

(Consolidated) non-financial report

2021 was a recovery year with old and new challenges. Overall, the economic environment in Austria and CEE developed significantly better than originally forecast. Covid-19 vaccinations, lockdowns and other distancing measures have suppressed the spreading of the virus. While pandemic-induced restrictions were still delaying the recovery of the economy at the beginning of the year, growth forecasts were later raised despite challenges such as the disruptions of international supply chains or the Omicron variant.

The past year was also marked by an increased awareness and consensus that climate change and global warming must be addressed for ecological but also socio-economic reasons. A clear focus was on rethinking the economic growth model and allocating resources to greener, more resource efficient and resilient future economies.

Erste Group considers the transformation necessary and the right thing to do. In 2021, Erste Group joined the Net-Zero Banking alliance and announced its intention to reach climate neutral operations by 2023.

Erste Group further believes that a transition should be executed in a socially fair manner and great deal of attention needs to be paid not only to environmental but also social and governance objectives.

For Erste Group, considering the impact of its entrepreneurial activities on society or the environment is nothing new.

Ongoing focus on social responsibility

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 potential for personal growth and the promise of a prosperous society. “No age, no gender, no social class or nationality shall be excluded from the benefits that the Spar-Casse offers every depositor” – a declaration in its founding chapter – was as relevant in 1819 as it is today. The Statement of Purpose reaffirms and states 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. Every employee has to consider a “third question” that arises from the Statement of Purpose: “Is it the right thing to do?”

Building on this Statement of Purpose, our 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.

Today, Erste Group has an extensive presence in the Eastern part of the European Union with considerable market positions in Austria, the Czech Republic, Slovakia, Romania, Hungary and Croatia. The seventh core market is Serbia. In addition, Erste Group holds direct and indirect majority and minority banking participations in Slovenia, Montenegro, Bosnia and Herzegovina, North Macedonia and Moldova.

Looking beyond financial performance has been important for Erste Group since its foundation. Operating in the CEE region with increasing presence from early 2000, we reinforced our commitment to the region and its population by expanding our activities beyond core banking services. Erste Group established the concept of social banking in its core markets with a special focus on

- _ Financial inclusion – providing banking services for excluded members of society (e.g. Zweite Sparkasse)
- _ Supporting growth of the social sector – banking for NGOs
- _ Facilitating job creation – supporting start-ups and vulnerable segments of the population

Ecological developments and the role of banks

As the world heads towards a 2.7° C increase in global warming (according to the updated UN synthesis report of autumn 2021), the ecological, social and economic impact is becoming more pressing. Even Central and Eastern Europe with its comparatively mild climate was hit with several unusual natural disaster events resulting in damaged infrastructure and houses as well as crop failures.

With the new Glasgow Climate Pact, an agreement was reached at the COP 26 Climate Summit. 80% of global emissions are now covered by pledges of countries to achieve net zero emissions. Despite the achievements, the heavily watered-down draft of the final declaration was criticised for not giving a clear signal to stop fossil fuel subsidies.

Europe leads the worldwide effort in terms of climate action. The European Climate Act became a central element of the European Green Deal. It sets a binding EU climate target to reduce net greenhouse gas emissions at least by 55% compared to 1990 levels by 2030.

While Austria has pledged to achieve climate neutrality by 2040, the majority of the countries in CEE are calibrating their net zero policies towards 2050, the final deadline stipulated by the European Climate law. National Recovery and Resilience plans completed in 2021 by the EU member states outline a combined allocation of the NextGenerationEU funds to Erste Group’s core markets (except Serbia) in the amount of EUR 61 billion, of which 47% or EUR 28.8 billion are to be invested in environmen-

tal initiatives. Most of the projects submitted focus on green mobility and transportation (EUR 9.3 billion), followed by renewable energy and energy infrastructure (EUR 4.5 billion) and building renovations (EUR 4.3 billion).

Banks will have to play an active and fundamental role in utilising these funds and in financing or co-financing projects. Together with their clients, banks will build the green economy of the region.

Accelerating climate action

The exceptional economic development of the last 30 years in the Central and Eastern European region was built on investments and transitioning from an obsolete, unproductive, and inefficient economic model towards higher added value, technology driven production.

Erste Group, in its role as a leading financial institution in the region, is committed to supporting the upcoming green transition. The upcoming decade will bring a lot of opportunities for green investments, including the transition from the high carbon energy sector towards renewable energy sourcing and the low carbon energy grid, the renovation of obsolete buildings and the modernisation and expansion of the region's railway infrastructure. The CEE region will also need to invest in recycling and waste management improvements and further water collection and treatment upgrades.

Taking responsibility seriously

Resolving the conflicting targets of profitability and the ecological and social impact of its business is a key element for the management of Erste Group. We believe that acting responsibly and remaining profitable is a key prerequisite for the long-term survival of any company and the creation of value for customers, investors, employees and the society at large.

In light of the accelerating level of environmental degradation and the urgency of climate change with far-reaching impact on vulnerable parts of the society in the CEE region, Erste Group reshaped its priority ESG objectives in 2021. In the years to come, Erste Group will put particular emphasis on the following United Nations Sustainable Development Goals (SDGs) (here in alphabetical order):

- _ Affordable housing (SDG 11)
- _ Climate action (SDG 13)
- _ Clean water and sanitation (SDG 6)
- _ Diversity (SDG 5)
- _ Financial inclusion (SDG 1)
- _ Financial health and literacy (SDG 4)
- _ Recycling and waste management (SDG 12)

SDGs provide a framework embedded into wider socio-political efforts of the United Nations to ensure sustainable development at the economic, social and environmental level worldwide.

While Erste Group has a long history of initiatives related to its commitment to social responsibility – the successful step-by-step

roll out of the social banking concept is a good example – we believe it is necessary to further strengthen our environmental commitment. As a consequence Erste Group will expand its contribution to the environmental and climate objectives and aims to take a substantial role in the above-mentioned transformation process.

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) and follows the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). While 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 requires covering environmental, social and employee matters, respect for human rights and measures against corruption and bribery.

The non-financial report must cover the same scope of consolidation as 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 2021 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.

The EU sustainable finance Taxonomy Regulation (Taxonomy (EU) 2020/852) is a classification system to determine whether an economic activity shall qualify as environmentally sustainable. For the reporting year 2021 financial market participants are required to disclose the share of their exposures to taxonomy non-eligible and taxonomy-eligible economic activities in their total assets for the first two environmental objectives pursuant to the regulation, i.e. climate change mitigation and climate change adaptation. Erste Group meets those requirements pursuant to Art. 8 Taxonomy (EU) 2020/852.

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 impact relevant to both Erste Group and its stakeholders. Erste

Group applies the concept of double materiality as proposed by the European Commission in 2019. From a business perspective a topic is material when it has a (positive or negative) impact on the financial performance and value of the company. But the external impact of Erste Group is also considered, thus a topic is also material when it matters to the society and/or the environment.

Erste Group’s first materiality analysis according to GRI was performed in 2016. The scope of relevant topics was based on externally recognised sources like GRI, the SDGs as well as internal documents and discussions with internal stakeholders. In 2021, the material topics were reviewed by both external and internal experts, and a peer research was conducted. In addition, several interviews with Erste Group’s investors were held, providing valuable feedback for updating the topics.

The list of the topics has been defined specifically based on the following principles:

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

For the online survey in 2021, the scope of relevant stakeholders was extended to investors, NGOs and academic representatives. The material non-financial topics of particular relevance to Erste Group were identified in a workshop with in-house and external experts.

The group-wide survey in 2021 showed a higher participation rate than in 2019. Overall, 1,524 employees and 1,639 customers in Erste Group’s seven core countries as well as 59 representatives of investors and NGOs, academics and members of the supervisory board responded to the survey.

The target groups surveyed confirmed the validity of the material aspects in the questionnaire. All pre-defined items asked for in

the survey were highly relevant to respondents and also to the long-term economic success of Erste Group. Even the aspects ranked last by the respondents still show high relevance. This was equally confirmed by all target groups covered in the survey.

The highest scores were observed across all stakeholder groups in categories related to anti-corruption and data security while the lowest score was attributed to financial inclusion. The other categories were characterised by different assessments from employees, customers and supervisory board members. These largely correlating groups provided results consistent with previous surveys: high priority topics related to customer care and employee care, followed by sustainable finance and diversity. For these stakeholder groups less material but still relevant topics were limiting financing for high emission sectors, financial inclusion, and ecological impact of banking operations. Investors, academics and NGO representatives – the newly included stakeholder groups – had a different view and ranked sustainable finance together with the limit on financing high emission sectors among their most relevant topics and higher than customer and employee care, which were highly preferred by other stakeholder groups.

To comply with the requirements of the sections 243b and 267a of the Austrian Commercial Code (UGB), the national implementation of the Non-financial Reporting Directive 2014/95/EU and GRI 101, Erste Group conducted an impact analysis in addition to the materiality analysis in 2021. In-house experts assessed the economic, environmental and social impact of the above-mentioned material topics. The result of the impact analysis corresponded to the materiality analysis. The topics with high relevance for the stakeholders show a high economic, environmental or social impact.

The following table presents the result of the materiality analysis (ranked by relevance):

	Employees	Customers	Investors	Academics and NGOs	Supervisory board
Material topics					
Anti-corruption measures	1	3	1	1	2
Data security	2	1	2	2	4
Customer satisfaction	3	2	5	6	1
Ethical conduct of employees in banking operations	4	4	6	5	3
Employee health & work-life balance	5	5	9	9	5
Diversity and equal opportunity	8	6	7	7	8
Financial literacy	10	7	11	11	7
Talent attraction	6	8	10	8	6
Sustainability criteria in financing and investment	7	9	4	3	9
Limit financing of high emission sectors	11	10	3	4	11
Ecological impact of banking operations	9	11	8	10	12
Access to banking products for the socially excluded	12	12	12	12	10

Material topics

To make the context of the material topics more visible, they have been categorised and linked to SDGs. Although Erste Group prioritised seven SDGs in 2021, material topics indicate that notable contributions are made to more SDGs.

Environmental responsibility

Sustainability criteria in investment and finance (SDG 6, 11, 12, 13). Public interest in the indirect impact of bank products on climate, environment and the society is growing significantly. Erste Group is steadily expanding its range of sustainable finance products. Its sustainable finance focuses on critical socio-environmental topics of the CEE region, in particular affordable housing, climate change, clean water, recycling and waste management.

Limiting financing in high emission segments (SDG 13). Global warming is one of the key challenges of our time. Erste Group is committed to aligning its financing policies to the 1.5° C global warming limit of the Paris Agreement.

Ecological impact of banking operations (SDG 13). Protecting the environment and addressing climate change 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.

