

(Consolidated) non-financial report

2020 was not only characterised by the Covid-19 induced crisis but also by several initiatives to address environmental topics mostly to curb global warming. On 15 January 2020, the World Economic Forum listed in its Global Risk Report climate change and related environmental risks as the five most likely risks events. While infectious diseases did not make Top 10 in terms of likelihood they ranked tenth in terms of impact. At that time hardly anyone could have imagined how soon such a risk in the form of a new coronavirus would spread worldwide and that in order to protect healthcare systems significant social restrictions and economic lockdowns were to be implemented on a global scale. The Covid-19 induced crisis resulted in significant adverse economic impacts, but it also demonstrated how much can be achieved if policymakers focus on common goals.

Through all the difficulties of 2020, the European Commission adopted several environmentally relevant declarations, including the European Industry Strategy aiming to help Europe's industry in the transition towards climate neutrality and digital leadership, the New Consumer Agenda that plans, among other things, issues such as consumer rights to enable consumers to play their part in the green transition by providing them with information on product sustainability, promoting repair and banning fake green claims. As part of the European Green Deal the Commission proposed in September 2020 to raise the net greenhouse gas emission reduction target to at least 55% compared to 1990. In addition, plans to earmark substantial funds to support the vision of a European Union becoming climate-neutral by 2050 were announced, and it was decided that 30% of the combined EU Budget MFF 2021-2027 and the EU Next Generation funds are to be allocated to climate-related expenditure. Erste Group believes that the aspirations of the European Commission will have a profound transformative impact on European economies and societies in the years to come and that this transformation is necessary and the right thing to do. Such a transition should be executed in a socially fair manner, and equally high attention needs to be paid to environmental, social and governance objectives.

For Erste Group, considering the impact of its entrepreneurial activities on society or the environment is nothing new. On the contrary, looking beyond financial performance is very much in line with the principles to which Erste österreichische Spar-Casse committed itself when it was founded more than 200 years ago. The Management Board adopted a Statement of Purpose to reaffirm and state in more detail the purpose of Erste Group to promote and secure prosperity across the region. It defines the following tasks and principles:

- _ Disseminating and securing prosperity
- _ Accessibility, independence and innovation
- _ Profitability
- _ Financial literacy
- _ It is about people
- _ Serving civil society
- _ Transparency, stability, simplicity

Two key questions must be answered every time a business decision is taken: "Is it profitable?" and "Is it legal?" For Erste Group, this has never been enough. Answering the "third question" that arises from the Statement of Purpose is an expression of its corporate social responsibility: "Is it the right thing to do?" Erste Group pays particular attention to this third question. Therefore, this is the question every employee has to answer whenever they take a business decision. This awareness and the mindset behind it are firmly embedded at Erste Group.

Building on this Statement of Purpose, a Code of Conduct defines binding rules of the daily business for employees and members of both the Management Board and Supervisory Board. At the same time, the Code of Conduct underlines that in pursuing its business activities, Erste Group values responsibility, respect and sustainability. The Code of Conduct is an important tool to preserve the reputation of Erste Group and to strengthen stakeholder confidence.

Implementation of the reporting obligation as a combined non-financial report

To meet the statutory requirement of disclosing non-financial information, Erste Group has decided to include the (consolidated) non-financial report in its annual report, thus fulfilling its obligations under sections 243b and 267a of the Austrian Commercial Code (UGB). Erste Group has drawn up this non-financial report in conformity with the Global Reporting Initiative (GRI standard: core option). Non-financial reporting is not subject to the audit of the consolidated financial statements. This non-financial report was subject to an independent audit by Deloitte Audit Wirtschaftsprüfungs GmbH in accordance with the GRI standards: Option core and sections 234b and 267a of the Austrian Commercial Code (UGB) to achieve limited assurance. This audit report is available at the end of this non-financial report.

The reporting obligation under UGB covers as a minimum environmental, social and employee matters, respect for human rights and measures against corruption and bribery.

The non-financial report must be prepared for the same scope of consolidation that is covered by financial reporting. The calculation of non-financial data, such as energy consumption per employee (full-time equivalent; FTE), is based on all material Erste Group entities that have at least one employee. For the 2020 non-financial report, human resources data was captured at single-entity level.

Environmental data of all premises used for banking operations was captured for all entities in the scope of consolidation except one entity with less than 1% of group-wide FTEs. In 2020, the data of all Austrian savings banks in the Haftungsverbund (cross-guarantee system) was included.

Sustainability at Erste Group

The founding concept of Erste österreichische Spar-Casse, the predecessor of Erste Group, was simple and revolutionary: “No age, no gender, no social class or nationality” shall be excluded from the benefits that the Spar-Casse offers every depositor.” This excerpt from the founding charter of 1819 expresses the underlying idea that has been valid ever since. Erste Group is built on the inclusive and non-discriminatory belief in people, their ideas and plans for their future as well as their capabilities and their potential for personal growth and a promise for a prosperous society.

Resolving the conflicting targets of profitability and the ecological and social impact of its business is therefore a key element for the management of Erste Group. Acting responsibly and earning a premium on the cost of capital is a key prerequisite for the long-term survival of any company and the creation of value for customers, investors and employees. Only a bank that operates in a sustainable manner – balancing the social, ecological and economic consequences of its business activities – and profitably, can achieve the following: provide products and services to customers that support them in achieving their financial ambitions; deliver the foundation for share price appreciation as well as dividend and coupon payments to investors; create a stable and rewarding work environment for employees and be a reliable contributor of tax revenues to society at large. Sustainability in this context means to operate the core business both in a socially and environmentally responsible manner and economically successfully.

Today, Erste Group has an extensive presence in the following core markets: Austria, the Czech Republic, Slovakia, Romania, Hungary and Croatia – all of which are members of the European Union. Following significant investments in its subsidiaries, Erste Group holds considerable market positions in these countries. In Serbia, which has been assigned European Union candidate status, Erste Group maintains a minor market presence but one that may be expanded through acquisitions or organic growth as the country makes progress towards European Union integration. In addition to its core markets, Erste Group also holds direct and indirect majority and minority banking participations in Slovenia, Montenegro, Bosnia and Herzegovina, North Macedonia and Moldova.

Erste Group’s business is firmly embedded in the real economy, servicing private individuals, corporate customers ranging from SMEs to large corporations, the public sector and NGOs. The bank offers its services through an extensive branch network and digital channels. In addition, Erste Group takes care of persons that do not or no longer have access to traditional banking services and offers them their first, or in some cases second, opportunity to bank. As one of the leading banks in Austria and the eastern part of the European Union, Erste Group is also an important employer, taxpayer and customer of local suppliers.

The Group Sustainability Office reports directly to the Chief Executive Officer and is responsible for developing and implementing group-wide policies regarding environmental topics, corporate volunteering and corporate social responsibility as well as implementing the group-wide Code of Conduct, CSR ratings and drawing up the non-financial report.

Sustainability objectives

Against the backdrop of the increasing importance of overarching societal challenges to cope with social imbalances and climate change, Erste Group has reinforced its commitment and formulated a transparent set of the sustainability objectives and their relation to the 17 UN Sustainable Development Goals (SDGs). These sustainability objectives are an elementary and clear value set to be consistently activated in Erste Group’s business strategies, products and services and, consequently, also in its sustainability risk management principles and in the supplier management principles.

Erste Group’s environmental objectives

- _ Clean energy & energy security (SDG 7, 13)
- _ Resource & energy efficient buildings (SDG 13)
- _ Smart mobility and transportation (SDG 9, 13)
- _ Resource depletion & waste management (SDG 6, 12)
- _ Pollution prevention, preservation of water and maritime resources (SDG 14)
- _ Protective land use, forestry (SDG 15)
- _ Protection of biodiversity (SDG 14, 15)
- _ Animal welfare (SDG 14, 15)

Erste Group’s social objectives

- _ Human rights (SDG 1)
- _ Healthcare, education and job safety (SDG 3, 4)
- _ Diversity and equal opportunity (SDG 5, 10)
- _ Employee attraction, relations and retention, employee rights (SDG 8)
- _ Customer engagement & financial literacy (SDG 1, 4)
- _ Product integrity safety and liability (SDG 12)
- _ Advertising & marketing ethics (SDG 12)

Erste Group’s governance objectives

- _ Management and ownership structure (SDG 16)
- _ Corporate governance procedures (SDG 16)
- _ Executive and employee compensation (SDG 16)
- _ Supply chain standards (SDG 12)
- _ Anti-competitive practices (SDG 16)
- _ Bribery, corruption & ethics (SDG 16)
- _ Political lobbying & donations (SDG 16)
- _ Tax & Financial transparency (SDG 16)

Materiality analysis

The starting point of non-financial reporting is a materiality analysis conforming to GRI Standards (GRI 101) to identify those non-financial material topics that have social and ecological impacts of relevance to both Erste Group and its stakeholders. The first materiality analysis according to GRI was performed in 2016. As a result of internal discussions, the following stakeholders were identified as being relevant to Erste Group: employees, customers, governance bodies (supervisory board, management board), investors, society, environment and suppliers. Then, in agreement with in-house experts and in consultation with an external consultant, material non-financial topics of particular relevance to Erste Group were identified.

These topics were defined specifically on the basis of the following principles:

- _ Materiality for the bank’s business operations
- _ Involvement/inclusion of stakeholder groups
- _ Inclusion of sustainability in the business strategy

In 2017, the validity of material topics was re-evaluated in a group-wide survey. To review the topics of material relevance, a survey was conducted in autumn 2017 among management board and supervisory board members and employees as proxies of other relevant stakeholders. In 2019, another group-wide survey was conducted. On this occasion, the stakeholders taking part in this process were given the opportunity to name additional topics. Overall, 1,173 employees and members of the management and supervisory boards as well as 1,676 customers from Erste Group’s seven core countries took part. No further surveys were conducted among representatives of other stakeholders. The aim of the survey was to identify activities that are of particular relevance for Erste Group’s long-term economic performance and for society at large.

The target groups surveyed confirmed the validity of the material aspects proposed. The 2019 results were assumed to be equally valid for 2020. These topics therefore represent the material aspects for the non-financial report, no additional topics were included. The following table presents the result of the survey (ranked by relevance):

Material topics	For employees	For customers
Anti-corruption measures	1	3
Data security	2	1
Customer satisfaction	3	2
Ethical conduct of employees in banking operations	4	4
Employee health & work-life balance	5	5
Diversity and equal opportunity	6	6
Ecological impact of banking operations	7	7
Responsible financing	8	8
Financial literacy	9	9
Responsible investment	10	10
Social commitment	11	11
Social banking	12	12

To make the context of the material matters more visible, they have been categorised by higher-level topic areas. Further information on how Erste Group reflects these topics in its strategy and business activities is provided in the sections discussing commitment to society, our customers, suppliers and supply chain, compliance and anti-corruption measures, employees and environment of the non-financial report.

Material topics for Erste Group

Social responsibility

Ethically correct conduct of business by employees in their daily work (relates to all SDGs to which Erste Group makes notable contributions). The values and attitudes demonstrated by employees in their work determine how Erste Group is perceived in public. This way, appreciation and reputation may be earned, but in the case of misconduct, may also be lost again. Erste Group encourages a culture of fair and mutually respectful interaction. Respecting human rights and zero tolerance for child labour and discrimination are fundamental principles of Erste Group.

Financial literacy (SDG 1, 4, 8). For Erste Group, financial literacy is a key factor in creating equal opportunities, economic prosperity and social inclusion. In most cases, a lack of financial literacy means fewer opportunities in many spheres of life.

Social commitment (SDs 4, 5, 10). Erste Group aims to be not only commercially successful but also to act in a socially responsible manner. It pursues a multitude of activities that contribute to the cultural and social development of society and also encourages its employees’ individual social involvement.

Governance and anti-corruption measures

Anti-corruption measures (SDG 16). Corruption and bribery may be a problem in many parts of the economy. Erste Group employees are required to attend a customised training programme enabling them to recognise and prevent fraud and corruption. Conflicts of interest between customers, Erste Group and its employees are governed by clear rules such as provisions on employee transactions, the gift policy and research disclaimers.

Employees

Diversity and equal opportunity (SDG 5, 10). For Erste Group, diversity and equal opportunity are key elements of its human resources strategy. It therefore seeks to offer a work environment that is free of discrimination and that values the work of each and every person regardless of gender, age, disability, marital status, sexual orientation, skin colour, religious or political affiliation, ethnic background, nationality or any other aspect unrelated to their employment.

Employee health and work-life balance (SDG 3, 5). Erste Group is convinced that employees perform better and are more motivated when their work and private lives are well balanced and the company contributes to their good health. The focus of

Erste Group is on fostering an awareness of the importance of a healthy lifestyle and promoting preventive health care as a complementary service to the public healthcare system.

Our customers

Customer satisfaction (SDG 8). High levels of customer satisfaction and the resulting customer loyalty safeguard the bank's long-term success. It is therefore vital to continually adapt products and services to customers' expectations and needs and to ensure high service quality.

Responsible investment and finance (SDG 8, 1, 13). Public interest in the indirect impacts of bank products on the environment and society has been growing significantly. When taking business decisions, social and/or ecological criteria are increasingly taken into account in addition to the traditional financial risk aspects. Erste Group is steadily expanding its range of responsible investment and finance products.

Social banking (SDG 1, 8). For a variety of reasons, even today many people do not have access to financial services from commercial banks. In accordance with its founding principles, Erste Group's social banking programmes help people to help themselves and contribute to a positive economic development of the excluded parts of society.

Data security (not assigned to a specific SDG). The security of customer data is a key prerequisite for long-term success in the banking industry and of fundamental importance to Erste Group. Erste Group therefore applies the highest standards in its IT infrastructure and provides ongoing training to its employees to offer maximum protection against the misuse or loss of customer data. The danger of cyber-attacks requires ongoing investment to maintain and improve data security.

Environment

Ecological impact of banking operations (SDG 13). Protecting the environment and the climate are currently among the most significant global challenges. Erste Group aims to minimise its ecological footprint, specifically its consumption of energy and paper, and to use natural resources responsibly.

Suppliers and supply chain

Responsible criteria in the supply chain (SDGs 10/13). Against the backdrop of interrelated economic activities, companies must consider not only the ecological and social impacts of their own operations, but also those of their entire supply chain. Through its supply-chain management, Erste Group is making every effort to avoid an undesirable indirect impact on the environment and human rights.

Erste Group's view of climate risk

"A decade left" is a clear message of the Global Risk Report 2020 and it is linked to the risk assessment of the Global Risk Perception Survey of the World Economic Forum. Extreme weather,

natural disasters and failure in climate action were assigned as most prominent threats in the past years. Correlating to these perceptions, a season of the most destructive and longest wildfires and a record number of severe hurricanes resulted in an estimated bill on global natural disaster damages of EUR 175 billion for 2020, making it the fifth costliest year since 1970 for the insurance industry. Yet, although the need for a combined effort to address global warming is less and less questioned, the world of multilateral policies and the reliance on old economic and production structures are still preventing meaningful actions.

The European Commission took a leading position in these global efforts. The European Green Deal presents an ambitious transformation with a well-framed agenda of fundamental changes in industrial as well as individual behaviour. The aim is clear, to prevent a further increase in global warming, environmental degradation and to protect biodiversity. More than 30% of the combined EU budget of EUR 1.8 trillion shall be allocated to climate aligned activities in the coming years. These funds, combined with private investments, shall provide the basis for the annual funding in the amount of EUR 260 billion for the transformation.

