or suspected violation of the opinion of a single member of the bank or a small group of members that may harm the interests of the bank.

All messages are confidential and, at the request of the rapporteur, anonymous. New channels are introduced to the new employees in the newbie training.

Information on ethical and unethical behaviour is provided in the Bank's Code of Ethics. No messages were received in 2018.

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Corporate governance



Management structure

General shareholders meeting

The **Supervisory Council** is a collegial supervisory body

The **Board** is a collegial management body

Head of Administration - one-man management body

For more information see annual report, under **Bank Management**

Composition of the supreme governing body and its committees

Bank's Board members:

- Algirdas Butkus, Board Chairman;
- Vytautas Sinius;
- Donatas Savickas;
- Daiva Šorienė;
- Vita Urbonienė;
- Jonas Bartkus;
- Ilona Baranauskienė.

There are Risk, Internal Audit, Nomination, Remuneration, Loan, Risk Management and Regional Loan Committees in the Bank.

See annual report, under [Bank Management](#) and [Members of the Committees formed in the Bank and directions of their Activities](#)

Chairman of the supreme management body

Algirdas Butkus is the Bank's Board Chairman.

Nomination and selection of the highest management body

The members of the Board are elected, recalled and supervised by the Bank's Supervisory Council. The term of office of the Board is four years, the number of terms of office is not limited. If individual members of the Board are elected, they are elected until the end of the term of office of the current Board.

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Conflicts of interest

Members of the Bank's Supervisory Council and Board act in the interest of the bank and shareholders, avoiding conflicts of interest. All transactions with bank managers are made on market terms. The work regulation of Bank's Board contains a provision that a member of the Board must avoid activities that may cause a conflict of interest. A member of the Board must disclose all information to the Bank that may give rise to a conflict of interest and update this information before commencing his duties. A member of the Board has no right to vote and attend the Board meeting when dealing with his or her responsibilities in the Board, or when considering matters that may be of interest to the member or when the Bank may be at risk due to lack of objectivity.

Role of the highest management body in defining the goal, values and strategy

The Board analyzes and evaluates the material presented by the Bank's head on the implementation of the Bank's strategy and the organization of the Bank's activities.

See annual report, under **Transactions with related parties**.

Collective knowledge of the highest management body

Bank Members of the Board regularly participate in key national economic conferences. Once a year, there is a strategic top management session where members of the Board and the Supervisory Council hear messages on various topics from global economic trends to social or demographic environments, innovation, strategic management, etc.

Evaluation of the performance of the highest management body

The Bank's Appointment Committee evaluates the structure, size, composition and performance of the Bank's governing bodies once a year and makes recommendations for changes as necessary. The evaluation of the management bodies is presented in the annual report of the Nomination Committee. One of the functions of the Bank's Appointment Committee is also to evaluate regularly the skills, knowledge and experience of individual directors and report to the collegial body.

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Identification and management of economic, environmental and social impacts

Economic, environmental and social impacts are assessed at the level of senior management when planning bank activities.

Effectiveness of risk management processes

The Bank analyzes, evaluates, assumes and manages the risks or groups of risks it faces in its operations.

Risk management policy, approved by the Bank's Supervisory Council and its different risk management procedures, helps to ensure the integrity of risk management process within the Group.

The objective of the risk management policy is to define the risks and the principles of their management in the activities of the Group. As the various risks faced by the Group are interrelated, their management is centralized, for this purpose there is Risk Management Committee. One of the main goals of the Bnk's Risk Management Committee is the

organization and coordination of the risk management system. The Group reviews its risk management procedures and systems on a regular basis, at least once a year, taking into account market developments, new products and emerging best practices.

Šiaulių bankas' Group of Companies annually conducts self-assessment. This process analyzes the types of risks that can arise from banking activities and have a significant impact on the bank group. The major risks faced by the Group are: credit, market, liquidity, concentration, operational, IT and compliance risks.

For more information see Financial Accountability 2018, **explanatory letter, under Financial Risk Management**

Role of the supreme management body in the reporting of sustainability

The report is reviewed by CEO.

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Employees



Remuneration policy

The remuneration of employees at the Bank is determined by the Remuneration Policy, bonus assigning procedure, variable remuneration assigning, calculation and payment procedure, rules for calculation and payment of wages and related payments, rules of work procedure and other internal legislation.

