KEP Trust

Biannual Sustainability Report

2024–2025

Environmental, Social and Governance Performance Overview

ESG performance overview focused on responsible finance, inclusive growth, community impact, governance, and environmental management.

Reporting Period

January 1, 2024 – December 31, 2025

Prepared by

KEP Trust

Contents

Abbreviations

Abbreviation	Meaning
AML	Anti-Money Laundering
BoD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO_2	Carbon Dioxide
CSR	Corporate Social Responsibility
E&S	Environmental and Social
EMS	Environmental Management System
ESG	Environmental, Social, and Governance
EU	European Union
GBVH	Gender-Based Violence and Harassment
GHG	Greenhouse Gas
HR	Human Resources
IFC	International Finance Corporation
IT	Information Technology
KPI	Key Performance Indicator
MB	Management Board
MFI	Microfinance Institution
PCAF	Partnership for Carbon Accounting Financials
SDGs	Sustainable Development Goals
SEMS	Social and Environmental Management System
SME	Small and Medium-sized Enterprise
SPI	Social Performance Indicators
tCO_2e	Tonnes of Carbon Dioxide Equivalent
TCFD	Task Force on Climate-related Financial Disclosures

About the Report

This biannual Sustainability Report presents an overview of KEP Trust's environmental, social, and governance (ESG) performance for the 2024–2025 reporting period. It builds on KEP Trust's first Sustainability Report and reflects the institution's continued commitment to responsible growth, transparency, and long-term value for its stakeholders.

The report covers the period from January 1, 2024 to December 31, 2025 and outlines KEP Trust's approach, actions, and progress across key sustainability areas. It has been prepared to show how sustainability is being integrated into governance, operations, lending activities, employee development, digitalization, and environmental management. Where relevant, references to previous periods are included to show progress, continuity, and areas for further improvement.

Going forward, KEP Trust intends to publish sustainability reports on an annual basis, further strengthening transparency, accountability, and regular communication with stakeholders.

Unlike the first report, which focused on setting the initial sustainability baseline and framework, this edition builds directly on the previous report and on the progress made since then. During this period, KEP Trust has implemented and advanced actions shaped by internal and external stakeholders, including employees, customers, business partners, and international organizations supporting impact-based financing. These developments have helped clarify KEP Trust's sustainability priorities and strengthened the institution's understanding of the economic, social, and environmental effects of its activities. This report therefore reflects both continuity in reporting and the gradual development of KEP Trust's sustainability approach through experience, stakeholder engagement, and practical implementation.

This report has been prepared internally by KEP Trust and has not been subject to external audit or independent assurance. The information presented is based on internal records, available activity data, management information, and relevant methodological assumptions available at the time of preparation.

KEP Trust invites comments, suggestions, or ideas for improving this report to be sent to the Organization and Process Management Department at **kepesg@keptrust.org**. Stakeholder feedback and continued engagement are important for strengthening our sustainability work and future reporting.

Message from the CEO

Dear Stakeholders,

It is my pleasure to present KEP Trust's Biannual Sustainability Report for 2024–2025, a reflection of our continued growth and of our shared commitment to building a more responsible, inclusive, and sustainable future. As a microfinance institution serving households, entrepreneurs, farmers, and small businesses across Kosovo, we believe that finance has the power not only to support livelihoods, but also to strengthen communities, create opportunity, and contribute to lasting progress.

During this reporting period, KEP Trust advanced with confidence—expanding outreach and portfolio, investing in digitalization and people, strengthening governance, and embedding environmental and social considerations more deeply into daily decision-making. Sustainability is no longer viewed only as a reporting requirement; it is becoming part of how we think, operate, lend, and grow as an institution.

Our progress is driven by the trust of our clients, the dedication of our employees, and the responsibility we feel toward the communities we serve. Through responsible lending, stronger client protection, support for women-led businesses and households, community initiatives, employee development, and improved environmental measurement, we continue to connect institutional success with positive impact. Looking ahead, we will remain focused on learning, improving data quality, setting realistic goals, and strengthening our contribution to sustainable development. On behalf of the Management Board, I thank all stakeholders for their continued trust and partnership in KEP Trust's journey toward responsible and sustainable growth.

Sincerely,

Adrian Alo

Chief Executive Officer

1. KEP Trust at a Glance

Founded in 1999, KEP Trust is one of the leading microfinance institutions in Kosovo, with a strong market presence and broad outreach across the country. Through its Head Office in Prishtina and a network of 31 branches, KEP Trust provides accessible financial services to individuals, microenterprises, farmers, and very small businesses, while continuing to strengthen service quality, digitalization, and operational efficiency. Over the years, the institution has developed from a development-oriented initiative into a trusted financial institution focused on responsible growth, client protection, financial inclusion, and long-term sustainability.

Since its registration as a microfinance institution in 2002, KEP Trust has expanded its portfolio, strengthened governance and risk management, and deepened its role in supporting Kosovo's economic development. Today, the institution combines financial performance with a growing commitment to environmental, social, and governance principles, recognizing that sustainable development requires strong financial results, responsible lending, sound governance, employee development, and careful management of social and environmental impact.

1.1. Organizational Structure and Senior Management

KEP Trust's organizational structure supports sound governance, effective operations, and sustainable institutional growth. Governance is based on a clear separation of responsibilities between the Board of

Directors and the Management Board, supporting strategic oversight and accountable day-to-day management.