The mobilisation of sustainable finance in this scale is both a substantial opportunity and challenge. Erste Group, as a leading financial institution in CEE, plays an essential role to prepare regional financing solutions for transforming energy and power generation towards low-carbon grids combined with efficient energy storage, the renovation of largely energy inefficient building stocks, the reinvention of mobility and transportation on the basis of hydrogen-powered and electric vehicle solutions, the directional shift of the food chain towards a largely organic and local production format, the conceptual change in product design and industrial production in the spirit of resource efficiency and circular economy, and finally investments into care and restoration of our natural environment.

Opportunities and risks arising from material topics

Consideration of the identified material topics opens up opportunities for improving customer relationships, attracting new customers, improving the ecological footprint as well as maintaining and increasing attractiveness as an employer. Ignoring non-financial matters may adversely affect Erste Group's stakeholders. In addition, Erste Group may become exposed to a variety of risks, some of which are interconnected.

Reputation risk exists in all of these matters. In addition, further specific risks may arise. Commitment to society encompasses a broad range of activities, from financial inclusion of low-income or disadvantaged persons to supporting social initiatives, financial literacy as well as art and culture. Reducing the level of involvement in these areas may, for instance, result in financial gaps at co-operation partners and, consequently, the suspension of initiatives or activities. This may harm reputation and, as a consequence, may have a negative impact on customer retention,

lead to a loss of customers and make it more difficult to attract new customers.

In this context, consumer protection activities have to be mentioned as well. Offering adequately designed products and services may reduce the adverse impact of such initiatives. Among employees and the public, a loss of reputation as well as inadequate attention to social matters (such as diversity and equal opportunity) may result in a company being less attractive as a preferred employer. This may lead to a decline in employee motivation, extended sick leave and increased employee turnover, and make it harder to recruit suitable staff in the labour market.

In addition, a lack of diversity in management bodies or teams may lead to groupthink or critical blind spots in decision-making processes. Ignoring the risk of corruption may lead not only to a loss of reputation, but may also cause financial harm.

Failure to deal with environmental matters may result in a deterioration of the ecological footprint, a loss of reputation and higher costs due to lower resource efficiency. In the lending business, the value of collateral may decline.

Failure to respect human rights may adversely affect the working or living conditions of people in a producer's or supplier's country of origin, just as neglecting environmental matters may adversely affect the ecological footprint. In this context, Erste Group is faced with supply risk, reputation risk and the risk of losing customers.

The following materiality table provides an overview of the stakeholder groups, the material topics of the materiality analysis assigned to them, references to GRI standards and references to the sections of the non-financial report in which these topics are explained.

Materiality table

Stakeholders	Topics of the materiality analysis	Material topics pursuant to GRI Standard	Section in the non-financial report
Customers	Customer satisfaction	Customer privacy (GRI 418-1)	Our customers
	Responsible investment and finance	Anti-competitive behaviour (GRI 206-1)	
	Social banking	Initiatives to improve access to financial services	
	Data security	for disadvantaged people (FS 14 of GRI 4)	
Anti-corruption measures		Anti-corruption (GRI 205-3)	Compliance and anti-corruption measures
Employees	Diversity and equal opportunity	Employment (GRI 401-1, 401-3)	Employees
	Employee health & work-life balance	Training and education (GRI 404-1, 403-6, 403-8)	(outside the non-financial report:
	Respect for human rights	Diversity and equal opportunity (GRI 401-3, 405-1) Non-discrimination (GRI 406-1)	Corporate governance report)
Governance bodies (members of the management board and supervisory board)	Diversity and equal opportunity	Employment (GRI 401-1, 401-3) Diversity and equal opportunity (GRI 401-3, 405-1) Non-discrimination (GRI 406-1)	Employees (outside the non-financial report: Corporate governance report)
	Investors	Economic performance	(outside the non-financial report: Consolidated financial statements)
	Society	Financial literacy	Initiatives to improve access to financial services
Social commitment		for disadvantaged people (FS 14 of GRI 4)	Our customers
Social banking		Anti-corruption (GRI 205-3)	(outside the non-financial report:
		Socio-economic compliance (GRI 419-1) Economic performance (GRI 201-1)	Consolidated financial statements)
Environment	Sustainability criteria in the supply chain & ecological impacts of banking operations	Materials (GRI 301-1, 301-2)	Environment
		Energy (GRI 302-1, 302-4)	Suppliers and supply chain
		Emissions (GRI 305-1, 305-2)	
Suppliers	Sustainability criteria in the supply chain & ecological impacts of banking operations	Supplier environmental assessment (GRI 308-1)	Suppliers and supply chain
		Supplier social assessment (GRI 414-1, 403-7)	
	Respect for human rights		

Commitment to society

Erste Group's commitment to society has never been limited to business activities. This is also reflected in Erste Group's Code of Conduct: We consider financial literacy, community involvement and corporate volunteering as areas where we can generate significant impact on society and contribute to the UN Sustainable Development Goals (SDG). Consequently, by providing funding or in some cases manpower and expertise Erste Group supports institutions, initiatives and projects in the areas of social affairs, art, sports, culture, education and the environment.

At Erste Group Bank AG, the Community Affairs and Sponsoring department is independent of Marketing and forms part of the CEO's division. As needs and interests in the areas of social affairs, sports, culture and education vary greatly across Erste Group's markets, depending on local circumstances, specific project sponsorships and initiatives are determined and managed locally. Social and sponsoring activities are combined group-wide under the umbrella of the *ExtraVALUE* programme. Regional focus, cross-thematic initiatives and cooperation within related fields characterise the programme. The guiding principle is supporting personal development and helping people to meet their social and cultural needs. Erste Group's *ExtraVALUE* programme is a visible sign of the bank's commitment to its responsibility towards society and the individual.

Erste Group believes that this commitment creates far-reaching opportunities for individuals and society at large and, indirectly, also for the bank while not harbouring any significant risks. As a financial institution Erste Group sets a particular focus on financial literacy initiatives to enable people to build up knowledge to make competent financial decisions in all areas of life, thus improving the financial situation of individuals and indirectly society. Assuming societal and social responsibility is in line with Erste Group's strategy and brand. Opportunities include the transfer of a positive image to the brand, emotional branding and getting employees to identify with the brand. Potential risks may arise from the choice of partners (e.g. reputation risk, conflicts of interest, inadequate transparency or inadequate awareness of compliance requirements on the part of a partner) or in contracting (e.g. inadequate specification of services).

Due to the multitude of social and educational initiatives, sponsoring of art and culture, and corporate volunteering, only a few selected projects are highlighted in this non-financial report. More detailed information on various Erste Group initiatives is available at <https://www.erstegroup.com/en/about-us/responsibility> and on the websites of Erste Group's banking subsidiaries in the respective local language and in some cases in English.

Erste Group's support during the Covid-19 induced crisis

Flexibility and strong determination were needed in 2020 to launch initiatives in areas such as sponsoring, financial literacy and corporate volunteering in the face of Covid-19 induced restrictions and lockdowns. Cooperation partners in the fields of culture, sports and the third sector (the non-profit sector comprising associations, foundations and other types of non-profit organisations) were forced to cancel numerous events. Erste Group continued its long-standing partnerships, adapting or completely re-designing agreements and activation strategies.

Erste Group has been actively pursuing initiatives to support communities and non-profit organisations in all core markets. These included donations to various health care institutions such as the Austrian Red Cross or Croatian and Romanian hospitals, call centers helping with contact tracing in the Czech Republic, educational webinars in Slovakia, or a special loan programme and donations to health care workers in Hungary. References to some of those activities are provided in the following pages.

SOCIAL AND EDUCATIONAL ACTIVITIES

Erste Group's long tradition of cooperating with established local and international organisations reflects its commitment to the promotion of social welfare and education. The focus of social activities is on providing practical and swift assistance to people in difficult life situations and on support for initiatives creating new opportunities for disadvantaged people. In all its core markets, Erste Group also supports various educational initiatives.

Erste Bank Oesterreich has supported annual domestic aid campaigns, the youngCaritas initiative for children and Kulturbuddy (a platform coordinating volunteers) for many years as a partner of Caritas. Erste Bank Oesterreich has also been sponsoring Hilfswerk Österreich, one of the largest non-profit providers of healthcare, social and family services in Austria, for many years. In addition, the bank cooperates with a variety of smaller Austrian NGOs. Banca Comercială Română supported the Emergency Fund for hospitals, the fundraising campaign launched by Save the Children to support Romanian doctors with equipment and protection materials in their efforts against the coronavirus epidemic. The bank also provided funds to the health system in Romania to buy equipment and protection materials for hospitals. Likewise, Erste Bank Hungary supported local hospitals. Activities in Hungary also included cooperations with several social organisations, e.g. to provide housing for homeless people or enable crowdfunding campaigns. Erste Bank Croatia focused on projects aiming at strengthening and developing society, such as SOS Children's Villages. In a year in which the country was not only negatively impacted by the Covid-19 pandemic but also strong earthquakes in Zagreb, Erste Bank Croatia donated funds for the Zagreb children's hospital as well as for the university hospital for infectious diseases in Zagreb. The bank also supported various fund raising activities such as Fond 5.5. for earthquake victims. Česká spořitelna enables the Dokážeme víc (We Can Do More) grant

programme which encourages citizens, including its own employees, to be active. The bank is also a partner of Festival svobody (Freedom festival) – a platform associating citizen initiatives endorsing the legacy of Czech's state holiday on 17 November.

FINANCIAL LITERACY

Financial literacy is essential for creating equal opportunities, economic well-being and social inclusion. In almost all spheres of life, financial illiteracy limits what people can achieve. In line with its mission to foster prosperity, Erste Group is involved in a wide variety of financial education activities, helping people of all ages to acquire the skills and abilities they need to make informed and appropriate financial decisions. In accordance with a recommendation of the Organisation for Economic Cooperation and Development (OECD) that financial education should start as early as possible, Erste Group places particular emphasis on financial education projects for children and young people. Erste Group empowers young people to participate in economic life actively and with self-confidence and to understand how the financial system works.

The Innovation Hub (Erste HUB) is responsible for the financial literacy strategy and the Financial Life Park (FLiP). Since the beginning of 2020, this unit has been reporting to the Chief Platform Officer's division (previously to the Group Retail division).

Erste Group's FLiP at Erste Campus is one of the largest financial education facilities in Europe. Since it opened in October 2016, more than 50,000 visitors have taken part in more than 2,700 (free-of-charge) tours conducted at FLiP. As a result of Covid-19-induced restrictions, FLiP was open for only 15 weeks in 2020, resulting in about 20,000 fewer visitors (about minus 80%) and 900 tours. Since 2019, a mobile FLiP version – FLiP2Go – has been on tour across all federal states of Austria with support from Erste Bank Oesterreich and regional savings banks. Here again, educational content is provided at interactive stations and designed for two target groups: an easy-to-understand format for 10-to-14-year-old children and a more complex one for those aged 15 or older. Visits to both FLiP at Erste Campus and FLiP2Go are free of charge. From April 2019 to March 2020, FLiP2Go attracted more than 11,000 visitors. Because of the Covid-19 pandemic, the bus was not allowed to operate from the beginning of March to the end of the year.

During lockdown, demand for FLiP's digital offerings was substantial, though, with visitor numbers more than doubling. FLiP Challenges offer the option of a digital experience of FLiP content. With Financial Life Challenge, teachers can assess the financial literacy of their pupils and obtain an automated evaluation of class performance. Investment Challenge helps users to build knowledge about the capital market and the important role it plays. While enjoying the game, users learn about the impacts that the current interest rate and inflation environment has on savings and why investing in the capital markets is a sensible

alternative. In September 2020, a third Challenge was released, the FLiP Entrepreneurship Challenge, in which only the first part is played in the web browser. Then, the innovation method Design Thinking is presented by means of an app that guides users through the entire process (www.flipchallenge.at).

Several successful financial education formats were continued in 2020, among them Geld im Griff (Money under Control): Working with the association The Connection, FLiP develops teaching resources for German language courses specifically for young migrants with the aim of building the financial, consumer and language skills they need for coping with daily challenges in their leisure time, at the workplace and in dealing with authorities. The books are designed for all organisations and, in particular, for NGOs that offer German language courses for migrants. Two parts of a five-volume series have already been released as a teaching and learning resource with a print run of 3,000 copies and made available for download (in German only, <https://www.financiallifepark.at/de/fuerlehrer/unterrichtsmateriale/n/geld-im-griff>).

In all of Erste Group's core markets, the subsidiary banks are committed to promoting financial literacy and pursue this mission by means of a wide variety of initiatives and projects.

Already in 2018, the Slovenská sporiteľňa foundation launched a three-year programme called Financial literacy for schools up to 2020 in cooperation with the Slovak Ministry of Education. Its aim is to bring financial education to primary and secondary schools to strengthen the financial literacy of Slovak children and young people by investing in teacher training and in teaching resources and methods. The offer made to Slovak school classes to book FLiP for three days per month is very popular. Overall, more than 3,100 Slovak pupils have already visited FLiP, guided by employees of Slovenská sporiteľňa. In 2020, these visits were possible only in the months of January and February due to various Covid-19 restrictions.

Erste Bank Serbia continued its workshops in kindergartens and schools. The children taking part learn what banks do and how banks, the economy and businesses work together. The internet platform #Erste-Znali offers a wide range of financial literacy resources – from text to videos and a quiz. This initiative received multiple awards in 2020.

Banca Comercială Română continued its financial literacy programme even during the pandemic. About 33,000 people were taught online, of which some 20,000 took part in the online version of FLiP. In addition to setting up a new digital teaching platform called Money School, a children's book was published to advance financial literacy.

Working with the non-profit consultancy SIMPACT, Erste Bank Hungary (Social Banking) organised training events for NGOs on cash flow planning to help them to better overcome the crisis.

The bank also organised financial literacy workshops for disadvantaged people and persons with disabilities in cooperation with other NGOs (Salva, Káva, Köz-Pont, Romaversitas, Nemadomfel).

ART AND CULTURE

Another important activity is sponsorship of art and culture. As part of its ExtraVALUE sponsoring programme, Erste Bank Oesterreich is the principal sponsor of Jeunesse, whose focus is on the promotion of young artists by giving them opportunities to perform professionally on stage as well as on the development of new concepts for teaching music appreciation. Erste Group also supports the Gustav Mahler Youth Orchestra, Jazz at the Konzerthaus, Secession, the ZOOM Children's Museum, Wiener Festwochen, the International Children's Film Festival and the Hunger auf Kunst und Kultur (Hunger for Art and Culture) campaign. Erste Bank Oesterreich also has a long-standing partnership with Viennale, Austria's largest international film festival. Every year, the bank awards the *ExtraVALUE* Film Prize and the *ExtraVALUE* Design Prize for social design as part of the Vienna Design Week as well as the Erste Bank *ExtraVALUE* Art Prize in collaboration with the art association *das weisse haus*. Working with Klangforum Wien and the Wien Modern festival, Erste Bank has also been sponsoring the Erste Composition Prize for many years.

Slovenská sporiteľňa went on supporting the museum of modern arts Danubiana. Erste Bank Croatia supported RIJEKA 2020 European Capital of Culture project. During the Croatian EU presidency, Rijeka, as the largest Croatian port, became the centre of a significant and extensive culture and arts programme and the host city for the best and most interesting artists from the global, Croatian and European cultural scenes. For the 16th time in a row, Erste Bank Croatia organised Erste Fragmenti, a competition for emerging Croatian artists and art students. The bank buys artwork, organises an exhibition and awards an art scholarship. In 2020, it was the only contest like this in the country as similar projects were cancelled in this challenging time. Erste Bank Serbia's cultural sponsorship focused on the Guitar Art Festival and the Belgrade Dance Festival. The bank also supported the 54th Belgrade International Theatre Festival.