Annual report, under **Remuneration Policy**

The process of determining the salary

Since 2017, the Bank uses the Korn Ferry Hay Group methodology, which takes account of the pay rates for specific job levels when determining remuneration. The levels are set taking into account the whole national market as well as regional differences (excluding managerial positions). This allows to ensure internal and external reward justice.

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Involvement of stakeholders

List of stakeholder groups

| Stakeholders | Methods of inclusion |
|------------------------|--|
| Employees | <ul style="list-style-type: none"> • Social initiatives; • Suggestion provision and realization opportunities; • Report to compliance officer opportunity; • Annual discussion of the activity; • Bank's internal website (intranet). |
| Shareholders | <ul style="list-style-type: none"> • Regular reports; • Presentation of performance results to investors; • Shareholders meetings. |
| Clients | <ul style="list-style-type: none"> • Customer service quality surveys; • Communication on social networks; • Bank's website; • Events for clients. |
| Suppliers and Partners | - |
| Regulatory bodies | <ul style="list-style-type: none"> • Regular reports; • Attendance at meetings. |
| Communities, society | <ul style="list-style-type: none"> • Support and Support Projects; • Educational activities. |
| Associated Structures | <ul style="list-style-type: none"> • Social Responsibility Report. |
| Media | <ul style="list-style-type: none"> • Notices; • Comments; • Events. |

Identification and selection of stakeholders

Stakeholders have been selected based on the nature of the organization's activities and on what the organization can have impact, directly or indirectly, and what has an impact on the organization.

Approach to stakeholder engagement

Customer feedback is sought through the analysis of the secret buyer, the customer recommendation index (NPS index) and customer service quality and employee sales skills of the Lithuanian commercial banking sector.

The secret buyer survey assesses the quality of customer service at the bank's divisions. The survey evaluates the areas in which customer service employees still have to pull up and which work perfectly well. The survey data is used as a basis for the annual training of customer service managers.

The aim of the NPS indicator survey is to find out how private and business clients value Šiaulių bankas. In 2018, two NPS studies were conducted. One study was carried out by an external company, the other by responsible bank employees.

The aim of the study of customer service quality and sales skills of the Lithuanian commercial banking sector is to measure and compare the fulfilment of the main customer service quality criteria in the Lithuanian commercial banking sector, to identify the strongest and weakest service areas and to evaluate the customer service quality trends. In 2018, secret buyer survey was conducted once by an external company.

Other ways of involving stakeholders are listed in disclosure 102-40.

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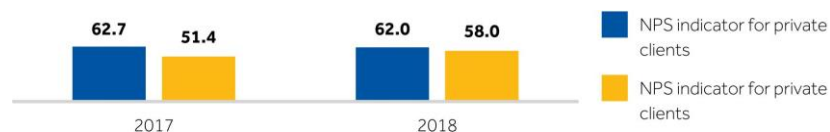
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Main topics and problems raised

In the course of the secret buyer's survey, in 2018 Šiaulių bankas became the bank that serves customers the best. Customer service quality was rated at 98.6 percent.



According to the NPS indicator survey, many customers were satisfied with the banking services, and most often the electronic banking was indicated in the areas to be improved. NPS indicator in 2018 was 60. NPS indicator in 2017 was 57.4



According to the data of the survey of customer service quality and sales skills of the Lithuanian commercial banking sector, the position of Šiaulių bankas in the Lithuanian commercial banking sector was assessed, assessing the quality of customer service and the results of sales skills. The survey showed that Šiaulių bankas is the first in the mentioned sector and its customer service rate is 98.6%.

Report settings



Entities included in consolidated financial statements

Bank's subsidiaries:

The Bank directly controls the following subsidiaries:

SB Lizingas UAB (finance lease, consumer credits);

Šiaulių banko lizingas UAB (finance leases (leasing) and operating leases);

Šiaulių banko turto fondas UAB (real estate management);

SBTF UAB (management and administration of real estate and movables);

Minera UAB (real estate management);

Pavasaris UAB (development of residential apartment area);

Life insurance Bonum Publicum UAB (life insurance);

Šiaulių banko investicijų valdymas UAB (investment management);

ŽSA 5 UAB (headquarters' activities).

The Bank indirectly controls the following subsidiaries:

Sandworks UAB (real estate management);

Apželdinimas UB (afforestation, landscaping);

ŽSA 5 UAB (headquarters' activities).