Social responsibility

Ethical conduct of business by employees in their daily work (SDG 5, 8). The values and attitudes demonstrated by employees in their work determine how Erste Group is perceived in the public. 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 4). 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.

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

Diversity and equal opportunity (SDG 5). 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.

Talent attraction and retention (SDG 5, 10). Erste Group is convinced that attracting and retaining talented staff through comprehensive learning offers and development opportunities will contribute to the success of the bank.

Our customers

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.

Customer satisfaction (SDG 8). High levels of customer satisfaction and 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.

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.

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.

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.

Stakeholders	Topics of the materiality analysis	Material topics pursuant to GRI Standard	SDG	Section in the non-financial report
Customers	Customer satisfaction	Customer privacy (GRI 418-1)	SDG 8	Our customers
	Anti-corruption	Anti-corruption (GRI 205-3)	SDG 16	Compliance and management of conflicts of interest
	Highest data security	Substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)		Our customers
	Ethical conduct of employees in banking operations	Not assigned to any GRI indicator	SDG 5,8	ESG Strategic Framework
	Access to banking products (Social Banking)	Initiatives to improve access to financial services for disadvantaged people (FS 14 of GRI 4)	SDG 1	Sustainable finance (Social Banking)
Employees	Diversity and equal opportunity	Employment (GRI 401-1, 401-3)	SDG 5	
	Employee health & work-life balance	Training and education (GRI 404-1)	SDG 3, 5	
		Diversity and equal opportunity (GRI 401-3, 405-1)	SDG 5, 10	
	Respect for human rights	Non-discrimination (GRI 406-1)	SDG 5, 10	
Governance bodies (members of the supervisory board)	Talent attraction and retention	Training and education (GRI 404-1)	SDG 5,10	Employees
	Customer satisfaction	Customer privacy (GRI 418-1)	SDG 8	Our customers
	Anti-corruption	Anti-corruption (GRI 205-3)	SDG 16	Compliance and management of conflicts of interest
	Ethical conduct of employees in banking operations	Not assigned to any GRI indicator	SDG 5,8	ESG Strategic Framework
	Diversity and equal opportunity	Employment (GRI 401-1, 401-3)	SDG 5	Employees
		Diversity and equal opportunity (GRI 401-3, 405-1)	SDG 5, 10	Outside the non-financial report: corporate governance report
		Non-discrimination (GRI 406-1)	SDG 5, 10	
		Economic performance (GRI 201-1)		Outside the non-financial report: consolidated financial statements
	Financial literacy	Initiatives to improve access to financial services for disadvantaged people (FS 14 of GRI 4)	SDG 4	Commitment to society (Financial literacy)
	Social commitment		SDG 4, 5,10	Commitment to society
Society		Anti-corruption (GRI 205-3)	SDG 16	Compliance and management of conflicts of interest
		Socio-economic compliance (GRI 419-1)	SDG 16	GRI Index
		Economic performance (GRI 201-1)		Outside the non-financial report: consolidated financial statements
		Economic performance (GRI 201-1)		Outside the non-financial report: consolidated financial statements
	Highest data security	Substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)		Our customers
Investors	Anti-corruption	Anti-corruption (GRI 205-3)	SDG 16	Compliance and management of conflicts of interest
	Limiting financing in high emission sectors	Other indirect GHG-emissions (Scope 3) (GRI 305-3)	SDG 13	ESG Strategic Framework and Risk Management
		Anti-corruption (GRI 205-3)	SDG 16	Compliance and management of conflicts of interest
Academics/NGOs		Substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI 418-1)		Our customers
	Highest data security	Other indirect GHG-emissions (Scope 3) (GRI 305-3)	SDG 13	ESG Strategic Framework and Risk Management
	Limiting financing in high emission sectors		SDG	ESG Strategic Framework and Risk Management
	Sustainability criteria in finance and investment		6, 11,12,13	ESG Strategic Framework and Risk Management
Environment	Sustainability criteria in the supply chain & ecological impact of banking operations	Materials (GRI 301-1, 301-2) Energy (GRI 302-1, 302-4)		ESG Strategic Framework (environmental footprint) Suppliers and supply chain
		Emissions (GRI 305-1, 305-2)	SDG 13	ESG Strategic Framework (environmental footprint)
Suppliers	Sustainability criteria in the supply chain & ecological impact of banking operations	Supplier environmental assessment (GRI 308-1)		
	Respect for human rights	Supplier social assessment (GRI 414-1, 403-7)	SDG 10, 13	Suppliers and supply chain

ESG strategic framework

Erste Group is convinced that considering socio-environmental responsibility, climate change prevention and strong governance aspects in doing business not only support its purpose to disseminate prosperity but also secures the financial resilience of the bank.

Based on Erste Group's legacy of strong focus on social responsibility and its ambition to be the leading financial institution driving the green transition in Central and Eastern Europe, Erste Group implemented its ESG strategic framework in 2021.

It is based on four impact pillars:

Sustainable finance. Erste Group is committed to considering social and environmental aspects in finance, banking and client advisory services in its retail and corporate business. Erste Group aims to reach a share of 25% green investments in its corporate portfolio in five years. It is also committed to increasing the green wholesale funding rates in all its core markets, thus strengthening CEE debt capital markets and defending its leading position in ethical and environmental funds in the CEE region. As Erste Group is convinced that the main challenge will be the transition from today's high emitting sectors, it intends to further develop expertise and support the decarbonisation efforts in the markets it operates in. Erste Group introduces best practise ESG risk management processes.

Working together for a sustainable future. Erste Group believes there is a need to not only raise awareness for green transition and its potentially related impact on society but also to develop new sustainable market standards. Consequently, Erste Group is committed to actively participating in and supporting public initiatives in this field and pursuing collaborations with business partners and NGOs.

In 2021, Erste Group joined several climate related programmes as an active member. As the first financial institution in Europe, Erste Group supported the European Commission's Green Consumption Pledge initiative and is committed to increasing the number and sales of eco-labelled funds, strengthening sustainable reporting and increasing the promotion of sustainable finance to its clients. In addition, Erste Group joined three initiatives of the United Nations Environmental Programme for Financial Institutions (UNEP FI). It became a signatory of the Principles for Responsible Banking, was the first Austrian bank to join the Net Zero Banking Alliance and was a founding member of the Financial Health and Inclusion initiative.

Good corporate citizenship and operations. Erste Group is committed to reaching climate neutrality by 2023. After having reduced Scope 1 and Scope 2 emissions by 25% since 2016, Erste Group intends to reduce them by a further 25% by obtaining at

least 90% of its electricity from green sources and by implementing further efficiency measures.

Our employees. Erste Group puts emphasis on raising awareness of the importance of a sustainable lifestyle and motivating all its employees to actively support efforts to reach climate neutrality. In addition, Erste Group plans to offer a climate literacy programme to its staff incorporating input from academics of the Vienna University of Economics and Business, environmental experts of the Austrian World Wide Fund for Nature, and climate simulation workshops. The climate literacy programme will familiarise Erste Group's employees with key environmental topics, sustainable finance and expected changes related to the green transition.

ESG responsibilities

Taking into account ESG topics is an integral part of Erste Group's way of doing business. Consequently, this resulted in an integrated organisational model. ESG functions and responsibilities are embedded in its respective corporate and retail business as well as its risk and finance units. An exception to this rule is the Group ESG Office that was set up as an independent unit in the strategy division, reporting to the CEO. It drives the ESG strategy, targets and priorities.

Erste Group considers it essential to align group-wide decision making processes and aims to synchronise initiatives, principles and planned actions across functions and countries taking into account relevant ESG aspects.

Considering the increased importance of managing climate-related risks led to changes in the ESG governance. The Group Sustainability Board received a stronger mandate, an ESG Core Team was established to facilitate the implementation of initiatives across all core markets and a Sustainable Finance Committee was set up to steer green investments.

Erste Group's ESG governance framework includes the following elements:

The **supervisory board** oversees the sustainability strategy, the ESG framework and its implementation. Its members are regularly informed about ESG matters. The (consolidated) non-financial report has to be reviewed and accepted taking into account the external audit report.

The **management board** defines the sustainability strategy and is responsible for the ESG framework, priorities and targets. Furthermore, it ensures the implementation of the sustainability strategy with adequate resource allocation and controls and is regularly informed of status and achievements. These tasks are implemented via the Group Sustainability Board.

For additional information on the activities of the supervisory and management board, please refer to the (consolidated) corporate governance report.

The **Group Sustainability Board** consists of the management board members of Erste Group Bank AG and the CEOs of the local banks. It takes decisions on strategy, priorities, governance and key performance indicators and monitors the implementation progress.

The **ESG core team** is set up as a collaboration platform to develop objectives, targets and corresponding initiatives through senior managers of various areas – business, finance, risk and other support functions. It ensures agreements on initiatives, timelines and other implementation matters. It is organised by the Group ESG Office and holds bi-weekly meetings.

The main objective of the **Group Sustainable Finance Committee** is to ensure coordinated development of ESG principles in steering instruments like portfolio limits, pricing and the ESG Factor Heatmap. It consists of senior managers of Erste Group and is responsible for Erste Group's sustainable finance framework, group-wide sustainable asset eligibility rules, asset allocation and reporting obligations. The ultimate decisions on risk or other methodology topics are delegated to the functional decision-making bodies within the risk management or financial management framework. The committee is organised by the Group ESG Office, its meetings are convened on demand. In 2021, four meetings were held.

The **Group ESG Office** promotes Erste Group's sustainability strategy and acts as the main advisor to the management board on the ESG strategy, targets and priorities. It provides key ESG policies, ensures inhouse expertise on climate, environmental, social and governance objectives, defines ESG governance framework, financing rules and selectively intervenes on single transactions. In addition, it ensures transparency on Erste Group's sustainability impact.

Local ESG Offices develop local sustainability strategies aligned with the group-wide strategy, support the respective local management boards and are tasked with facilitating, organising, and ensuring the information flow on the implementation of initiatives within the local organisation.

Group business divisions are in charge of the business strategy, objectives, targets and developing initiatives and action plans. In addition, they are responsible for defining green/social eligibility rules and ensure their integration into products as well as ESG risk management processes. Group business functions ensure the alignment with local business divisions.

Group risk management functions ensure that ESG aspects are covered in the risk management framework and risk appetite assessment and are properly taken into account in risk control and operative risk management tools and processes.

CLIMATE AND OTHER ESG RISKS MANAGEMENT FRAMEWORK

Climate-related and other ESG risks are an integral part of Erste Group's risk management framework. They are connected to potential losses through additional costs, liabilities, or damages suffered because of climate, environmental, social or governance related adverse events. ESG risks are integrated into the risk taxonomy of Erste Group as transversal and covered by major risk categories in credit, market, liquidity and operational risks. Erste Group's ESG risk definition thus covers a broad range of risk drivers linked to environmental, social and governance factors and also recognises their double materiality. The ESG Risk Definition Policy is available on the website (<https://www.erstegroup.com/en/about-us/sustainability-esg>).