Banca Comercială Română supported the Bucharest Art Pavilion – Art Safari, the largest event dedicated to Romanian art. Designed as a temporary museum, this event unfolds annually and brings to the public heritage art, contemporary art, performances, workshops for children and guided tours. This year the exhibition took place in former headquarters of the bank. Česká spořitelna continued its support for cultural institutions and events in 2020, however, the whole year looked completely different due to Covid-19. One example were four benefit concerts of the Czech Philharmonic Orchestra, of which it is a partner. Proceeds went to hospitals fighting Covid-19 as well as to others in need. The bank is the general partner of the largest multi-genre festival Colours of Ostrava and partner of Meltingpot, a discussion forum that is

part of the festival. Furthermore, it is a long-term partner of the Smetanova Litomyšl classical music festival. The bank has always supported visual art – primarily design – and has operated its own gallery.

Although several festivals such as the Bánkító civil festival and the Művészetek Völgye Fesztivál (Valley of Arts) – the biggest underground arts festival in Hungary – were cancelled, Erste Bank Hungary as main sponsor provided funds to avoid their bankruptcy and to ensure 2021 planning.

CORPORATE VOLUNTEERING

Erste Group funds, supports and encourages employees to actively contribute to non-profit initiatives and engage in volunteering. Employees and managers of Erste Group prove their commitment by donating their time and expertise and making contributions in kind to partner organisations.

This is done on the basis of our code of conduct: With Erste Group's volunteering programmes, employees can make a contribution to the development of society. We support this by building relationships between Erste Group and social welfare organisations and give employees time off for volunteering.

The Time Bank, the electronic volunteering platform of Erste Bank and the savings banks, was founded in 2010. The Time Bank matches employees who want to donate their free time and skills with more than 60 partner organisations. In 2020, on average, more than 1,200 employees of Erste Group in Austria were registered on this platform. Partner organisations are selected with particular care. Agreements are entered into exclusively with legal entities, not with private individuals. Cooperation agreements are reviewed by the legal department. In addition, the "Know your partner" compliance questionnaire forms part of the cooperation agreement.

All of Erste Group's local banks (except in Austria) give their employees an extra one or two days off each year for volunteering at social welfare institutions. Erste Group thus makes an important contribution to the development of a non-profit sector in the Central and East European region. Another focus of volunteering in all core markets is on financial literacy.

As well as volunteering, donations in kind also remain important. Despite wide-spread prosperity, people on the fringes of society lack items we take for granted such as toys, clothes and sports equipment for children. The Time Bank therefore provides long-term support to its partner organisations by organising regular collection and swap activities. This way, the Time Bank integrates social and societal commitment and supports the sensible and sustainable management of resources and thus the United Nations' Sustainable Development Goals.

In 2020, three additional campaigns were carried out to collect donations in kind: in addition to collecting men's clothing for people affected by poverty, the Time Bank launched an eyeglasses collection campaign. The prescription glasses and sunglasses donated were passed on to the Archdiocese Vienna's charity for the blind; the glasses were measured and handed out to people in need. In addition, the Time Bank set up a permanent drop-off point for private mobile phones. The proceeds went to the emergency relief fund run by Licht ins Dunkel (Light into the dark) and the emergency help service of Caritas.

Activities to collect donations in kind were also organised in CEE countries. Erste Bank Croatia and Erste Bank Hungary donated used furniture (chairs, tables, cupboards) and IT equipment to public institutions such as schools and kindergartens as well as to disadvantaged families.

SPONSORING SPORTS

In addition to numerous activities promoting amateur and professional sport, Erste Group supports professional athletes, teams or events focusing on running, tennis, soccer and handball, water polo and e-sports.

With more than 220 running events each year, Erste Bank Sparkasse Running is Austria's biggest running initiative and sponsors events from small runs in rural areas to the Vienna City Marathon – Austria's biggest sports event with more than 40,000 participants. The Vienna City Marathon had to be cancelled in 2020. Other major running events – such as the erste bank vienna night run – were held in a different format, with virtual running races organised for the first time under the umbrella of Erste Bank Sparkasse Running. In 2020, Erste Bank Oesterreich also sponsored the Erste Bank Open in Vienna, an ATP World Tour 500 tournament and the most important tennis event in Austria.

As one of the leading brands with a focus on Central and Eastern Europe, Erste Group has also recognised the growing popularity of e-sports and was the main sponsor of the finals of the League of Legends European Championship (LEC). Attracting more than 100 million players per months, the Riot Game League of Legends, a team-based strategy game, is the leading game in the e-sports sector. This sponsorship is a joint project of the local banks in all of Erste Group's core markets.

In addition to group-wide projects, local banks run local sport initiatives. In 2020, Erste Bank Croatia established Erste First League, a new platform to engage and support children in sport. The platform now gathers Erste handball league for children between the age of 7 and 12, and Erste Blue league, an athletic competition for school children across Croatia. In addition, the bank supports the water polo club Primorje Erste Bank based in Rijeka, the football club Rijeka and the basketball club Cibona Zagreb. In June 2020, it backed a fundraising tennis tournament in Osijek featuring the best current Croatian players as well as

famous tennis veterans. Money raised through the event was donated to Croatian scientists working on coronavirus research. Erste Bank Hungary prolonged its involvement in ice hockey sponsorship by sponsoring the Ice Hockey League until 2021/22.

Česká spořitelna introduced a sports umbrella programme called Sports with Spořk which consists of 11 separate projects and partnerships focused on health and immunity protection. Currently, nearly one million citizens of the Czech Republic benefit from this programme. The partnerships with Bike for Life (the largest cycling tour) and the Czech Athletics Federation have been part of the sponsoring portfolio for more than 20 years. Other partnerships with Sokol (the oldest Czech sports club) started in November 2019 with a new focus on teaching children and students at over 1,500 kindergartens and schools to enjoy sports via the projects With Sokol into Life, PE online and Coaches in schools. The latest additions were Šlappeto (a mobile cycling application for families) and Healthy player which is designed to make e-sports players combine their gaming with physical activity to support their wellbeing. The central project of this programme is Sports with Spořk in cities in which Česká spořitelna organises sports competitions amongst cities in cooperation with local municipal authorities.

Slovenská sporiteľňa was again the official partner of Slovakia's national soccer team and also continued its partnership with the Slovak Olympic Committee. In November 2017, Banca Comercială Română and the Romanian Olympic Committee signed a three-year partnership to support sport and the development of education through sport in Romania. This sponsorship represents a strategic initiative that stands as a benchmark for sport involvement in Romania, anchoring Banca Comercială Română in national aspirations and creating extraordinary content to support Erste Group's claim #believeinyourself.

Our customers

FOCUS ON CUSTOMER RELATIONS

Erste Group puts customers and their needs at the centre of its business activities. In conformity with its founding principle, Erste Group aims to offer its customers advice, products and services that help them to achieve and maintain prosperity. Only a bank that understands the motives of its customers' financial needs can offer the right solutions at the right time. Special attention is devoted to approaching customers proactively, handling customers' requests quickly and with professional care and offering exactly those solutions that meet customers' needs at an appropriate level of risk. This is a key factor in building and maintaining long-term customer relations. Erste Group ensures high-quality advisory services by continuously training its employees, focusing on the relationship with the customer.

Prosperity advice – the Erste Group’s approach

Erste Group’s retail business reflects its customer-centred approach that aims to support its customers in building and maintaining prosperity. Only a bank that understands its customers’ needs and motives is able to develop appropriate solutions for them. Customer behaviour is changing, with online and mobile channels increasing in importance. This development has been further accelerated by the Covid-19 induced crisis. Erste Group therefore offers advice not only face-to-face, but also via chat, audio and video communication and is steadily expanding these services.

The advisory concept is supported by a sales incentive scheme that emphasises quality criteria such as the quality of customer relationships and the active use of digital channels rather than product-driven targets.

Products and processes

Product development is likewise driven by customers’ needs and the ways customers carry out their banking activities. Products and services are designed for flexibility, life-cycle changes, simplicity, security, transparency and ease of use. Erste Group focuses on simplifying its current product portfolios and develops new products and services to meet customers’ needs in the best possible manner.

OMNI-CHANNEL APPROACH

Erste Group allows its customers to choose between new and traditional sales and communication channels.

It is especially basic financial needs such as money transfers and the acquisition of products of low complexity that customers increasingly wish to handle through digital channels. Erste Group therefore invests in building sales and servicing capabilities to offer end-to-end digital banking. At the same time, for more complex needs, most customers prefer a seamless switch between different channels, with personal contact and advisory services in branches remaining essential touch-points.

Branches

Direct contact with customers through branches remains a substantial asset, especially for more complex customer needs. Confidence and trust in highly qualified advisors form the basis for successful business relations. Branch interiors and infrastructure also have to meet the changed expectations of customers and must enable them to handle their banking business in the branches quickly and easily.

The roll-out of this new branch concept was continued. In total, Erste Group has refurbished or newly opened more than 230 branches in its seven core markets: Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia.

Digital banking

Not only internet-savvy but also traditional customers expect an ever-widening range of digital banking services. Digital banking is more than being able to transfer cash by computer or a mobile device. It also includes competent advice and simpler handling of all banking transactions as well as tools providing a quick overview of all transactions done.

Under the George digital banking brand, Erste Group offers a unique digital experience spanning multiple markets and comprising a wide range of services. George enables customers to access products and services of the Bank and third parties in a secure IT environment and use the platform for managing their finances. Following the successful roll-out in Austria, Slovakia, the Czech Republic, Romania and Croatia, George already serves more than six million users. George has been available in Hungary since February 2021. The implementation in Serbia will follow next.

Contact Center

Customers expect easy service interactions when they need assistance with digital banking. Their first point of contact is Erste Group’s contact center, which is available around the clock. Qualified employees not only answer questions regarding products and services and assist users of self-service terminals, but also help customers navigate the digital product acquisition processes. In addition, they handle customer complaints or respond to emergencies such as requests to block credit cards and debit cards.

The contact center has become an integral touch-point facilitating a seamless omni-channel journey. It not only takes an increasingly active part in advisory and sales processes, but, where regulations permit, also supports end-to-end digital banking services such as unsecured loans, insurance, credit cards and online banking.

Customers may also contact Erste Group’s contact center by email or via chats, with voice recognition systems and chat-bots completing the services on offer.

ACCESSIBILITY

Erste Group defines accessibility as designing the real-world and digital environments as well as information and product offerings in such a way that they can also be used by people with disabilities without any additional support. Programmes to this effect are being implemented in all countries.

In addition to barrier-free access for the blind and visually impaired (e.g. cash dispensers equipped to provide audio instructions), Erste Group also offers a variety of functions on its digital platform, the George Go app: zoom, contrast adjustment, very large fonts and speech output. The barrier-free functions were developed in cooperation with blind persons and persons with a variety of visual impairments.

2020 was an exceptional challenge due to the restrictions imposed in response to the Covid-19 induced crisis. As part of the essential infrastructure, Erste Group branches remained open during the lockdown periods. In consultation with the bank's crisis management team, measures were taken to protect people while maintaining the possibility of face-to-face contact – including the free-of-charge provision of face masks, hand sanitiser dispensers and Plexiglas screens in areas with busy customer traffic.

In addition, the capacities of the contact center were substantially expanded. The comprehensive banking offering via George also ensured that the customers of Erste Group could conduct their banking transactions through various channels during the Covid-19 induced crisis and lockdowns. In general, measures were taken to ensure a safe working environment. Wherever possible and practicable, employees were asked to work from home.

DATA SECURITY

The security of customer data is a key prerequisite for long-term success in the banking industry. This requires adequate protection of personal data as it is the personal details that are a significant factor in providing financial advice. Maintaining and improving data security is therefore of vital importance to Erste Group. Erste Group applies the highest standards in its IT infrastructure, provides ongoing training to its employees and has common guidelines in place throughout the Group to offer maximum protection against the misuse of personal data.

By sharing and specifying best practices in an ongoing process covering all markets, the Group Data Protection Office ensures that a consistently high level of data protection is implemented across Erste Group. The development of the Union of Data Protection Officers network and the continuous enhancement of data protection compliance may be regarded as the biggest success stories over the past two years. It is the aim to not only maintain the high level of security achieved, but to also implement additional technical and organisational measures in response to mounting challenges to preserve customers' trust as the process of digitalisation continues.

Trust is also earned through transparency: in the event that a loss, change or unauthorised disclosure or access to personal data occurs despite these precautions and if such a breach of data security places the rights and freedoms of the natural persons affected at risk, a notification must be submitted to the competent data protection authority. In 2020, 20 such notifications were sent to the authorities (thereof one for the Holding). If a breach involves a high risk, the persons affected have to be notified as well. In 2020, three such notifications were issued (thereof none for the Holding).

CUSTOMER SATISFACTION

The quality of customer relations depends ultimately on the customers' experiences in their day-to-day dealings with the bank. To maintain its market-leading position, Erste Group is committed to fully aligning employees, partners, processes, policies and technologies around customers. The bank approaches this challenge in a holistic way and uses a system of interdependent, self-reinforcing elements defined in the Group's Customer Experience "CX" Framework, ranging from customer experience strategies to process design and corporate governance.

As they had done in recent years, Erste Group's banking subsidiaries again launched various initiatives against the backdrop of their local environments to provide the best customer experiences possible in a consistent manner. The success of these activities is measured by the CXI (Customer Experience Index). The CXI is determined by the Group Customer Experience department, which is part of the Brand Strategy & Communications division, which reports to the Chief Executive Officer. The CXI replaces the Net Promoter Score (NPS) as it measures not only the customers' willingness to recommend the bank, but also satisfaction, readiness to switch to another bank, customer loyalty and customer effort and thus provides a more comprehensive picture.

The CXI is considered, for example, in calculating the internal bonus assessments of Erste Group's and local banks' management board members and also helps to determine the market positions as well as the strengths and weaknesses of local banks relative to the market leaders (top three competitors) in each country.

Despite the coronavirus crisis, customer satisfaction of the entire Erste Group developed positively in 2020 and is now at the highest level since the measurement began in 2015. Individual subsidiary banks either show growth in both the retail and the SME segment, or can at least keep the high level. In the retail business, Česká spořitelna, Erste Bank Hungary and Banca Comercială Română stand out for their positive development. In the SME business, Česká spořitelna achieved a significant improvement, both in absolute terms and in relation to the top three banks in the country.

RESPONSIBLE FINANCE AND INVESTMENT

In January 2020, the European Sustainable Investment Plan was presented as the investment pillar of the European Green Deal. To achieve the goals set out by the European Commission, a minimum of EUR 1 trillion in sustainable investments will be mobilised over the next decade to support a just and green transition. In parallel, the legal and regulatory framework was expanded. In July 2020, the Taxonomy Regulation establishing a common language of climate aligned and environmentally friendly activities entered into force. Early on, the European Commission made it clear that the financial sector is expected to play a key role in reaching the objectives of the Green Deal. The efforts of the European banking authorities complemented to the finance initia-

tives. The European Central Bank published a guidance on climate-related and environmental risk management and the European Banking Authority issued an action plan on sustainable finance and a discussion paper on the integration of ESG risks into the regulatory and supervisory framework.

True to its role as a leading financial institution in CEE, Erste Group is fully committed to take a major share in the transition process towards a sustainable and low carbon economy. Since its foundation, Erste Group has promoted social values and an inclusive banking concept. As early as in 2001, it started to offer ethically and environmentally responsible investment products. Against the backdrop of the rising importance of sustainable finance, the bank has extended its service offering, such as ESG structured investment products or specific corporate advisory and financing solutions.