For more information see in chapter of the annual report "Group of the Bank's Companies"

Definition of report content and topic boundaries The report has selected the topics and criteria on which the bank collects data and which can be accurately estimated. New, additional criteria are measured for each year.

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List of important topics

Socially responsible activities sought by the Bank to improve the quality of life in Lithuania, to promote sustainable economic development and environment, is focused on the areas in which the Bank may seek to have a positive impact, i.e.:

- Employees;
- Bank customers;
- Environmental protection;
- Communities and the general public.

This report includes topics related to all these areas.

The reference period

Report for 2018 was submitted.

Date of latest report Since 2017, the bank reports under the Global Reporting Initiative (GRI) standard. This report is the second one.

Reporting cycle

The report on socially responsible activities is prepared annually.

Contact point for report related questions

Please submit questions and comments on the report on socially responsible activities by e-mail komunikacija@sb.lt.

Notifications about reporting in accordance with GRI standards

This report is based on the GRI Standards Baseline.

External check

This report has been audited.

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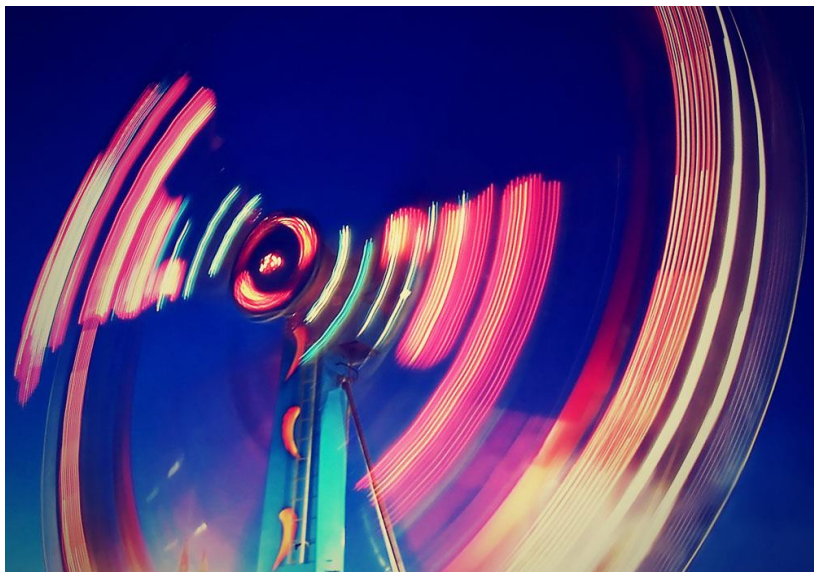
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Economic efficiency



Direct economic value created and distributed

Based on performance, the general meeting of shareholders annually decides whether to pay dividends to shareholders.

Data on the dividends paid by the bank:

| | 2016 | 2017 | 2018 |
|--|---------|-----------|-----------|
| <i>Percentage of the nominal value</i> | 0.69 | 1.72 | 1.72 |
| <i>Dividend amount per share, Eur</i> | 0.002 | 0.005 | 0.005 |
| <i>Dividend Amount, Eur</i> | 629 147 | 1 887 442 | 2 264 938 |
| <i>Dividends to net profit, %</i> | 2.64 | 4.32 | 7.05 |

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Significant indirect economic impact

Small and medium business finance

One of the priority areas of the Bank's activities is the financing of small and medium-sized businesses, which helps the Bank to promote the development of small and medium-sized enterprises (SMEs). The Bank is actively using a variety of financial engineering instruments that make it possible to finance companies that would not be able to obtain usual credit, thus contributing to their growth.

Of all the banks operating in Lithuania, Šiaulių bankas has the largest number of products with European Union facilities administered by Invega UAB: a risk-sharing instrument for SME financing, various portfolio guarantees for SME loans, factoring and leasing. The bank also has a guarantee from the European Investment Bank for the financing of innovative companies aimed to promote the development of innovations.

Renovation of multi-apartment buildings and regional development

The Bank aims to promote the development of the economy of the regions of the country and to reduce the differences between them.

One of the measures is the financing of renovation (refurbishment) of apartment buildings. A large part of apartment renovation projects takes place outside major cities. These projects involve the companies that manage them and the construction contractors thus creating jobs in the regions.