Erste Group's ESG due diligence process is built along the three lines of defence. Business lines and relationship managers are in charge of identifying, verifying and mitigating potential ESG risks in client relationships, financing transactions or financed assets. Risk management functions, the second line of defence, validate and assess the nature and severity of the ESG risk exposure and provide a risk opinion and an independent recommendation for further mitigation measures or even exercise their veto rights. The third line of defence lies with internal audit.

The Group ESG Office supports this process with its expertise and may exercise its veto rights within the Holding Credit Committee to ensure the alignment of the portfolio and Erste Group's banking practices with the ESG Framework and socio-environmental objectives of the Group. In addition, the Group ESG office is a voting member in the Risk Operational Conduct Committee.

Erste Group's ESG risk management concept is built along risk identification and assessment and is embedded into its Risk Appetite Statement Framework. The ESG risk management concept affects the bank's entire product offering comprising amongst others lending, advisory, investment and asset management services, wholesale funding and even supplier management practices.

Erste Group's Code of Conduct provides a reference point for our actions and behaviour and a set of rules governing our daily business activities. Erste Group expects suppliers to meet standards laid down in Erste Group's Ethical and Environmental Code of Conduct for Suppliers of Goods and Services.

Identifying climate and other ESG risks

Erste Group's risk identification and assessment process is based on an industry sector differentiated approach as the relevance of individual risk drivers may differ depending on the nature of the respective economic activity.

The **loan origination and monitoring process** for large corporate and commercial real estate transactions includes an ESG scorecard-based screening. Critical data on climate risk, exposure

to environmental degradation and animal welfare is collected and assessed as are social risk factors like exposure to human rights violations, child labour and forced labour, violation of employee rights or improper customer services and marketing. For segments with lower exposures and more diversified risk, the main instrument used is the ESG Factor Heatmap. It combines the relevance of climate, environmental and social risk factors with a granular industry segmentation of the portfolio. In critical segments, amber or red alerts trigger deep-dive investigations and a reconsideration of industry strategies. Erste Group Credit Collateral Management Policy takes into account ESG factors. To improve the process an extensive ESG data collection has been started.

The **Group Responsible Financing Policy defines harmful socio-environmental activities** that are excluded from financing and banking services. The main focus of the policy is on climate protection through the alignment of Erste Group's energy financing in line with the Paris Agreement, global warming limitation, the prevention of extensive environmental degradation and measures to preserve biodiversity through restraining from art oil and gas financing and unconventional mining practices but also with very selective participation in hydropower projects. In addition, the policy aims to limit the impact of socially harmful activities e.g. of the weapons and defence industry. In 2021, Erste Group made significant progress by further tightening its coal policy and setting a goal to exit coal financing by 2030. Taking into account that coal still plays an important role in the energy security of the CEE region, the policy allows for a two-year period for customers to prepare credible coal phase-out plans.

Erste Group is going to make another important step forward by introducing a financing policy for the gaming and gambling industry in early 2022. Following the increasing urgency to limit global warming and biodiversity loss Erste Group will further extend its Responsible Finance Policy by measures regarding carbon intensive sectors and industries with high impact on water, soil and air pollution in 2022.

In its **wholesale funding and structuring activities**, Erste Group applies strict rules of asset selection and eligibility with conformity to the EU Taxonomy and is fully aligned to its loan origination standards including the Group Responsible Financing policy. In 2021, Erste Group implemented Sustainable Finance Framework guidelines. Together with the independent second party opinion it is available on our website.

In asset management Erste Group applies a proprietary ESG rating to select best-in-class investees and focuses solely on the top 40% of the best ESG performing investee titles. In addition, it applies exclusion criteria for climate, environmental or socially harmful activities. Erste Asset Management's investment policies and the ESG Handbook for Asset Management are available on its website under sustainability (<http://www.erste-am.at>).

For **ESG risk screening** Erste Group uses internal and external data. Proprietary client information is sourced through ESG scorecards and combined with relevant external data typically from reputable data providers like S&P, Sustainalytics, ISS ESG or Bloomberg.

ESG risk screening in the supply chain is part of Erste Group's supplier selection process. Specific social and environmental information is requested in a supplier audit questionnaire and checks are done using a sustainability scorecard.

Management of climate and other ESG risks

Erste Group is **committed to achieving portfolio net-zero emissions by 2050** in line with the goal of the Paris Climate Agreement to limit global warming to a maximum of 1.5°C.

Erste Group opted for a carbon accounting methodology aligned with the PCAF (Partnership for Carbon Accounting Financials) standards. This also ensures compliance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. In 2021, Erste Group implemented the methodology for customer loan portfolios across all markets and reached approximately 78% portfolio coverage. In line with the scope of the PCAF standards corporate loans, commercial real estate financing, project finance and mortgages were included. Erste Group will adapt carbon footprint calculations for the remaining segments – unsecured retail loans and financial institutions and sovereigns – as soon as the PCAF standards provide methodological guidance.

Erste Group's goal is to set interim targets for reducing its Scope 3 emissions. In 2021, Erste Group started to build forward looking decarbonisation models for three priority segments – energy, commercial real estate and mortgages – which in total amount to nearly 50% of Erste Group's quantified portfolio carbon footprint. In 2022, the aim is to provide decarbonisation targets for at least 70% of the quantified emissions by addressing further high emission segments. In its forward-looking models Erste Group follows the target setting methodology and embedded scenarios of PACTA (Paris Agreement Capital Transition Assessment) and SBTi (Science Based Targets Initiative). Target setting impacts business planning, and Erste Group will share the knowledge it gained with its customers and support them in their green transition efforts.

In 2021, Erste Group became a signatory member of PCAF and a core member of the PCAF project on 'financing to net-zero buildings' with the aim of developing a methodology and provide an emission factor database for the measurement and modelling of the carbon footprint of real estate portfolios. As signatory member of the Net Zero Banking Alliance, Erste Group is committed to transitioning its operational and financed emissions to net-zero by 2050 and to setting interim targets initially focusing on those portfolios where the biggest impact can be achieved. Within the Net Zero Banking Alliance, Erste Group participates in the formation of standards for the net zero target setting and complementary disclosure standards.

The **business environment assessment** focusing in particular on climate change and socio-environmental challenges of the CEE region was completed in 2021. It is a basis for the long-term strategic considerations of the financial resilience of Erste Group's business model in relation to risks related to sustainability matters. Climate change is considered the most significant long-term challenge across all the core markets but with different starting points to address. The European climate law, EU Green Deal and 'Fit for 55' outline upcoming changes in EU strategy and legislation. The CEE countries will have to align to these European objectives and absorb the impact on their economies and reshape investment and consumption expectations. Erste Group's understanding of the climate related challenges, legislative and economic impact are documented in the internal Climate Change Houseview. Other social and environmental issues were analysed with the support of the Austrian World Wide Fund for Nature including the loss of biodiversity and environmental degradation like water, soil and air pollution. Furthermore, housing status, health care, financial inclusion and education were assessed.

This status analysis provided the basis for Erste Group's long-term ESG strategy, objectives and framework. Furthermore, the identified environmental and social challenges are taken into account in the ESG Heatmap and Group Responsible Finance Policy.

The analysis also identified opportunities related to the total investment need of EUR 470 billion for Erste Group's core countries to tackle climate change and the most pressing clean water and waste management challenges by 2030. A substantial part of these needs will be provided for by the EU or local public funds as shown in the National Recovery and Resilience Plans or the National Energy and Climate Plans. Public funds, however, will have to be supported by private sector funding expected to be approximately EUR 30 billion per annum by 2030.

In 2022, the first **climate stress test** will be conducted according to the specifications and methodology of the European Central Bank and subsequently integrated into Erste Group's stress testing framework. In 2021, intensive preparatory work was carried out for this purpose to translate climate scenarios and industry-specific macro models into concrete effects on the respective customer groups. The results of these stress and scenario analyses will help strengthen Erste Group's knowledge of climate risks and will subsequently be aligned with other activities (e.g. risk materiality analysis, decarbonisation target setting).

ESG Risks are embedded as **Risk Management Principles** in both **Erste Group's Risk Appetite Statement and its Risk Strategy**. Climate and environmental-related risks are also integrated into the Risk Materiality Assessment of Erste Group. The materiality of climate and other environmental risks is assessed within existing main risk types (credit, market, liquidity, operational and strategic risk) by means of qualitative and quantitative indicators. Such indicators are for instance related to greenhouse gas emissions of loan portfolios, energy efficiency or exposures

in sectors with potential to environmental degradation. Erste Group has limited exposure to high emission segments and benefits from a granular geographical and industrial portfolio composition. Climate and environmental-related risks are assessed as medium risk and therefore classified as material. In 2022, Erste Group will extend its Risk Materiality Assessment by adding social and governance risk drivers.

Climate Change Metrics and Targets

While measuring and reporting Erste Group's direct impact on the environment advanced over the years, assessing the indirect impact of the bank's business activities was hindered by the still limited availability of client reported emissions in the CEE region. Missing or incomplete data on financed emissions obstructed Erste Group's ability to manage ESG risks and to identify opportunities.

Financed emissions

Focusing the efforts on selected portfolios in line with the PCAF standard, Erste Group achieved coverage of EUR 140.2 billion with calculated financed emissions equalling 78% of total loans to customers of EUR 180.3 billion (i.e. total credit exposure excluding off balance sheet positions, central banks, governments and credit institutions) in 2021. The difference of EUR 40.1 billion is mainly related to consumer loans for which PCAF does not provide a specific calculation methodology yet. Total financed emissions (Scope 1 and Scope 2, for selected industries upstream Scope 3) of the quantified portfolios amounted to 11.1 million tCO₂e and the financed emissions intensity stood at 79 gCO₂e/EUR. The level of financed emissions benefits from a favourable regional distribution of the loan book and a favourable balance between the low financed emissions intensity of real estate and the marginal share of high emissions intense heavy industry and energy sectors. The internal segmentation sectors were used to calculate and disclose financed emissions and to ensure consistency with all internal processes used for decision making. Internal segmentation takes a different view than the external industry one, which is disclosed in the financial statements.

Business loans in the amount of EUR 60.8 billion are a major source of financed emissions, both in absolute terms with 7.3 million t CO₂e as well as by the financed emissions intensity of 119 gCO₂e/EUR. Loans to corporate customers include financing to the whole spectrum of non-financial companies, from large international and national corporates, small and mid-sized enterprises to micro entrepreneurs. For real estate related exposures included in the business loan module (NACE L68), the same financed emission intensity values were applied as for the commercial real estate module, which proved to be more conservative than the PCAF database emission coefficients. These exposures were classified as business loans as the financing was provided through general corporate lines and not a dedicated commercial real estate financing.