In line with its Statement of Purpose, Erste Group has defined exclusion criteria to ensure the ecologically and socially responsible conduct of business in its Responsible Financing Policy. Restrictions apply to the critical part of energy and defence sectors. The financing of nuclear and of coal power plants, coal mining and fracking are excluded. Erste Group joined the institutions aligned with the Paris Agreement and is committed to progressively reduce its coal financing down to achieve a net zero exposure by 2030. Naturally, it is a complex commitment balancing social and energy security with the urgency of climate action. The Responsible Financing Policy is available on Erste Group's website (<https://www.erstegroup.com/en/about-us/sustainability>).

Erste Group's approach in developing sustainable finance reflects its cross-functional view towards sustainability. The Group Sustainability Office is responsible for aligning the key principles and priorities in all involved areas. In 2020, Erste Group's corporate division established an ESG advisory team to develop and promote corporate ESG values and banking solutions and to direct the flow of funds towards a sustainable and low-carbon economy across the CEE region. The debt capital markets and treasury departments aim at providing adequate sustainable funding and refinancing instruments and risk management formed complementary teams fitting to the ESG business initiatives and ensuring a sound implementation of the increasing regulatory requirements.

Erste Group's key investment and lending decisions have to pass several layers of screening to ensure compliance with the internal Responsible Financing Policy and the Code of Conduct. In project finance, Erste Group applies the international standards of the International Finance Corporation and the European Bank for Reconstruction and Development.

Corporate sustainable financing

Erste Group believes that sustainable finance benefits from public and entrepreneurial awareness, commitment and specific knowledge. For historical reasons, some CEE markets are still

somewhat lagging behind in terms of pronounced public awareness and consequently prevailing support toward sustainable objectives. Erste Group's corporate ESG advisory team is dedicated to the mission of building the entrepreneurial understanding of enviro-social equity, long-term risk perspectives and advocating sustainable finance and sustainable debt capital markets. Erste Group's main goal in the region is to support its clients to start and progress in their transition process while ensuring private funding or co-funding means.

Erste Group sees major opportunities in the CEE region arising from the energy sector transformation towards low-carbon grids. In general, life-cycle costs of renewable energy have become comparable with market level, making them increasingly affordable. However, in some countries, the transition will also require modernisation of the transmission infrastructure and further legislative changes though. In 2020, Erste Group participated in or arranged transactions of EUR 1,183 million for renewable energy projects regarding wind-power, photovoltaic, small hydro power and biomass/ biogas across Erste Group's markets in CEE.

Erste Group's Sustainable Finance Corporates team supports a dedicated dialogue with Corporate clients. This typically starts with an industry- and client-specific assessment of ESG issues and leads to the identification of sustainable finance instruments that match the clients' sustainability and funding strategy. To date, Erste Group has participated in sustainable financings with environmentally or socially beneficial impacts through green or sustainability linked loans, SSDs (Schuldscheindarlehen) and bonds granted or placed with a total volume in excess of EUR 1,500 million.

Green bonds

Green bonds are a relatively new and fast-growing asset class. They were created to fund projects that have positive environmental and/or climate benefits. The rising demand for this asset class mirrors the increased public awareness about climate change.

Erste Group is about to finalise its internal framework for green or social bond issuances and plans to issue inaugural green or social bonds in 2021. Cross-functional teams comprising debt capital markets, asset/liability management and the Group Sustainability Office ensure that the requirements of all material stakeholders are met. The eligibility criteria are closely linked to the EU taxonomy, and Erste Group's guiding principles are in line with the ICMA (International Capital Markets Association) green and social bond recommendations and the recommendation of the EU technical expert group on the European green bond standard.

Erste Group believes that there will be a discount for green instruments (green premium) both on the primary and secondary markets and that there will be an increasing shift of private funds into the low-carbon economy transformation.

Asset management

Erste Asset Management (Erste AM) is the asset manager of Erste Group. All Erste AM entities are PRI Signatories (Principles of Responsible Investment) and are committed to the principles of responsible investment. For years, Erste AM has been offering investors an extensive range of sustainable funds enabling them to consider ecological, social and ethical aspects in their investment decisions. Actively managed mutual funds and asset management portfolios are not allowed to invest in companies involved in banned weapons such as land mines, nuclear weapons or cluster bombs and are likewise banned from investing in companies earning more than 30% of total revenues from coal mining, coal trading or the production of coal-based fuels. Furthermore, mutual funds are not allowed to engage in food speculation. The applicable guidelines, including further restrictions are available on the website of Erste AM under sustainability (<http://www.erste-am.com>). By the end of February 2020, Erste AM took the next step by managing a large number of funds on the basis of integrated ESG criteria.

The Ethics Advisory Board, a body of five external experts, supplements the expertise of the experts at Erste AM in the field of ethical assessment. Erste AM is an active member of the following institutions: Eurosif, FNG (forum for sustainable investments) and CRIC (association for the promotion of ethics and sustainability in investments).

Erste AM is a leading provider of sustainable investment funds in Austria and the CEE region. At year-end 2020, Erste AM managed assets worth approximately EUR 68.2 billion. The assets of sustainably managed investment funds, categorised as ESG Impact, ESG Responsible and ESG Integration, including sustainable real estate assets, amounted to EUR 15.6 billion, held in a total of 78 investment funds that are divided into mutual funds and special funds or individual mandates.

Erste AM believes that a sustainable investment process creates most added value when it combines all available tools and methods. Against this backdrop and to meet strict customer requirements, Erste AM has developed the integrated sustainable approach for its sustainable funds. This approach combines exclusion criteria, positive screening, a best-in-class approach based on the ESG analysis, engagement and voting as well as the design of the investment decisions in line with the desired impact and the assessment of the sustainable yield thus achieved. Furthermore, Erste AM offers tailor-made solutions to its institutional clients.

The managed sustainable retail funds include eight bond funds among them a globally oriented, sustainable emerging market corporate bond fund and a global high-yield fund launched in May 2020, four regional equity funds, a global equity fund following a dividend strategy, a real estate fund, a microfinance fund of funds, a theme fund in the areas of environment and climate protection (in cooperation with WWF Austria), an asset allocation fund of funds as well as Erste Green Invest, launched in August

2020, whose investment decisions focus on measurable positive effects on the environment and society. In 2020, 13 sustainable funds were awarded the FNG label: four funds were awarded three stars and nine funds received two stars. The FNG label is the quality standard for sustainable investments in German-speaking countries and was first awarded by Forum Nachhaltige Geldanlagen (FNG) in 2015. Moreover, eleven of the sustainable funds, most of them for many years, have been awarded the Austrian Ecolabel for sustainable financial products.

Cooperation with other international asset managers (organized by PRI and Sustainalytics) continued in 2020. As a founding member of the Climate Action 100+ investor initiative, Erste AM has supported the five-year active dialogue with the world's 100 largest emitters of greenhouse gases from sectors such as oil and gas, electricity, transport and chemical industry since November 2017. The aim is to make these companies reduce emissions, improve climate-related reporting and to promote measures to combat climate change. In addition to its discussions with companies on controversial topics in the field of sustainability and environmental protection, Erste AM also represented the interests of its customers and fund shareholders at numerous annual general meetings.

The regularly published online blog of the Responsible Investment team of Erste AM (<https://blog.de.erste-am.com/dossier-overview/>) remained popular in 2020. In addition, brief sustainability profiles (fact sheets) on the investment universe and the sustainability funds are published regularly. Customers are provided with additional details on the selection criteria and their influence on sustainability-relevant key data (such as the funds' CO₂ footprints). In 2015, Erste AM was the first Austrian capital investment company to sign the Montreal Carbon Pledge. Erste AM thus undertakes to measure the CO₂ emissions of its investments and to publish the CO₂ footprint annually. In early 2020, cooperating with the University of Natural Resources and Life Sciences (Universität für Bodenkultur; BOKU) in Vienna and applying international standards, Erste AM was among the first entities in the financial sector to conduct a comprehensive calculation of greenhouse gases emitted by its operations. Calculations were performed for its offices in Austria for 2018 and 2019 and certified by staff of the BOKU CO₂ compensation system. In 2020, the water footprint for ERSTE RESPONSIBLE equity funds was calculated for the third time.

Structured investment products and advisory

Erste Group has already issued several sustainable retail structured investment products in some of its CEE markets. Having long-standing experience in developing structured investment products for its retail clients, Erste Group regards the integration of ESG factors in its product development and offering a commitment to enable its retail clients to invest according to their sustainability-related preferences.

Business responsibility for the development and management of the group-wide sustainability policy for retail structured investment products lies within the central product management unit, which aligns all ESG related topics with the Group Sustainability Office.

In 2020, Erste Group launched a group-wide initiative to introduce a unified Group Markets Retail Responsible Investment Policy for its retail structured investment products. This policy ensures a common understanding of sustainable retail structured investment products and financial advisory services. In addition, it provides transparency on the applied ESG characteristics. The policy has been available on Erste Group's website since March 2021.

Erste Group aims to build-up a client preference-oriented sustainable retail structured investment product offering based on a harmonised ESG methodology and aligned disclosure standards between its entire asset management and advisory universe. To foster the sustainability knowledge of the financial advisors, a growing range of dedicated ESG training sessions and webinars will be available.

SOCIAL BANKING

Offering basic banking services to the unbanked part of the population was one of the main reasons for the foundation of Erste österreichische Spar-Casse in 1819. Since then, the founding principle – to make financial products and services accessible for all people and to disseminate prosperity – has not changed. For a variety of reasons more than 14 million people in Erste Group's core markets (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia) are still at risk of poverty or social exclusion and even today, some segments of the population do not have access to basic financial services.

Erste Group's social banking initiatives focus on financially excluded or vulnerable private individuals (people at risk of poverty or social exclusion) and social organisations (non-profit sector, non-governmental organisations and social enterprises) by offering them fair access to financial products, sound financial advice and business training and mentoring. Social banking was rolled out across all of Erste Group's local banks and was implemented in partnership with ERSTE Foundation and local social sector organisations. Since the launch, 36,000 clients have been supported, loans of EUR 380 million have been granted and, additionally, educational support has been provided to 26,000 clients.

A specific social banking risk policy sets out the key requirements for managing credit risk of social banking in Erste Group. This policy applies to social banking activities to private individuals, micro clients/starting entrepreneurs, social organisations and special projects. The policy provides a framework that is adapted according to local needs and local legal regulations. The responsibility for each transaction lies with the associated local bank of Erste Group.

Financial inclusion empowers people to cope with unexpected financial shock. Since its foundation in 2006, Zweite Sparkasse has helped a total of 20,500 people in financial difficulties in Austria and currently serves about 8,600 customers. In Slovakia, Slovenská sporiteľňa's social banking continued its debt advisory programme supporting approximately 730 low-income clients in taking control of their debts and improving their household financial management skills.

One of the most difficult tasks for starting entrepreneurs is raising financing to start their business. Erste Group believes that small entrepreneurs provide not only income for themselves and their families, but they often expand their businesses in their communities and, consequently, create new jobs. Erste Group offers access to start-up micro loans, business training, e-learning tools, mentoring sessions and networking to these customers. In Austria, the Mikrokredit initiative of Erste Bank Oesterreich and the Austrian Federal Ministry of Social Affairs, Health, Care and Consumer Protection targeting unemployed people starting their own business was extended by adding mentoring support. Overall, Erste Group financed 520 starting entrepreneurs with a total volume of EUR 23 million in 2020.

Very often, even a small working capital loan can be sufficient to scale micro business and successfully fight poverty. BCR social finance (formerly good.bee Credit) is a non-banking financing institution established in 2009 with a clear social inclusion mission and reinvesting all earned profits back into the company. It provides tailored financial and non-financial products for micro-businesses, small agricultural producers and individual enterprises, in both rural and urban areas of Romania. In 2020, BCR social finance approved 1,400 loans and disbursed EUR 15 million to Romanian micro-businesses.

Non-profit organisations and social enterprises often deal with some of the most challenging issues in society such as youth unemployment, social integration and poverty reduction. The Covid-19-induced crisis has triggered funding constraints for many of these organisations. In addition, the current economic downturn might result in declining future aid budgets, social programmes and donations. In May 2020, Erste Group Social Banking with the support of ERSTE Foundation started to provide emergency working capital loans with a zero interest rate in 2020 to non-profit organisations in the CEE markets aiming to support the social sector to cover immediate needs and current expenditure. Additional consultation is provided to find suitable financing.

Erste Group's social banking experts and mentors offer innovative advice and dynamic perspectives to support social enterprises and starting entrepreneurs. For these clients, Erste Group offers a bundle of working capital loans, bridge loans and investment loans. Erste Group Social Banking benefits from the social entrepreneurship guarantee umbrella under the EU Programme for Employment and Social Innovation (EaSI). In 2020, Erste Group

financed 110 social organisations, NGOs and social entrepreneurs with a total volume of EUR 14 million.

Social Impact Bond

Erste Social Finance Holding and ERSTE Foundation teamed up with atempo, an experienced social enterprise in the field of social inclusion, to contribute to solving issues of unemployment of low-skilled women and social exclusion of people with disabilities in a social impact bond scheme initiated by the Austrian Federal Ministry of Social Affairs, Health, Care and Consumer Protection. The goal of this project is to support independence and the quality of life of people with disabilities, and at the same time to empower unemployed women with professional, targeted education and mentoring to enable their re-entry into employment. Pre-financing of the private investor is guaranteed by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection. The initiative is planned to run from May 2020 until December 2023 and will be realised in Vienna, Styria, and Lower and Upper Austria.

For more information and details about Erste Group's social banking or to read some client stories, please visit: <https://www.erstegroup.com/en/about-us/social-banking>.

Suppliers and supply chain

Erste Group views suppliers as partners in shaping its business to be more sustainable. Procurement decisions include assessments of the suppliers' social and environmental impact.

Covering the entire supply chain, Erste Group Procurement is the sourcing and procurement company of Erste Group. Its basic objective is to ensure clear and fair sourcing and procurement activities and contracts. This includes, most importantly, meeting all the needs of Erste Group's entities for goods and services on time and in accordance with all quality requirements with the best possible terms (e.g. price, terms of payment, guarantees and liability) by purchasing locally or across borders. Erste Group's suppliers must meet defined standards of business ethics, environmental protection and human rights.

In fulfilling their contractual obligations, suppliers of materials, equipment and services selected as group partners are required to:

- Comply with national and local laws, decrees and regulations
- Fulfil all their legal obligations regarding the health and safety of their employees and their contractors
- Strictly comply with environmental legislation
- Respect and implement the basic principles of corporate social responsibility

These principles are also reflected in the supplier code of conduct, which is publicly available on the website of Erste Group Procurement. Erste Group Procurement holds the CIPS Corporate

Ethics Mark, a certification awarded by the Chartered Institute of Procurement and Supply (CIPS). This certificate distinguishes institutions that have committed to high standards in procurement and provide relevant courses in-house. Currently, 100% of all employees of Erste Group Procurement have obtained individual certification on ethical behaviour in procurement.

SUPPLY CHAIN

Erste Group's supply chain mainly involves indirect expenses that support the group's core business. In 2020, the total amount paid to companies outside Erste Group was slightly above EUR 1.15 billion, mostly linked to IT (43% of total spending), followed by expenses for services, operations and marketing (36%) and facility management (21%). Out of a total of 20,556 suppliers at group level, 693 suppliers accounted for 80% of total third party expenditure.

90.7% of suppliers (reflecting 94% of third party expenditure) are located in the European Union, highlighting Erste Group's focus on its markets in Central and Eastern Europe including Austria. 8.6% of suppliers are located in other European countries, 0.5% in North America and the rest (0.2%) are based on other continents.

Only 14% of Erste Group's purchases were made across borders. The focus on local procurement strengthens the local economies of the countries where Erste Group operates and underlines its commitment to support these regions.

