



CITADELE BANKA

CLIMATE-RELATED FINANCIAL DISCLOSURES

For the nine months ended 30 September 2023



About this report

A warming planet and the energy transition to a low-carbon economy are changing the risk profile for many companies and economies we invest in.

The challenge

Greenhouse gas emissions increased by 0.9% in 2022, thus maintaining the pressure to find more efficient pathways for reaching the net-zero targets. This last year's increase resulted from energy demand growth, which was primarily met by fossil fuels. At the same time, we have seen an increase in costly, extreme weather events, such as storms, wildfires, and floods.

As a financial institution, Citadele has a critical role in financing the transition to a low-carbon economy, and the adaptation to climate change impacts through our products and investment decisions. The transition will require significant capital allocation from the private sector, providing us with a substantial investment opportunity.

Our response

In addition, we have a responsibility to all our clients to consider how climate change will impact the value of their investments. Therefore, assessing the risks and opportunities of climate change is a core part of our Environmental, Social, and Governance (ESG) integration approach. We take this seriously and have developed a climate risk

management approach to ensure we remain on the top of this agenda in the future.

This report provides transparency on our approach and actions we are taking to deliver on our responsibilities as investors and meet our ambition to be a net-zero bank by 2050 across all of our direct and indirect emissions, and a commitment to align all our financing activities to the goals of the Paris Agreement.

The TCFD Recommendations

In April 2015, G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to review how the financial sector could take account of climate-related issues. The FSB established the Task Force on Climate-related Financial Disclosures (TCFD) to develop voluntary and consistent climate-related financial risk disclosures for companies across industries and financial institutions to provide information to investors, lenders, insurers, and other stakeholders.

Concurrent with the release of its 2023 status report on October 12, 2023, the TCFD has fulfilled its remit and disbanded.

The TCFD recommendations help understand what financial markets want from disclosure to measure and respond to climate change risks and encourage firms to align their disclosures with investors' needs.

Citadele's TCFD report

This is the first year we publish an annual climate-related financial disclosures report, consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

This report summarizes our progress toward our goal of fully incorporating climate risk and opportunity identification and management into our overall business strategy and disclosure efforts. The report also includes metrics and targets such as our exposure to sectors deemed at an elevated risk from climate change, and our capital markets activity in the carbon-related energy and extractive sectors.

This report covers:

- Our governance structures around climate-related risks and opportunities;
- The actual and potential impacts on our strategy;
- The processes used to identify and manage climate-related risks;
- The metrics and targets we use to track climate-related risks and opportunities.

Climate and environmental risk management is a rapidly evolving area for many institutions, including Citadele, and we expect the methodology and tools in the area to continue improving over time. This report represents a significant step upon which we will continue to build to deepen our understanding of climate risks and opportunities moving forward. The TCFD reporting cycle will be aligned with our regular annual reporting cycle starting in 2024.

Our TCFD disclosure reflects our commitment to understanding and integrating climate risk into our risk management governance, processes and strategies, as well as our commitment to achieving our net zero goals.



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Information about Citadel's capabilities can be found at www.cblgroup.com/en/

More information on Citadele policies and approach to sustainability: esg@citadele.lv

Letter from the CEO



Johan Åkerblom
CEO and Chairman of the Management Board

LETA PHOTO

Climate change is a challenge of our time, and it requires the adaptation and resilience of companies world-wide. For the economy to transition to a low-carbon future, it requires concerted effort of both public and private sectors.

We understand that our business model can have a significant impact on the climate and society, both directly and indirectly. As a regional bank close to our customers, we have the ability to play a positive role in addressing climate change by providing green financing, adopting sustainable practices ourselves, and encouraging our clients to adopt more sustainable practices. The risks and opportunities associated with climate change is significant part of our sustainability efforts. We

are working to further integrate climate risk into our risk policies and governance frameworks, start measuring and analyzing the impacts of our portfolios, and engaging with our clients to raise awareness of climate risk.

Net zero by 2050

We have committed to align our operations with the goals of the Paris Agreement and decrease emissions from lending and investment portfolios to net-zero by 2050. To achieve this, in 2023 we continued work on assessment of Scope 3 GHG emissions which will serve as a baseline for development of a clear roadmap and sufficiently detailed milestones toward reaching the goal.

Reducing our own footprint

Our largest environmental impact comes from financing and investing activities, at the same time, we believe that it is no less important to ensure that our own consumption is sustainable, and we work actively to reduce our own environmental footprint. Our first calculation of own GHG emissions was for year 2021, when we calculated GHG emissions for air conditioning, use of company vehicles, purchased electricity, heat and steam, and business travel. Since then, we have extended the calculation of Scope 3 upstream activities by adding GHG emissions from employee commuting and waste generated in operations. We are committed to improving the coverage and accuracy of Scope 3 emission estimation every reporting period.

We have also taken a number of actions to reduce environmental impact of our operations, e.g. our Riga and Vilnius headquarters - the largest

contributors of total energy consumption, are now operating on 100% renewable energy and we have an ambition to switch to renewable energy in all premises where we operate. We follow green office principles and have committed to be climate neutral in own office operations by year-end 2023. In 2023 we are taking further steps to minimize the carbon footprint of our office operations by implementing sustainable travel and procurement policies.

Supporting the green transition

Citadele believes that we have to take an active part in the green transition and support our clients moving to a low-carbon economy.

We have developed special financing offers that motivate our clients to make environmentally responsible choices. In 9 months 2023 we have issued EUR 34 million in green lending. To increase new lending amounts, we are working on new green product offering development and launch.

In line with our commitment to support our customers in the transition to a low-carbon economy and seeing that sustainability initiatives are becoming increasingly important for our clients, Citadele has launched the first green savings account in the Baltic market. The green savings account is available to our Baltic retail customers, giving our clients the opportunity to be a part of the low-carbon economy transition at competitive rates. Deposited funds are used to support financing for projects that aim to reduce the Baltics' carbon footprint, among which are the construction of Latvia's largest solar power plant

in Brenguļi and the construction of a solar power plant in Inčukalna. As of 30 September 2023, green savings account deposits reached EUR 25.2 million.

Strengthening our in-house climate risk management capacity

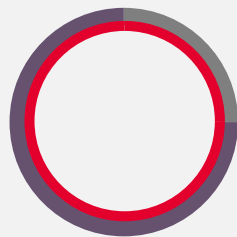
Over the past year, we have continued to build and strengthen our in-house capacity of climate risk management and mitigation. We have received advisory support under the European Investment Bank's Green Gateway facility and invested in our ESG teams' knowledge base expansion. To ensure consistent, comparable and reliable climate disclosures, we have increased our effort of collecting, storing and analyzing ESG-related data and setting up and adjusting internal processes.

Our institution at a glance

Citadele Group – pan-Baltic full-service financial group

- Universal bank offering a wide range of banking products to our retail, SME and corporate customer base. The bank also provides wealth management, asset management, life insurance, pension, leasing and factoring products.
- Alongside traditional banking services, Citadele offers a range of services based on next-generation financial technology, incl. a modern MobileApp, contactless and instant payments, modern client onboarding practices and technologically-enabled best-in-class customer service.
- The Group's main market is the Baltics (Latvia, Lithuania and Estonia).

Shareholders



~75%
Ripplewood and
co-investors

~ 25%
EBRD

Moody's

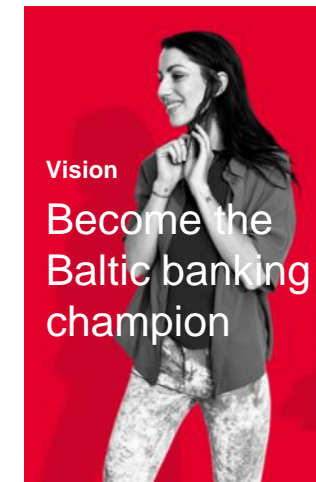
Baa2, stable

/13 September 2021,
Credit opinion updated on
May 2023. Moody's⁽¹⁾/

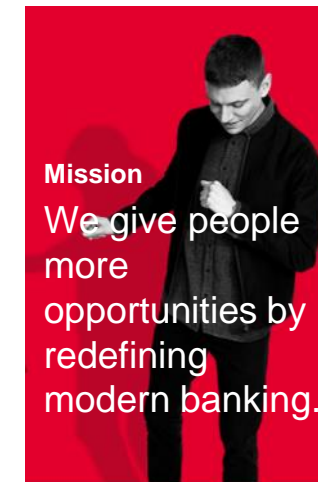
Values and strategy

Strategic focus

Citadele aims to become a modern banking platform for the Baltics. Increasingly digital bank with a wide product suite and unique offerings for its private and business clients, complemented by innovative stand-alone solutions with unique value proposition.



Vision
Become the
Baltic banking
champion



Mission
We give people
more
opportunities by
redefining
modern banking.

Core values

Act

We create our own opportunities and deliver on promises.

Aspire

We find solution for every client to support local economy.

Innovate

We set the standard through innovative experience.

Personalize

We see people first and add human touch to banking.