Šiaulių bankas is the leader in financing the renovation of multi-apartment buildings: 2 out of 3 multi-apartment buildings in Lithuania are financed by Šiaulių bankas. At the end of 2018, Šiaulių bankas signed a guarantee agreement with the European Investment Bank for the implementation of apartment renovation projects. Under this agreement, Šiaulių bankas will allocate up to EUR 150 million for apartment renovation. Šiaulių bankas yra daugiabučių renovacijos finansavimo lyderis – 2 iš 3 visų Lietuvoje atnaujinamų daugiabučių finansuojami Šiaulių banke. 2018 m. pabaigoje Šiaulių bankas pasirašė garantijos sutartį su Europos investiciniu banku daugiabučių renovacijos projektų įgyvendinimui. Pagal šią sutartį, Šiaulių bankas daugiabučių renovacijai skirs papildomai iki 150 mln. Eur.

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Other modernization projects

The Bank is also involved in the energy efficiency improvement program. In 2018, the agreement was signed with VIPA, according to which the bank will finance the modernization of municipal buildings as a financial intermediary also contributing its own funds. This financial instrument is intended to increase the energy efficiency of municipal public buildings and is financed by the European Regional Development Fund.

Local purchases

In 2018, 91.6 percent all purchases were from local suppliers, 8.4 percent from foreign ones.

Transparency and prevention of corruption



Assessing corruption-related risks Money laundering prevention

The Bank is responsible for the prevention of money laundering and terrorist financing by consistently and purposefully implementing existing and developing new measures to prevent money laundering and terrorist financing and to apply them in its activities:

- Identification of customers, customer representatives and beneficiaries;

- Collection and verification of information on the purpose and nature of the business relationship (application of "Know Your Customer" rule);
- Monitoring of business relationships and monetary transactions;
- Identification of suspicious monetary transactions and transmission of information to the Financial Crime Investigation Service and others.

Existing and new anti-money laundering measures are developed taking into account: legislation regulating the prevention of money laundering and terrorist financing of the Republic of Lithuania, FATF (Financial Action Task Force), EU, UN, US legislation.

Prevention of corruption and conflict of interest

Actions that can be defined as intolerable cases of corruption are defined in the Code of Ethics of Šiaulių bankas AB.

In order to avoid potential conflicts of interest, bank employees provide declarations of economic interests.

The Bank pays all taxes to the State of Lithuania responsibly, complies with the legislation in force, prepares transparently for and participates in tenders. The Bank implements the requirements of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS).

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Communication and training on anti-corruption policies and procedures

The Bank's employees are committed to complying with the Šiaulių bankas AB Code of Ethics, which sets out the following principles as the most important:

Honesty;

Responsibility and accountability;

Respect for the law, human and human rights;

Impartiality, objectivity and justice;

Exemplary behaviour.

The Code of Ethics regulates what can be considered as intolerable cases of corruption. All new employees of the Bank are introduced to the Code of Ethics.

Confirmed corruption cases and actions taken

In 2018, no incidents of corruption were identified.

Legal action on anti-competitive conduct and antitrust practices

No such actions were identified during the reporting period.

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Environment Protection



Consumption of materials for packaging

1032 kg of different products were produced for the bank's needs. Of these, plastic payment cards: 394 kg, packing materials (envelopes, paper and plastic bags, promotional packages, cash locks): 638 kg.

Energy consumption in the organization

Fuel consumption

| | <i>In 2017, tons</i> | <i>In 2018, tons</i> |
|-------------|--------------------------|--------------------------|
| Petrol | 96,72 t | 91,83 t |
| Diesel fuel | 67,70 t | 72,00 t |

Electric power consumption

| | <i>2017 m.</i> | <i>2018 m.</i> |
|---------------------------------------|---------------------------------------|-----------------------------------|
| Electricity | 2549,443M Wh / 1127,04 6 MWh | 2596,167 MWh / 1401,795 MWh |
| Consumption from renewable sources | 44 % | 54 % |

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Gas consumption for heating:

Per ataskaitinį laikotarpį suvartota 109306 kWh dujų.

| | <i>2017 m.</i> | <i>2018 m.</i> |
|--------------|----------------|----------------|
| <i>Dujos</i> | 109306 kWh | 207360 kWh |

Organization uses two types of heating: district and gas. It is currently not possible to estimate the energy used for district heating.