SUPPLIER SELECTION PROCESS

Compliance with sustainability criteria in selecting suppliers is guaranteed at both the strategic and the operational levels. Strategies have been developed for selected groups of goods to help in supplier selection. In addition to group standards for social responsibility, these strategies also include defined technical specifications. Since 2016, sustainability criteria drafted with the Group Sustainability Office of Erste Group have been a mandatory element of the selection process.

To ensure that Erste Group's suppliers meet the group's corporate responsibility standards, audit questionnaires must be completed for any purchase worth more than EUR 100,000, and regular supplier business reviews have to be performed.

The supplier audit questionnaire is IT-based and an integral part of Erste Group Procurement's supply chain. This ensures full transparency and allows a timely assessment of suppliers and risks before entering into contracts with suppliers. The results of the audits form the basis for supplier classification.

To ensure correct procedures, all relevant steps have been integrated into an electronic tendering system. The IT application blocks the entry of further data, and thus collaboration with a supplier, if there is not enough information available or a supplier

classified as critical has not been explicitly approved. Any non-compliance with the supplier code of conduct is brought forward to compliance delegates, who decide on further action, if required. In addition to the initial evaluation, follow-up reviews are performed regularly on the most important suppliers or those having the most significant risk profile.

Environmental aspects

As part of Erste Group's efforts in environmental protection, ecological aspects are also included in Erste Group Procurement's supplier selection process. The supplier audit questionnaire specifically addresses the following topics:

- _ Existence of an environmental management system
- _ Existence of a written environmental policy
- _ Method for measuring CO₂-emissions
- _ Existence of environmental targets
- _ Information on fines or charges for environmental infringements
- _ Description of the supplier's supply chain

In the procurement of goods, tender documents include additional questions relating to potentially hazardous chemicals, recycling capabilities of products, return policies for products at the end of their useful lives and compliance with ENERGY STAR or similar standards.

A supplier sustainability scorecard was introduced in 2017. Suppliers are required to disclose their ecological footprint (energy consumption, waste and emissions) for the previous two years, either at an aggregate level or related to their activities for Erste Group. In 2020, 66 suppliers with resource-intensive operations such as data centres and transport services were selected to provide scorecard data. As these criteria are relevant to the supplier selection process, developments are continuously monitored and assessed.

In 2020, 20,556 contracts with suppliers were concluded or renewed. Of these, 1,808 suppliers were screened according to environmental standards. No supplier was subject to any environmental impact assessment beyond the standard audit questionnaire, nor was any supplier identified as having had a significant actual or potentially negative environmental impact. No actual or potentially negative environmental impact was identified in the supply chain. Finally, no supplier contract had to be terminated as a result of a significant actual or potentially negative environmental impact.

Social aspects

As the supplier selection process also encompasses social aspects, the supplier audit questionnaire also comprises relevant criteria such as:

- _ Effective abolition of child labour
- _ Elimination of all forms of forced or compulsory labour
- _ Elimination of discrimination with respect to employment
- _ Freedom of association and the right to collective bargaining

- _ Reasonable working hours and fair remuneration
- _ Health protection
- _ Occupational health and safety
- _ Job restructuring
- _ Remuneration
- _ Fair working conditions
- _ Other social criteria in the supply chain

In 2020, Erste Group co-operated with 20,556 suppliers, of which 1,808 suppliers had a current supplier audit questionnaire on file. No supplier was subject to any specific labour practices or human rights impact assessment beyond the standard audit questionnaire, nor was any supplier identified as having had a significant actual or potentially negative impact on labour practices or human rights. There was no actual or potentially negative impact on labour practices or human rights identified in the supply chain and no supplier contract had to be terminated as a result of a significant actual or potentially negative impact on labour practices or human rights.

Furthermore, no supplier was found to be in violation or at risk of violating the right to exercise freedom of association and collective bargaining, nor was any supplier found to have a significant risk of child labour, young workers exposed to hazardous work, or material risk of incidents of forced or compulsory labour.

Compliance and anti-corruption

Erste Group is committed to the highest standards of corporate governance and responsible behaviour of every individual and conducts its business in compliance with applicable laws and regulations. In addition, Erste Group has introduced various policies and guidelines defining rules and principles for its employees. Compliance with external and in-house standards provides the basis for long-term trust in Erste Group.

Erste Group's compliance programme has laid the basis for a common understanding of values within the Group. The Code of Conduct provides guidance for Erste Group's employees. The rules it sets out for dealing with the day-to-day business create the basis for compliance awareness and for the compliance management system that ensures conduct in conformity with laws and policies.

The Compliance department is responsible for the compliance programme and thus for compliance matters within Erste Group. In organisational terms, Compliance is assigned to the Chief Risk Officer's division but reports directly to the entire management board. The compliance programme of Erste Group is based on relevant legislation such as the Market Abuse Regulation and the Securities Supervision Act, the Criminal Code and the Financial Markets Anti-Money Laundering Act as well as international practices and standards.

Conflicts of interest between customers, Erste Group and employees are governed by clear rules. The most frequent types of conflicts of interest have been defined. Policies and organisational measures have been implemented to manage such conflicts of interest, including information barriers and rules on accepting and giving benefits. Additional standards apply, for example, with regard to employee transactions and research disclaimers. Among the key issues are also the establishment and coordination of processes and measures to prevent money laundering and terrorist financing, to comply with financial sanctions and embargoes and to prevent financial crime. In this area, substantial investments are being made on an ongoing basis to strengthen the monitoring systems.

To ensure compliance with all laws and regulations, standards, policies and processes are continuously evaluated and reviewed across the Group.

Mandatory compliance training for all new employees includes awareness building and an introduction to the prevention of corruption. For employees in selected business areas, regular compliance training is mandatory.

ANTI-CORRUPTION

Based on international anti-bribery and anti-corruption initiatives (e.g. the OECD Anti-Bribery Convention, the United Nations Convention against Corruption), local authorities in many countries have adopted laws and regulations that generally prohibit offering public officials benefits for the purpose of obtaining or retaining business or otherwise securing improper advantages. Offering improper payments or other inducements for the benefit of a public official, even if made indirectly through an intermediary, is prohibited. Erste Group under no circumstances offers anything of value to a public official nor to members of a public official's family or any charitable organisation suggested by a public official for the purpose of influencing the recipient to take or refrain from taking any official action or to induce the recipient to conduct business with Erste Group. This also includes facilitating payments. All of Erste Group's businesses are subject to the laws and regulations in the countries in which Erste Group operates.

Preventing and combating corruption is fundamental to Erste Group. The following measures are taken to comprehensively raise awareness among and provide information to employees:

Policy. By rolling out a group-wide policy on conflicts of interest and anti-corruption, Compliance educates employees about key national rules as well as the rules of the UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA). This ensures that every employee of Erste Group is familiar with the relevant rules and knows how to apply them. This policy is a minimum standard for the entire banking group.

Training. New employees are systematically instructed in the essence and processes of Erste Group's corruption prevention efforts. Regular releases of intranet news on key themes of anti-corruption efforts such as the proper handling of benefits around Christmas or of monetary or non-monetary benefits help to raise awareness of the anti-corruption agenda.

Reporting. Every employee of Erste Group must refrain from any conduct that might give rise to a suspicion of corruption. In addition, various reporting duties have to be met, including in particular reporting any acceptance or giving of certain benefits in the public and the private sector as well as any benefits they receive from third parties within the meaning of MiFID II or give to such third parties. With all topics arising in connection with corruption prevention, Erste Group's employees may contact Compliance through various channels such as e-mail, reporting tools or, anonymously, by whistle-blowing.

Group steering. Under a comprehensive communication scheme, Erste Group entities share information intensively at the expert and division head levels (e.g. regular expert calls, annual division head conferences). Local compliance officers and Erste Group's Compliance department hold regular phone conferences to discuss key issues such as ways of providing advice and creating awareness specifically on matters such as benefits and side-line activities.

Surveillance. All suspicious cases are reviewed and disciplinary action is taken, if required. The group-wide survey of corruption risks did not reveal any significant corruption risks for Erste Group.

Activities in 2020

- _ Continued optimisation of the compliance strategy with an increased strategic focus on improvements in anti-money laundering, financial sanctions and the uniform establishment of group-wide standards
- _ Improvement of the monitoring system to combat money laundering
- _ Annual or periodic reviews of policies including the group-wide AML, KYC, CTF, FATCA and CSR policies, the Financial Sanctions and Embargoes Policy, the Securities Compliance Manual, and the Anti-Corruption and Conflicts of Interest Policy
- _ Regular compliance and anti-corruption training
- _ Update of the reporting tool for conflicts of interest (benefits and side-line activities)

Activities continuing in 2021

- _ Increased process and technical improvements in anti-money laundering, financial sanctions and data analyses to combat financial crime
- _ Further improvement of the monitoring system to combat money laundering
- _ Campaigns to strengthen awareness regarding conflicts of interest and anti-corruption

Employees

Erste Group is convinced that current and future staff-related goals can be achieved by focusing on the following three pillars of its human resources strategy:

- _ Culture
- _ Competence
- _ Competitiveness

Human capital is the key element for successful organisational, corporate cultural and competence building. Modern organisations enable people to work in a more flexible, adaptive and customer-centric way. Attracting, retaining and engaging highly qualified employees is crucial to business success, and Erste Group strives to be the employer-of-choice in the region, both in the financial and in the IT sectors, by offering various learning and development opportunities, diverse and international teams and challenging tasks in a flexible organisation.

Developing future leaders and experts in a systematic way is what motivates high-potential employees. Talent management is driven by honest feedback, a fair and transparent assessment of individual potential and quality development activities in partnership with internationally renowned institutions. In the next few years, Erste Group expects that a significant part of today's competences will either become obsolete or will be replaced with different skillsets, more relevant for an agile and digital workforce. Building future-fit competence is thus an essential element of Erste Group's day-to-day human resources work. Learning initiatives go well beyond banking knowledge and also cover the broad economic and social issues facing the region.

Erste Group's cultural transformation aims at linking performance management and rewards to qualitative aspects. This involves moving away from incentive schemes with predominantly sales-driven key performance indicators towards a remuneration philosophy that is more purpose-driven, collaborative and team-oriented, thus taking the prosperity and satisfaction of customers into account.

Erste Group contributes to the implementation of the UN Sustainable Development Goals and Agenda 2030. Its diversity strategy and activities support good health and well-being (Goal 3), gender equality (Goal 5), decent work & economic growth (Goal 8) and reduced inequalities (Goal 10).

Erste Group's response to Covid-19

At the end of January 2020, a Covid-19 Coordination Team was established to assess risks for the company with the accelerated spreading of the coronavirus and to coordinate necessary measures. The aim was to ensure a maximum of safety for both employees and customers as well as to protect the business interests of Erste Group while supporting governmental efforts.

Starting with the first lockdown in mid-March the share of employees of central buildings working from home rose to over 90% within 36 hours. It proved to be advantageous that employees had already been equipped with laptops and softphones, and in most cases, with mobile phones, for several years to accommodate working in modern open-space working environments and from home in general.

As banking was defined as a part of critical infrastructure, Erste Group's branches were kept open even during complete shut-downs in all of its core markets. In some branches, opening hours were reduced, and a two-team system was introduced for several months to ensure the safe and stable provision of services.

Due to the strict containment and safety measures no infection clusters were identified in branches or central buildings during 2020.

So far, Erste Group Bank AG has not made use of any government subsidies, such as tax deferrals, compensation of wage costs or short-time work in connection with Covid-19.

DIVERSITY AND EQUAL OPPORTUNITY

Erste Group defines diversity and inclusion as an integral part of its corporate strategy. Owing to its diversity principles, Erste Group benefits from highly motivated employees, innovative teams and higher customer satisfaction. Erste Group is convinced that diversity promotes operating excellence, as diverse teams achieve better results.

The code of conduct also emphasises the respect for human rights and non-discrimination. Erste Group strives to create the best possible work environment, free of discrimination, harassment and intimidation. It values the work of each and every person regardless of gender, age, marital status, family obligations, religion, political conviction, sexual orientation, nationality, social or ethnic background, disability physical appearance and any other aspects unrelated to the bank's business.

Diversity and inclusion

In 2020, Erste Group's Diversity and Inclusion Policy was renewed, defining measures to increase the share of women in management positions. This policy focuses on the following four areas:

- _ HR processes including recruitment, retention and promotion
- _ The reconciliation of private and professional lives
- _ Culture and communication
- _ A new set of targets and ways to effectively monitor them

Erste Group did not reach the 35% target for women in top management positions by year-end 2019. Following an in-depth analysis of the process, the management together with experts in the fields of human resources and diversity set the objective to

reach a share of 37% women in top management positions (i.e. board and board-1) and 40% women in other management positions (i.e. B-2 and B-3) by the end of 2025. Specific targets were defined for each of the local banks, supplemented with an effective monitoring and reporting system. As of year-end 2020, the banking subsidiaries of Erste Group hold a share of women in top management of 26.6% (2019: 27.4%), with Banca Comercială Română as the best-performer with 41.9% (41.2%), followed by Erste Bank Serbia with 40.0% (38.1%) and Erste Bank Croatia with 33.3% (26.7%).

In addition, Erste Group focused on the group-wide implementation of the following initiatives:

- _ Establishment of new communication formats to raise awareness for diversity and equal opportunity among executives, to make existing offers more visible and to provide best practice examples
- _ Establishment of a strategic interim management system for persons on parental leave that addresses career disruptions with flexibility and a clear focus on the development opportunities for women and men

As the sole Austrian and one of only three companies in the CEE region, Erste Group was again listed in Bloomberg's Gender Equality Index (GEI). This index measures disclosure and performance in promoting gender equality in five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand. Another prestigious international benchmark is Erste Group's participation in the EU Diversity Charter platform. All local banks (with the exception of Erste Bank Serbia because it is headquartered in a non-EU member state) are signatories to their national diversity charters in which members commit themselves to establish an inclusive working culture for their employees regardless of gender, ethnicity, religion, age, disability and sexual orientation. In 2020, Erste Group was for the first time a main partner of the United Nations initiative Orange the World. The purpose of the campaign is to raise awareness for violence against women and support women globally to lead a life free from all forms of violence.

Antidiscrimination

A company agreement on preventing discrimination and promoting respectful behaviour in the workplace was concluded for Austria in 2015 to protect against all forms of discrimination, bullying and harassment. An independent anti-discrimination officer advises and mediates in matters concerning harassment and discrimination and works with management on awareness and prevention. In 2020, this company agreement was revised and expanded in the direction of active conflict management, as Erste Group set itself the goal of dealing with conflicts in the Code of Conduct.

Advice for employees is confidential and is accompanied in a structured solution process if required.

Experience obtained from such conflict situations are perceived as an opportunity to work on the continuous development of the corporate culture. This development focuses primarily on raising awareness and improving processes, behaviour and organisational matters for management and employees.

Following its successful implementation in Austria, a Group Policy will be drawn up in 2021 that will also offer Erste Group's subsidiaries outside Austria a framework for conflict management and processes to address and deal with discrimination, bullying and harassment.

LEARNING, TALENT MANAGEMENT, LEADERSHIP AND COMPETENCE DEVELOPMENT

Erste Group is committed to developing its employees' professional and interpersonal skills to ensure that they are well prepared to perform professionally and in a socially responsible manner. Erste Group continuously develops and aligns group-wide training programmes for senior experts and managers.

Erste Group's employees benefitted from the expanding offer of digital learning formats. Deploying the latest digital learning platforms with continuously updated content, Erste Group was able to quickly amend the learning content structure to reflect rapidly changing needs of managers and professionals in the unprecedented workplace situation due to Covid-19.