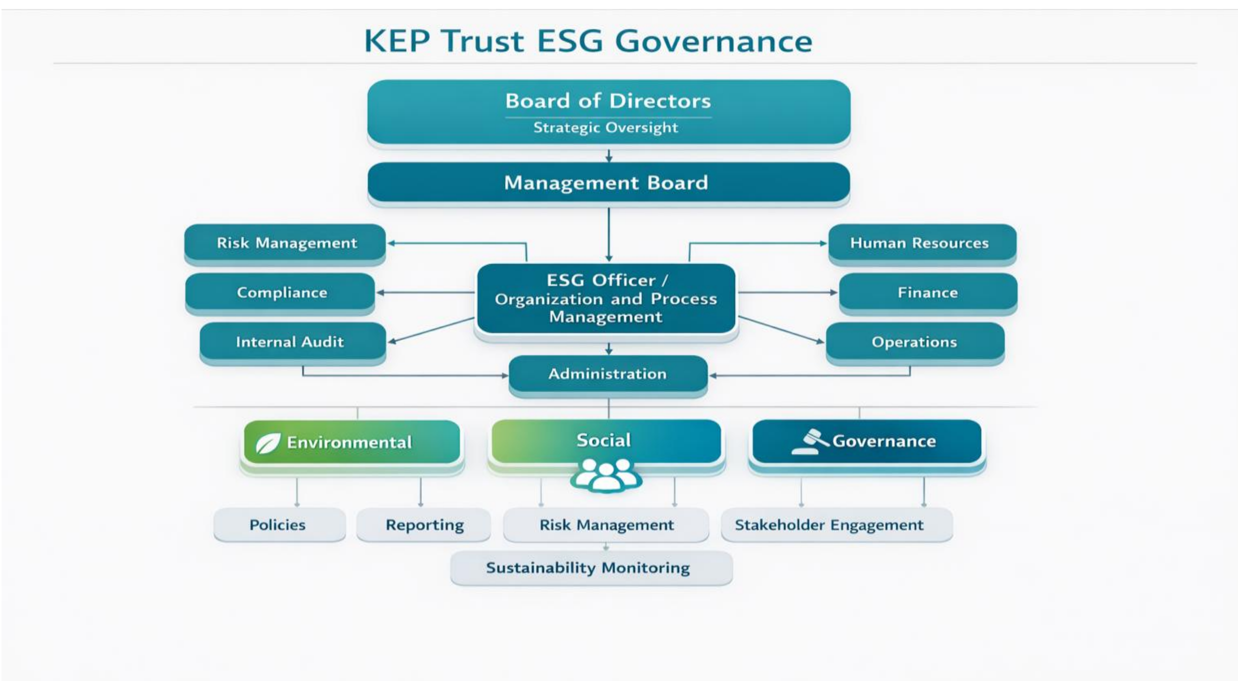
The Board of Directors consists of five independent members and is responsible for strategic direction, oversight, accountability, and balanced decision-making in line with KEP Trust's mission, values, and long-term development priorities. The Management Board, led by the Chief Executive Officer, oversees implementation, operational performance, and coordination across key functions, including finance, commercial activities, human resources, risk, information technology, and business development.

1.1.1. ESG/Sustainability Governance

Within this structure, sustainability coordination is supported through the role of the Head of Organization and Process Management, who also serves as ESG Officer, while the Chief Financial Officer provides senior-level oversight of environmental and social matters. This setup helps ensure that sustainability is increasingly reflected in operational processes, lending oversight, internal reporting, and institutional planning.

Key features of this structure include:

- a clear and transparent organizational framework;
- defined responsibilities, reporting lines, and decision-making authorities across governance and management levels;
- internal policies, procedures, and job descriptions that support implementation and oversight;
- cross-functional coordination to address governance, risk, compliance, and sustainability matters in an integrated manner.



*The ESG governance framework presented here complements KEP Trust's broader institutional corporate governance structure**

1.2. History

The following milestones highlight the key stages in KEP Trust's institutional development over time:

1.3. Vision, Mission, Values

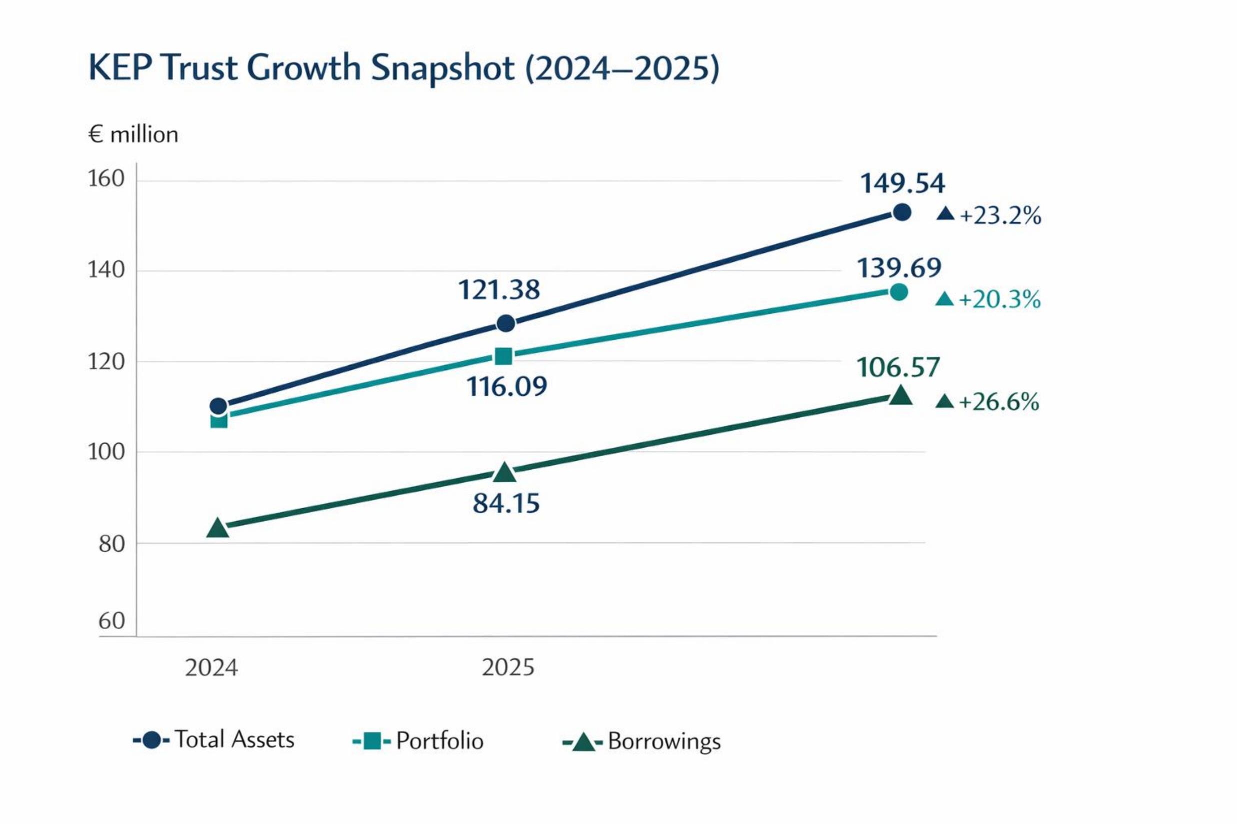
KEP Trust's vision, mission, and values continue to be centered on improving living standards and supporting the economic development of Kosovo through accessible, responsible, and client-focused financial services. At the core of this mission is a long-term commitment to financial inclusion, relationship-based service, and support for individuals, farmers, entrepreneurs, and businesses that contribute to local economic development.