In 2021, Erste Group implemented standardised data collection through an ESG questionnaire for its large corporate clients. 158 of the addressed clients were able to report Scope 1 and Scope 2 emissions, 100 reported also Scope 3 emissions. Using the client reported emissions Erste Group achieved coverage of EUR 2.8 billion and 0.8 million tonnes of CO₂e at a high data quality score of 2 (explanation is presented at the end of this section). The calculations included upstream Scope 3 emissions for clients in the oil & gas and the mining sector.

The **project finance** portfolio had a moderate credit exposure of EUR 2.0 billion and 0.4 million tCO₂e financed emissions or an emissions intensity of 203 gCO₂e/EUR. Energy projects in the amount of EUR 1.3 billion accounted for the largest share of the project finance portfolio followed by natural resources and commodities projects of EUR 0.2 billion.

Commercial real estate accounted for a credit exposure of EUR 24.0 billion with emissions of 0.9 million tCO₂e and a financed emissions intensity of 38 gCO₂e/EUR. Although buildings are among the highest contributors of absolute emissions in Erste Group's markets, they have a low financed emissions intensity. The calculation of Scope 1 and Scope 2 emissions was generally based on an estimated energy consumption using Efficiency Performance Certificates (EPC), the financed floor area and a typical mix of energy sources. In case of missing EPCs – an exposure of EUR 2.8 billion – data referring to the year of construction and location was used to estimate the energy performance levels. For an exposure of EUR 19.8 billion neither EPCs nor the year of construction were available, hence, respective national average energy performance levels were applied. The estimates will improve in quality over time not only due to additional data collection but mostly due the availability of reported emissions or EPC labels for the financed assets.

Retail mortgages with an exposure of EUR 53.3 billion were the second largest contributor of absolute emissions with 2.5 million tCO₂e, but had a low financed emissions intensity of 46 gCO₂e/EUR. Erste Group's mortgage portfolio may be split into two main types of residential real estate. Flats account for 353 thousand units and EUR 23.1 billion loan volume, family houses

for 337 thousand units and EUR 29.0 billion loan volume. The two types of financed assets show different parameters, the lower efficiency family houses with a higher average floor area of 117 m² have a higher emissions intensity of 59 kg CO₂e/m² compared to flats with a typical floor area of 75 m² and an emission intensity of 48 kg CO₂e/m². For the Scope 1 and Scope 2 estimates for mortgages the same methodological principles as for commercial real estates were applied – either client reported EPC labels or estimates of EPC labels using property-related information or national average energy performance values. If the intensity based on the national energy performance values was lower than the intensity of the EPC or the property-related approach, the more conservative emission intensity was applied. Reported EPC labels were available for EUR 12.4 billion of the mortgage portfolio and EUR 41.0 billion was covered with estimated EPC labels.

The sector with the highest financed emissions intensity of 575 gCO₂/EUR is energy with an exposure of EUR 4.6 billion. Energy has a sizeable share of renewable energy financing of EUR 1.1 billion (24%), and of energy transmission and distribution of EUR 0.4 billion (8%). Erste Group is not only committed to supporting the client transition from coal based energy production to low carbon or renewable energy sources but considers it equally important to finance the necessary investments to a low carbon electricity grid upgrade.

Within the calculation we implemented a categorisation based on the revenue related emission intensity to identify the high and critical emission clients and segments. Everything above 1,000 gCO₂e per EUR revenue has been classified as “high emission category” and cases above 6,000 gCO₂e as “critical emission category”. Altogether, high and critical emission categories make up EUR 2.5 billion in exposure, or 1.4% of the total loans to customers portfolio.

We implemented a data quality score according to the PCAF methodology. 13% of our calculated portfolio has higher data quality scores of 1 to 3. Data quality scores of 1 to 3 represent assets for which reported emissions were available directly (e.g. from clients) or where emissions could be sufficiently inferred via physical data (e.g. EPC labels from buildings).

Financed emissions as of 31 December 2021

Exposure covered by financed emissions calculation

in EUR billion	Credit exposure	Exposure covered by financed emissions calculation	Excluded exposures
Off-balance sheet exposures and derivatives HfT	55.8		55.8
Central banks	16.5		16.5
Central governments	47.3		47.3
Credit institutions	12.5		12.5
Other financial corporations	6.0	4.3	1.7
Non-financial corporations	84.0	78.4	5.6
Households	90.3	57.5	32.8
Total	312.4	140.2	172.2

Financed emissions by type of loan

	Loans to customers (LTC) in EUR billion	Financed emissions in million tonnes CO ₂ e	Carbon intensity in g CO ₂ e / EUR LtC
Business loans	60.8	7.3	119
Project finance	2.0	0.4	203
Mortgages	53.3	2.5	46
Commercial real estate	24.0	0.9	38
Total	140.2	11.1	79

Financed emissions by industry

	in EUR billion	in million tonnes CO ₂ e	in g CO ₂ e / EUR LtC
Natural resources & commodities	7.1	2.4	335
Energy	4.6	2.7	575
Construction and building materials	5.3	0.6	109
Automotive	4.0	0.1	32
Cyclical consumer products	4.1	0.3	65
Non-cyclical consumer products	5.0	0.4	77
Machinery	2.5	0.1	45
Transportation	3.0	0.2	55
TMT	2.8	0.1	40
Healthcare & services	5.0	0.2	43
Hotels & leisure industry	6.4	0.2	35
Real estate	32.1	1.2	38
Public sector	0.3	0.0	3
Financial institutions	2.6	0.0	16
Private households	55.1	2.6	46
Other	0.1	0.0	110
Total	140.2	11.1	79

Financed emissions in high and critical emission intensity sectors

	in EUR bn	in % of total LtC
High emission intensity sector	2.3	1.3%
Critical emission intensity sector	0.2	0.1%
Total	2.5	1.4%

High emission intensity sectors emit between 1-6 kg CO₂e per EUR revenue, critical emission intensity sector emit >6kg CO₂e per EUR revenue.

Financed emissions by data quality score

	in EUR billion	in %
1 to 3	17.5	13%
4 or worse	122.7	87%
Total	140.2	100%

ENVIRONMENTAL FOOTPRINT

Business operations of financial institutions typically only have limited direct impact on climate change compared to the indirect environmental impact through the loan portfolios. Nevertheless, Erste Group's ambition has been for quite a while to reduce its direct ecological footprint. By setting a climate neutrality target to be reached by 2023, Erste Group confirmed its intention to implement climate mitigation measures across its markets.

Erste Group plans to achieve climate neutrality by reducing its own greenhouse gas emissions wherever possible and compensate all remaining unavoidable emissions by supporting climate protection measures. The most significant reduction potential lies in switching the bank's electricity consumption to low carbon electricity sources, in increasing energy efficiency of the bank's premises and in raising the share of environmentally friendly cars in the carpool.

Emissions of Erste Group's operations have decreased by 25% since 2016. From 2020 to 2021 Erste Group achieved a further reduction of its Scope 1 and 2 emissions by 23% from 57,492 tCO_{2e} to 44,414 tCO_{2e}. This reduction was largely driven by switching to green or low emission electricity in Hungary and Romania.

At 48%, **electricity consumption** constitutes the most important form of energy for Erste Group. The bank currently already covers 66% of its electricity need with low carbon energy sources, the renewed target is a 90% low carbon electricity sourcing by 2023.

Energy efficiency is a key long-term factor to minimise Erste Group's emissions. In addition to the focus on electricity sourcing the bank aims to invest further into energy efficiency measures of its premises especially in heating consumption per m². In 2021, significant improvement has been made in electricity consumption efficiency by reducing the kWh of electricity used per m² by 10% compared to 2020. Overall Erste Group reduced its total energy consumption by 9% from 2020 to 2021.

Raising the share of environmentally friendly cars in the car fleet was one of five environmental targets set for 2021. Over the last years all countries increased the number of hybrid or e-cars in their car fleet. In the last 12 months this number increased from 98 to 182, resulting in a group-wide share of e-/hybrid cars in the total carpool of 7%. The largest share of 17% can be reported for Austria.

In all of Erste Group's subsidiaries significant steps towards emission reduction have already been taken and more are planned for the years to come to meet Erste Group's climate neutrality target.

In **Austria**, the starting position is favourable as a wide variety of efficiency measures were already successfully initiated in the past.

The high energy efficiency standards of Erste Campus in Vienna result in very low emissions of 1.2 kg CO_{2e}/m². Across Austria, electricity consumption was reduced by 10 GWh due to the outsourcing of some of our data centres. With the planned extension of our environmental data collection to include operational Scope 3 emissions in 2022, we will also report the consumption and emissions from these outsourced data centres. Another notable operational improvement in Austria is the share of recycled paper used which increased from 34% to 52% in 2021.

In **Romania**, the most effective way to cut CO_{2e} emissions was the switch to electricity from renewable sources. **Banca Comercială Română** increased its share of electricity from renewable sources to 16 % and aims to increase this share even more in 2022. In 2021, 100% of the electricity used in both headquarters buildings in Bucharest came from renewable sources. Both premises hold a LEED Platinum (Leadership in Energy and Environmental Design) certification. In addition, Banca Comercială Română upgraded old heating and air conditioning systems and installed new sensors for lighting logos on premises used. In 2022, the focus will be on the car fleet strategy and electrification.

In the **Czech Republic**, 78% of the electricity consumed is already from renewable sources. Wherever viable at the headquarters or branches, the bank focuses on natural daylight, LED lighting, light sensors and other energy saving technologies. Furthermore, district heating is preferred to the use of natural gas. The carpool of Česká spořitelna consists almost exclusively of low-emission cars, and the number of electric cars and plug-in hybrids is gradually increased as well as the charging infrastructure at the headquarters.

In the **Slovak Republic**, Slovenská sporiteľňa celebrated its ten-year anniversary of systematic environmentally friendly activities. Almost 30% of them were focused on energy saving. The results are already visible, Scope 1 and 2 emissions were reduced by 10% last year. Measures to improve energy efficiency continued in 2021 as well. Slovenská sporiteľňa plans to plant 300,000 trees across the country in the coming years. In the past, the bank already planted forest in the High Tatras after devastating windstorms hit the country in 2004 and it recently helped to revitalise forests in the Eastern part of Slovakia.

Environmental data

Erste Group uses a software programme from CRediT360 (cr360) to collect environmental data on a group-wide basis. The energy consumption of approximately 2,500 business locations is individually recorded and evaluated. For the conversion to greenhouse gas equivalents (CO_{2e}), cr360 uses emission factors from DEFRA (UK Department for Environment, Food & Rural Affairs) and the IEA (International Energy Agency).