The strategy will be implemented using the following tactical steps:

Becoming Bank in the Pocket for mass and affluent retail customers by increasing new and existing customers that use Citadele as their primary bank

Driving growth in the underserved SMEs and micro-SMEs segments by offering most competitive proposition and digital tools to retailers in the region

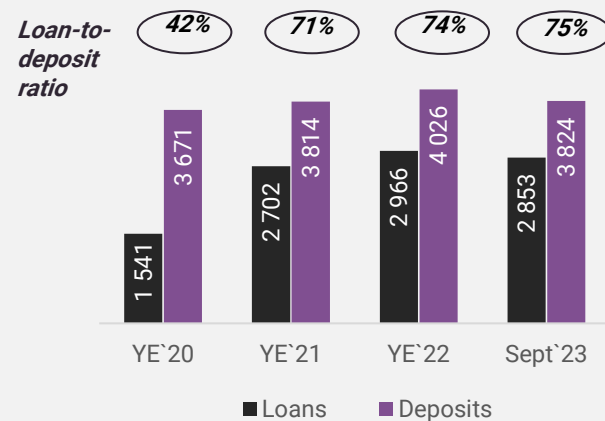
Supporting growing Baltic Corporates, aiming for the leading roles in their industries

Establishing Citadele Leasing as flexible, digital and most trustful Vendor finance player in the Baltics

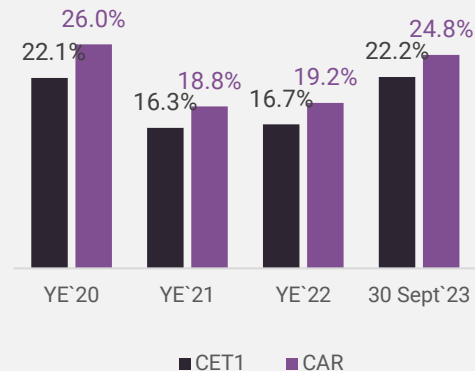
About us – key figures

EUR millions	Continuous operations*	
	9m 2023	9m 2022
Net interest income	138.8	83.3
Net fee and commission income	29.0	30.4
Net financial and other income	6.5	3.5
Operating income	174.3	117.3
Operating expense	(73.5)	(67.6)
Net credit losses and impairments	6.5	(15.0)
Net profit from continuous operations (after tax)	100.2	34.1
Return on average assets (ROA)	2.7%	0.9%
Return on average equity (ROE)	29.0%	11.3%
Cost to income ratio (CIR)	42.2%	57.6%
Cost of risk ratio (COR)	(0.3%)	0.7%

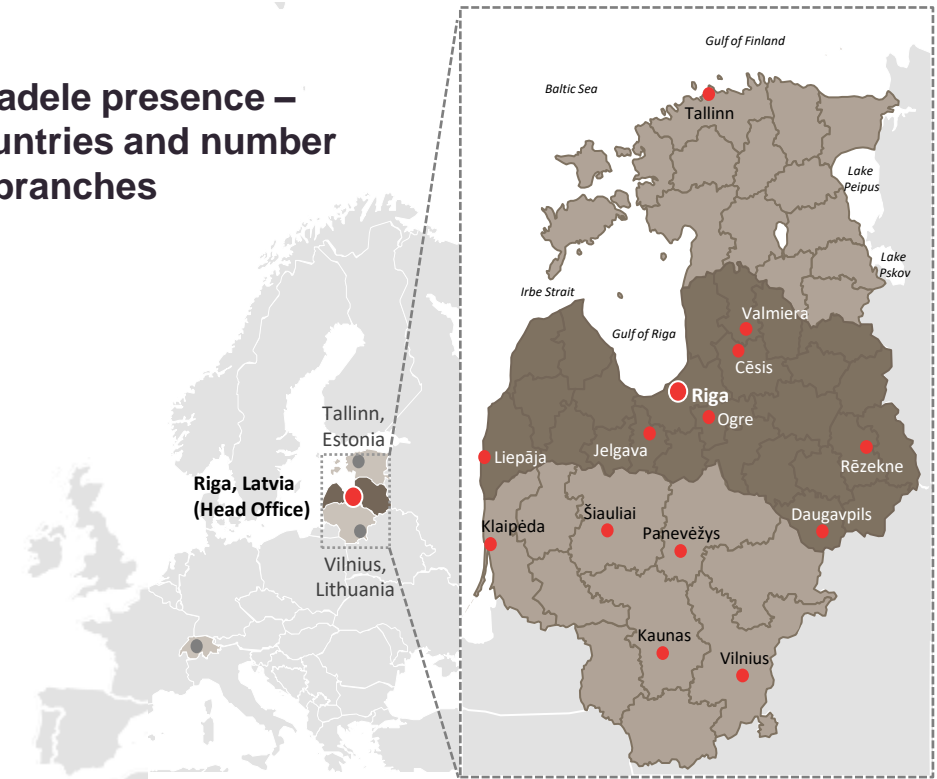
Loans to and deposits from the public EURm




CET1 and CAR ratios**




Citadele presence – countries and number of branches




Branches***
 11 in Latvia
 6 in Lithuania
 1 in Estonia


1,332
 Employees


374k
 Active Clients


252.5k
 MobileApp users
 (+14% y-o-y)

*Only continuous operations shown. Comparatives are restated for discontinued operations of Kaleido Privatbank AG (Swiss subsidiary bank of the Group) which is committed for sale and thus excluded from the presented key figures. Comparative figures for 2022 have been restated due to the adoption of IFRS 17, earlier comparative figures are not restated for IFRS 17. **Common equity Tier 1 (CET1) capital ratio and Total capital adequacy ratio (CAR), (including net result for the period) *** Citadele banka has 11 branches and client service centres in Latvia, 1 branch in Estonia and 1 branch in Lithuania as of the period end. The Lithuanian branch has 6 customer service units in Lithuania Citadele is present also in Switzerland through AG Kaleido Privatbank (31 Employees)

Governance

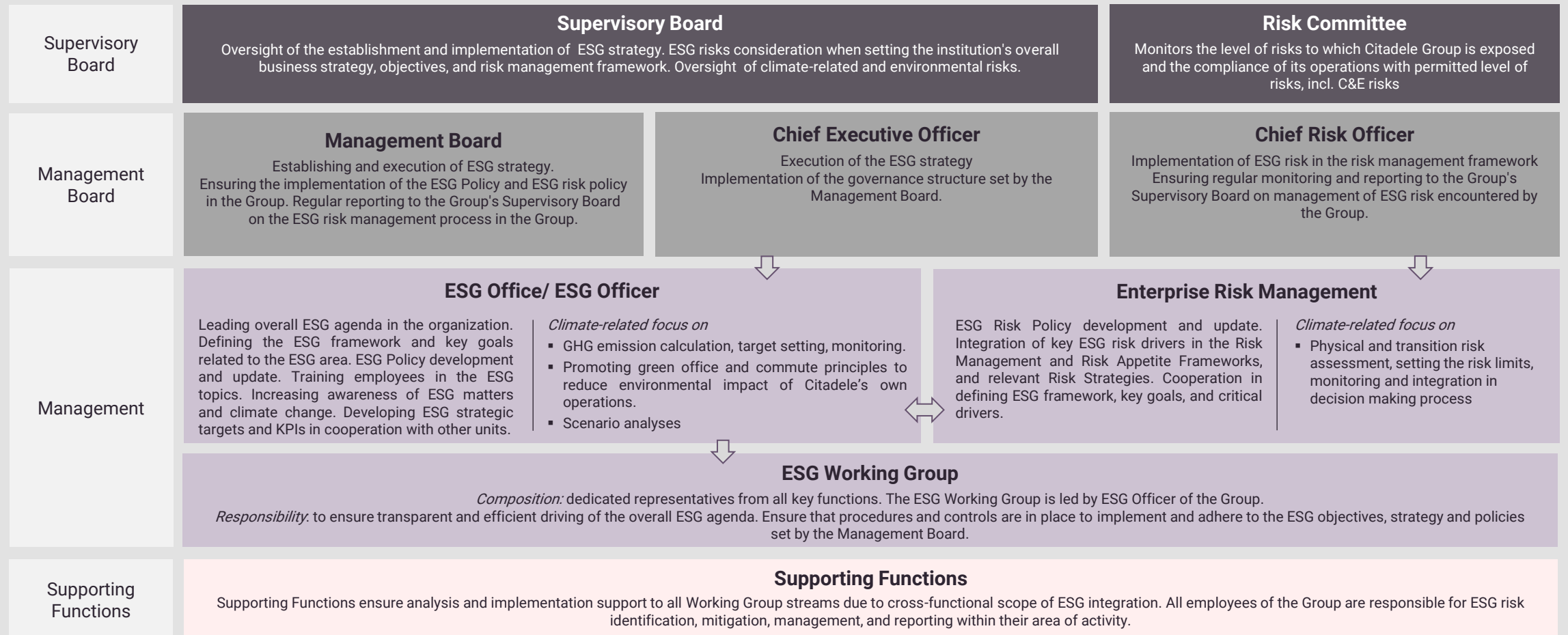


Citadele Group has a comprehensive corporate governance and risk management structure to operate in a transparent and prudent manner, and to balance and protect the interests of its various stakeholders. We realize that adequate ESG risk management framework is the backbone of identifying, assessing and taking action on risks.

Oversight and management of climate-related issues are embedded within our governance structure. The Supervisory Board, Management Board and senior management is aware and understands the climate-related issues and are able to set climate-related strategy and oversee its implementation.

In developing C&E risk management and disclosure framework in the Group, Citadele is using a number of sources for direction, where ECB expectations relating to C&E risk management and disclosure is included.

Citadele governance structure relating to ESG and climate change



Governance

The Supervisory Board is responsible for overseeing the establishment and implementation of ESG strategy. It considers ESG risks when setting the institution's overall business strategy, business objectives, and risk management framework and exercises effective oversight of climate-related and environmental risks.

The Supervisory Board and Risk Committee receives quarterly updates on ESG implementation process. So far in 2023, Supervisory Board and Risk Committee has received three updates regarding key developments and accomplishments in ESG area, covering matters including climate-related and environmental risk disclosures and reporting, climate and environmental risk materiality assessment and potential impacts of climate risks on the Group's assets, Citadele GHG emissions and its comparison with other market participants.