As the institution has evolved, these core principles have increasingly been complemented by a stronger environmental, social, and governance perspective. Today, KEP Trust's values are reflected not only in responsible lending and client protection, but also in attention to ethical conduct, employee development, operational efficiency, environmental responsibility, and the broader impact of its financing activities.

In this context, KEP Trust's mission and values provide the foundation for its sustainability approach: combining financial performance with responsible governance and a growing focus on generating positive social and environmental outcomes over time.

1.4. Current Snapshot (2024–2025)

As of the 2024–2025 reporting period, KEP Trust presents a stronger institutional profile, marked by continued portfolio growth, expanded operational capacity, and deeper integration of sustainability into its overall direction. In 2025, KEP Trust operated through 32 offices, consisting of 31 branches and Head Office, with a total operating area of 6,185 m² and 275 employees, up from 265 in 2024. Over the same period, the institution's total portfolio increased from €116.09 million in 2024 to €139.69 million in 2025, while total assets grew from €121.38 million to €149.54 million and borrowings increased from €84.15 million to €106.57 million. Together, these figures reflect business growth and stronger financing capacity, supporting broader outreach while maintaining KEP Trust's mission of serving households, entrepreneurs, farmers, and businesses across Kosovo.



This period also reflects KEP Trust's progress in strengthening the institutional foundations that support sustainable growth. Alongside financial expansion, the organization has continued investing in digitalization, process improvement, staff development, ESG integration, and environmental and social risk management in lending and operations. These developments show that KEP Trust's current position is shaped not only by scale, but also by stronger governance, operational systems, and sustainability practices.

Today, KEP Trust combines broad market outreach with a growing commitment to responsible finance and long-term value. Its current profile reflects operational and portfolio growth, as well as a clearer recognition of the role of governance, employee engagement, stakeholder expectations, environmental responsibility, and impact-oriented financing in sustainable institutional development.

2. Sustainability Approach

2.1. Sustainability Strategy and Management

During the 2024–2025 reporting period, KEP Trust continued to strengthen its sustainability approach by moving beyond the initial baseline phase and integrating environmental, social, and governance considerations more actively into operations, governance, lending practices, and reporting. Sustainability is increasingly treated as a cross-cutting institutional priority shaped by internal development, stakeholder expectations, regulatory context, and cooperation with external partners and impact-oriented financiers.

Within the current organizational structure, responsibility for coordinating and implementing sustainability initiatives is held by the Head of Organization and Process Management, who serves as ESG Officer, while senior oversight of environmental and social matters is supported at management level. KEP Trust continues to apply its Social and Environmental Management System (SEMS), established in 2021 in line with International Finance Corporation (IFC) guidelines, as a key tool for identifying, categorizing, and managing environmental and social risks related to lending activities. The SEMS Policy and Procedure define roles, responsibilities, and assessment steps, including the following risk categories:

- Category A: High Risk
- Category B: Medium Risk
- Category C: Low Risk
- Category D: Positive Impact

This system supports a structured review of lending activities and helps ensure that potential environmental and social risks are considered consistently across the portfolio. In parallel, KEP Trust has continued to strengthen its wider sustainability practices through internal coordination, improved data collection, environmental footprint measurement, stakeholder engagement, digitalization, and gradual integration of ESG-related considerations into reporting and decision-making.

Compared with the forward-looking direction outlined in the previous report, KEP Trust has advanced several important elements of its sustainability approach during the 2024–2025 reporting period. At the same time, the institution recognizes that formal sustainability targets should be set on the basis of a longer historical trend, so that future commitments are both ambitious and realistic.

- the sustainability strategy and related policy framework were updated;
- the practical understanding and application of ESG standards and criteria within the lending cycle improved;
- greenhouse gas measurement advanced from operational emissions to a broader inventory that also includes portfolio emissions;
- continuing to improve internal systems, data collection, and reporting practices that support sustainability management; and
- preparing the basis for future target-setting through the gradual development of more robust historical trend data.

2.1.1. SDG Map of Activities

The United Nations Sustainable Development Goals (SDGs) provide an internationally recognized framework for addressing important economic, social, and environmental challenges. For KEP Trust, they serve as a useful reference for linking institutional priorities with broader sustainability objectives.

In this report, the SDGs are presented not as a new standalone assessment, but as a continuation of the sustainability foundation established in the previous reporting cycle. They remain relevant as a broad guidance framework while KEP Trust continues to advance actions, strengthen systems, and build practical progress across its priority areas.

Accordingly, the following SDGs continue to reflect the areas most closely connected to KEP Trust's mission, operations, stakeholder engagement, and sustainability direction.

SDG 5: Gender Equality. KEP Trust is committed to promoting gender equality as an important part of inclusive and responsible development. This commitment is reflected both externally and internally. Through cooperation with multiple funding partners and impact-oriented financing initiatives, KEP Trust continues to support access to finance for women-led businesses and households, helping expand economic opportunity and financial inclusion. At the same time, the institution has strengthened its internal framework through policies and practices that support equal opportunity, dignity, protection, and respectful treatment in the workplace, reinforcing gender equality as both a social and institutional priority.

SDG 8: Decent Work and Economic Growth. During the 2024–2025 reporting period, KEP Trust continued to support sustainable economic growth by expanding access to finance for households, entrepreneurs, farmers, and small and medium-sized businesses across Kosovo. This is reflected in continued portfolio growth, from €116.09 million in 2024 to €139.69 million in 2025, and in the portfolio composition, where business, housing, SME, and agricultural lending remain among the most important categories. Through this financing activity, KEP Trust contributes to business continuity, local investment, income generation, and economic resilience, while actions in process improvement and staff development further support the institution's ability to respond to client and market needs.