Erste School of Banking and Finance, representing the group's key learning programmes framework, switched most of its professional and leadership training, customised executive training, and personal development training courses as well as business area-specific programmes, to blended or fully virtual formats. This allowed Erste Group to keep its 2020 focus on job-specific competence building as well as on identifying and developing group-wide pools of high potential leaders, continuing its cooperation with renowned institutions such as IESE Business School, IMD Lausanne, WU Executive Academy in Vienna and Ashridge Executive Education.

Erste School of Banking and Finance offers colleges for specific business areas. The Corporates & Markets College focuses on specific product knowledge, corporate analysis and corporate sales abilities. The Finance College covers topics of the four key areas of controlling, asset/liability management, accounting and data excellence. The offering of the Risk Management College reflects the changes in the regulatory framework and helps to acquire knowledge in the various areas of risk management. The Business Transformation College provides training on project management and business analysis, enterprise architecture and the broad integration of agile methods.

Erste Group's international leadership development initiatives are structured into a comprehensive roadmap called Erste Leadership Evolution Centre (ELEC), addressing the full range of leadership development. ELEC also includes development programmes for Erste Group's talent pools that aim at developing internationally mobile, high-potential leaders across three seniority levels. The International Talent Pool targets high-performing professionals up to board minus 3 management levels. The next level, the Group Key Positions Pool, aims at preparing managerial talents for roles at division head level. The Executive Pool identifies and develops top executive level talent.

Attracting new generations of workforce through comprehensive development opportunities remains a steady priority across Erste Group. The aim of the annual Group Graduate Programme for university graduates is to attract top international graduates and provide them with fundamental banking and risk management knowledge. In the current Graduate Programme, 50% of the participants are women.

In 2020, each employee of Erste Group had on average 21.5 training hours for professional development (women 21.4 and men 21.7 training hours). Employees in managerial positions had on average 26.0 training hours. Each employee of the Holding had on average 20.2 training hours for professional development (19.6 hours for women and 20.8 hours for men).

In 2021, Erste Group plans to further expand its digital learning offering for employees and managers. Based on the experience during the pandemic, Erste Group decided to continue expanding digital learning formats. In many training courses, online formats proved to add substantial value. The focus will be both on the development of new formats and on the education of internal trainers who need to master a professional approach to the new media.

REMUNERATION AND PEOPLE PERFORMANCE MANAGEMENT

Erste Group's remuneration policy is geared towards an appropriate balance in rewarding performance, competencies and responsibility of its employees. As a signatory of the Austrian Diversity Charter, Erste Group committed itself to the principles of equal opportunity and transparency, especially in remuneration. Consequently, one of the key strategic priorities is to ensure that all reward schemes are transparent, market-driven and linked to performance and personal development. Erste Group's general remuneration philosophy is to neither fall short nor lead the market but to offer competitive remuneration packages.

Therefore, its remuneration policy aims to:

- _ Create an environment where employees can perform, develop and be involved
- _ Reward at the right level to attract and retain employees with the required competence and skills

- _ Be cost-competitive and cost-flexible for a sustainable business
- _ Support leadership and employee behaviour that creates an engaging and unique customer experience and effective risk management practices

All remuneration schemes are designed to meet the respective European and national regulatory requirements on remuneration, as well as the local banks' national remuneration practices and business line needs. The supervisory boards or, where established remuneration committees, review remuneration policies and practices annually on Group as well as on local level, to ensure compliance with respective international and national legislation.

Erste Group's remuneration packages comprise fixed and variable components, benefits and benefits in kind and other individually agreed terms and conditions. Fixed remuneration is the core component of any employee's remuneration and is based on job complexity, individual contribution and local market conditions. The fixed salary represents a sufficiently high proportion of the total remuneration to cover the employees' basic cost of living and allows Erste Group to operate a flexible remuneration policy. Variable components of remuneration are designed in such a way that they do not promote excessive risk-taking. Variable remuneration components may be offered to all employees and are based on company, individual and business line performance. Specific sales incentive schemes are offered to employees working in the retail and corporate business lines and are also based on company, individual and business line performance. Sales incentive schemes are based on quantitative and qualitative criteria. On all these levels, Erste Group uses a balance between financial and business growth, risk, customer satisfaction and cost indicators. The overall performance evaluation also includes the employee's social and business competence.

Benefits (in kind) are provided as a means to stimulate well-being in the work environment and to support an appropriate work-life balance. The benefits offered include flexible working time, study leave, parental leave as well as health centre expertise. Pension and insurance schemes aim at ensuring that employees have an appropriate standard of living after retirement. Pension and insurance provisions are according to local laws, regulations and market practice.

EMPLOYEE HEALTH & WORK-LIFE BALANCE

Respecting and promoting work-life balance has been a long-standing priority of Erste Group, and it offers a wide variety of family-friendly measures and evaluates them on a regular basis to ensure that they meet the employees' needs. These measures differ from country to country and include flexible work arrangements, a company kindergarten, short sabbaticals and regular meetings for employees on parental leave.

One of the priority measures ensuing from the Career and Family (Beruf & Familie) Certification Audit in Austria is to develop effective interim management models for persons on parental leave that address career disruptions with flexibility and a clear focus on the development opportunities for women and men on parental leave. In 2020, Erste Group fostered its initiative on encouraging more men to take full advantage of parental leave options.

The development of health literacy, embedded in the UN Sustainable Development Goals (SDG 3), is essential for dealing with illnesses, guaranteeing equal access to health care, and supporting social policies in this area. The workplace offers an ideal setting and infrastructure to support and promote health issues to large groups of people, thus making occupational health an important contributor to public health. Erste Group is committed to a proactive approach to helping its employees to identify and manage health risks. Health promotion activities and topics in Erste Group include lifestyle habits, work-life balance, mental health, stress prevention and nutrition counselling. A multi-professional team of occupational physicians, work-place psychologists and physiotherapists assists Erste Group's employees in any matters of health and well-being.

The requirements for occupational safety in Austria are regulated by law (Occupational Health and Safety Act). Erste Group ensures compliance with all legal requirements with its own health centre and covers support for the Holding, Erste Bank Oesterreich and almost 30 subsidiaries. In 2020, in the course of the Covid-19 pandemic, almost 7,000 employees received medical treatment in the context of occupational health measures.

To set effective measures for employees within the scope of Covid-19 and to maintain continuous banking operations, the health centre initiated and supervised several very successful approaches: a hotline operating 7 days a week for inquiries from employees regarding related health issues, immediate testing in case of suspected infection, participation in a study led by Medi-

cal University of Vienna regarding the immunity situation of employed persons with various demographic factors and employments as well as immediate individual and team support for all employees.

Erste Group's Vienna based health centre focuses on the prevention of chronic diseases, which account for 50-80% of all global health costs. Erste Group has implemented a wide variety of measures to prevent or at least minimise the impact of chronic illness. These measures include preventive medical examinations, melanoma screenings, colon cancer prevention and early detection measures, the prevention of cardio-vascular diseases through nutrition consultation, fitness offers, and blood pressure and other screenings. Through close cooperation with local health services providers such as rehabilitation centres, employees are ensured quick access to treatment.

A company agreement on re-integration ensures that employees can gradually return to work after an extended sick leave. Erste Group is one of only a few companies with such an agreement, which has resulted in a significant decline in long-term sick leaves over the past years.

As mental health is increasingly important for the labour market, the health centre has made it one of its priorities. Employees have access to work-place psychologists, as well as to an external service that provides support for situations concerning children, school, problems at home and outside the home, and caring for older dependent family members. Employees on Erste Campus also have access to a hotline free of charge where they can anonymously seek advice from qualified professionals.

Staff indicators

Staff indicators refer to the end of the reporting period. Total data (48,516 employees; headcount) include data from direct and indirect holdings of Erste Group outside its below-mentioned core markets.

Overview and age structure 2020

	Total		<30 years		30-50 years		>50 years	
	Women	Men	Number	in %	Number	in %	Number	in %
Erste Group	30,271	18,245	7,812	16.1%	29,097	60.0%	11,607	23.9%
thereof Holding	924	1,016	213	11.0%	1,184	61.0%	543	28.0%
Austria incl. Holding	9,873	8,822	3,131	16.7%	9,738	52.1%	5,826	31.2%
Czech Republic	6,894	3,320	1,858	18.2%	6,051	59.2%	2,305	22.6%
Slovakia	2,705	1,149	574	14.9%	2,490	64.6%	790	20.5%
Romania	4,301	1,541	871	14.9%	3,724	63.7%	1,247	21.3%
Hungary	2,086	1,284	558	16.6%	2,352	69.8%	460	13.6%
Croatia	2,201	1,040	394	12.2%	2,360	72.8%	487	15.0%
Serbia	923	340	194	15.4%	875	69.3%	194	15.4%

Mode of employment

	Full-time employees				Part-time employees			
	2020		2019		2020		2019	
	Women	Men	Women	Men	Women	Men	Women	Men
Erste Group	24,166	17,200	24,773	17,927	6,105	1,045	6,444	1,101
thereof Holding	612	921	639	991	312	95	329	104
Austria incl. Holding	5,106	8,037	5,217	8,271	4,765	787	4,872	817
Czech Republic	6,118	3,227	6,024	3,032	777	92	925	108
Slovakia	2,624	1,133	2,883	1,180	81	16	96	15
Romania	4,114	1,488	4,508	2,138	188	52	271	75
Hungary	1,873	1,200	1,873	1,159	213	84	197	79
Croatia	2,147	1,038	2,218	1,058	54	2	55	0
Serbia	918	338	820	326	5	2	3	1

Selected indicators

	Share of women in executive positions		Share of women in other managerial positions		Average number of sick leave days per employee		Number of employees with health disability	
	2020	2019	2020	2019	2020	2019	2020	2019
	Erste Group	25.1%	23.4%	43.5%	41.2%	10	9	679
thereof Holding	25.5%	22.5%	28.4%	25.2%	4	6	17	15
Austria incl. Holding	19.3%	16.8%	25.6%	24.6%	7	8	338	330
Czech Republic	14.0%	14.4%	54.5%	56.8%	20	13	118	128
Slovakia	22.5%	19.4%	57.6%	58.4%	13	9	164	154
Romania	39.2%	38.6%	55.4%	55.3%	8	8	32	34
Hungary	24.1%	24.4%	48.6%	41.9%	3	9	10	9
Croatia	38.6%	35.7%	64.7%	60.4%	4	5	15	14
Serbia	37.5%	34.8%	53.2%	50.9%	9	10	0	1

Executive positions cover all board and board-1 positions. Other managerial positions cover all the board-2, board-3 and board-4 positions.

Governance bodies: Detailed information about the members of the management board and the supervisory board of the Holding is presented in the (consolidated) Corporate Governance Report. As of year-end 2020, one woman and six men were members of the management board, two of them were between 30 and 50 years old, and five of them were older than 50 years. 39% of the members of the supervisory board were women, 61% were men.

Parental leave (return to work after parental leave)

	2020				2019			
	Women		Men		Women		Men	
	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	1,013	80.3%	120	96.0%	1,009	77.7%	139	97.9%
thereof Holding	22	100%	7	100%	37	94.9%	16	94.1%
Austria incl. Holding	268	91.4%	81	99.0%	300	89.6%	82	97.6%
Czech Republic	151	67.4%	0	n.a.	131	44.4%	1	100.0%
Slovakia	94	77.0%	15	93.8%	80	96.4%	25	100.0%
Romania	194	84.0%	11	100%	244	97.2%	22	95.7%
Hungary	80	61.1%	0	0.0%	51	46.4%	0	n.a.
Croatia	123	83.7%	12	100%	109	87.2%	6	100%
Serbia	46	93.9%	0	n.a.	36	94.7%	0	n.a.

Every employee in a permanent employment contract is eligible to take parental leave. The ratio (in %) shows the return rate after parental leave has ended.

New hires in 2020

	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %						
Erste Group	2,978	63.4%	1,722	36.6%	2,202	46.9%	1,918	40.8%	580	12.3%
thereof Holding	38	48.1%	41	51.9%	22	27.8%	46	58.2%	11	13.9%
Austria incl. Holding	745	57.8%	545	42.2%	665	51.6%	520	40.3%	105	8.1%
Czech Republic	945	63.2%	551	36.8%	591	39.5%	487	32.6%	418	27.9%
Slovakia	216	67.5%	104	32.5%	167	52.2%	147	45.9%	6	1.9%
Romania	446	71.4%	179	28.6%	339	54.2%	267	42.7%	19	3.0%
Hungary	234	57.9%	170	42.1%	176	43.6%	210	52.0%	18	4.5%
Croatia	130	68.4%	60	31.6%	90	47.4%	94	49.5%	6	3.2%
Serbia	126	71.6%	50	28.4%	84	47.7%	88	50.0%	4	2.3%

The calculation methodology was changed in 2020. The percentages refer to the total of newly hired employees. In 2019, the percentages referred to the total headcount.

Fluctuation in 2020

	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	3,645	10.8%	1,844	9.3%	1,502	14.5%	2,737	9.8%	1,250	8.2%
thereof Holding	59	5.9%	75	6.7%	27	9.4%	61	4.6%	46	8.9%
Austria incl. Holding	808	7.6%	785	8.2%	395	10.3%	568	5.4%	630	10.8%
Czech Republic	887	11.3%	339	9.3%	340	12.9%	657	22.0%	229	3.9%
Slovakia	512	16.0%	153	11.8%	137	15.9%	368	13.1%	160	19.3%
Romania	720	14.4%	194	11.4%	342	27.4%	465	11.3%	107	8.0%
Hungary	330	14.2%	190	13.4%	143	21.8%	327	12.6%	50	10.1%
Croatia	229	9.6%	81	7.7%	83	14.4%	170	7.1%	57	12.2%
Serbia	77	7.6%	36	9.5%	26	9.6%	75	8.1%	12	6.1%

This table presents the number of employees who left Erste Group (including retirement) during the financial year and it does not include employees on parental leave, internal transfers within Erste Group or departing trainees and interns. The fluctuation is calculated pursuant to the Schlüter formula. For Erste Group (total of men and women), fluctuation stood at 10.2% (2019: 12.1%).

Environment

In recent years, ecological sustainability has developed from a marginal topic into a major one that is of relevance not only to experts and environmental activists. Stakeholders – employees, customers and last, but not least, investors – are increasingly taking a closer look at the ecological footprint of every company, including banks.

The Paris Agreement of 2015, the United Nations' Sustainable Development Goals and the Special Report of the Intergovernmental Panel on Climate Change of October 2018 have one thing in common: they call for accelerated and more decisive action to reduce greenhouse gases and transition to a low-CO₂ climate-neutral economy. The European Commission estimates that up to 2030, additional annual funding of approx. EUR 260 billion will be needed for a significant transition of the economy to renewable energy sources. This means that banks, insurers and other financial institutions will also play a key role in combating climate change.

Under the EU Action Plan on Sustainable Finance, the European Commission aims to create a legal framework under which aspects such as the environment, social responsibility and governance are to become key decision criteria for the financial system.

Banks are service providers whose business operations have only a modest direct impact on the environment, mostly through their consumption of energy and paper. A bank may, however, have a substantial indirect impact on the environment through its business operations. Becoming aware of this impact and taking appropriate action are among the main challenges financial institutions are facing. Erste Group has therefore already been pursuing ecological goals for many years and understands sustainability as part of its corporate responsibility, building on its 200-year history.

Consequently, Erste Group has set ecological targets to minimise its operational environmental footprint. Its direct environmental impact is limited to energy and paper consumption. Since 2016, Erste Group's published data show a total reduction of more than 21% in Scope 1 and Scope 2 emissions even though the scope of reported entities increased significantly.