Information exchange on climate-related issues has been integrated into regular management reporting processes. Climate-related risk reporting and risk appetite threshold monitoring is part of monthly and quarterly internal reporting cycles to the Management Board, along with tracking of green lending target fulfillment.

ESG Working group, led by the ESG Officer, meets on a regular basis to ensure efficient implementation of the ESG objectives and strategy set by the Management Board, including climate-related and environmental risk issues.

The chart on page 7 summarises Citadele Group's governance structure and the different responsibilities relating to ESG and climate change.

Remuneration

We are currently in the process of reviewing our Remuneration Policy to embed climate risk management related principles into incentive compensation schemes, in addition to the ESG-related targets currently set into Management Board's scoreboards.

Risk management

Citadele is focused on integrating climate-related and environmental risks into the broader risk management framework of the Bank. Citadele views climate-related and environmental risks as risk drivers affecting existing prudential risk categories such as credit risk, operational risk, market risk, liquidity risk and strategic risk.

Information on climate-related governance and approach to climate risk, including the use of scenario analysis, is described further in this report.

Citadele's **ESG Policy** sets the framework and the main principles for managing Environmental, Social, and Governance related topics within Citadele Group. ESG Policy defines the Group's sustainability ambition, establishes principles for ESG factor integration into Group's operations, and sets the ESG governance structure. In addition, the ESG Policy includes list of industries that Citadele does not finance due to significant negative environmental and / or social impact.

ESG Risk Policy determines the core elements of the ESG risk management framework, setting how material ESG risks are determined,

Integrating ESG into Group's culture

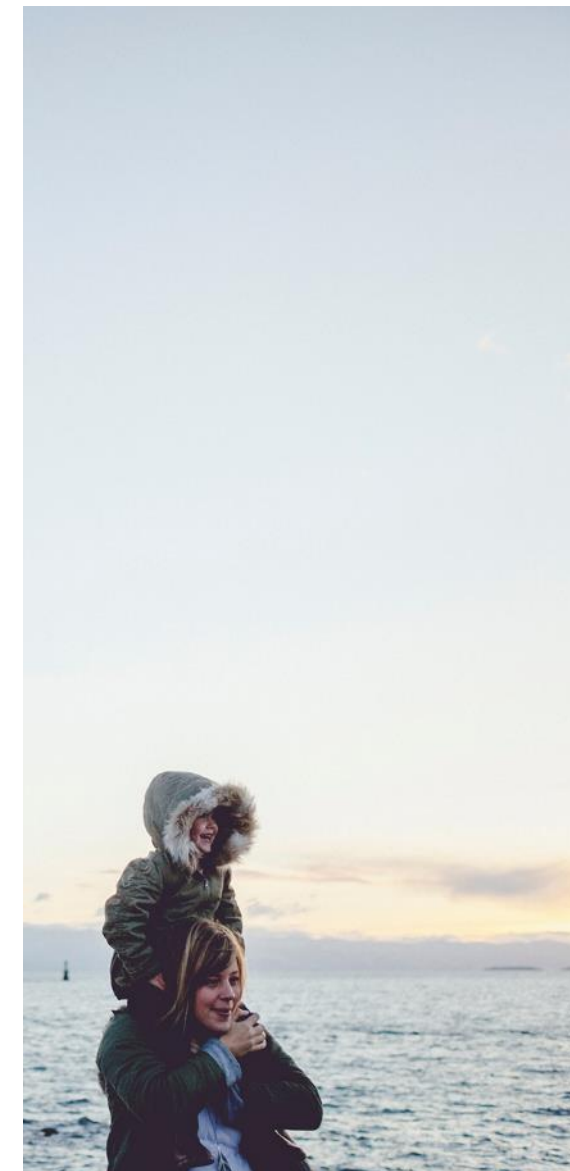
We are continuously integrating ESG into Group's culture and encouraging staff behavior that is consistent with Citadele's ESG policy. We have set up a dedicated ESG section on Group's intranet, where employees are encouraged to learn more about climate change, explore Citadele's ESG strategy, and revisit ESG-related trainings and info sessions. We hold regular live sessions on ESG topics and promote responsible and climate friendly individual actions.

Expectation from Suppliers

We have formalized our supplier assessment practices and best practice guidance in ESG area with a publicly available [Supplier Code of Conduct](#). Supplier Code of Conduct, among others, outlines climate related requirements (recommended and/ or mandatory) for Citadele suppliers.

embedded into existing risk categories, integrated into risk appetite framework, and included into stress-testing. It also sets the responsibilities for ESG risk management across the three lines of defense, and establishes thresholds for appropriate level of ESG risk assessments.

CBL Asset Management has adopted and follows a separate Sustainability and Engagement Policy for management of investment funds.



Skills and expertise

We understand that achieving our climate goals and implementing our Net Zero Plan requires the members of our governance and management to develop climate-related expertise and capabilities further. At Citadele, the senior staff and governance bodies should be composed of individuals who are skilled in more than one area, with the ability to advise on a wide array of potential risks, and thereby contribute more broadly to the oversight of the company. Therefore, we continue to educate our entire Board and senior management to build out climate-related expertise and capabilities.

Regular internal and external training on climate and environmental risk and broader ESG topics is provided at all levels of the organization. All employees take part in awareness building trainings on ESG, and live sessions on Citadele's ESG strategy and implementation progress.

Our ESG and climate-related risk management team are continuously strengthening their competences through formal trainings and certifications. Team includes specialists with Global Association of Risk Professionals (GARP) Sustainability and Climate Risk certification, Environmental Social & Governance specialist certification from Corporate Finance Institute (CFI), Sustainable Finance program certification from House of Training Luxembourg. The Management and Supervisory Boards, and Internal Audit keep their ESG competences up to date with annual external training sessions.

Citadele receives advisory support under the European Investment Bank's Green Gateway facility, incl. trainings, development of manuals, on-the-job-support to enhance bank's capacity to identify, assess and report on green projects.



Annual external training sessions on ESG topics for Supervisory Board, Management Board and Internal Audit



Annual in-house trainings on ESG topics for all Citadele employees

c. **80%** participation rate

Training scope, incl.

- Climate change
- Regulatory environment and requirements
- Citadele's ESG strategy, targets and activities



Regular trainings, certification and participation in climate-related conferences for ESG Office and climate-related risk management team

75% of ESG core team certified in ESG area

ESG team's trainings and certification, incl.

- Global Association of Risk Professionals (GARP) Sustainability and Climate Risk certification
- Corporate Finance Institute (CFI) Environmental Social & Governance specialist certification
- Sustainable Finance program certification from House of Training Luxembourg



Specific section regarding climate-related and ESG topics on Citadele intranet

Focus areas

- Climate change
- GHG emissions
- Green office
- Green products and services
- Employee engagement



Climate-related advisory support under the EIB's Green Gateway facility

- Trainings
- On-the-job-support to enhance bank's capacity to identify, assess and report on green projects
- TCFD reporting implementation

Strategy



Our climate strategy

Citadele believes that being a modern bank means embedding sustainability considerations at every level of the organisation, from strategy to insight generation and operations.

Citadele was founded on understanding and managing investment risk, anticipating the needs of its clients, and supporting them in achieving their long-term investment goals. This is core to the bank's strategy.

Citadele is developing tools to monitor and disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses.

Sustainability for Citadele means developing our business with a long-term perspective and in line with our environmental, social, and economic goals. This includes respect for the natural environment, and responsible and ethical practices in the decisions we make, products we offer and services we provide.

Citadele has committed to aligning its operations and portfolio with the goals and the timeline of the Paris Agreement. To achieve this objective, Citadele has set the ambition to reach net-zero operations, including financed emissions, by the year 2050.



ACHIEVING NET-ZERO

by 2050

To reach our ambition of achieving net-zero by 2050, Citadele will be focusing on reducing our financed emissions, achieving carbon-neutrality in our own office operations, and continuing to finance the transition by providing green financing.

In line with this commitment, we have set a process to ensure the organisation reaches this target by the deadline. We are working on establishing the baseline, identifying decarbonisation pathways, developing practical plans for achieving the emissions reductions, reporting and monitoring progress on the targets.



FINANCING THE TRANSITION

> EUR 150m
in 2023-2025

As a regional bank close to our customers, we have the ability to play a positive role in addressing climate change by providing financing for renewable energy projects, adopting sustainable practices ourselves, and encouraging our clients to adopt more sustainable practices.

Citadele is a signatory of the UNEP FI Principles for Responsible Banking, working to accelerate a positive and just global transition. Through the Principles, our bank takes action to align its core strategy, decision-making, lending and investment with the UN Sustainable Development Goals, and international agreements such as the Paris Climate Agreement



GHG NEUTRAL OFFICE

by end of 2023

The Group has set a goal to be carbon neutral in our own operations by end of 2023. We understand the urgent need to take action on climate change and are committed to leading by example.

We have been working towards this goal, having reduced our energy consumption, and switching to renewable energy in our headquarters office and branches where feasible in 2022 and 2023.

In 2023 we are taking further steps to minimise the carbon footprint of our office operations by implementing sustainable travel and procurement policies.

Building our climate strategy

Our climate strategy is built around both risks and opportunities presented by the changing climate and transition to a low carbon economy.

All three elements of our strategy – reaching net zero emissions, financing the transition and GHG neutral office operations are important, but we recognise that the majority of our carbon impact results from the activities of the clients we finance – our financed emissions.