SDG 10: Reduced Inequalities. Inclusiveness remains a core part of KEP Trust's values and operational approach. By promoting equitable access to financial services and maintaining internal practices that support diversity, fairness, and non-discrimination, KEP Trust contributes to reducing social and economic inequalities and to broadening opportunities for underserved groups. This commitment has also been further reinforced through the approval of a Human Rights Policy, which strengthens the institution's broader framework for dignity, equality, and respect in its relationships with employees, clients, and other stakeholders.

SDG 11: Sustainable Cities and Communities. Through its broad branch network and continued expansion of financing activity, KEP Trust contributes to stronger and more resilient communities across Kosovo. By providing access to finance for households, local entrepreneurs, farmers, and small businesses in both urban and rural areas, the institution supports local economic participation, community stability, and improved living conditions. In this way, KEP Trust's growth is closely linked to wider community development and financial inclusion.

SDG 13: Climate Action. During the 2024–2025 reporting period, KEP Trust strengthened its climate-related measurement and reporting through an updated greenhouse gas inventory covering both operational emissions and financed activities. Building on the 2023 baseline, the institution assessed Scope 1, Scope 2, and Scope 3 emissions and expanded its analysis to include portfolio emissions. The findings show continued improvement in operational emissions, while financed emissions remain the main driver of total emissions growth. This has further strengthened KEP Trust's focus on emissions measurement and environmental risk management.

SDG 16: Peace, Justice, and Strong Institutions. In today's context, KEP Trust continues to reinforce the importance of strong institutions through transparent governance, ethical conduct, internal control systems, compliance practices, and stakeholder accountability. As the institution grows and further integrates sustainability into its operations, these elements remain essential for maintaining trust, supporting responsible decision-making, and strengthening long-term institutional resilience.

2.2. Building on the Existing Sustainability Foundation

KEP Trust's first Sustainability Report established the initial foundation for identifying and structuring the institution's key sustainability priorities. Those priorities were shaped through stakeholder-informed analysis and provided an important starting point for understanding the issues considered most relevant to KEP Trust's operations, responsibilities, and broader impact.

During the 2024–2025 reporting period, KEP Trust did not conduct a new formal materiality analysis. Instead, the institution continued to rely on the sustainability foundation and priority areas already established in the previous report, as many of the related actions, systems, and institutional developments remained in progress and required further implementation, strengthening, and follow-through. In this context, the reporting focus has been placed on building practical experience, advancing concrete actions, improving internal systems, and consolidating progress across the priority areas already identified.

Although a formal reassessment was not undertaken, stakeholder perspectives continued to influence KEP Trust's sustainability work through ongoing engagement with employees, customers, partners, funders, and international organizations. These interactions, together with the institution's operational experience, ongoing projects, and evolving sustainability practices, have helped confirm the continued relevance of the existing priority areas while also shaping how they are being addressed in practice.

Accordingly, this report places greater emphasis on the actions advanced, systems strengthened, and progress achieved during the reporting period, rather than on repeating the initial assessment process. The following sections therefore reflect how KEP Trust has continued to build on its existing sustainability foundation through implementation, institutional learning, and gradual integration of sustainability into its operations and decision-making.

As part of this continued development, KEP Trust has contracted an official external Social Performance Indicators (SPI) audit/rating. The process will provide an updated view of the institution's social performance and establish a clearer baseline for future actions, supporting the identification of strengths, gaps, and improvement priorities.

3. Corporate Governance

3.1. Corporate Governance Principles and Policies, Ethical Principles

KEP Trust's corporate governance approach reflects its ongoing commitment to maintaining high standards of governance, integrity, and ethical conduct. These principles remain fundamental to building stakeholder trust, supporting sound decision-making, and ensuring responsible and sustainable institutional development. In today's context, KEP Trust's governance framework continues to emphasize transparency, accountability, fairness, and compliance, providing the basis for both strategic oversight and the responsible management of day-to-day operations.

KEP Trust has established a comprehensive set of internal documents to guarantee the effective implementation of corporate governance principles. Some of the key policies include:

- Human Resources Policy
- Code of Conduct
- Human Rights Policy
- Gender Based Violence and Anti-Harassment Policy
- Procurement Policy
- Credit Risk Policy
- Risk Management Policy
- Operational Risk Policy
- Internal Control Policy
- Privacy and Data Protection Policy
- Prevention of Fraud, Bribery, Corruption, and Whistleblowing Procedures
- Information Technology Policy

These policies are regularly reviewed and updated to remain aligned with KEP Trust's governance framework, operational needs, and legal obligations. Together, they support consistent decision-making, institutional accountability, and a culture of integrity. The more recent inclusion of the Human Rights Policy and the Gender Based Violence and Anti-Harassment Policy further strengthens this framework by reinforcing dignity, respect, and protection in KEP Trust's relationships with employees, clients, and other stakeholders.

Ethical conduct remains a core part of KEP Trust's institutional culture and daily operations. The Code of Conduct sets the expected standards of behavior and provides guidance for handling ethical issues in a manner consistent with the institution's values. It serves as a key reference point across all levels of the organization, and all employees confirm their understanding of the Code annually.

The Disciplinary Procedure applies to all employees and is intended to ensure fairness, consistency, and due process in disciplinary matters. It defines the actions that may be taken when professional standards or internal rules are not met, while also clarifying employees' rights and responsibilities. In this way, it supports a transparent workplace framework and compliance with applicable labor legislation in Kosovo.

3.2. Transparency and Reporting

Transparency, internal reporting, and compliance remain key elements of KEP Trust's governance framework. Together, they support accountability, strengthen internal controls, and help ensure that institutional practices remain aligned with legal requirements, internal policies, and stakeholder expectations.

The Internal Audit Department plays an important role in reviewing key policies, control mechanisms, and operational processes. Using a risk-based audit approach, it helps identify areas for improvement, supports stronger oversight, and contributes to the effectiveness of KEP Trust's internal control environment.

In parallel, KEP Trust continues to monitor the legal and regulatory framework applicable in Kosovo and to provide regular reporting to management and the relevant board-level risk oversight structures. Updates related to new legislation, regulatory developments, and compliance implications are communicated internally to support timely response and informed decision-making.

The Legal and Compliance Policy provides the framework for managing legal and regulatory obligations across the institution and helps ensure that operations are conducted in line with applicable requirements. This framework is complemented by regular internal communication and oversight, supporting consistency, legal awareness, and responsible institutional practice.