ENVIRONMENTAL STRATEGY

Erste Group's environmental strategy is based on four pillars:

- Establishment of environmental management systems
- Inclusion of ecological criteria in banking products and services
- Establishing a supply chain management system for all purchased products and services
- Cooperation with non-governmental organizations active in the environmental sector

Ecological targets

For 2019 to 2021, targets for the use of energy and other resources have been agreed individually for each of the local subsidiary banks. Following absolute targets set for 2012 to 2016 (e.g. reduction of the total consumption of electrical energy), this time, relative targets (e.g. consumption of electrical energy per m²) were agreed. Relative targets enable comparability between local subsidiary banks. In the past, comparability was limited due to the increasing number of companies included in the non-financial reports and the continuous reduction in the number of branches.

The six key indicators for the ecological targets are:

- _ Average electricity consumption in kWh/m²
- _ Average heating energy consumption in kWh/m²
- _ Share of hybrid/e-cars in the carpool in %
- _ Copy paper consumption in kg/employee (FTE)
- _ Share of recycled copy paper in %
- _ CO₂e emissions (Scope 1 + Scope 2) in tonnes/employee (FTE)

The starting points for the individual targets for each core market were the respective values from 2018. One year after having introduced the ecological targets, Erste Group's subsidiaries in Serbia, Croatia and the Czech Republic already met their targets on Scope 1 and Scope 2 emissions per FTE in 2020. With regard to the share of hybrid/e-cars in the carpool, the entities in Romania, the Czech Republic and in Austria met the set goals in the course of 2020. In addition, the target on the share of recycled copy paper was reached across Erste Group except in Austria due to the increased scope of entities, i.e. the Austrian savings banks that were not part of the non-financial report in 2019. Nonetheless, paper consumption per FTE declined due to the shift towards a higher rate of persons working from home.

The individual environmental targets as well as the environmental data for the reporting period are presented in a table at the end of this section.

Scope 3 emissions associated with Erste Group's investments and financing significantly contribute to total greenhouse gas emissions. For this reason, Erste Group started an initiative to develop a methodology to calculate the point-in-time carbon footprint of its credit portfolio in 2020 and to report it in 2021. CO₂e Scope 3 emissions caused by mobility (e.g. kilometers travelled by air, train or rental car for business purposes) are not reported as they are immaterial compared to emissions due to investment and finance activities.

Overall, Erste Group's reported total CO₂e emissions (Scope 1 + Scope 2) were reduced by 7,518 tonnes (-11.6%), which was mainly attributable to efficiency measures in Romania (-5,401 tonnes CO₂) and Hungary (-1,810 tonnes CO₂). The increase in emissions in Austria (+20.2%) was due to the expanded scope of entities.

Ecological footprint

	2019	2020
Electricity consumption	175 GWh	165 GWh
Heating/cooling energy consumption	138 GWh	137 GWh
Fuel consumption	46 GWh	37 GWh
Total energy consumption	359 GWh	340 GWh
CO ₂ e-emissions (Scope 1 and 2)	64,834 t	57,492 t
Copy paper consumption	1,615 t	1,295 t

Scope of consolidation

In 2020, the reporting scope of environmental data covers the whole consolidation scope of Erste Group entities except one minor operational entity that accounts for less than 1% of total FTEs.

In 2020, the environmental data of all Austrian savings banks of Erste Group were taken into account, while in 2019 only those with more than 150 employees were covered. The extension of the reporting scope by 30 Austrian savings banks led to the following increases in environmental data: total energy consumption 17,226 MWh (thereof consumption of electrical energy: 6,596 MWh, consumption of heating energy 7,577 MWh), copy paper consumption 55 t (of which 9.4 t recycled paper), CO₂e emissions 2,054 t.

Environmental management systems

Certifications according to ISO 14001 and/or ISO 50001 have been completed in Erste Group's subsidiaries in Croatia, Slovakia and Hungary. Erste Bank Croatia introduced energy management standard ISO 50001 in addition to the ISO 14001 certification that has been in place since 2017. Česká spořitelna is considering the introduction of an EMAS certification in 2021. Of the Austrian savings banks Steiermärkische Sparkasse (ISO 14001) and Allgemeine Sparkasse Oberösterreich (ISO 50001) are already certified. Steiermärkische Sparkasse plans to audit its environmental management system at the beginning of 2021. Dornbirner Sparkasse has been certified ÖKOPROFIT every year since 2012

PRIORITIES

Improving energy efficiency

For banks, the most effective approach to cutting CO₂ emissions is to switch to electricity from renewable energy sources. Erste Group has completed this change fully in Austria and Croatia and has completed it partially in Hungary and the Czech Republic.

The reduction in energy consumption for electrical energy and for heating and hot water preparation is predominately ensured by new, energy-efficient headquarter administrative buildings. However, branches are mostly located in rented premises and therefore are limited in their choice of heating systems efficiency measures that can lead to improvements.

- _ The following newly constructed Erste Group headquarters meet strict ecological criteria and thus contribute substantially to reduced consumption of resources: Erste Campus in Vienna

is certified on platinum level by DGBN/ÖGNI Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft.

The Bridge, the headquarters of Banca Comercială Română in Bucharest, holds LEED Platinum (Leadership in Energy and Environmental Design) certification. Office space in the LED technology equipped building was reduced from 21,000 m² of floor area to 14,000 m² compared to the old premises.

Erste Campus, for example, is supplied exclusively with non-fossil energy (district heating and cooling and green electricity). In 2020, the use of district cooling was reduced significantly by 39.2% (2019: 27.7%) to 1.0 GWh (2019: 1.7 GWh) through improved use of cold groundwater for cooling. The construction of a photovoltaic system on the roof of the Erste Campus began in December 2020. The 764 modules covering roughly 2,000 m² will supply approximately 250,000 kWh per year, which is roughly equivalent to the consumption of 5 branches or 125 households. This installation is an important step to make the main building of Erste Group even more climate-friendly, in addition to measures already taken, such as the use of 100% green electricity and the use of rainwater and district cooling.

Česká spořitelna's energy management focus was on the implementation of remote monitoring and control of technical building management, e.g. a facility management system enabling digitalisation and technology passporting, control of cleaning and waste management and corresponding documentation of systems. The bank cooperated in this area with the Centre for Energy Efficient Buildings and the Faculty of Mechanical Engineering of the Czech Technical University. Slovenská sporiteľňa achieved a further 10% reduction in electricity consumption by reducing the CO₂ footprint of its branches and optimising data server functions.

At the beginning of 2020, Erste Campus as well the branches of Erste Bank Oesterreich and some savings banks switched to Verbund as their electricity provider. Verbund is Austria's leading electricity company and one of Europe's largest producers of electricity from hydropower, making up almost 100% of their electricity generation.

Several savings banks joined the effort and invested both in energy savings and innovation. Kärntner Sparkasse piloted an eco-protective local concept. For the wooden construction of a new branch, wood was sourced locally in the Gurktal region and owing to an innovative heat pump the building's CO₂ emissions are kept at minimum levels. When Wiener Neustädter Sparkasse planned the renovation of both their customer center and the main headquarters, a special emphasis was placed on state-of-the-art technology for ventilation, cooling, heating and lighting.

A project aiming at the transition to sustainable energy and the vision of operating in a climate-neutral manner launched in 2019 by Allgemeine Sparkasse Oberösterreich, with support from OÖ Energiesparverband, proved successful in 2020. The conversion to energy sourcing with zero-carbon electricity led to a reduction

of the CO₂ emissions of 59%. Technical monitoring of selected branches is an important part of this project. Automatic meter readings facilitate energy consumption and trend reports. In addition to the main locations of Promenade, sBC and Wels, six additional branches will be integrated into the system in 2020. The project also includes an analysis of the mobility behaviour of employees on their way to work.

Use of electric and hybrid vehicles

An additional measure to reduce CO₂e emissions is the replacement of fossil fuel-powered company cars with e-cars or hybrid cars. Given the cost-efficiency focus in 2020, Erste Group generally did not invest into car-fleet renewals, and its policy was focused mainly towards reduction, phase out or essential replacements. Still, Erste Group made progress towards its goal and increased the share from 1.4% to 3.2% in 2020. Austria reached 9.1% in 2020 (2019: 6.6). Banca Comercială Română improved its share from 0.1% to 3.8% as the net increase of its carpool was fully covered with eco-friendly vehicles. Other entities achieved a reduction of emissions through a decrease of their combustion engine car park – Česká spořitelna by 4.9% and Erste Bank Croatia by 8.9%. A further increase of the share of e-cars or hybrid cars will also depend on the charging station network availability in CEE countries, which is still only a fraction of that in Austria. E-car charging stations were put in place at various sites including Erste Campus in Vienna and several savings banks branches.

Reduction of paper consumption

To minimise its environmental impact, Erste Group preferably buys recycled copy paper and continuously runs paper-saving initiatives in its banking operations. The trend towards digitalisation helps to reduce paper consumption. On the online platform George, customers may choose to waive printouts of account statements as Erste Group's mobile banking offers an easy-to-use archive of all account transactions.

Current efforts aim at processing all standard banking transactions electronically whenever possible, which will accelerate back-office procedures and make customer service more efficient. This improves not only the customer experience but also reduces paper consumption. sDG Dienstleistungsgesellschaft mbH – with 187 tonnes the main consumer of printed paper across Erste Group in Austria – reduced its consumption by 37.5 tonnes in 2020.

Other paper reduction initiatives in 2020 include Erste Bank Croatia introducing electronic delivery of invoices and Česká spořitelna's ongoing Low-paper office operation project with topics such as cashless banking, biometrics and robotics.

Other environmental initiatives

One element of Erste Group's environmental strategy is cooperation with environmental NGOs. They offer access to their local and international expertise and provide Erste Group with valuable support in its efforts to improve its ecological sustainability. An example of this is the close cooperation between Erste Asset

Management and WWF in the area of ecologically particularly sustainable investment funds. With an increase in value of 77% in 2020, the ERSTE WWF Stock Environment Fund underlined that sustainability and financial performance can be combined.

Česká spořitelna is a member of Společenská odpovědnost (the Association of Social Responsibility), the largest Czech CSR initiative, and a founding member of the Změna k lepšímu (Change for the better) initiative. The bank supported the Foundation Partnerství and their project Greenways: 4,200 kilometers of cycling and hiking trails were built. Erste Bank Serbia encourages its employees to take an active part in environmental initiatives and raises awareness, for example by cleaning the Petrovaradin fortress with the help of volunteers. In 2020, Erste Bank Restaurantbetriebe switched to a reusable system for coffee cups at all restaurants it operates at Erste Campus. This initiative will save at least 85,000 disposable coffee to-go cups per year.

Slovenská sporiteľňa and Allgemeine Sparkasse Oberösterreich keep bee hives on the rooftops of their headquarters, following the example of Erste Campus in Vienna. In addition to producing excellent honey, these bee hives also serve as a visible symbol of the need for nature conservation.

Details on ecological criteria for purchasing are presented in the section on suppliers and supply chain.

Environmental data acquisition

Erste Group uses a software program from CREDIT360 (cr360) to collect environmental data group-wide. With this tool, the energy consumption of approx. 3,000 business locations is individually recorded and evaluated. For the conversion to greenhouse gas equivalents (CO₂e), cr360 uses emission factors from DEFRA (UK Department for Environment, Food & Rural Affairs) and the IEA (International Energy Agency).

Environmental indicators

Total figures for Erste Group shown in the following tables also include data of direct and indirect holdings of Erste Group outside its core markets. A separate presentation of Holding data is not provided, as a meaningful segregation of environmental indicators is not possible due to the shared use of the location (Erste Campus in Vienna) with other entities. The environmental indicators for 2020 relate to 45,435.27 full-time equivalents (FTEs), that is 99% of all FTEs in Erste Group.

Further details on Erste Group's environmental data are available on the Erste Group website <https://www.erstegroup.com/en/about-us/sustainability>.

Environmental targets for 2021

	Measure	AT	CZ	SK	RO	HU	HR	RS
Average electricity consumption per m ²	kWh/m ²	104	103	85	79	125	163	106
Average heating energy usage per m ²	kWh/m ²	60	95	81	85	60	60	77
Share of hybrid/e-cars in carpool	%	5%	3%	1%	0%	10%	1%	3%
Copy paper consumption per employee	kg/FTE	34	23	25	59	30	33	46
Share recycled copy paper	%	90%	95%	100%	95%	100%	95%	100%
Scope 1 and 2 per employee	tCO ₂ e/FTE	0.53	1.40	1.50	2.55	1.20	0.75	1.95

Environmental data

2020	Measure	Erste Group	AT	CZ	SK	RO	HU	HR	RS
Full-time equivalents (FTE)	Number	45,435	16,635	9,933	3,821	5,803	3,286	3,067	1,199
Net floor area	m²	1,654,020	663,089	301,533	143,199	356,830	61,617	67,709	23,093
Total energy consumption	MWh	339,588	121,495	69,317	26,478	72,270	16,945	18,628	4,867
Electricity total consumption (with ATM and own electricity production)	MWh	165,356	65,953	32,145	12,328	25,457	8,232	12,353	2,283
Heating, warm water and district cooling total consumption	MWh	137,449	47,015	31,875	12,502	31,244	6,433	4,598	1,895
Total diesel consumption for electricity generation	MWh	254	177	47	20	5	3	-	-
Carpool consumption total (converted to kWh)	MWh	36,528	8,350	5,251	1,628	15,564	2,277	1,677	690
Share of hybrid/e-cars in carpool	%	3.2%	9.1%	0.4%	1.1%	3.8%	1.0%	0.0%	0.0%
Average electricity consumption per m ²	kWh/m ²	100.0	99.5	106.6	86.1	71.3	133.6	182.4	98.9
Average heating energy usage per m ²	kWh/m ²	83.1	70.9	105.7	87.3	87.6	104.4	67.9	82.1
Total paper usage	t	1,295	502	158	72	311	84	76	22
Paper consumption per employee	kg/FTE	28.5	30.2	16.0	18.8	53.6	25.5	24.7	18.4
Non-recycled copy paper	t	402	334	3	1	3	0	0	0
Recycled copy paper	t	892	169	155	71	308	84	76	22
Share recycled copy paper	%	68.9%	33.6%	97.9%	98.9%	99.1%	99.7%	100.0%	99.5%
Emissions Scope 1 and 2	tCO₂e	57,492	9,968	10,976	6,144	18,693	4,659	1,800	648
Scope 1-emissions	tCO ₂ e	24,929	6,785	2,160	2,931	9,636	1,603	1,221	212
Scope 2-emissions	tCO ₂ e	32,562	3,183	8,816	3,214	9,057	3,056	579	436
Scope 1 and 2 per employee	tCO ₂ e/FTE	1.27	0.60	1.10	1.61	3.22	1.42	0.59	0.54

2019	Measure	Erste Group	AT	CZ	SK	RO	HU	HR	RS
Full-time equivalents (FTE)	Number	44,315	14,962	9,780	4,133	6,795	3,230	3,134	1,136
Net floor area	m²	1,591,455	573,036	301,629	155,036	376,953	68,192	68,133	24,226
Total energy consumption	MWh	358,563	109,096	73,466	27,979	96,959	16,985	20,352	5,598
Electricity total consumption (with ATM and own electricity production)	MWh	174,588	63,419	32,928	13,272	35,244	8,767	13,059	2,638
Heating, warm water and district cooling total consumption	MWh	138,361	38,407	32,756	12,495	41,677	4,937	4,472	1,838
Total diesel consumption for electricity generation	MWh	301	192	41	20	16	22	5	4
Carpool consumption total (converted to kWh)	MWh	45,313	7,078	7,740	2,193	20,022	3,258	2,815	1,118
Share of hybrid/e-cars in carpool	%	1.4%	6.6%	0.3%	1.1%	0.1%	1.0%	0.0%	0.0%
Average electricity consumption per m ²	kWh/m ²	109.7	110.7	109.2	85.6	93.5	128.6	191.7	108.9
Average heating energy usage per m ²	kWh/m ²	86.9	67.0	108.6	80.6	110.6	72.4	65.6	75.9
Total paper usage	t	1,615	575	211	101	397	102	102	69
Paper consumption per employee	kg/FTE	37	38	22	25	59	31	33	60
Non-recycled copy paper	t	432	360	12	1	3	1	5	-
Recycled copy paper	t	1,184	215	199	100	394	101	97	69
Share recycled copy paper	%	73.3%	37.5%	94.4%	98.9%	99.1%	99.0%	95.2%	99.9%
Emissions Scope 1 and 2	tCO₂e	64,834	8,120	12,015	6,177	24,094	6,469	2,271	1,224
Scope 1 - Emissions	tCO ₂ e	29,950	5,799	2,813	3,155	12,899	2,738	1,561	582
Scope 2 - Emissions	tCO ₂ e	34,884	2,321	9,203	3,021	11,195	3,731	710	643
Scope 1 and 2 per employee	tCO ₂ e/FTE	1.46	0.54	1.23	1.49	3.55	2.00	0.72	1.08

FTE: full-time equivalent, defined as an employee times his/her employment factor.