We understand that reaching net-zero portfolio emissions is an ambitious goal, and it will require a significant effort from us and our clients.

We are working on developing a comprehensive plan to achieve this ambitious goal. This plan will include focusing on renewable energy, energy efficiency and low-carbon projects, as well as supporting clients in transition to lower-emission practices.

Supporting the transition will mean not only increased focus on financing green and transition projects, but also working closely with our clients to understand what transition means for each of them. We expect that the transition may be different for our diverse customer base. There may be sectors or activities that find transition harder than others. We expect that any reduction in earnings from high climate-related risk projects will be outweighed by the opportunities the transition to low-carbon economy presents to all.

We are committed to transparently reporting on our progress towards achieving net-zero portfolio emissions by 2050, and to engaging with our employees, customers, and other stakeholders to ensure that we are on track to reach this goal.

Citadele continues evolving its approach to assessing climate-related risks and opportunities to ensure that our strategy remains resilient.

Over the coming years, our climate strategy will continue to evolve. It will need to adapt to reflect market, technological, regulatory and geopolitical developments affecting the transition to a low-carbon economy. We will keep our policies, targets and progress under review in light of the rapidly changing external environment.

Climate change is and will remain an important issue for Citadele. As an organization, we will keep building our capacity to tackle climate change and mitigate the worst impacts.

Climate-related risks and opportunities

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risk.

Over the past few years Citadele has been working on integrating climate-related risk management into its overall risk management framework. This entails climate risk materiality assessments, stress-testing, and embedding climate risk assessments into credit process, as explored into more detail in the [Risk Management](#) section of this report.

Work on identification, evaluation, and proactive response to potential climate-related risks in Citadele is continuous and it is regularly reviewed and updated to align with scientific consensus and regulatory expectations.

When considering climate-related risks and opportunities, we assess them in three timescales:

Short term	Medium term	Long term
0-3 years	3-5 years	>5 years

Climate-related opportunities



Green deposits

First in Baltics to launch green deposits for retail customers giving our clients the opportunity to be part of financing the transition.



Growing portfolio of green financing products

including:

- Renewable energy projects for corporate customers.
- Green vehicle leasing for private individuals and legal entities.
- Loan for multi-apartment building renovation and improvement of energy efficiency.



Cooperation with leading supranational institutions

Dedicated financing to help propel the green transition of local economies and reduce overall greenhouse gas emissions.

Impact of climate-related risks and opportunities on Citadele's business and strategy

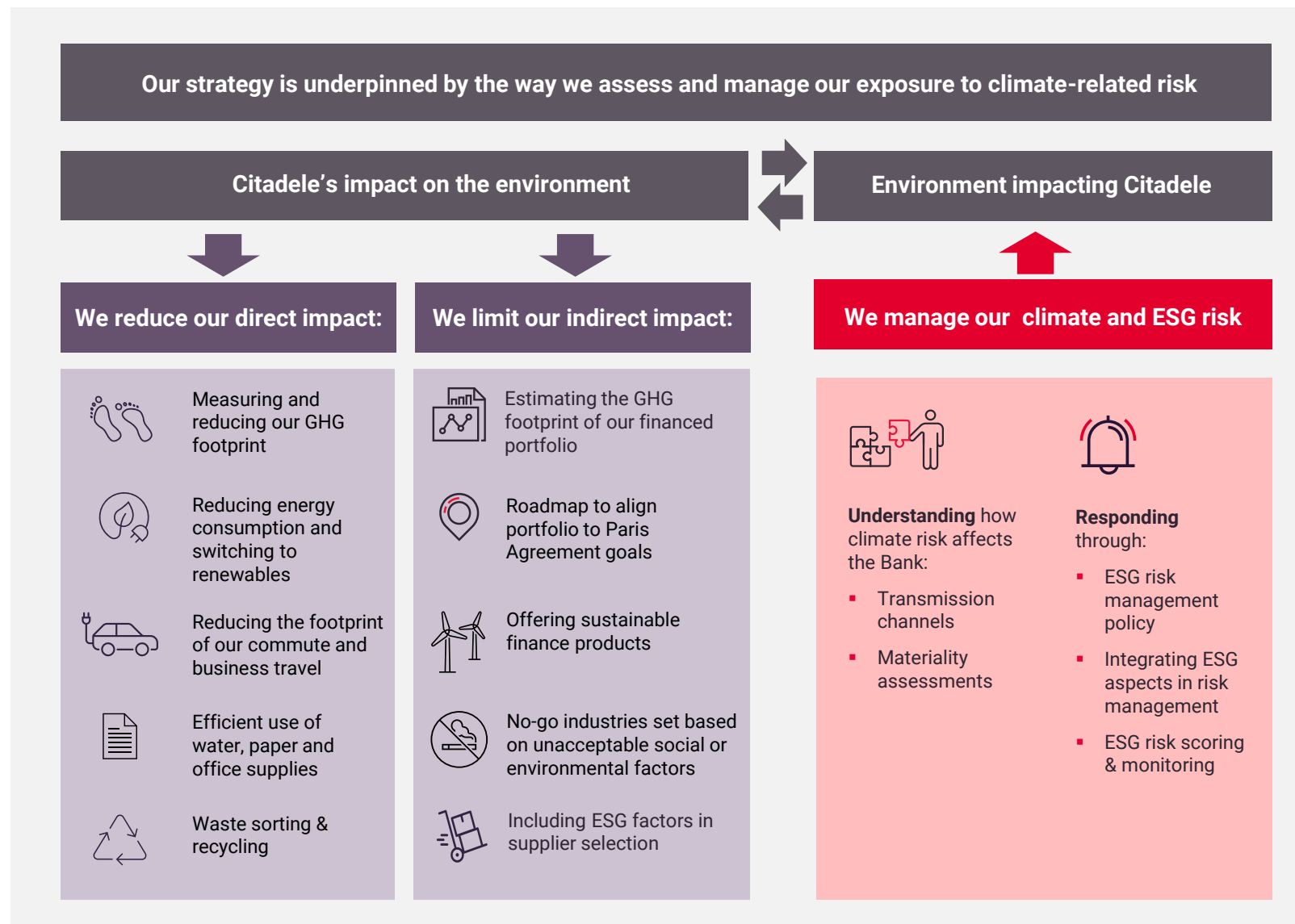
Citadele is mindful of how our business decisions can impact the environment and society, both directly through our operations and indirectly through the projects we finance. We aim to minimize the negative and maximize the positive non-financial impacts of our operations on the environment and society, at the same time, managing the environmental risks and opportunities on the Group.

Minimizing the negative impact of our operations entails working to reduce any adverse consequences our operations and financed projects might have on the environment. We are taking steps to mitigate potential harm, such as reducing emissions, reducing energy consumption, promoting efficient use of resources, minimizing waste, adhering to environmentally and socially responsible financing policies.

In addition to minimizing harm, we take a proactive approach to corporate social responsibility seeking opportunities to make a meaningful and positive difference in environmental and societal issues, like sustainability, energy independence, and development of a strong SME sector.

We are embedding climate risk into our risk management culture by continuously building our collective understanding of the climate risk factors potentially affecting us as well as their potential transmission channels and interactions with other risk types. We are responding to the risks identified by integrating them into our policies and processes.

As part of transition risk management, Citadele is monitoring its exposure to carbon-related assets. Among Citadele's largest industry exposures within the lending portfolio is Real Estate acquisition and management, Transport and communication, Manufacturing, Trade, and Agriculture and forestry. Each of these segments constitutes less than 15% of the total loan portfolio.



Climate-related risks and opportunities

Key risks and opportunities to the Group associated with climate change and transition to low-carbon economy have been identified based on climate-risks stress test results, materiality assessments, and internal discussions on scenario analysis as explored on the following pages. Climate-related risk identification is part of the overall Group risk identification process. This Group-wide process is continuously performed to identify all risks that are or might be material.

	RISKS			OPPORTUNITIES
	Increased credit risk for clients vulnerable to transition risk	Extreme weather events	Changes in stakeholder preferences	Increasing demand for green financing
DESCRIPTION	Climate-change mitigation related public policy measures halting or significantly limiting client operations or leading to stranded assets in certain industries. Consumers move away from low energy efficiency housing, driven by high energy prices and changes in financing and regulation.	Increased frequency and severity of extreme weather events such as floods, storms, or wildfires.	Increased stakeholder concern or negative stakeholder feedback.	Increase in demand for green and transition financing as businesses move to energy efficiency and green transition.
IMPACTS	Increased credit risk where client operations or value of assets are significantly affected by climate-related public policy measures. Impact on credit risk of clients affected by changes in consumer preferences and unable to adjust their business strategies. Older, energy inefficient buildings in locations where land is not in high demand become stranded assets.	Reduced collateral value in affected areas leading to increased expected losses. Increased credit risk for clients in affected industries, such as agriculture.	Reduced revenue from customers choosing to bank elsewhere. Negative impacts to productivity and operating cost through negative effects on employee attraction and retention. Reduction in capital availability.	The increased awareness of, and explicit demand for, climate-friendly financial products and investments may result in a change in Bank's revenue mix and funding sources, resulting in increased revenues.
LIKELIHOOD	Possible	Possible	Unlikely	Likely
TIME PERIOD	M, L	S, M, L	M, L	S, M, L
MANAGEMENT RESPONSE	Citadele is monitoring exposures towards industries in all transition risk levels on portfolio and country level against thresholds set in Risk Strategy. Clients in emissions intensive industries will continue to be closely monitored to timely assess and manage transition risks.	Citadele is continuing work on further assessment of physical risks on a more granular level to understand the severity and potential impact of the identified physical risks in the medium- and long-term.	We engage stakeholders and external experts to better understand the sustainability challenges and trends, societal expectations, and the wider impacts of our decisions.	Seeing the strong and growing interest of our customers in climate-related products, we expect there to be further opportunities to expand and enhance our current green offerings for both retail and corporate customers.