KEP Trust also applies a Complaints Handling Policy that gives clients and other stakeholders a clear mechanism for raising concerns. This supports fairness, responsiveness, and transparency, while also helping the institution identify issues, strengthen service quality, and maintain stakeholder trust.

As KEP Trust continues to strengthen its sustainability approach, these governance, reporting, and compliance mechanisms also provide a stronger basis for the integration of ESG-related considerations into internal monitoring, data collection, and institutional reporting. In this way, transparency and compliance remain closely linked to the development of sustainability-related governance and accountability.

3.3. Risk Management Approach

Risk management remains a core part of KEP Trust's institutional sustainability and decision-making. The institution's approach focuses on identifying, assessing, managing, and monitoring risks in a structured and consistent way in order to protect operations, support responsible growth, and maintain financial and operational resilience.

KEP Trust's risk management framework is supported by internal policies, regular monitoring, and coordination between management and relevant functions. It covers the institution's main areas of exposure, including credit risk, operational risk, liquidity risk, funding risk, and environmental and social risk. This framework helps ensure that risk exposure is reviewed continuously and kept within acceptable limits.

Credit risk remains one of the institution's most significant areas of focus. It is managed through borrower assessment, portfolio monitoring, and ongoing attention to loan quality and repayment performance. This helps KEP Trust maintain a sound portfolio and prepare adequately for potential credit losses.

Operational risk is managed through internal controls, staff involvement, monitoring tools, and the use of key risk indicators as early warning signals. KEP Trust's continued investment in digital tools and process improvement also supports stronger oversight, more transparent workflows, and more effective mitigation of operational issues.

Liquidity risk management focuses on maintaining sufficient cash flows to meet current and future obligations. KEP Trust supports this through regular liquidity monitoring and stress testing, while interest rate and funding risks are managed through balance sheet oversight, funding structure review, and maturity gap analysis. Given that assets and liabilities are primarily denominated in euro, foreign exchange risk remains limited.

Since 2021, KEP Trust has applied its Social and Environmental Management System (SEMS) as an initial framework for identifying and assessing environmental and social risks in lending activities. This allows financial decisions to be reviewed not only from a financial perspective, but also in relation to potential environmental and social impacts. At the same time, the institution recognizes that a more comprehensive environmental and social risk assessment approach still needs to be further developed, particularly in relation to the broader portfolio and the depth of exposure analysis. KEP Trust therefore continues to strengthen this area through internal learning, staff capacity building, and the gradual improvement of its risk management practices. Detailed information on SEMS is provided in Sections 2.1 and 5.2.

4. Social Responsibility

4.1. Value for Society

KEP Trust creates value for society mainly through its role as a responsible financial institution that supports households, entrepreneurs, farmers, and small businesses across Kosovo. Its social contribution is reflected in the financing it provides and in the way it promotes financial inclusion, client protection, responsible lending, and community support. As the institution has grown, this value has become more closely linked to economic opportunity and the wider social impact of its operations, partnerships, and stakeholder engagement. This includes increased lending activity benefiting women, both through support to women-led businesses and through financing that contributes to the stability of women-led households. KEP Trust's approach to social responsibility therefore focuses on community resilience, inclusive development, and aligning institutional growth with broader social needs.

4.1.1. Products and Services

KEP Trust provides a range of financial products and services designed to respond to the needs of households, entrepreneurs, farmers, and small businesses across Kosovo. Rather than focusing only on product variety, the institution's approach is centered on the practical role that financing plays in supporting financial inclusion, income generation, business continuity, household resilience, and local economic development.

In this context, KEP Trust's financing activity can be understood through several broad areas of support, including business and entrepreneurship finance, housing and household finance, agricultural finance, and simplified fast-access lending solutions. Together, these financing categories help address different client needs and life or business situations, while also supporting broader social and economic participation in both urban and rural communities.

During the 2024–2025 reporting period, this role was reflected in continued portfolio growth and strong activity across key lending segments, including business, housing, SME, and agriculture. Increased lending activity benefiting women, both through support to women-led businesses and to women-led households, also formed part of this contribution. In this way, KEP Trust's products and services continue to generate social value by expanding access to finance, supporting resilience, and contributing to more inclusive economic development.

4.1.2. Financial Inclusion

Financial inclusion is central to KEP Trust's mission as a microfinance institution. By providing access to financial services for low-income individuals, households, farmers, and small businesses, KEP Trust supports economic opportunity and local development. This approach helps clients strengthen their financial independence and contributes to broader community well-being.

KEP Trust also supports financial literacy through educational content and awareness activities for existing and potential clients. These may include articles, videos, workshops, webinars, and seminars that help clients better understand financial products, responsibilities, and decision-making. This supports responsible financial inclusion and helps clients use financial services more effectively.

4.1.3. Client Protection

Client protection is a core part of KEP Trust's work as a microfinance institution. The institution focuses on providing financial services that are fair, transparent, and reliable, while ensuring that clients are treated with respect and that their rights are protected.

Client protection principles are part of KEP Trust's organizational culture and support its commitment to responsible lending, informed decision-making, and the economic independence of its clients.

KEP Trust's commitment to client protection has also been recognized externally through sector certifications and awards related to ethical service delivery and responsible client treatment.

KEP Trust has received Client Protection Certification from MFR Certification, achieving the Gold level in client protection. This level reflects strong compliance with client protection standards and recognized good practice in social and environmental performance management.

These certifications confirm KEP Trust's commitment to protecting clients and maintaining responsible practices. They also support the institution's continued efforts to improve service quality and fair treatment across its operations.

4.1.4. Corporate Social Responsibility Approach

KEP Trust's corporate social responsibility approach continues to focus on supporting initiatives that contribute to community well-being, inclusion, and local development across Kosovo. During the reporting period, this support was reflected through selected financial contributions, sponsorships, and collaborations in areas such as education, culture, sport, agriculture, social inclusion, and community-based initiatives.

Rather than being limited to a single field, KEP Trust's community support has been directed toward a broad range of initiatives with social and local relevance. These have included support for cultural and educational activities, agricultural development, youth and sport initiatives, organizations working with persons with disabilities, scholarship and training-related activities, and selected cases of direct community assistance. Through this approach, KEP Trust seeks to align its social contribution with institutional values while responding to practical community needs in a measured and responsible way.