Reducing energy consumption

To reduce fuel consumption and reduce atmospheric emissions:

- The Bank uses an electronic ordering system for operational cars, which allows planning business trips in groups and travelling to the lowest possible number of cars;
- Bank employees are encouraged to travel by public transport (e.g. by train, bus) to Lithuania;
- Encourages to organize meetings involving employees and partners from different cities, in modern teleconferencing halls in Vilnius, Kaunas, Klaipėda and Šiauliai.

In order to reduce paper consumption, in 2018 the internal and external document management system, which reduces the need for printed documents, continues to be actively developed.

In 2018, the first robot was introduced in the bank, which has made the manual processing of payment card transactions automated.

Direct (Scope 1) GHG emissions

Not calculated.

Indirect energy (Scope 2) GHG emissions

Not calculated.

Non-compliance with environmental laws and regulations

There were no non-compliances with environmental laws and/or regulations during the reporting period..

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Relations with employees

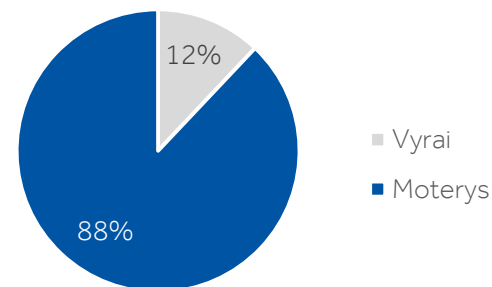


Recruitment of new employees and change of employees

The Bank maintains long-term working relationships with employees. On 31 December 2018 almost 33 per cent Bank employees have been working for more than 10 years. In 2018 the total turnover of employees was 13.2 per cent (Total staff turnover in 2017 was 14.5%).

On 31 December 2018, in total, 714 employees worked in the bank and 805 employees in the bank group. Compared to 31 December 2017, the number of employees in the Bank increased by 1.7%, while the number of employees in the Bank Group increased by 1.2%..

New employees in 2018 by gender:



New employees in 2018 by region:

| Regionas | Number of new employees |
|----------------|-------------------------|
| Kauno reg. | 30 |
| Klaipėdos reg. | 11 |
| Šiaulių reg. | 21 |
| Vilniaus reg. | 43 |
| Viso: | 105 |

Parental leave

All employees, regardless of gender, are entitled to parental leave.

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*Employees, in 2018 using parental leave *:*

| | Number of new employees |
|---------------|-------------------------|
| Female | 31 |
| Male | 0 |
| Total: | 31 |

*This figure includes both parental leave granted and extended in 2018.

Paternal leaves granted in 2018:

| | Number of new employees |
|------|-------------------------|
| Male | 6 |

Number of employees returning to work after childcare leave in 2018 by gender:

| | Number of new employees |
|--------------|-------------------------|
| Female | 20 |
| Male | 1 |
| Male: | 20 |

Average number of trainings per employee per year

The average number of training days per year for the Bank's network staff is 1.5 days. The staff of the Centre and the regional units had an average of 8 hours of external training per year.

Employee qualification and transition assistance programs

The system of employee education includes the process of adaptation of newcomers, professional, specific (compulsory training regulated by LT legislation), general education training. Newbie Days for newbie adaptation program is a 2-day event where internal lecturers introduce new employees to the company and its ongoing processes, departmental functions and responsibilities. In 2018, approximately 90 new employees participated in the Newbie Days.

Every year, the Bank's network staff – customer service managers, group managers – are trained to update their knowledge of banking products and train their customer service skills. The purpose of these trainings is to provide, consolidate and develop customer service, active sales skills, change employee attitudes, familiarize employees with existing or new bank products and services. In 2018, 12 such training projects took place.

Started in 2017, the training program for credit managers, credit project managers Financing Solutions Forum was continued. In 2018, about 80 employees of the bank's credit field participated in this program. The final financing solutions forum conference was devoted to external speakers, experts sharing insights and trends: the macro situation, digitization, regulation, as well as touching topics like self-motivation and history of winning teams. More than 200 bank employees attended this conference.

80 employees of the Centre's departments participated in external training, which raised their expertise in professional fields.

Started in 2017, executive training program, the executive academy was completed in 2018. It was attended by 94 top and middle managers of the bank, who improved the skills of leadership, emotional intelligence and teamwork during the program. Program duration was 64 hours per employee.

In 2018, two executive club sessions were held in Vilnius and Šiauliai. Senior executives participated in the continuing education program: Executive Supervision and Adaptive Leadership. In order to achieve efficiency, working in work groups and more professional project management, a great attention in the bank in 2018 was dedicated to strengthening project management expertise by organizing two-day project management training for project managers/managers and one-day training for top managers.