In 2021, the reporting scope of environmental data covers the whole consolidation scope of Erste Group entities following the financial control approach.

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 2021 refer to 44,424 full-time equivalents (FTEs), equalling 100% of all FTEs in Erste Group that relate to banking operations.

Environmental targets in 2019-2021

	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 of recycled copy paper	%	90%	95%	100%	95%	100%	95%	100%
Scope 1 and 2 per employee	tCO ₂ e/FTE	0.53	1.4	1.5	2.55	1.2	0.75	1.95

Achievement of environmental targets 2021

	Measure	AT	CZ	SK	RO	HU	HR	RS
Average electricity consumption per m ²	kWh/m ²	84	97	87	63	110	193	96
Average heating energy usage per m ²	kWh/m ²	75	101	98	87	82	74	83
Share of hybrid/E-cars in carpool	%	17%	1%	3%	10%	2%	3%	2%
Copy paper consumption per employee	kg/FTE	27	13	16	37	23	24	51
Share of recycled copy paper	%	52%	98%	100%	99%	99%	100%	100%
Scope 1 and 2 per employee	tCO ₂ e/FTE	0.56	0.96	1.51	1.82	0.58	0.68	0.83

Environmental data

2021	Measure	Erste Group	AT	CZ	SK	RO	HU	HR	RS
Full-time equivalents (FTE)	Number	44,424	16,023	9,861	3,680	5,381	3,298	3,023	1,199
Net floor area	m²	1,634,277	667,680	293,720	136,965	331,239	71,756	64,737	23,540
Total energy consumption	MWh	308,036	111,871	63,480	26,710	55,121	16,056	19,144	4,930
Electricity total consumption (with ATM and own electricity production)	MWh	147,521	55,974	28,486	11,961	20,884	7,863	12,470	2,251
Heating, warm water and district cooling total consumption	MWh	136,760	50,090	29,772	13,445	28,928	5,893	4,792	1,946
Total diesel consumption for electricity generation	MWh	243	143	71	18	1	5	0	0
Carpool consumption total (converted to kWh)	MWh	23,512	5,664	5,151	1,286	5,307	2,295	1,882	733
Share of hybrid/e-cars in carpool	%	6.9%	17.4%	1.4%	2.9%	9.6%	2.0%	2.8%	2.5%
Share of green electricity	%	65.5%	93.9%	78.1%	0%	16.0%	88.2%	85.3%	71.0%
Average electricity consumption per m ²	kWh/m ²	90.3	83.8	97.0	87.3	63.0	109.6	192.6	95.6
Average heating energy usage per m ²	kWh/m ²	83.7	75.0	101.4	98.2	87.3	82.1	74.0	82.7
Total paper usage	t	1,114	431	132	60	201	76	73	61
Paper consumption per employee	kg/FTE	25.1	26.9	13.4	16.4	37.3	23.0	24.2	50.8
Share of recycled copy paper	%	74.8%	52.3%	98.1%	100%	98.7%	99.5%	99.8%	99.7%
Scope 1 and 2 emissions	tCO₂e	44,414	9,083	9,488	5,560	9,991	1,912	2,054	989
Scope 1 emissions	tCO ₂ e	21,530	6,082	2,199	3,040	6,881	1,071	1,399	273
Scope 2 emissions	tCO ₂ e	22,884	3,001	7,289	2,520	3,110	841	655	716
Scope 1 and 2 per employee	tCO ₂ e/FTE	1.00	0.57	0.96	1.51	1.86	0.58	0.68	0.83

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	0	0
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%
Share of green electricity	%	60.0%	89.9%	75.2%	0%	0%	29.2%	84.9%	93.0%
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	15.9	18.8	53.6	25.5	24.7	18.4
Share of recycled copy paper	%	68.9%	33.6%	97.9%	98.9%	99.1%	99.7%	100%	99.5%
Scope 1 and 2 emissions	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

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.

Green electricity is defined as electricity from low-carbon sources.

Sustainable Finance

In 2021, under the framework of the European Green Deal, the European Commission announced a renewed sustainable finance strategy. It builds on previous initiatives such as the 2018 action plan on financing sustainable growth and the reports of the Technical Expert Group on sustainable finance. The new strategy proposes action in several areas. First, it will consider extending the EU Taxonomy framework and sustainable finance standards and labels to recognise transition efforts. It stresses the importance of financial inclusion and supports SMEs, individuals, and the real economy on the path to sustainability. This should be achieved by providing the right tools and incentives to access transition finance, and by exploring the opportunities of digital technologies to offer sustainable finance possibilities. It also highlights the necessity for the financial system to become more resilient to the risks posed by climate change and environmental degradation – and the steps needed to achieve this. Finally, the strategy presents the European Commission's approach, including work on global convergence on standard setting, such as taxonomy and disclosures.

Erste Group has a strong track record of promoting prosperity through its inclusive banking concept. As early as in 2001, Erste Group became a pioneer of the region and started to offer ethically and environmentally responsible investment products. These days the bank's work in sustainable finance is much broader, covering debt capital market instruments, corporate advisory and structuring services, and Erste Group serves its institutional, corporate as well as retail customers with best of class sustainable investment opportunities.

Erste Group's sustainable finance efforts are guided by its Group Sustainable Finance Framework outlining the asset eligibility and selection rules, governance framework as well as the asset allocation and reporting obligations over the issued green/social/sustainability bonds.

EU Taxonomy related disclosures

The EU Taxonomy Regulation is a classification system to determine whether an economic activity qualifies as environmentally sustainable. The Taxonomy expects that economic activities contribute to one or more of the six environmental objectives (climate change mitigation, climate change adaptation, sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) and do not harm any of the other environmental objectives. The Taxonomy also requires that sustainable activities respect minimum social safeguards.

According to Art. 8 Taxonomy (EU) 2020/852 in connection with Delegated Act (EU) 2021/2178, Art. 10 section 3, financial market participants are required to disclose information on the first two environmental objectives for the reporting year 2021: the share of their exposures to non-taxonomy eligible and taxonomy-eligible economic activities of their total assets, information on the portion of exposures not covered by the Non-Financial Reporting-Directive (NFRD) and the share of the trading portfolio and on-demand interbank loans.

Taxonomy-eligible economic activities are defined in the Delegated Acts of the Taxonomy.

To comply with these new regulatory requirements, Erste Group initiated a portfolio screening. The following table presents quan-

titative results in terms of the bank’s taxonomy-related disclosure requirements (items 1-6 of the subsequent table) as well as an estimated Green Asset Ratio (item 7).

The Green Asset Ratio (GAR) is the share of assets that are aligned with the Taxonomy. It is based on the exposures and

balance sheet according to the scope of prudential consolidation in accordance with Regulation (EU) No 575/2013. The following exposures are excluded: exposures to central governments, central banks and supranational issuers and the proportion of derivatives. The source of the data was Erste Group’s consolidated financial statements.

Taxonomy related disclosures		
1	Central governments, central banks, supranational issuers and derivatives / Total assets	32.3%
2	SMEs and NFCs not subject to NFRD disclosure obligations / Total assets	12.9%
3	Trading portfolio / Total assets	2.2%
4	On-demand interbank loans / Total assets	0.3%
5	Taxonomy-eligible activities / Total GAR assets	51.2%
6	Non-eligible Taxonomy activities / Total GAR assets	26.7%
7	Estimated green assets / Total GAR assets	6.0%

For items 1-4, the denominator, total assets, is defined as on-balance sheet exposures covering the following accounting categories of financial assets, including loans and advances, debt securities, equity holdings and repossessed collaterals: (a) financial assets at amortised cost, (b) financial assets at fair value through other comprehensive income, (c) investments in subsidiaries, (d) joint ventures and associates, (e) financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, (f) real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

For items 5-7, the denominator, total Green Asset Ratio assets, has the same scope as the total assets for items 1-4 excluding exposures to sovereigns, central banks, and trading book. The nominators have an even more narrow scope including only financial corporations, non-financial corporates subject to NFRD disclosure obligations, households, and local governments.

Due to data availability limitations the following assumptions had to be made: non-financial corporates with NFRD disclosure obligations were assumed to be large corporate customers of Erste Group. SME customers were assumed not to have NFRD reporting obligations.

The identification of taxonomy-eligible activities (5) and non-eligible activities (6) is based either on NACE codes (the statistical classification of companies according to their economic activities in the European Community) or, for retail clients who do not have NACE codes, on the transaction level (known use of proceeds). Taxonomy-eligible NACE codes are defined in accordance with the EU Taxonomy Compass published by the European Commission. Residential real estate or housing renovation loans and e-car loans were explicitly defined as taxonomy-eligible products in the case of retail clients, but eligible exposures can be identified only in the case of housing loans.

Item 7 represents an estimate of the Green Asset Ratio aligned with the EU-wide pilot exercise on climate risk by the European Banking Authority (EBA) in May 2021. The housing loan portfo-

lio for retail clients was assumed to be subject to the same Taxonomy alignment as the real estate sector as in the reference exercise of EBA. Only specialised lending exposures, housing loan exposures, and exposure to large corporates were taken into account in our estimate.

Taxonomy-aligned economic activity means an economic activity that is described in the Delegated Acts of the Taxonomy and thus meets all of the technical screening criteria laid down in those Delegated Acts.

The number of taxonomy-eligible and taxonomy-aligned activities is expected to increase in the future due to the ongoing green transition of existing and new customers and improving disclosure standards. In addition, the scope of the Taxonomy will be extended by the remaining four environmental objectives.

In 2021, Erste Group Bank AG made investments in green and social bonds on its own trading account to an extent of 20% of the total bond. As market standards for green and social bonds had no direct linkage to the Taxonomy in 2021, no alignment check was possible.

For the time being, there is no common market standard on how to interpret the Taxonomy.

Corporate sustainable financing

Erste Group believes that sustainable finance benefits from public and entrepreneurial awareness, commitment and specific knowledge. Erste Group set up a dedicated team – Sustainable Finance Corporates – for corporate clients across its core markets. Typically, the process 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.

In 2021, Erste Group granted and participated in EUR 1 billion of sustainable loans that had an environmentally or socially beneficial impact.

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 levels, making them increasingly affordable. In some countries the transition will also require modernisation of the transmission infrastructure and further legislative changes though. In 2021, Erste Group participated in or arranged transactions predominantly in Austria, Hungary and Romania with wind and solar renewable energy technologies being the prime focus. Across Erste Group's markets in CEE, a shift towards market proximity in terms of renewable energy projects with commercial power purchase agreements and contract for difference schemes was a most notable development in 2021 that will continue in the years to come.