Time period: S – short M – Medium L- Long

Scenario analysis

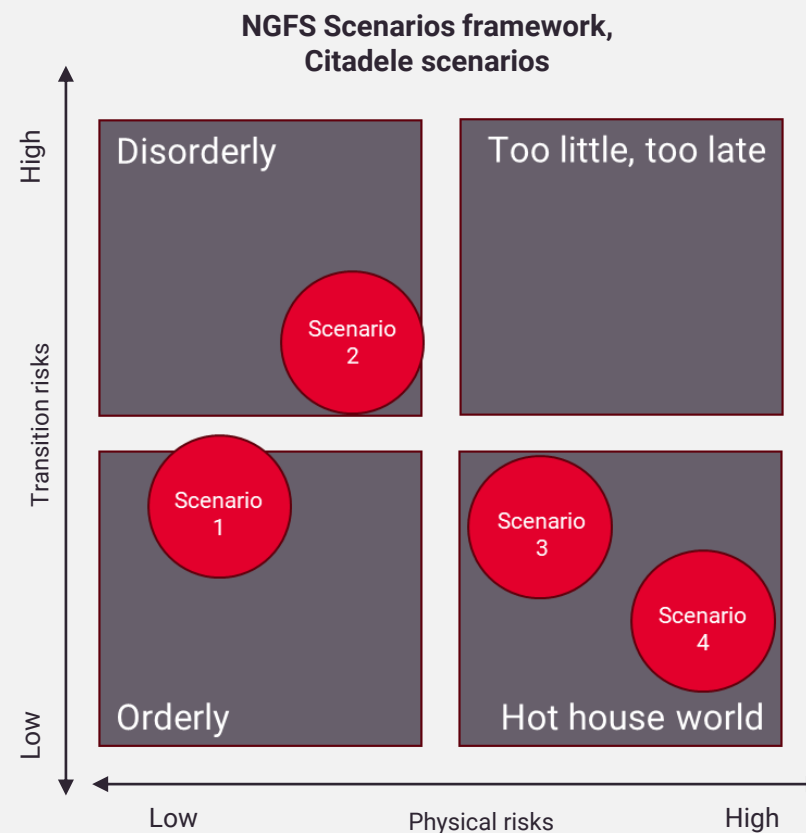
Strategic planning requires the use of forward-looking scenarios. Scenario analysis is an essential tool in assessing the future implications of potential climate change pathways on Citadele's business model.

Climate change poses significant and unprecedented financial risks, the effects of which are difficult to assess. It forms a vital part of the TCFD's recommendation on strategy, guiding organisations to assess their resilience to climate-related issues under a range of uncertainties and future states.

Citadele has started developing a risk framework using climate change scenario analysis to assess impacts and effects at borrower and portfolio levels. Building on our 2022 Materiality Assessment of Climate-related and Environmental Risk, which explored Citadele Group's exposure and potential vulnerability to physical and transition risks, this year Citadele has worked on climate scenarios over a long-term horizon to 2050. Reaching global net zero CO2 emissions by 2050 will require an ambitious transition across all sectors of the economy. The NGFS Scenarios show that immediate coordinated transition will nevertheless be less costly than inaction or disorderly transition in the long run.

Our approach

- Citadele is using the NGFS scenario framework to explore a set of scenarios and their potential impact on our business model. TCFD scenarios provide a common and up-to-date reference point for understanding how climate change (physical risk) and climate policy and technology trends (transition risk) could evolve in different futures.
- The NGFS climate scenarios are helping Citadele to carry out a detailed analysis of the financial risks posed by climate change. They produce comparable results against a consistent set of variables and are applicable at the global level. For the present report, Citadele utilised NGFS scenarios to undertake climate stress tests to help us further understand climate risks. These scenarios built on the NGFS scenario publication and complement it with additional climate and macroeconomic variables required as input for our internal climate risk methodologies and stress testing models going forward.
- Our approach is articulated around three principal working lines: (i) Work on climate scenarios, key assumptions, main drivers & outputs of the scenarios, (ii) Translating climate scenarios to risk factors to include into our strategic planning, and (iii) Adapting climate risk factors to be used as inputs for our climate-risk stress testing.



Source: NGFS climate scenarios, September 2022

The choice of our scenarios is informed by the level of physical and transition risk our organisation has assessed in 2022.

Key features of our scenarios

Our selected scenarios are based on the following assumptions:

- **Orderly / Net Zero 2050 (#1)** - assumes that climate policies are introduced early and become gradually more stringent. It is based on the NGFS Net Zero 2050 scenario, in which global warming is limited to below 1.5 °C through stringent climate policies and innovation, reaching net zero CO₂ emissions around 2050.
- **Disorderly / Delayed Transition (#2)** - assumes new climate policies are not introduced until 2030, as in the years prior policymakers do not set the right incentives for a green transition to take place.
- **Hot house world / NDCs (#3) and Current Policies (#4)** - capture the long-term physical risks to the economy and financial system if the world continues on the current path to a hot house world.

Our assumptions

High physical risk scenarios entail more frequent and more severe extreme weather events, impacting the collateral values and business operations of our clients in vulnerable industries.

Higher transition risk scenarios entail increased credit risk across lending portfolio, with particular impact on more vulnerable industries.

Key uncertainties

Extreme weather events, technology developments, green finance, policy reaction and variation, and broad transition to low-carbon economies were identified as key uncertainties. These driving forces have particularly high degree of uncertainty of how they might develop as well as considerable potential impact on the regional economy and the Group.

		Physical risk		Transition risk			
Category	Scenario	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal	Regional policy variation	
1	Orderly	Net Zero 2050	1.4°C	Immediate and smooth	Fast change	Medium-high use	Medium variation
		Below 2°C	1.6°C	Immediate and smooth	Moderate change	Medium-high use	Low variation
	Disorderly	Divergent Net Zero	1.4°C	Immediate but divergent across sectors	Fast change	Low-medium use	Medium variation
2		Delayed Transition	1.6°C	Delayed	Slow / Fast change	Low-medium use	High variation
3	Hot house world	Nationally Determined Contributions (NDCs)	2.6°C	NDCs	Slow change	Low-medium use	Medium variation
4		Current Policies	3°C+	None: current policies	Slow change	Low use	Low variation

Colour coding indicates whether the characteristic makes the scenario more or less severe from a macro-financial risk perspective.

Lower risk
Moderate risk
Higher risk

Source: NGFS climate scenarios, September 2022

Climate change is and will remain an important issue for Citadele. As an organisation, we will keep building our capacity to tackle climate change and mitigate the worst impacts.

The outcomes

The output of our scenario analysis was a qualitative assessment of the scale of changes in the immediate, middle- and long- term, assuming portfolio mix, size, and macroeconomic variables remained unchanged throughout the periods. The analysis shows that Citadele's portfolio is well-positioned for the transition, with material opportunities for business development and limited financial risks.

We see continued growth in the clean energy subsector, with the potential to increase the market size for green and climate finance, as costs fall, and new technologies develop.

Key risk under most scenarios include climate-change mitigation related public policy measures halting or significantly limiting client operations or leading to stranded assets in certain industries, such as agriculture, transportation, utilities, RE & construction, leading to increased credit risk for the Group.