This contribution has also supported areas that reflect KEP Trust's broader social priorities, including inclusion, opportunity, and access for underrepresented or vulnerable groups. In this way, sponsorships and community support continue to form part of the institution's wider social responsibility approach, while remaining complementary to its core role as a responsible financial institution.

Alongside its broader community-oriented activities, KEP Trust has also provided selected direct financial support in cases of individual or family need. While such support is not the primary focus of the institution's CSR approach, it reflects a continued willingness to respond, where appropriate, to specific social circumstances with sensitivity and discretion.

4.1.5. Collaborations, Donations, and Sponsorships

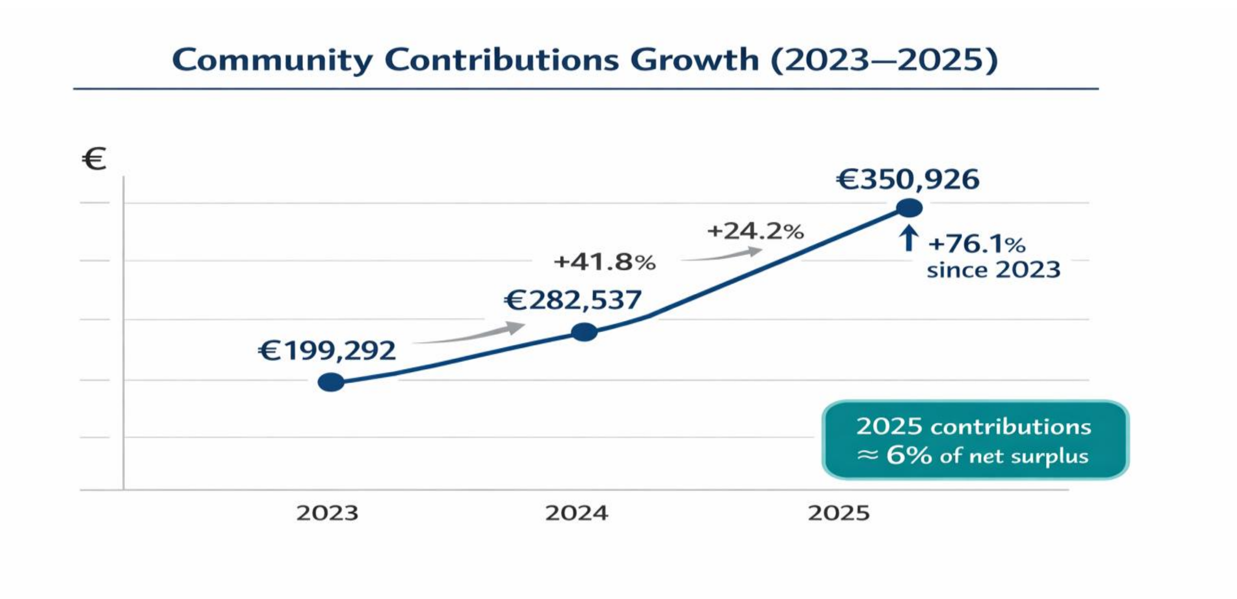
During the 2024–2025 period, KEP Trust continued to engage in collaborations, donations, and sponsorships through a range of contributions directed to community, cultural, educational, agricultural, sport, and social-inclusion initiatives. The support provided during this period reflects a broad but selective approach, combining formal partnerships, event sponsorships, institutional contributions, and targeted community assistance.

- support for cultural and community events at local and regional level;
- contributions to educational, scholarship, and youth-development activities;
- continued cooperation with agricultural development initiatives and related partnerships;
- sponsorships in sport and community participation activities; and
- support for social-inclusion, disability-related, rehabilitation, and individual assistance cases.

Through these contributions, KEP Trust supports social cohesion, local participation, community resilience, and access to opportunity across different groups and regions. The institution's approach remains practical and measured, focusing on support that adds community value and fits its broader social responsibility approach.

Financially, KEP Trust's community contributions increased from €199,292 in 2023 to €282,537 in 2024 and €350,926 in 2025, reflecting a continued strengthening of its support for social and community-oriented initiatives. In 2025, these contributions represented approximately 6% of the institution's net surplus, underlining the practical importance of community support within KEP Trust's broader social responsibility approach.

Together, these contributions show a broad but focused pattern of community support during the reporting period, combining local relevance with KEP Trust's wider social responsibility objectives.



4.2. Value for Employees

At KEP Trust, employees are considered central to the organization's success. The institution works to provide a supportive and respectful working environment that promotes professional development, personal well-being, dignity, equal opportunity, and a healthy workplace culture. These priorities are aligned with the materiality analysis, where Employee Wellbeing, Healthy Working Environment, and Employee Development were identified as important areas for both internal and external stakeholders.

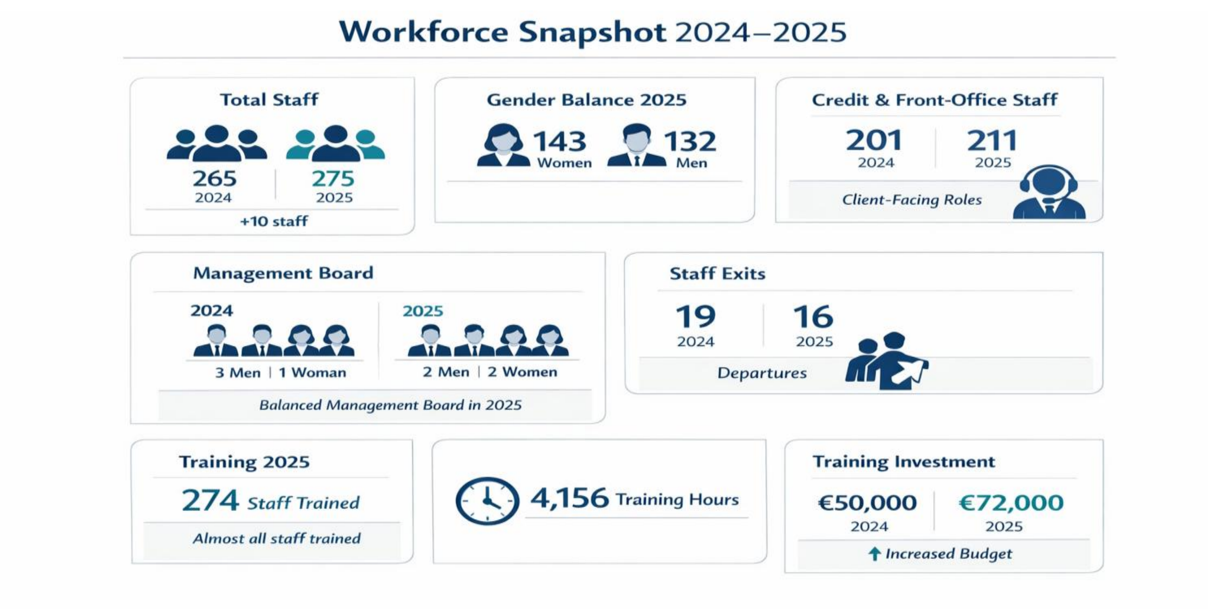
KEP Trust's benefits package supports employees in both professional and personal circumstances. It includes health, life, and disability insurance, performance and end-of-year bonuses, continuous professional development opportunities, personal time off for university exams, flexible working arrangements, car allowance, phone expense coverage, and the possibility of receiving one salary in advance with repayment in installments. Additional support is also provided for mothers with children up to three years old, single parents, sickness, or caring for sick relatives.