Erste Group's long-term funding approach and its Sustainable Finance Framework

The idea of embedding sustainable characteristics into capital market instruments has experienced an enormous push over the last years. What started with the Action Plan on Sustainable Finance by the European Commission in March 2018 has emerged as one of the most important topics in European capital markets. Guidelines and rules targeting a carbon-free economy are increasing in numbers and becoming stricter and stricter.

Erste Group finalised and published its own Sustainable Finance Framework in April 2021. This framework enables Erste Group entities to issue sustainable finance instruments to finance new and/or refinance existing loans to their clients and projects with environmental and/or social benefits. Erste Group's sustainable finance framework is in line with the International Capital Market Association (ICMA) Green Bond Principles 2018, the ICMA Social Bond Principles 2020 and the ICMA Sustainability Bond Guidelines 2018. The Sustainable Finance Framework was reviewed by ISS ESG who issued a second party opinion.

In May 2021, Erste Group Bank AG successfully issued its inaugural sustainability senior preferred bond in benchmark size (EUR 500 million). In addition, a EUR 10 million sustainability bond was issued using the blockchain-based issuing platform Dealfabrix of Erste Group. Local banks followed with more inaugural transactions: Slovenská sporiteľňa placed a EUR 100 million green senior preferred bond in June 2021. In September 2021, Česká spořitelna issued a EUR 500 million green senior non-preferred bond and in October 2021, Banca Comercială Română issued its green senior preferred bond of RON 500 million. In December 2021, the mortgage bank of Erste Bank Hungary issued a green covered bond of HUF 10 billion (approx. EUR 28 million).

Debt capital markets business

On the Financial Institutions and Sovereign/ Supra/ Agency Debt Capital Markets side, social bonds caught up with green bonds in 2021, and issuance volumes of both increased compared to the prior year. In 2021, Erste Group acted as bookrunner in a large number of such bonds. For financial institutions, these issues

range from covered bonds to capital instruments and there is further potential in CEE. Erste Group arranged a total volume of EUR 4.5 billion and USD 500 million of green/social/sustainable bond transactions in 2021.

The sustainable corporate debt market is no longer dominated by green bonds of utility companies but is already well-diversified and offers a broader variety of instruments from issuers across various industries. Transactions include green bonds in the real estate segment, ESG rating-linked *Schuldscheindarlehen* for the packaging industry and a combination of KPI-linked and green structure in the utility segment. Erste Group was again very active in the sustainable finance market and arranged transactions at a combined volume of more than EUR 2 billion for corporate issues in 2021.

Erste Group Sustainable Retail Investment Framework

In March 2021, Erste Group implemented a sustainability framework for retail products. The sustainability rules of this framework apply to all structured investment products issued by Erste Group Bank AG for the MiFID target market retail. Furthermore, all structured products issued by third-parties that are actively sold to retail clients by Erste Group should comply with the sustainability rules. The sustainability of structured investment products must be analysed from two sides: first from the perspective of the issuer and second from the perspective of the underlying security or reference index. A structured product must fulfil the relevant ESG criteria on both levels to be classified as a sustainable product.

Erste Group seeks to go beyond products that merely follow ethical minimum product standards by offering dedicated sustainable structured products. Sustainable ESG products follow a pre-defined ESG-rating methodology and respect ESG exclusion criteria (e.g. nuclear power, child labour) to avoid social, environmental and financial risks.

ASSET MANAGEMENT

Erste Asset Management (Erste AM) is the asset manager of Erste Group. Erste AM has been a PRI signatory (Principles of Responsible Investment) since 2009 and all Erste AM entities 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 5% of total revenues from coal mining, coal trading, production of coal-based fuels or coal-fired power generation. 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.at>).

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 2021, Erste AM managed assets worth approximately EUR 76.8 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 15.5 billion, held in a total of 83 investment funds that are divided into mutual funds and special funds or individual mandates.

Erste AM believes that a sustainable investment process creates the 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, a global high-yield fund, a sustainable real estate fund, 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 since 2006), an asset allocation fund of funds called Erste Green Invest (in which the investment decisions focus on measurable positive effects on the environment and society) as well as Erste Fair Invest, which was launched in July 2021 and focuses on companies whose actions have a positive impact in the areas of health & well-being, work and society. In 2021, fifteen sustainable funds were awarded the FNG 2022 label with 3 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, fourteen of the sustainable funds were awarded the Austrian Ecolabel for sustainable financial products, most of them for many years in a row.

Cooperation with other international asset managers (organised by PRI and Sustainability) continued in 2021. 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 the 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 2021. 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. For 2020, the calculations and certifications of greenhouse gases performed by the Environment Agency Austria (Umweltbundesamt) also considered all of Erste AM subsidiaries in CEE. In 2021, the water footprint for ERSTE RESPONSIBLE bond funds was calculated for the first time, that of ERSTE RESPONSIBLE equity funds for the fourth time. This information is available on the website of Erste AM under sustainability (<http://www.erste-am.com>).

Green Consumption Pledge

In June 2021, Erste Group was the first financial institution to join the European Commission's Green Consumption Pledge to accelerate its contribution to a sustainable economic recovery. The Green Consumption Pledge is the first initiative under the New Consumer Agenda and part of the European Climate Pact. Erste Group commits to ensure the availability of sustainable investment products and to promote sustainable investments to facilitate the participation of consumers in the green transition. Joining the pledge emphasises the bank's ambitions to continue its efforts towards a more sustainable society and economy. Erste's commitments are implemented through Erste Asset Management (Erste AM) – the banking group's fund and portfolio management subsidiary.

In 2021, Erste AM increased the number of ERSTE-labelled funds awarded with the Austrian Ecolabel UZ49 to 14. Based on the pledge, Erste AM plans to increase the number of ERSTE-labelled funds awarded with the Austrian Ecolabel UZ49 to at least 17 by 2023.

Erste AM will increase the share of its budget dedicated to marketing ESG topics and products to at least 25% by the end of 2023. Goal achievement will be measured based on Erste AM's

profit and loss statement for the year 2023 and will be published in the non-financial chapter of Erste Group's annual report.

The ESGenius Newsletter provides a theme-based in-depth analysis of the latest ESG developments. Having started in April 2021, Erste AM published 32 ESG articles on the financial blog and provided clients with information on the latest ESG developments and trends.

Erste AM offered webinars for retail sales advisors of Bank Oesterreich and the savings banks reaching more than 1,000 participants in 2021. With quarterly webinars and its annual outlook scenario analysis that included more and more ESG topics, Erste AM attracts an increasing number of institutional investors as well as distribution partners. Due to Covid-19 measures a planned full-day ESG conference was postponed.

Erste AM developed its SDG methodology to measure SDG contributions on a corporate level and plans to provide SDG-related reports for all ERSTE-labelled mutual funds in 2022.

Erste AM executed its voting rights according to its voting policy and constantly updates its voting decisions on its website.

Erste Group Research – dual approach to ESG analysis

Erste Group's Research holistic approach, combining economic and ESG objectives, is becoming increasingly important for investors. The dual approach comprises a quantitative and a descriptive analysis. In the quantitative analysis step, 41 ESG criteria per company are examined, weighted and benchmarked against the Erste Global 1000 Index (consisting of around 1,000 companies in 20 sectors and 40 countries). The resulting ESG profile of a company shows whether it is in a better, worse or average position in the categories E, S and G in relative comparison to the respective global sector.

In the descriptive analysis step, around 30 areas are prioritised and examined according to a sector-specific relevance matrix. The results of the ESG analysis are incorporated into the bank's publications and can be found on Erste Research Website.

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 to 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), start-up and micro entrepreneurs 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. The endeavours intend to achieve three main impact targets – job creation and preservation, financial stability and scaling of social impact. Social banking was rolled out across Erste Group's local banks and was implemented in partnership with ERSTE Foundation and local social sector organisations. Since the launch, 38,000 clients have been supported, loans of EUR 417 million have been granted and, additionally, educational support has been provided to 34,000 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 and starting entrepreneurs, social organisations and special social 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 better cope with unexpected financial shocks. Since its foundation in 2006, Zweite Sparkasse has helped a total of 21,400 people in financial difficulties in Austria and currently serves about 8,300 customers. In Slovakia, Slovenská sporiteľňa's social banking continued its debt advisory programme supporting approximately 900 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. 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 269 new entrepreneurs with a total volume of EUR 5.5 million in 2021.

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 Romanian 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 2021,

BCR social finance approved more than 1,500 loans and disbursed EUR 18 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-pandemic has triggered funding constraints for many of these organisations. Erste Group Social Banking with the support of ERSTE Foundation continued to provide emergency working capital loans with a zero interest rate in 2021 to non-profit organisations in CEE markets aiming to support the social sector to cover immediate needs and current expenditure. 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 2021, Erste Group financed 140 social organisations, NGOs and social entrepreneurs with a total volume of EUR 15 million.

In 2020, 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 for 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 ministry. The initiative is planned to run from May 2020 until March 2024 in Vienna, Styria, and Lower and Upper Austria.

In 2021, Erste Social Finance Holding launched quasi-equity, an innovative social finance instrument. This new funding opportunity helps social organisations grow and scale up their impact by strengthening their equity. Provided in the form of a so-called "qualified subordinated loan", equity is made available to social enterprises, non-profit and non-governmental organisations in Austria, the Czech Republic, Slovakia, Serbia and Croatia. The European Union grant will provide social organisations with free non-financial support, such as individual consulting, mentoring, capacity building or technical assistance. These services will be provided by the social innovation incubator Impact Hub Vienna and its partner organisations.

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>.

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 promotes financial literacy and aims to support its customers to make the right decisions for 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 and customers' digital activity is increasing steadily. Erste Group therefore offers advice not only face-to-face, but also via chat, audio and video communication and is continuously expanding these services. For example, state-of-the-art remote advisory capabilities were built up in Austria, the Czech Republic, Slovakia and Hungary in 2021, enabling customers to be advised from their home.

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. Increasingly, products that are environmentally or socially beneficial are required and developed. 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 basic financial needs in particular such as money transfers and 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 touchpoints.

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.

While branch traffic dropped significantly at the beginning of the Covid-19 induced crisis, the level of branch traffic recovered through the entire region to almost pre-crisis levels. Erste Group therefore updated its group-wide branch concept by adding new technologies (e.g. augmented walls) and allowing more space for personal advice. The roll-out of the group-wide branch concept continued and in total, more than 270 branches operate under the new concept in Erste Group's core markets in Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia.

In addition to providing advice via branches, Erste Group also built up capabilities to provide remote advice. With this, customers can choose whether they want to visit a branch or reach out to an advisor from their home via video.

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 an ecosystem of products and services of the bank and third parties (e.g. Erste Group's strategic partner Vienna Insurance Group) 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 was successfully launched in Hungary in 2021. The implementation in Serbia will follow next. Overall, George already serves more than 7.5 million users and the digital activity of clients as well as digital sales increase steadily.