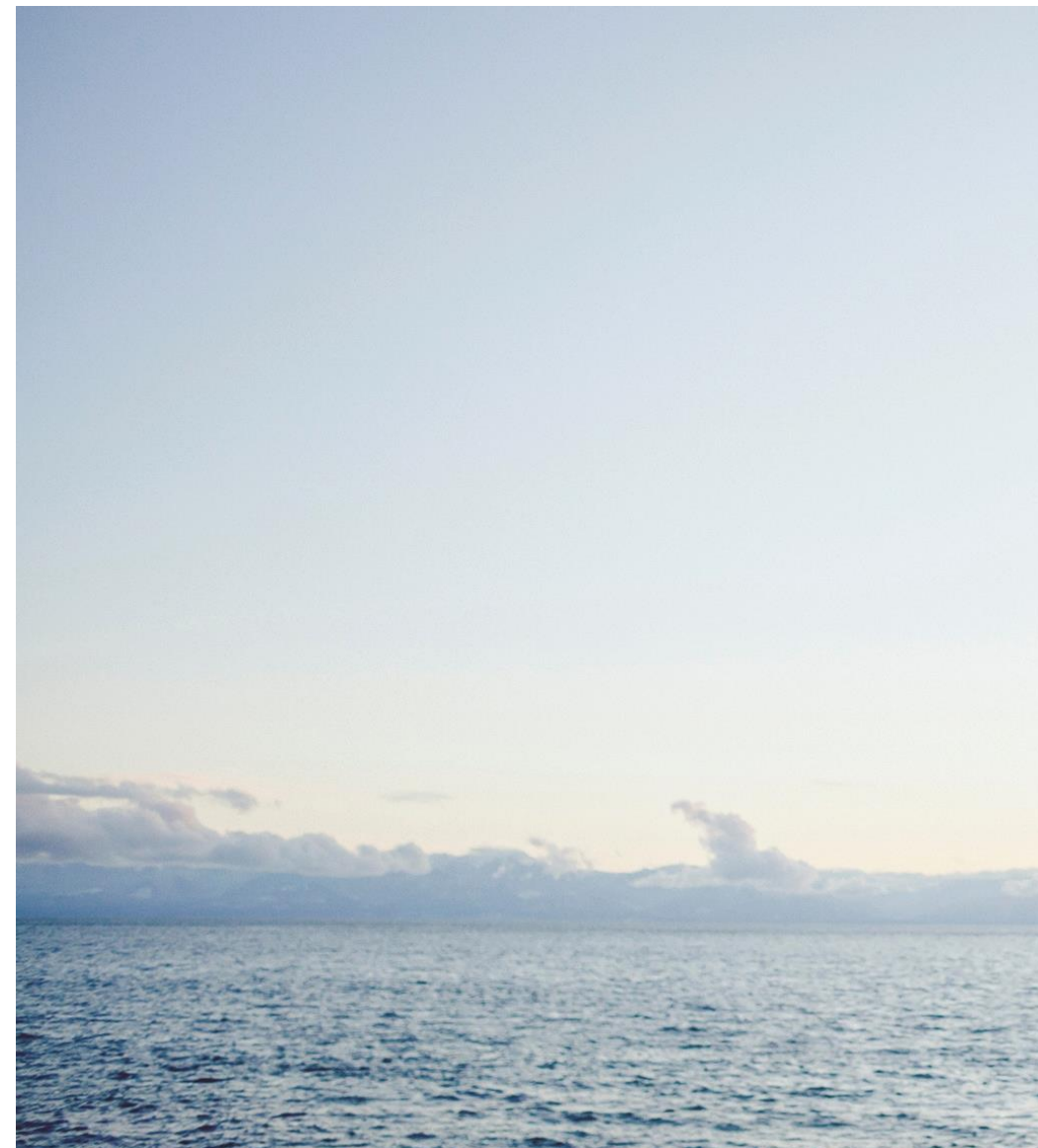
Next steps

As we look to build on our efforts on climate risk management, we have identified challenges that we will need to explore further:

- Our overall business structure, strategy and comprehensive risk management provide a strong foundation for managing and mitigating the identified potential physical and transitional risks. However, climate change is highly complex and non-linear, with many uncertainties. In addition, new data, tools, and expectations are continuously

evolving. As such, our climate risk management framework will need to evolve over time so that stress testing can be done on a set of regularly updated scenarios. As part of ongoing implementation, we are undertaking further refinement of the scenarios with the goal of improving their risk management benefit.

- While climate change presents material risks to the environment and will almost undoubtedly present material risks to the global economy, it is more challenging to estimate whether and how climate change could impact any individual company at a given time. Citadele is committed to strengthening its climate risk management systems over time and also helping its clients build the capacity to manage their own climate-related risks.
- The above considerations underscore the importance of developing a nuanced understanding of the unique issues facing Citadele and how to respond to climate-related factors and impacts. We are in the early stages of this journey, and we will continuously seek to understand trends, hear new and different perspectives, and adapt our approach over time. We look forward to collaborating with our peers, clients, other experts, and stakeholders to expand our analytical capabilities and strengthen external reporting on our efforts and progress.



Risk management



Climate-related risk management

Citadele remains focused on integrating Climate-related and Environmental (C&E) risks into the broader risk management framework of the Bank.

The Group views C&E risks as risk drivers affecting existing prudential risk categories such as Credit risk, Operational risk, Market risk, Liquidity risk and Strategic risk.

Our Climate-related and Environmental risk management follows a general four step approach of risk identification, assessment, management and monitoring, that is embedded in the Bank's key processes.



IDENTIFICATION

- Identification of elevated transition risks at sector level
- Identification of physical risk at address level of collateralized real estate
- Identification of elevated C&E risks at exposure level for large exposures



ASSESSMENT

- Environmental and social risk assessment for new exposures exceeding EUR 1m
- Quantification of physical and transition risk exposure on portfolio level



MANAGING RISK

- Acceptable risk level thresholds in risk appetite
- Mitigating actions



MONITORING

- Risk appetite threshold monitoring
- Monitoring of environmental and social risk events



Identifying, assessing, managing and monitoring climate-related risks

C&E Risk Identification

Climate and environmental risks are identified both at portfolio level for transition and physical risks, and on exposure level for large new exposures.

Climate risk drivers, representing climate-related changes that could materialize as financial risks through existing risk categories, are classified into one of two categories – physical and transition risks. Physical risks are further classified as acute or chronic, following general practice in the area.

Because we view C&E risk as driver manifesting through other risk categories, it is important to identify and understand the transmission channels through which these drivers are influencing overall risk. Potential effects of climate risk drivers have been identified for all key risk types of the Bank. Impact of the identified risk drivers has been estimated for Credit risk (in stress test analysis), Liquidity risk (in scenario analysis) and in Operational risk (in scenario analysis).

Materiality assessment

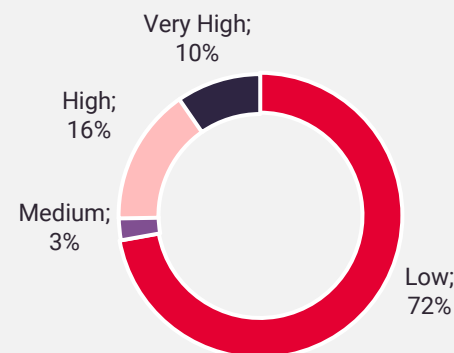
To understand Citadele Group's exposure and potential vulnerability to physical and transition risks, a regular Climate and Environmental Risk Materiality Assessment is performed.

Focus of 2022 materiality assessment was the Group's real estate collateralized lending portfolio, corporate lending, and investment books.

The initial materiality assessment concluded that C&E risks are material to Citadele's credit risk and operational risk profile.

To assess **transition risk**, greenhouse gas (GHG) emission intensity by industry is used as a proxy for the level of transition risk in loan portfolio to legal entities. Thus, we are assuming that companies in industries with higher GHG emissions are more likely to be subject to transition risk. Transition risk is ranked from *Low* to *Very High*, reflecting potential vulnerability to transition risk in short-, medium- and long-term. Loan portfolio transition risk estimated as low for 72% of gross portfolio. Full transition risk heatmap is published on [page 22](#) of this report.

Transition risk in loan portfolio to corporate and SME clients*



**As at 30.09.2023. Transition risk estimated based on GHG emission intensity by industry as key proxy in internal assessment.*

To perform quantitative materiality assessment for transition risk the Bank chose the Stressed Macroeconomic scenario – Credit Risk ESG scenario (short-term disorderly) from the ECB Climate Stress test 2022 to simulate climate risk impact on loan book through credit risk.

The result impact is above the predetermined materiality level, and the impact of transition risk on credit risk is considered material for the Bank.

Transition risk levels are monitored by risk level, geography, time horizon, and reference framework against thresholds set in Risk Strategy.

Managing climate-related risks

In the process of integrating climate-related risk aspects into the existing risk management framework, Citadele has defined acceptable C&E risk levels and portfolio concentration for high-risk industries in its Risk Appetite Framework. All C&E risks identified as material are considered in Risk Appetite and Risk Strategy within the individual risk areas in accordance with the Group's ESG Risk Policy. This process also includes appropriate risk limit setting, the development of Key Risk indicators, and regular monitoring and reporting.

Integration of climate-related risk management for material climate-related risks into the existing risk management framework is further explored on the following page.

Monitoring climate-related risks

Risk appetite and climate-related exclusion policies enable us to monitor and achieve climate-related targets and commitments. Citadele's Risk Appetite expressly considers transition and physical risk thresholds.

In addition, Citadele has defined industries that it does not finance due to significant negative environmental and/ or social impact. The exclusion list prohibits or restricts financing in the production of or trade in hazardous substances and highly toxic chemicals, ozone depleting substances, persistent organic pollutants, thermal coal mining or coal-fired electricity generation among others to avoid negative environmental or social impact.

We regularly review our risk thresholds and policies to make sure our standards remain consistent with our strategy and sound banking practices.

Our reporting aids in monitoring and managing climate-related and environmental risks, with timely, regular disclosure of transparent and accurate information to senior management and stakeholders.

Integrating climate-related risks into risk management framework

MATERIAL CLIMATE-RELATED RISK IDENTIFICATION



MATERIAL CLIMATE-RELATED RISK MANAGEMENT

	Credit risk	Operational risk
Risk policies & frameworks	<ul style="list-style-type: none"> Environmental and Social Risk Management: <ul style="list-style-type: none"> Environmental, Social and Climate-related risk assessment in Lending process Environmental and Social risks Exclusion List Environmental & Social Risk Guidelines Environmental, Social and Climate-related risk assessment form Collateral valuation procedure Risk Appetite Framework 	<ul style="list-style-type: none"> Part of Operational risk framework: <ul style="list-style-type: none"> Operational risk assessment procedure Operational and reputational risk management policy Business continuity rules
Identification and assessment: <ul style="list-style-type: none"> Physical risk Transition risk 	<ul style="list-style-type: none"> C&E risk materiality assessment Physical risk assessment C&E risk assessment (large exposures) Climate-risk stress testing as part of the ICAAP process ESG rating monitoring (securities portfolio) 	<ul style="list-style-type: none"> Operational risk and control self-assessment Reputation monitoring
Risk management response	<ul style="list-style-type: none"> Tolerable risk levels set in Risk Appetite Mitigation actions Client engagement on C&E risk management strategy 	<ul style="list-style-type: none"> Operational continuity plan Mitigation actions
Portfolios covered	<ul style="list-style-type: none"> Corporate loan book Securities portfolio – corporate bonds (Bank only) Real estate collateralized loan portfolio (incl. Mortgages) 	<ul style="list-style-type: none"> Own operations Corporates loan portfolio – reputational risks only

Integrating climate-related risks

- We have reinforced the risk management framework for categories where the impact of climate-related risk factors is identified as material, to include the climate-related risk factor identification and management.
- A process for Environmental, Social and Climate-related risk assessment on individual large exposure level has been introduced into the credit assessment process. Its outcomes serve as basis to including the estimation of C&E and social risk aspects into credit decisions.
- As part of C&E risk mitigation while structuring transactions with higher C&E risk levels and financing thresholds, we are considering the existence and maturity our counterpart's C&E risk management action plan. It may affect the length, pricing, or other structuring conditions. We realize that C&E risk management and ESG area in general may be new to many of our customers and are determined to support them in navigating the requirements.
- To embed C&E risk into Market risk management, an internal approach, linked to Industry Environmental risk level and based on GHG emissions is used for risk assessment and monitoring purposes. We use Environmental Risk score and external ESG rating scores for ESG risk management in corporate debt securities portfolio.
- Citadele manages C&E risk drivers through Operational risk management by considering the potential adverse impact of events related to climate, environmental and social risk events on its Business Continuity Plan and potential reputational and litigation risk. Social media, as an essential communication channel for ESG topics, is monitored by the Marketing and Communication Department, and information obtained from this monitoring is considered during the Reputational risk management process.