4.2.1. Employee Profile

KEP Trust's employee profile reflects a stable and broadly balanced workforce supporting operations across Head Office and the branch network. During the 2024–2025 reporting period, the number of employees increased from 265 to 275, in line with portfolio growth and operational development. The workforce remained gender-balanced, with women representing slightly more than half of total staff in both reporting years.

A significant share of employees continued to work in credit and front-office operations, reflecting KEP Trust's client-facing model and broad presence across Kosovo. At governance level, the Management Board remained composed of four members, while its gender composition changed from three men and one woman in 2024 to two men and two women in 2025. Staff exits decreased from 19 in 2024 to 16 in 2025, indicating a more stable workforce during the reporting period.

Employee development also strengthened during the period, with total training hours reaching 4,156 in 2025 and almost the entire staff participating in at least one internal or external training activity. This was supported by an increase in the annual training budget, from €50,000 in 2024 to €72,000 in 2025, reflecting KEP Trust's continued investment in staff capacity and professional development.



4.2.2. Human Resources Approach

KEP Trust's Human Resources approach is grounded in the principles of dignity, fairness, inclusion, equal opportunity, and respect for human rights. The institution continues to promote a working environment where recruitment, employment, development, and advancement are based on merit, skills, qualifications, and professional performance, without discrimination based on personal characteristics or background.

To further strengthen this commitment, KEP Trust has introduced the Gender-Based Violence and Anti-Harassment Policy and the Human Rights Policy as standalone documents. These policies reinforce the importance that KEP Trust places on dignity, safety, equality, non-discrimination, protection from harassment, and responsible treatment of all individuals. At the same time, they complement the broader set of Human Resources policies by providing clearer guidance, responsibilities, and expectations in areas that are fundamental to a respectful and accountable workplace culture.

KEP Trust maintains a zero-tolerance approach toward discrimination, harassment, gender-based violence, abusive conduct, or any behavior that violates a person's dignity or creates an intimidating, hostile, degrading, humiliating, or offensive environment. This approach applies to employees and to all individuals who interact with the institution, including clients, suppliers, contractors, partners, and other stakeholders. Through the standalone Gender-Based Violence and Anti-Harassment Policy, KEP Trust further clarifies prevention, reporting, response, and accountability expectations in relation to such conduct.

Human rights considerations are also reflected in KEP Trust's employment practices and broader institutional responsibilities. The Human Rights Policy provides a dedicated framework for reinforcing respect for fundamental rights, fair labor practices, safe and healthy working conditions, non-discrimination, and protection from child labor and forced labor. It also supports the institution's commitment to freedom of association and to responsible conduct in its relationships with employees, clients, communities, and other stakeholders.

The employment of individuals with disabilities is addressed in line with KEP Trust's Human Resources policies and applicable legislation in Kosovo. This reflects the institution's broader commitment to equal opportunity, inclusion, and respect for the dignity of persons with disabilities within the workplace.

KEP Trust also provides accessible grievance and reporting mechanisms through which employees and relevant stakeholders can raise concerns related to discrimination, harassment, human rights violations, or other inappropriate conduct. These mechanisms support early identification of concerns, appropriate follow-up, and the continued strengthening of a respectful, safe, and rights-based working environment.

4.2.2.1. Performance Management, Capacity Building and Training

Employee development remains critical to the sustainability of KEP Trust's operations and the effective delivery of services. In the current reporting period, capacity building continues to support both institutional performance and service quality by strengthening staff competencies, reinforcing professional standards, and helping employees adapt to evolving operational, regulatory, digital, and client-service requirements.

Performance management is carried out at least once a year and remains an important tool for supporting individual efficiency, professional development, and alignment with institutional objectives. Performance evaluation is also conducted when an employee completes the probationary period, is promoted, or is transferred to another position. The Human Resources Department coordinates the process by informing employees, distributing performance evaluation forms to supervisors, and communicating the applicable timelines.

Performance evaluation is expected to be clear, constructive, and useful for identifying development needs. The results help inform professional development and training plans, including specific objectives, career orientation, and areas where additional support, coaching, or skills development may be required.

Training supports KEP Trust's strategic objectives and remains an ongoing process. During 2024–2025, training programs continued to cover broadly the same fields as in the previous period, including certification, ESG, data analytics, information and cyber security, data protection, customer service, compliance, KYC, and other operational and soft-skill areas relevant to KEP Trust's business model.

The annual training budget increased from €50,000 in 2024 to €72,000 in 2025, a €22,000 increase, or approximately 44% year on year. This reflects KEP Trust's continued investment in staff capacity, professional development, and readiness to respond to changing market, regulatory, digital, and client-service needs.

In 2025, total training hours reached 4,156, with almost all staff participating in at least one internal or external training activity. Together with the increased budget, this confirms that employee development remains an active priority for KEP Trust. The continuity of training fields also supports consistency, while the higher allocation creates more space to strengthen existing programs and respond to new institutional needs.

5. Environmental Responsibility

KEP Trust recognizes environmental responsibility as an important part of its sustainability approach. The institution focuses on managing its own operational footprint while also supporting environmental awareness and responsible financing practices through its activities.