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 touchpoint 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 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. In a group-wide endeavour to sustain and further provide the accessibility of products and services with regards to the Web Content Accessibility Guidelines (WACG), Erste Group audited main digital touchpoints of their client base to provide broad web accessibility in the years to come. 2021 was challenging year 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.

The capacities of the contact center were substantially expanded. The comprehensive banking offering via George also ensured that 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 across the Group to offer maximum protection against the misuse of personal data. Trust is also earned through transparency: Erste Group puts great emphasis on providing customers with clear and understandable information regarding the processing of their personal data.

By sharing and specifying best practices in an ongoing process covering all markets, the Group Data Protection Office ensures a consistently high level of data protection across Erste Group. In 2020 and 2021 a reporting framework including reporting lines and dedicated report content was established across the Group and monitoring activities (auditing) as stipulated by Article 39 General Data Protection Regulation were conducted. 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.

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 2021, 29 such notifications were sent to the authorities (thereof none for the Holding). If a breach involves high risk, the persons affected have to be notified as well. In 2021, 27 such notifications were issued (thereof none for the Holding).

CUSTOMER SATISFACTION

High customer satisfaction and thus customer loyalty ensure the long-term success of a bank. The quality of customer relations depends ultimately on the customers' experiences in their day-to-day dealings with the bank. These can be direct and indirect, significant and less significant experiences. In addition, not only conscious, also the unconscious experiences influence the customer relationship.

To maintain its market-leading position, Erste Group is committed to fully aligning employees, partners, processes, policies and technologies around its customers' needs. 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 elements.

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. Erste Group's customer loyalty is determined by means of representative and extensive surveys among private and business customers in all countries.

In the private customer segment, a representative survey called the Banking Market Monitor, is carried out on a quarterly basis. 600 telephone interviews are conducted across Erste Group's markets annually. In the corporate customer segment, an extensive survey with at least 1,500 companies per country is carried out once a year.

These analyses are conducted by an external market research institute on behalf of Erste Group and provide data for a performance comparison both within Erste Group and with the top three competitors in the respective market.

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 Group Brand Management & Communication division, reporting to the Chief Executive Officer.

The CXI is an index value that is derived from the evaluation of satisfaction, recommendation, readiness to switch to another bank (resistance to bank change), customer effort score and the repurchase rate of the main customers of the individual banks. This value is put in relation to the three best competitors in each country and in each segment and is used to determine the strengths and weaknesses of the local banks compared to the market leaders.

This index is of great relevance for the bank as it is also included in the bonus assessment of the members of the management board of Erste Group, individual local banks and all other employees.

Despite the impacts of the second year of the coronavirus induced crisis, Erste Group maintained its excellent customer satisfaction values of the previous year (the highest since the start of the measurement in 2015). In the private customer segment, Erste Bank Oesterreich and Česká spořitelna showed positive development in relation to the top three banks in their respective countries. Česká spořitelna also improved in the SME segment. In the micro segment, both Banca Comercială Română and Erste Bank Serbia achieved significant improvements compared to the local top three competitors. All other subsidiary banks of Erste Group showed stable development.

Employees

Erste Group is convinced that the current and future success of the company can only be ensured by investing in people, developing them and enabling them to deliver in alignment with Erste Group's future vision. This can be achieved by focusing on the following three pillars of its human resources strategy:

- _ Culture: purpose-driven behaviour
- _ Competence: a highly skilled professional workforce
- _ Competitiveness: business-led priorities and outcomes

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. 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. Furthermore, Erste Group is striving to build a dynamic workforce, which is open to external talents offering complementary skills and competencies, working seamlessly with employees to deliver best-possible solutions and outcomes for the bank's customers.

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 that are more relevant for an agile and digital workforce. Building future-fit competence and growing leaders according to Erste Group's values and leadership principles is thus an essential element of Erste Group's People & Culture agenda. Learning initiatives go well beyond banking knowledge and also cover the broad economic and social issues facing the region. Erste Group wants to create leaders and employees who distinguish themselves through character and behaviours.

Erste Group's cultural transformation aims to link 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

(SDG 3), gender equality (SDG 5), decent work & economic growth (SDG 8) and reduced inequalities (SDG 10).

The Erste Future Vision describes how Erste Group will remain relevant and successful in the future, based on its strong purpose. This vision is summarised in five principles.

Creating a shared culture and core values is central to this vision. Crowdsourcing was the first step on this journey to engage Erste Group's people right from the start in shaping the future culture. This is a digital and dynamic approach for engaging and inviting everyone to share their opinions, review and rate what other colleagues have contributed, and express their views of the future.

To understand and evolve Erste Group's brand and culture, we need to discuss much more who we are today, what we like about ourselves and what we can improve. Only then can we talk about what to change and how to align this with the future vision.

We wanted to discover our true and honest culture by asking what good and critical behaviour we experience currently in our organisation. We also received a picture of the behaviour which our people perceive as important for our future success.

We have received 35,000 pieces positive, critical and future-oriented inputs – a wealth of data, insight and thoughts. The results helped us understand what occupies the minds of our people the most, what they cherish and what pain points need to be addressed. This employee feedback is an essential and valued input for our executive leadership team. Throughout the beginning of 2022, the executive leaders of the organisation will derive the core values, behaviour and leadership principles in line with the Erste Future Vision. Cross-functional and cross-border teams will further elaborate how these values and behaviour are activated and brought to life in their respective countries and markets.

Once the core values, behaviour and leadership principles are defined, communicated and well understood, the People & Culture work aims to integrate this framework into everything we do. The crowdsourcing experience itself is a visible manifestation of our desired future culture based on trust, transparency and collaboration. Continuous interaction and co-creation with our people will remain a core element of our culture.

ERSTE GROUP'S RESPONSE TO COVID-19

The Covid-19 Coordination Team continued the work to assess risks for the company related to the spreading of the coronavirus and to coordinate necessary measures in 2021. The aim was again 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.

During the first half of 2021, the share of employees of central buildings working from home was kept between 50 and 70%.

This rate was decreased in the third quarter to between 40 to 50 % and increased again towards year-end.

As banking is defined as a part of critical infrastructure, Erste Group's branches were kept open even during lockdown-periods in all of its core markets. In some branches, opening hours were reduced, and a two-team system was introduced for some 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 2021.

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.

In 2021, Erste Group implemented a new group-wide Diversity and Inclusion Policy that defines 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
- _ Reconciliation of private and professional lives
- _ Culture and communication
- _ A new set of targets and ways to effectively monitor them

Erste Group's objective is 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 2021, the banking subsidiaries of Erste Group have a share of women in top management of 25.3% (2020: 26.6%), with Erste Bank Serbia as the best-performer with 42.9% (40.0%), followed by Erste Bank Croatia with 33.3% (33.3%) and Banca Comercială Română with 32.1% (41.9%).

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

- _ Group-wide focus on creating a level-playing field for people with disabilities with the foundation of a new business resource group called ErsteABILITY
- _ Establishment of new communication formats to raise awareness of 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 development opportunities for both women and men.

As the sole Austrian company and one of only three companies in the CEE region, Erste Group was again listed in Bloomberg's Gender Equality Index (GEI) in 2021. 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 2021, Erste Group was for the second 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.

ACCESSIBILITY & PEOPLE WITH DISABILITIES

Erste Group's work on accessibility has continued in 2021 and focused on web accessibility and on offering an inclusive workplace for people with disabilities. A taskforce has further worked on matters of diverse gender and inclusive language, both to be continually implemented in communication culture as well as systems. In cooperation with the local diversity managers, data-driven analyses on people with disabilities in Erste Group's workforce were conducted. Attracting people with disabilities to the workforce and sustainable retention will remain a focus part of diversity management of the Group in 2022. Internships especially for young talents with disabilities were introduced and ErsteABILITY, a business resource group for people with disabilities, friends and families, was launched.

ANTI-DISCRIMINATION

Erste Group strives 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, family obligations, sexual orientation, religion, political affiliation nationality, skin colour, social or ethnic background, and any other aspects unrelated to their employment. In 2015, a works agreement on Anti-Discrimination and Respectful Behaviour in the Workplace was established to protect against all forms of discrimination, bullying and harassment. In the latest revision of this works agreement it was expanded by active conflict management con-

cepts, in line with Erste Group's goal to deal with conflicts in the Code of Conduct.

An independent anti-discrimination officer provides advice in cases of harassment, discrimination or bullying and mediates in matters concerning harassment and discrimination. Advice for employees is confidential and is accompanied by a structured solution process if required.

The anti-discrimination officer also works with management on awareness and prevention. 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.

LEARNING, TALENT MANAGEMENT, LEADERSHIP AND COMPETENCE DEVELOPMENT

Erste Group strives to develop the professional and interpersonal skills of its employees to ensure that they are well prepared to act in a professional and socially responsible manner. Erste Group continuously develops and aligns group-wide training programmes for professionals and managers.

Erste Group employees benefited from the growing range of digital learning formats. By using the latest digital learning formats and continuously updated content, Erste Group is able to quickly integrate the changing structure of learning content into existing offerings. Learning in hybrid settings has taken hold and Erste Group thus offers its employees a wide range of learning opportunities in digital and face-to-face formats.

In the area of People & Culture, all learning & development topics were combined in 2021 to be able to offer all employees a broad range of learning opportunities both nationally and internationally. Accessibility was further expanded due to the massively expanded digital learning formats.

The offerings include expert and management training, tailored programmes for different target groups, human resources development courses and business unit-specific programmes.

Collaborations with renowned institutions such as IESE Business School, IMD Lausanne, WU Executive Academy in Vienna and Ashridge Executive Education underscore the high quality of the training offered.

Erste Group's professional training courses are continuously adapted to the respective business areas and new contents are defined according to demand. The courses offered cover the areas of Corporates & Markets, Finance including Controlling, Asset/Liability Management, Accounting and Data Excellence. The

Risk Management College offering reflects the changes in the regulatory framework and helps acquire knowledge in the various areas of risk management. In addition, Erste Group offers training on project management and business analysis, enterprise architecture and the broad integration of agile methodologies.

Erste Group's international leadership development initiatives are continuously developed in cooperation with the regional human resources development managers to meet Erste Group's strategic objectives.

EMPLOYER BRANDING & RECRUITING

Attracting young talent through comprehensive development opportunities remains an ongoing priority across Erste Group. The goal of the annual Group Graduate Programme for university graduates is to attract top international graduates and provide them with fundamental banking and risk management skills. In the current graduate programme, 50% of the participants are women. The current Group Graduate Programme started in January 2022.

In 2021, each of Erste Group's employees completed on average 24.5 professional development training hours (women 24.3 hours and men 24.7 hours). Employees in management positions had on average of 28.5 training hours.