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Communities and the general public



Activities with local community involvement, impact assessments and development programs

Cooperation with educational institutions or organizations

In 2018 the bank supported:

- Lithuanian Student Union;
- Vilnius College career days;

In 2018 the bank cooperated:

- Evaluated the project works of Vilnius University, Faculty of Economics and Business;
- Lectures on the profession of banker were organized for pupils in Saulė Gymnasium of Šiauliai;
- Collaborated with Utena College. One bank employee was chairman of the exam commission;
- Employees of the Bank gave lectures/presentations at the events of Kėdainiai and Raseiniai Farmers' Union.

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Community Strengthening

Being a bank of Lithuanian capital, it pays great attention to fostering traditions of cities and towns of the country and promoting cultural life.

In 2018, the bank allocated almost 48 thousand euro support for community, cultural and sporting projects:

- Ukmergė, Alytus, Šiauliai, Utena, Varėna town celebrations;
- Pažaislis Music Festival;
- Lithuanian Music Support Foundation;
- Sea Festival in Klaipėda;
- Šiauliai Rotary Club;
- And for other projects.

Sports Organizations & Events:

- Basketball club Šiauliai;
- Dakar Rally (crew of V. Žala and Saulius Jurgelėnas).

Reducing social exclusion

Since 2014, in co-operation with the Public Enterprise Goodwill Projects, the bank provides the opportunity for clients to:

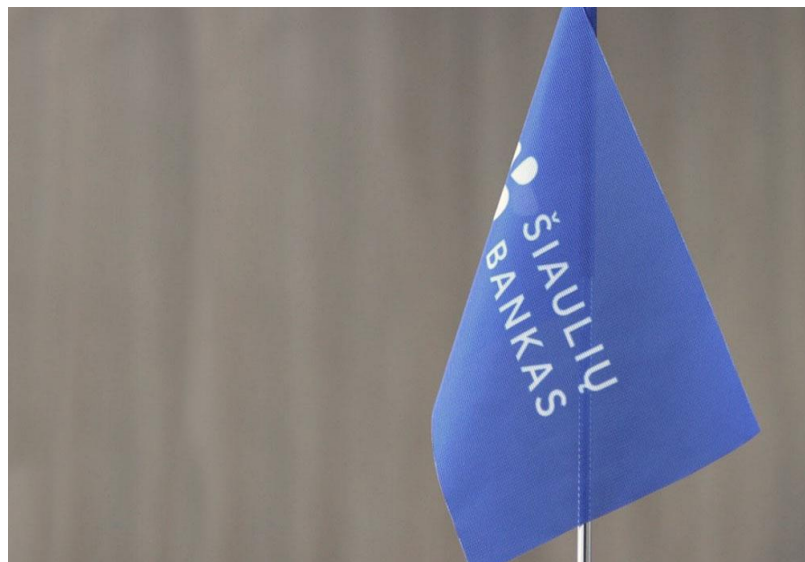
- Donate the desired amount of money to aukok.lt social projects through the online banking system;
- Donate cash in donation boxes in the bank's branches.

In 2018, almost 1700 euros were collected in the donation boxes, which were transferred to the Public Enterprise Good Will Projects.

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Compliance



Cases of non-compliance in product and service information and labelling

On 28 August 2018 the Supervisory Authority (Bank of Lithuania) imposed Šiaulių bankas a fine amounting 0.03 per cent of the amount of gross annual activity income for 2017, i.e. EUR 28,113 for the bank in the period of 1-31 May 2018, by promoting consumer credit advertising on television, did not comply with Article 4 of the Law on Consumer Credit requirements set out in Annex I, that the standard information is presented in a noticeable manner over the noticeably long time. The Bank recognized incomplete implementation of the law and paid the fine.

The Bank's Contact Centre registers customer complaints or claims regarding the provision of information about services or products.

In 2018, there were no cases of non-compliance when the bank or group companies was fined or warned for misinformation about the services.

paslaugas ar produktus pateikimo

Complaints based on customer privacy violations and loss of customer data

The Bank has not received any reasonable complaints about a breach of client privacy.

Failure to comply with social and economic laws and regulations

The Bank has not identified any cases of non-compliance with social or economic laws or regulations.

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