Climate risk heat-mapping

Our climate risk heatmap assessment for our legal entity lending portfolio helps us to prioritize industries when further evaluating the risks within each business segment.

Transition risk is estimated based on industry GHG emission intensity, and ranked from Low to Very High, reflecting increased potential vulnerability to transition risk for higher emissions intensity industries.

Legal entity loan portfolio transition risk estimated as low for 72% of gross portfolio. We intend to initially focus on the higher-risk, higher-exposure sectors. However, additional due diligence will be required to differentiate the vulnerabilities of individual counterparties within each sector, taking into consideration differences in business models and climate adaptation and/or mitigation plans.

It is important to note that these risks are not expected to manifest immediately. For this reason, the table should not be interpreted as imminent risks to existing exposures, but rather, exposures we are proactively identifying to focus on, where we will work methodically in the coming years to better understand, analyze and manage our climate risk exposures in these sectors.

A comprehensive table of our credit exposures to legal entities is provided, including a further detailed breakdown of identified sectors into subsectors and, for each, the level of risk relating to transition climate risk and industry exposure to

direct physical risk. By looking at the subsector level, we can further distinguish between the levels of risk within an individual sector.

Citadele performs a regular **physical risk assessment** for our real estate collateral portfolio. The largest relevant physical risk categories identified were flood, draught and related water stress. No exposures were identified in the highest risk categories of *Extremely High* or *High-Extremely High* risk. 8.5% of the assessed portfolio is located in *High* and *Very High* risk areas in close proximity to potential natural hazard source. Further analysis at a more granular level is required to assess the severity and potential impacts on the real estate collaterals subject to identified physical risks.

Additionally, physical risk stress test was performed based on EU Climate Risk Stress Test methodology. The stress test covered real estate collateralized exposures sensitive to flood risk as s one of the most significant acute physical risk categories. During the stress test flooding risk has been identified and classified by the level of risk severity (minor or medium). 83% of identified portfolio is exposed to minor flood risk and the remaining 17% of identified portfolio is exposed to medium flood risk. The estimated probability weighted loss stemming from potential drop in real estate prices and increase in LGD following the potential hazard events, is calculated to be below the pre-set level of materiality.

Transition risk monitoring, data as at 31.07.2023

Industry (NACE)		Exposure EURm	% in total portfolio	Transition risk (GHG proxy)	Elevated transition risk industry
Real estate activities	Comprises residential commercial development projects.	398	23%	Low	Yes
Agriculture, forestry and fishing	High risk for agriculture sub-segment, material in the portfolio.	241	14%	High	
Transporting and storage	Comprises logistics and freight companies.	227	13%	Very high	
Wholesale and retail trade; repair of motor vehicles and motorcycles	Comprises leasing portfolio.	200	11%	Low	Yes
Manufacturing	Comprises mostly light manufacturing.	169	10%	Medium	Yes
Other industries <10% each		531	30%	Low	
Total		1 767	100%	Medium	

Material physical risk on RE collateralized exposures, EURm as of 30.06.2023

	River flood		Water Stress		Drought	
Risk level	EURm	% of total portfolio	EURm	% of total portfolio	EURm	% of total portfolio
High	20.1	1%	162.8	11%	0.1	0%
Medium - High	229.2	15%	255.3	17%	543.3	36%
Medium	0	0%	0	0%	698.8	46%
Low - Medium	810.0	53%	76.3	5%	0	0%
Low	183.0	12%	747.9	49%	0	0%
No address	279.8	18%	279.8	18%	279.8	18%
Total	1 522.1		1 522.1		1 522.1	

Data coverage ratio:82%

Metrics and targets



Metrics and targets

Financing the transition

The transition to a low-carbon economy is today's defining opportunity for innovation and growth. There is a significant opportunity for Citadele to play a significant role in the Baltic region in helping to meet the demand for climate change-related financing to support the transition. We are directing investment, including our capital, into new green technologies and infrastructure projects to build up low-carbon Net-zero lending portfolio ambition.

To align our operations and portfolio with the Paris Agreement goals that Citadele has committed to, the Bank has set the ambition to achieve net-zero carbon financed emissions by 2050.

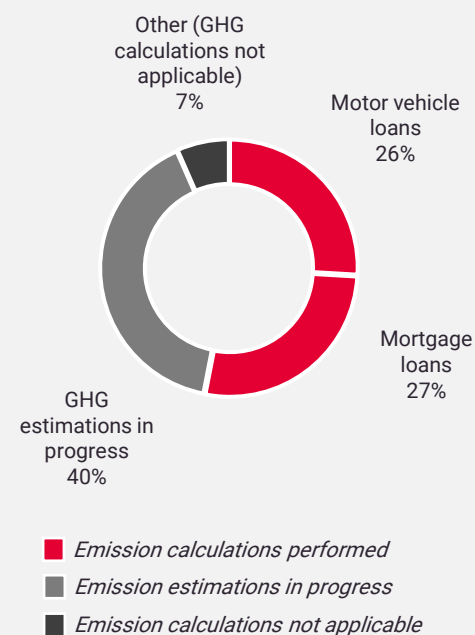
Targets and progress to date

A crucial step in starting the journey toward net-zero is a clear understanding of the starting point in terms of baseline Scope 3 emissions from our portfolio. Once we establish the baseline, work on developing a clear roadmap and sufficiently detailed milestones toward reaching the goal will commence. We have currently calculated Scope 3 emissions for two of our largest loan categories – motor vehicles (26% of total lending portfolio) and mortgages (27%), reaching total portfolio coverage of 53%.

We continue working to have sufficiently robust data and analytical assessments to begin aligning our business with the global goal of limiting global temperature rise to well below 2°C above pre-industrial levels. Citadele has completed a preliminary assessment of our lending portfolio to identify which sectors are exposed to higher levels of climate risk. This heat mapping allows us to screen our portfolio to

identify the areas of the portfolio with the highest exposure to transition and physical risks so we can focus on further assessing, managing, and mitigating these risks.

Progress of GHG emission calculations for Scope 3 Category 15 (Investment activities), Q3 2023



The transition to a low-carbon economy will require a significant increase in green finance from financial institutions like Citadele. Our position as a local bank close to our customers presents us with the opportunity to support our clients where they need it most.

The percentage of green lending out of the total new lending for the year 2022 achieved a notable 7%, surpassing our established annual goal by over twice the amount. Building on this success, our aspirations for 2023 were doubled, with a target of at least 14% of new lending being directed towards environmentally sustainable initiatives. We are at 5.5% of green financing in total new financing in the first nine months of 2023.

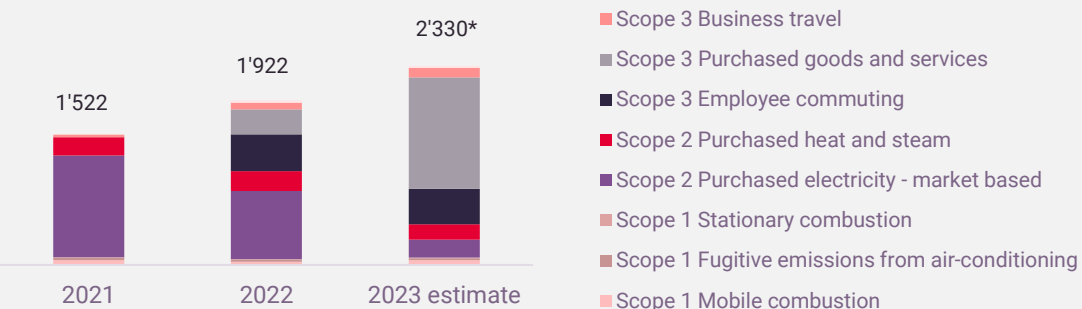
We are working with leading multilateral development banks to achieve our targets in helping finance the transition.

Toward climate-neutral own operations

Citadele has set a goal to be carbon neutral in our own operations by end of 2023. We understand the urgent need to take action on climate change and are committed to leading by example. We have been working towards this goal, having reduced our energy consumption, and switching to renewable energy in our headquarters office and branches where feasible in 2022 and 2023. All our headquarters offices – Vilnius, Riga and Tallinn – the largest contributors of total energy consumption, are now operating on 100% renewable energy and we have an ambition to switch to renewable energy in all premises where we operate.