The CO₂ equivalents (CO₂e) are the sum of all greenhouse gas emissions, i.e. carbon dioxide, methane and nitrogen oxide.

Management board

Bernhard Spalt mp, Chairman	
Ingo Bleier mp, Member	Stefan Dörfler mp, Member
Alexandra Habeler-Drabek mp, Member	David O'Mahony mp, Member
Maurizio Poletto mp, Member	Thomas Schaufler mp, Member

Vienna, 10 March 2021

GRI Content Index

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2020	Comments / Reasons for omission
GRI 102 General Disclosures 2016					
1. Organisational profile					
GRI 102	General Disclosures	102-1	Name of the organisation		Erste Group Bank AG
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	p. 10 et seq.	Strategy
GRI 102	General Disclosures	102-3	Location of headquarters		Erste Campus, Am Belvedere 1, 1100 Vienna
GRI 102	General Disclosures	102-4	Location of operations	p. 54	
GRI 102	General Disclosures	102-5	Ownership and legal form	p. 85	(consolidated) corporate governance report
GRI 102	General Disclosures	102-6	Markets served	Note 1	Group consolidated financial statements: Note 1 (segment reporting)
GRI 102	General Disclosures	102-7	Scale of the organisation	Note 1	Group consolidated financial statements: Note 1 (segment reporting)
GRI 102	General Disclosures	102-8	Information on employees and other workers	p. 75 et seq.	Workers who are not employees do not perform a significant portion of organization's activities. Therefore does not apply. There are no significant variations in the reported numbers in Disclosures 102-8a, 102-8b and 102-8c. In the initial phase of preparation for HR data collection for the non-financial report, the scope and the reporting categories are based on GRI standards. The data are collected using an Excel template which is sent to those responsible in each institution. Once the completed template has been returned and the data quality has been checked, the data are consolidated and prepared for publication.
GRI 102	General Disclosures	102-9	Supply chain	p. 67	
GRI 102	General Disclosures	102-10	Significant changes to the organisation and its supply chain		No significant changes in the organisation (neither in terms of size, structure nor ownership) nor in the supply chain.
GRI 102	General Disclosures	102-11	Precautionary principle or approach	p. 53	The precautionary principle is reflected in both Erste Group's code of conduct and the statement of purpose.
GRI 102	General Disclosures	102-12	External initiatives	p. 64 et seq., 75	(consolidated) non-financial report: our customers, environment; Erste Asset Management: UN Principles of Responsible Investment, Bangladesh Memorandum, Montreal Carbon Pledge Erste Group: Nestor Gold Charta, Austrian Diversity Charter
GRI 102	General Disclosures	102-13	Membership of associations		Erste Group Bank AG has the following significant memberships: WSBI (World Savings Banks Institute), ESG (European Savings Banks Group), Österreichischer Sparkassenverband, WKO (Austrian Economic Chambers, Industry Sector: Banking and Insurance), OEVFA (Österreichische Vereinigung für Finanzanalyse und Asset Management), BWG (Bankwissenschaftliche Gesellschaft Österreich), WIFO (Wirtschaftsforschungsinstitut Österreich), Österreichische Industriellenvereinigung, respACT (Austrian Business Council for Sustainable Development) Erste Group's banking subsidiaries in CEE have following important memberships: Erste Bank Croatia: Croatia Green Building Council (CGBC), Croatian Association of Accountants and Financial Experts (CAAFE); Erste Bank Serbia: Association of Banks of Serbia, Chamber of Commerce Serbia; Slovenská sporiteľňa: Slovak Banking Association, Central European Corporate Governance Association; Erste Bank Hungary: Hungarian Banking Association, Budapest Chamber of Commerce and industry; Banca Comercială Română: Romanian Banking Association, Financial Markets Association; Česká spořitelna: Czech Banking Association, Economic chamber of the Czech Republic
2. Strategy					
GRI 102	General Disclosures	102-14	Statement from senior decision maker	p. 2 et seq.	
GRI 102	General Disclosures	102-15	Key impacts, risks and opportunities	p. 56 et seq.	
3. Ethics and integrity					
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behaviour	p. 53, 85 et seq.	Reference made to the code of conduct and the statement of purpose), (consolidated) non-financial report, (consolidated) corporate governance report (reference made to the Austrian Code of Corporate Governance and internal guidelines)
4. Governance					
GRI 102	General Disclosures	102-18	Governance structure	p. 85 et seq.	
5. Stakeholder engagement					
GRI 102	General Disclosures	102-40	List of stakeholder groups	p. 57	
GRI 102	General Disclosures	102-41	Collective bargaining agreements		Collective agreements apply to a total of 87.9% of all employees. In Hungary, there is no collective agreement as a salary basis. In the other core markets, 90-100% of employees are included in collective agreements (Holding: 90.4%)
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	p. 55 et seq.	
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	p. 55 et seq.	
GRI 102	General Disclosures	102-44	Key topics and concerns raised	p. 55 et seq.	

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2020	Comments / Reasons for omission
6. Reporting practice					
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	p. 53	
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	p. 55 et seqq.	
GRI 102	General Disclosures	102-47	List of material topics	p. 55 et seqq.	
GRI 102	General Disclosures	102-49	Changes in reporting	p. 53	Additional 30 Savings Banks from the scope of consolidation were included in the non-financial reporting in 2020.
GRI 102	General Disclosures	102-50	Reporting period		From 1 January 2020 to 31 December 2020
GRI 102	General Disclosures	102-51	Date of most recent report		Annual report 2019
GRI 102	General Disclosures	102-52	Reporting cycle		Annual
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	p. 298	
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with GRI Standards	p. 53	This report has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI Standard Option: Core).
GRI 102	General Disclosures	102-55	GRI content index	p. 80 et seqq.	
GRI 102	General Disclosures	102-56	External assurance	p. 83 et seq	
GRI 103 Management Approach 2016					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	p. 55 et seqq.	
GRI 103	Management Approach	103-2	The management approach and its components	p. 55 et seqq.	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 55 et seqq., 83	
GRI 201 Economic Performance 2016					
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	Note 1, Note 56	Outside the non-financial report. Consolidated financial statements.
Social commitment and social banking (FS 14 Indirect Economic Impacts 2016)					
FS 14	Indirect Economic Effects	FS14 of GRI G4	Initiatives to improve access to financial services for disadvantages peoples	p. 62 et seq., 66 et seq.	
Anti-corruption and compliance (GRI 205 Anti-corruption 2016)					
GRI 205	Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken		In 2020, Erste Group did not discover or record any incident of corruption.
GRI 206 Anti-competitive behaviour 2016					
GRI 206	Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Note 43	Group consolidated financial statements: Note 43 (contingent liabilities); No legal actions for anti-competitive behavior, anti-trust, or monopoly practices have been initiated against Erste Group Bank AG. During the reporting period, subsidiaries of Erste Group Bank AG were directly or indirectly involved in five such cases. As one of these cases got resolved in 2020, there remain only four pending cases. We do not expect these cases to lead to any fines or sanctions that would have a material effect on Erste Group.
Responsible criteria in the supply chain and ecological impacts on banking operations (GRI 301 Materials 2016)					
GRI 301	Materials	301-1	Materials used by weight and volume	p. 78	
GRI 301	Materials	301-2	Recycled input materials used	p. 78	
Responsible criteria in the supply chain and ecological impacts on banking operations (GRI 302 Energy 2016)					
GRI 302	Energy	302-1	Energy consumption within the organisation	p. 76, 78	(consolidated) non-financial report: environment; In terms of energy consumption, there is no separate presentation of renewable / non-renewable energy sources. It is included in the determination of the CO ₂ e-emissions.
GRI 302	Energy	302-4	Reduction of energy consumption	p. 76, 78 et seq.	
Responsible criteria in the supply chain and ecological impacts on banking operations (GRI 305 Emissions 2016)					
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	p. 78	GRI 305-1c There are no biogenic CO ₂ emissions to report.
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	p. 78	Gross market based: 32,562t; Gross location-based:57,514t or 177% of reported value of 32,562t.
Responsible criteria in the supply chain and ecological impacts on banking operations (GRI 308 Supplier Environmental Assessment 2016)					
GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	p. 68	

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2020	Comments / Reasons for omission
Diversity and equal opportunity (GRI 401 Employment 2016)					
GRI 401	Employment	401-1	New employee hires and employee turnover	p. 75	Pursuant to Schlüter formula: (total of employees leaving) / (number of employees at the beginning of the year + total of newly hired employees)
GRI 401	Employment	401-3	Parental leave	p. 74	401-3a) All employees (women and men) are entitled to take parental leave; 401-3d) No information available due to data that could not be clearly distinguished.
Employee health & work-life balance (GRI 403 Occupational Health and Safety 2018)					
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management systems		Data not completely available. Group-wide data collection is under development.
GRI 403	Occupational Health and Safety	403-2	Hazard identification, risk assessment and incident investigation		Data not completely available. Group-wide data collection is under development.
GRI 403	Occupational Health and Safety	403-3	Occupational health services		Data not completely available. Group-wide data collection is under development
GRI 403	Occupational Health and Safety	403-4	Worker participation, consultation and communication occupational health and safety		Data not completely available. Group-wide data collection is under development.
GRI 403	Occupational Health and Safety	403-5	Worker training on occupational health and safety		Data not completely available. Group-wide data collection is under development.
GRI 403	Occupational Health and Safety	403-6	Promotion of worker health		Data not completely available. Group-wide data collection is under development
GRI 403	Occupational Health and Safety	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Data not completely available. Group-wide data collection is under development
GRI 403	Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system.		Data not completely available. Group-wide data collection is under development
Diversity and equal opportunity (GRI 404 Training and Education 2016)					
GRI 404	Training and Education	404-1	Average hours of training per year per employee	p. 72	
Diversity and equal opportunity (GRI 405 Diversity and Equal Opportunity 2016)					
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p. 74, 85 et seq.	At Erste Group Bank AG, the parent company of Erste Group, employees represent more than 50 different nationalities.
Diversity and equal opportunity (GRI 406 Non-Discrimination 2016)					
GRI 406	Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken		In 2020, one significant incident was submitted to the anti-discrimination officer. The responsible HR and Compliance unit reviewed the incident.. According to their assessment the incident was not qualified as discrimination but rather unprofessional behaviour. In order to solve the conflict a set of recommendations were made to all involved parties. (conflict mediation by HR and compliance), coaching for all involved parties.
Responsible criteria in the supply chain and ecological impacts on banking operations (GRI 414 Supplier Social Assessment 2016)					
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	p. 68	
GRI 418 Customer Privacy 2016					
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 63	
GRI 419 Socioeconomic Compliance 2016					
GRI 419	Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area		In 2020, there were neither significant fines nor non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.
Material topic: Financial education					
GRI G4 Sector Disclosures Financial Service	Information on Erste Group's engagement to improve financial literacy	GRI G4-DMA (former FS16)	Initiatives to enhance financial literacy by type of beneficiary	p. 59 et seq.	
Material topic: Customer satisfaction					
	Information on customer satisfaction			p. 63	
Material topic: Responsible investment and finance					
	Information on responsible investment and financing			p. 63et seqq.	
GRI 103	Management Approach	103-2	The management approach and its components	p. 55 et seq., 63 et seq.	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 55 et seq., 63 et seqq.	Materiality analysis; compliance with the existing exclusion criteria for investments and financing is the responsibility of the respective business units. The exclusion criteria are evaluated on a regular basis to see whether they fulfil the envisaged social and ecological responsibility.

Independent Assurance Report

To the Management Board of Erste Group Bank AG

COURTESY TRANSLATION OF THE AUDIT REPORT OF THE INDEPENDENT ASSURANCE ON NON-FINANCIAL REPORTING

Attention: This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

Introduction

We performed procedures to obtain limited assurance, if the (consolidated) non-financial report as at December 31, 2020 was prepared in accordance with the reporting criteria. The reporting criteria include the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB.

Responsibility of the management

The preparation of the report in accordance with the reporting criteria as well as the selection of the scope of the engagement is the responsibility of the management of Erste Group Bank AG. The reporting criteria include the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB.

This responsibility includes the selection and application of appropriate methods for preparing the report, making assumptions and estimates of individual non-financial disclosures that are plausible under the given circumstances. The responsibility of the management includes further designing, implementing and maintaining internal controls, which have been determined as necessary by management for the preparation of the report free from misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express a limited assurance opinion on the (consolidated) non-financial report based on our review, whether all the reporting requirements mentioned in the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and §§ 243b and 267a UGB are met.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB) in order to obtain limited assurance on the subject matters.

ISAE 3000 (Revised) requires us to plan and perform the engagement in a way that enables us to obtain limited assurance that nothing has come to our attention that causes us to believe that the (consolidated) non-financial report has not, in any material aspect been prepared in accordance with the reporting criteria of GRI Standards: Core option and §§ 243b and 267a UGB.

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement and therefore, less assurance can be obtained. The choice of audit procedures lies in the due discretion of the auditor.

As part of our audit, we have performed, inter alia, the following audit procedures and other activities as far as they are relevant to the limited assurance engagement:

- _ Interview of the employees named by Erste Group Bank AG regarding the sustainability strategy, the sustainability principles and the sustainability management
- _ Interviewing employees of Erste Group Bank AG to assess the methods of data collection, data processing and internal controls
- _ Video conference with responsible parties for non-financial data of Slovenska sporitelna, a. s. and Dornbirner Sparkasse Bank AG
- _ Matching the non-financial disclosures shown in the report with the calculation documents provided
- _ Furthermore, we conducted procedures with regard to whether the reporting requirements of §§ 243b and 267a UGB are met with the (consolidated) nonfinancial report.

We performed the audit mainly at our premises in Vienna using electronic forms of communication.

Summarised Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the (consolidated) non-financial report has not, in any material aspects, been prepared in accordance with the reporting criteria of the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Board (GSSB).

Furthermore, nothing has come to our attention that causes us to believe that the reporting requirements of §§ 243b and 267a UGB are not met with the (consolidated) non-financial report.

Engagement approach

The basis for this engagement are the “General Conditions of Contract for the Public Accounting Professions”, as issued by the Chamber of Tax Advisers and Auditors in Austria (refer to appendix). In accordance with chapter 7, our liability shall be limited to intent and gross negligence. In cases of gross negligence, the maximum liability is limited to a maximum of five times the fee. This amount constitutes a total maximum liability cap, which may only be utilized once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna, 10 March 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer m.p.
Austrian Certified Public Accountant

Christof Wolf m.p.
Austrian Certified Public Accountant