Kosovo's environmental and sustainability-related regulatory framework has continued to develop, strengthening the basis for environmental protection, resource management, and the transition to cleaner energy. In 2024, the Law on the Promotion of the Use of Renewable Energy Sources was adopted, supporting increased renewable energy use, improved energy security, and alignment with Kosovo's clean-energy transition objectives.

5.1. Environmental Footprint

KEP Trust's environmental footprint is mainly linked to office operations, the branch network, the vehicle fleet, and resource consumption. Although financial institutions are not highly resource-intensive, KEP Trust monitors electricity, water, fuel, paper, printing materials, and related operational impacts. The institution also continues to promote environmental awareness among staff and clients, including through advisory and training activities that support more sustainable practices.

- Through AgroDev, KEP Trust continues to support a wider group of farmers beyond its own customer base, including through advisory sessions organized in cooperation with the Agro Department and agriculture faculty professors in selected branches.
- KEP Trust has continued renewing its vehicle fleet with more efficient and environmentally friendly cars, including a few fully electric vehicles. These efforts help reduce fuel consumption and related CO_2 emissions across relevant departments.
- KEP Trust monitors electricity, water, paper, printing materials, and fleet fuel consumption across all locations, with the Administration Department overseeing key operational environmental data and related efficiency initiatives.
- Recent improvements in heating and cooling equipment, including the replacement of outdated air conditioning systems with modern, energy-efficient split systems, have already started delivering positive results in energy efficiency across branches.

5.2. Environmental and Social Risk Assessment in Lending Activities

KEP Trust continues to apply its IFC-compliant SEMS framework in lending activities. The process includes an Exclusion List of activities that are not eligible for financing and applies to all credit applications, without a threshold. During assessment, the loan officer verifies whether the activity falls under the Exclusion List, categorizes the project as low, medium, or high risk, and assesses potential environmental and social risk indicators and regulatory compliance through a desk review or site visit, depending on the project's complexity. The assessment is documented through the E&S Assessment Form, while higher-risk cases require continued monitoring by the ESG Officer and, where needed, the development and implementation of an action plan to mitigate identified risks. KEP Trust also continues to work toward a more comprehensive reassessment of outstanding credit exposures and portfolio-level E&S risks to further strengthen risk evaluation and monitoring.

5.3. Climate Change and Environmental Management

Climate change is relevant to financial institutions because operations and financing decisions can influence environmental outcomes. KEP Trust monitors electricity, water, paper, printing materials, and fleet fuel use across all locations. Current actions focus on improving energy efficiency, including ongoing upgrades to heating and cooling equipment and reducing paper use where possible.

KEP Trust's environmental work focuses on reducing its own operational footprint and gradually integrating environmental considerations into operations and lending practices. Going forward, the institution plans to improve environmental data, set practical targets, and further develop an operational Environmental Management System to support monitoring, reporting, and risk management.

As part of KEP Trust's ongoing commitment to sustainability and environmental transparency, the institution has prepared an internal greenhouse gas inventory covering both operational emissions and financed activities. The assessment was developed by KEP Trust based on available activity data, methodological assumptions, and recognized greenhouse gas accounting references. More detailed results, methodology, and trend analysis are presented in the KEP Trust 2024–2025 Biannual GHG Emissions Report, which provides a dedicated overview of the institution's carbon footprint performance.

For the 2024–2025 reporting period, KEP Trust's operational greenhouse gas emissions show gradual improvement across the main operational scopes. Scope 1 direct emissions decreased slightly from 167.72 tCO_2e in 2024 to 166.43 tCO_2e in 2025. Scope 2 electricity-related emissions decreased from 671.88 tCO_2e to 662.67 tCO_2e, while Scope 3 emissions excluding financed activities decreased from 162.91 tCO_2e to 152.61 tCO_2e. Overall operational emissions declined from 1,002.51 tCO_2e in 2024 to 981.71 tCO_2e in 2025. In parallel, KEP Trust has started presenting portfolio emissions as part of its developing reporting practice. In absolute terms, financed emissions increased from 44,327.50 tCO_2e in 2024 to 54,323.92 tCO_2e in 2025, mainly reflecting the growth of the lending portfolio from €116.09 million to €139.69 million. However, this increase remains relatively controlled when viewed through intensity: emissions per €1 million financed rose only moderately, from 381.83 to 388.89 tCO_2e, or around 1.8%. This suggests that while total financed emissions increased with portfolio expansion, the emissions generated per unit of financing changed only slightly, pointing to a broadly stable relationship between portfolio growth and emissions intensity.

GHG Emissions Snapshot 2024–2025				
Operational Emissions	**Scope 1**	**Scope 2**	**Scope 3***	**Portfolio Intensity**
2024 **1,002.51** tCO_2e 2025 **981.71** tCO_2e **Trend: ↓ -2.1%**	2024 **167.72** tCO_2e 2025 **166.43** tCO_2e **Trend: ↓ -0.8%**	2024 **671.88** tCO_2e 2025 **662.67** tCO_2e **Trend: ↓ -1.4%**	2024 **162.91** tCO_2e 2025 **152.61** tCO_2e **Trend: ↓ -6.3%**	2024 **381.83** tCO_2e / €1M financed 2025 **388.89** **Trend: ↑ +1.8%**

*Scope 3 excludes portfolio-financed emissions. Portfolio emissions are presented separately as intensity, expressed as tCO_2e per €1 million financed, as part of KEP Trust's internal GHG reporting practice. Detailed results and methodology are available in the KEP Trust 2024–2025 Biannual GHG Emissions Report.

Closing Statement

This biannual Sustainability Report reflects KEP Trust's continued efforts to strengthen responsible finance, social impact, good governance, and environmental management during the 2024–2025 reporting period. The progress presented in this report shows that sustainability is becoming more integrated into the institution's operations, lending practices, employee development, community engagement, and environmental monitoring.

At the same time, KEP Trust recognizes that sustainability management and reporting are developing areas that require continuous improvement, stronger data, clearer targets, and regular engagement with stakeholders. The institution will continue to build on the progress achieved so far by improving internal systems, strengthening environmental and social risk management, supporting employees and communities, and further developing its climate-related measurement and reporting practices.

KEP Trust remains committed to responsible growth, transparent reporting, and creating long-term value for clients, employees, partners, communities, and other stakeholders.

Prepared by: KEP Trust

Reporting Period: January 1, 2024 – December 31, 2025