In 2023 we have been taking further steps to minimize the carbon footprint of our office operations, implementing sustainable travel and procurement policies. To decrease GHG emissions from employee commute and promote environmentally friendly ways of transport, a bicycle sharing service station was available during summer months at Riga HQ office.

Emissions from own operations, tCO2e



* Increase due to inclusion of additional scope 3 emission categories

Metrics and targets: GHG emissions

Citadele GHG emissions from own operations, 9 months of 2023

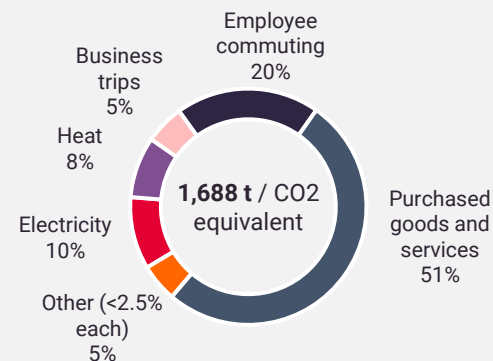
Type	9M 2023		2022		2021	
	tCO2 e	Share %	tCO2 e	Share %	tCO2 e	Share %
Scope 1						
Stationary combustion (direct burning of fossil fuels)	6.2	0%	7.5	0%	7.5	0%
Mobile combustion (use of company owned vehicles)	43.2	3%	37.7	2%	55.8	4%
GHG fugitive emissions from air-conditioning	20.2	1%	19.6	1%	26.9	2%
Total Scope 1	69.5	4%	64.7	3%	90.2	6%
Scope 2						
Purchased electricity	167.4	10%	800.4	42%	1 189.5	78%
Purchased heat and steam	141.1	8%	229.1	12%	211.6	14%
Total Scope 2	308.5	18%	1 029.6	54%	1 401.1	92%
Scope 3: Upstream activities						
Purchased goods and services*	868.6	51%	292.0	15%	-	-
Business travel (road, rail, air)	90.6	5%	80.1	4%	30.4	2%
Employee commuting	332.7	20%	431.3	22%	-	-
Waste generated in operations	17.6	1%	24.2	1%	-	-
Total calculated Scope 3 - upstream activities	1 309.6	78%	827.6	43%	30.4	2%
Calculated total (own operations)	1 687.6	-	1 921.9	-	1 521.7	100%

* Increase due to inclusion of additional purchased goods and services categories

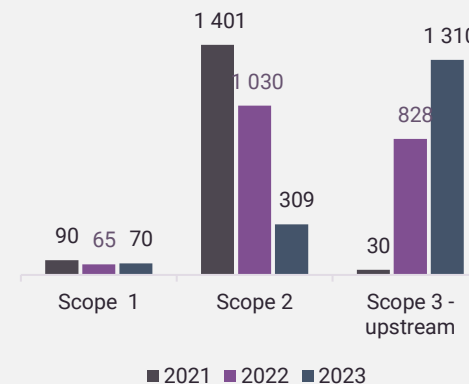
Scope 3: downstream GHG emissions 2023, 9 month adjusted:

Type	tCO2 e
Motor vehicle loans	148 523
Mortgages	39 195

Own emission split by type, 9M 2023



Own emission dynamics, tCO2e



Emissions from own operations

- Having set the target of carbon neutral own operations in 2023, we are continuing work on reducing our emissions to the extent feasible.
- During the first 9 months of 2023 we have significantly reduced emissions from purchased electricity (by 79%), having switched to green electricity in our Latvia, Lithuania and Estonia headquarters, as well as all branches where it was feasible. Any remaining emissions from own (office) operations are planned to be offset.
- In 2023 and 2022 we have been focusing on extending the calculation of Scope 3 upstream activities by adding the following categories – GHG emissions from employee commuting, purchased goods and services, and waste generated in operations. In 2023 GHG emissions from Scope 3 upstream activities have increased due to adding additional categories to the scope of calculations.
- Our first calculation of own GHG emissions was for year 2021, when we calculated Scope 1 and 2 GHG emissions based on the GHG Protocol, as well as business travel in Scope 3 (upstream activities). We are committed to improving the coverage and accuracy of Scope 3 emission estimation every reporting period.
- In the first 9 months of 2023 Citadele office activity had a greenhouse gas emission footprint of 1,688 tonnes of CO2-equivalent or 1.3 tonnes per employee, compared to 2022 (full year) 1,922 tCO2e or 1.4 tonnes per employee

Emissions from investment activities

- For Scope 3 downstream categories we are working on calculating full baseline of GHG emissions from investment activities.
- During the first nine months of 2023 we have added estimation for mortgage loan category to the motor vehicle loans estimation started in 2022. As at Q3 2023 our scope 3 investment activity estimations cover ~53% of our total loan portfolio.

Looking Ahead



Looking Ahead

The disclosures included in this report are being provided to align with the TCFD recommendations, respond to investor and other stakeholder requests, and further enhance our collective understanding of how climate risk translates into Citadele's key risk categories.

Even as the TCFD has disbanded, Citadele's will continue to recognise the importance of clear and transparent disclosure on climate-related issues and to raise awareness throughout the organization and the portfolios under management.

Citadele's 2024 priorities will build on the Company's net-zero emissions commitments. In 2024, our bank will:

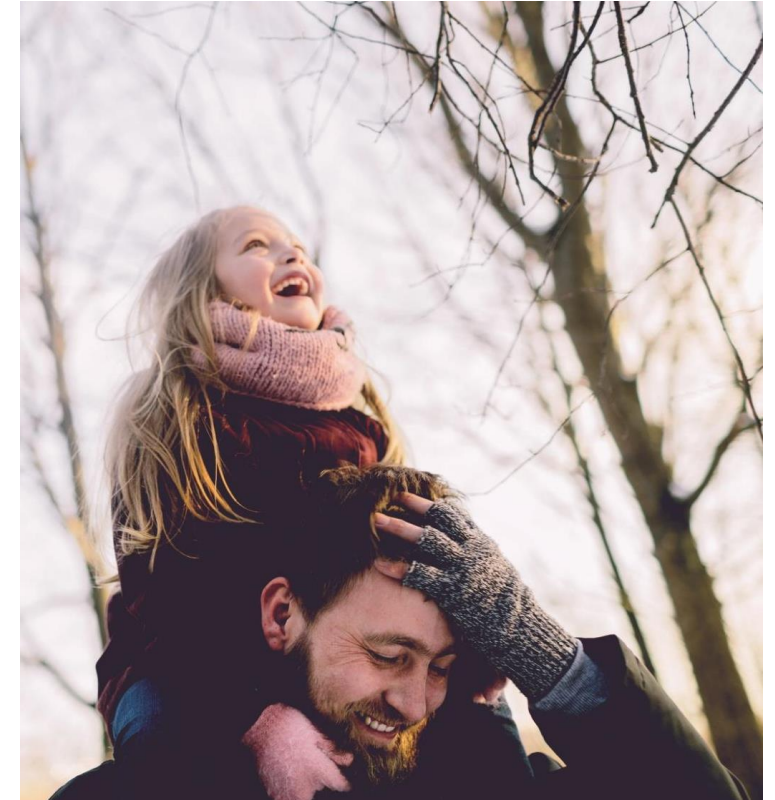
- Build on Citadele's commitment to achieve net-zero emissions across its operations by 2050.
- Continue to monitor the changing regulatory landscape on climate-related disclosures to inform the bank's reporting.
- Continue to deliver valuable market insights.
- Continue to expand coverage of Citadele's sustainable solutions for clients, particularly those including climate considerations.
- Contribute to developing net-zero standards within and outside the organization
- Continue to engage with stakeholders on climate-related issues actively.

Our ambition is to strengthen our resiliency to climate-related risks, meet market demands for ESG data and insights and continue to deliver on the Company's goal to empower business organisations to make better decisions.

Concerning the Bank's impact, one of the key goals for Citadele in the ESG area moving forward will be setting a more specific roadmap for achieving our targets and starting to set business-specific ESG targets aligned with our ambition.

Citadele acknowledges the importance of accurate measurement and monitoring of the progress toward our sustainability goals. To achieve our impact ambitions, we need to be able to measure them. We recognize that more time and effort need to be invested in building internal structures and capacity to measure our progress in a meaningful way.

We have set starting indicators for our key impact areas and will develop a plan on what data we need to be gathering and measuring in the coming years to meet our targets and understand the road toward reaching them.



DISCLAIMER

Our TCFD Report and other voluntary Sustainability disclosures involve a more extensive use of assumptions and estimates than our mandatory disclosures. These assumptions and estimates are subject to change as time progresses, which, in combination with the longer time frames used in these voluntary disclosures, introduces an inherent element of uncertainty to any assessment.

As we continue to refine our climate risk management initiatives and work towards our net zero strategy, it is important to acknowledge that these efforts remain under development. The data supporting our climate risk management efforts and strategy are expected to evolve over time, particularly given the ongoing challenges associated with the quality, accuracy and availability of climate data. Consequently, we anticipate that certain disclosures made in this report and our other voluntary Sustainability disclosures are likely to be revised, updated or restated in the future as the quality and completeness of our data and methodologies continue to improve.

The background features a dark blue-grey field with various red geometric elements. In the top-left, there are vertical red lines and a 3x3 grid of red circles. Below them is a solid red square. In the top-right, there is a 3x3 grid of red circles and a vertical line of red circles. Below these is a solid red square. In the middle-left, there is a 3x3 grid of red circles. In the bottom-left, there is a square with red diagonal lines. In the bottom-right, there is a square with red diagonal lines and a 3x3 grid of red circles. A large red rectangle is centered in the image.

Citadele