For 2022, Erste Group plans to further expand its forward-looking learning offering and to focus even more on leveraging synergies across the group. In line with the promise to invest in the further training of its employees, further investments and revisions of existing concepts and programmes are also planned for 2022 – aimed at meeting the demand for professional, future-oriented and high-quality employee training.

In 2021, Erste Group won several Best Employer awards reflecting its enormously strong position on the employer market. The Top Employers Institute ranked Erste Group among the top 1% of 40,000 Austrian companies; achieving the top position in banking and second in the overall ranking. The Market Institute ranked Erste Group among the top 10 employers in Vienna. Erste Bank was deemed a "real and fair trainee programme" by the TraineeNet association for the fifth consecutive time. The Universum platform (focusing on employer attractiveness for students) ranks Erste Bank among the top 15 for business students. In addition, Erste Group won two more prestigious awards: At the Financial Times Adviser Awards, Erste Group won the first place in the category *Diversity Marketing and Recruiting Campaign of the Year* and the *Diversity in Finance* award. In addition, Erste Group succeeded in the category *Best Employer Brand on LinkedIn*. And last but not least Erste Group was awarded the *World's Best Employer* by Forbes.

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 to ensure 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 AND WORK-LIFE BALANCE

In 2021, the focus of Erste Group's health centre was set on tackling the pandemic. Erste Group's employees received relevant information on a regular basis, and a dedicated medical hotline for all issues related to Covid-19 was available. In addition, the health centre provided testing in cases of suspected infections and ensured timely in-house contact tracing to prevent infection chains both in central buildings and branches.

Before vaccines were available for everyone, the health centre established a test centre in the entrance hall of Erste Campus in Vienna, giving easy access to rapid antigen tests for employees. From February 2021 to August 2021 a total of 29,239 tests were carried out. Self-tests were provided for all branch employees, with the recommendation to perform a test twice a week.

As soon as the first vaccine received regulatory approval by EMA, the European Medicines Agency, major efforts were made to explain mechanisms of biological action of the new vaccination platforms (vector and mRNA) in order to strengthen health and vaccine literacy and, as result, combat vaccination hesitancy. From March 2021 on, we started organising the corporate vaccination campaign in coordination with the federal authorities and the City of Vienna. The declared goal was to attain high vaccination coverage among all age groups to prevent staff shortage due to quarantine and maintain business continuity.

By the end of September 2021, we had vaccination rate of 94% among the employees on Campus (approx. 5,000) and 85% among the employees in the branches, which is far above the vaccination rate in the rest of Austria (<60% by the end of September).

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 pandemic proved that 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 in 2021 had a special focus on providing comprehensive infection prevention and support for our

employees to develop mechanisms for self-organisation and guidance regarding workplace ergonomics when working from home. These activities have been supplemented by the establishment of low-threshold psychological advice and counselling services with different focal areas (such as childcare, home schooling and support during lockdowns) throughout the entire pandemic.

A multi-professional team of occupational physicians, workplace psychologists and physiotherapists assists Erste Group's employees in all 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 Erste Holding, Erste Bank Oesterreich and almost 30 additional subsidiaries.

Staff indicators

Staff indicators refer to the end of the reporting period. Total data (47,382 employees; headcount) include data from direct and indirect holdings of Erste Group outside its core markets below-mentioned.

Overview and age structure 2021

	Total		<30 years		30-50 years		>50 years	
	Women	Men	Number	in %	Number	in %	Number	in %
Erste Group	29,621	17,761	7,302	15.4%	28,166	59.4%	11,914	25.1%
thereof Holding	922	966	227	12.0%	1,110	58.8%	551	29.2%
Austria incl. Holding	9,707	8,476	3,052	16.8%	9,293	51.1%	5,838	32.1%
Czech Republic	6,791	3,324	1,675	16.6%	5,992	59.2%	2,448	24.2%
Slovakia	2,572	1,135	505	13.6%	2,404	64.9%	798	21.5%
Romania	4,071	1,456	786	14.2%	3,445	62.3%	1,296	23.4%
Hungary	2,105	1,277	511	15.1%	2,349	69.5%	522	15.4%
Croatia	2,183	1,017	348	10.9%	2,323	72.6%	529	16.5%
Serbia	926	350	187	14.7%	904	70.8%	185	14.5%

Mode of employment

	Full-time employees				Part-time employees			
	2021		2020		2021		2020	
	Women	Men	Women	Men	Women	Men	Women	Men
Erste Group	23,448	16,707	24,166	17,200	6,143	1,084	6,105	1,045
thereof Holding	594	854	612	921	328	112	312	95
Austria incl. Holding	4,931	7,692	5,106	8,037	4,746	814	4,765	787
Czech Republic	6,028	3,252	6,118	3,227	763	72	777	92
Slovakia	2,496	1,117	2,624	1,133	76	18	81	16
Romania	3,877	1,401	4,114	1,488	194	55	188	52
Hungary	1,884	1,197	1,873	1,200	221	80	213	84
Croatia	2,064	985	2,147	1,038	119	32	54	2
Serbia	922	349	918	338	4	1	5	2

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Erste Group	25.8%	25.1%	41.8%	43.5%	10	10	852	679
thereof Holding	17.6%	25.5%	30.7%	28.4%	3	4	22	17
Austria incl. Holding	23.3%	19.3%	25.7%	25.6%	6	7	364	338
Czech Republic	16.1%	14.0%	43.7%	54.5%	19	20	130	118
Slovakia	22.2%	22.5%	59.4%	57.6%	10	13	152	164
Romania	34.0%	39.2%	57.4%	55.4%	9	8	37	32
Hungary	23.9%	24.1%	47.2%	48.6%	9	3	147	10
Croatia	27.7%	38.6%	63.9%	64.7%	5	4	15	15
Serbia	35.5%	37.5%	52.5%	53.2%	9	9	1	0

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 2021, one woman and five men were members of the management board, one of them was 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)

	2021				2020			
	Women		Men		Women		Men	
	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	1,082	78.0%	114	97.4%	1,013	80.3%	120	96.0%
thereof Holding	38	92.7%	5	100%	22	100.0%	7	100%
Austria incl. Holding	307	91.1%	77	101.3%	268	91.4%	81	99.0%
Czech Republic	159	55.2%	1	100%	151	67.4%	0	n.a.
Slovakia	111	70.3%	13	81.3%	94	77.0%	15	93.8%
Romania	223	87.8%	6	85.7%	194	84.0%	11	100%
Hungary	81	62.3%	3	100%	80	61.1%	0	0%
Croatia	112	89.6%	14	100%	123	83.7%	12	100%
Serbia	34	87.2%	0	0%	46	93.9%	0	0%

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 2021

	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %						
Erste Group	2,956	65.1%	1,582	34.9%	2,211	48.7%	2,098	46.2%	229	5.0%
thereof Holding	17	39.5%	26	60.5%	16	37.2%	24	55.8%	3	7.0%
Austria incl. Holding	732	58.2%	525	41.8%	714	56.8%	458	36.4%	85	6.8%
Czech Republic	868	67.3%	421	32.7%	580	45.0%	647	50.2%	62	4.8%
Slovakia	233	70.8%	96	29.2%	150	45.6%	168	51.1%	11	3.3%
Romania	401	71.9%	179	28.1%	331	59.3%	216	38.7%	11	2.0%
Hungary	285	64.8%	155	35.2%	168	38.2%	235	53.4%	37	8.4%
Croatia	132	62.6%	79	37.4%	91	43.1%	109	51.7%	11	5.2%
Serbia	124	70.5%	52	29.5%	73	41.5%	100	56.8%	3	1.7%

The percentages refer to the total of newly hired employees.

Fluctuation in 2021

	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	3,843	11.6%	2,061	10.6%	1,610	16.9%	3,087	9.9%	1,207	10.2%
thereof Holding	53	5.7%	79	7.8%	21	9.2%	68	5.7%	43	8.2%
Austria incl. Holding	989	9.4%	908	10.0%	542	14.5%	680	6.8%	675	11.5%
Czech Republic	972	12.4%	384	10.2%	351	16.1%	821	12.1%	184	7.0%
Slovakia	381	13.0%	102	8.3%	113	15.3%	282	10.7%	88	11.2%
Romania	654	13.8%	248	14.7%	278	23.0%	528	12.7%	96	9.0%
Hungary	312	13.1%	149	10.3%	124	19.6%	293	11.1%	44	7.9%
Croatia	208	9.0%	102	9.8%	78	16.2%	183	7.6%	49	10.2%
Serbia	127	12.1%	48	12.3%	39	14.3%	108	11.1%	28	14.4%

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 11.2% (2020: 10.2%).

Commitment to society

Erste Group's commitment to society has never been limited to business activities. This is also reflected in our 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. Consequently, by providing funding or in some cases manpower and expertise Erste Group supports institutions, initiatives and projects as well as communities in the areas of social affairs, arts and culture, education sports and the environment in all core markets.

As needs and interests vary 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. A regional focus, cross-thematic initiatives and cooperations 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 therefore 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-

suming societal and social responsibility is not only in line with Erste Group's strategy but also enriches the 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 through reputation risk, conflicts of interest, inadequate transparency or inadequate handling of compliance requirements on the part of a partner. Erste Group manages these risks through know-your-customer, anti-money laundering and anti-corruption policies. In addition, Erste Group Bank AG implemented sponsoring guidelines.

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 information is available at <https://www.erstegroup.com/en/about-us/sustainability-esg/esg-social> and on the websites of Erste Group's banking subsidiaries in the respective local language and in some cases in English.

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.

FINANCIAL LITERACY

Financial literacy is essential for creating equal opportunities, economic well-being and social inclusion. Frequently, financial illiteracy limits what people can achieve. In line with its purpose 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. 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.

Erste Group's Financial Life Park (FLiP) at Erste Campus is one of the largest financial education facilities in Europe. FLiP tours make the importance of finance for personal life tangible. More than 55,000 visitors of all kinds of school types and educational levels took part in interactive tours in Vienna since FLiP opened in October 2016. The mobile FLiP version, FLiP2Go, attracted more than 12,000 visitors all over Austria since its introduction in April 2019. FLiP2Go is supported by Erste Bank Oesterreich and regional savings banks. As a result of Covid-19-induced restrictions, FLiP and FLiP2Go tours were not available for several months both in 2020 and 2021. But the demand for FLiP's digital

offerings, comprising FLiP Challenges, FLiP Digi Tours and Online-teaching-resources, increased substantially. Together with the NGO The Connection, FLiP is developing teaching resources Geld in Griff (Money under Control) to be used in German language courses for young migrants with the aim of building financial, consumer and language skills. Banca Comercială Română continued its programme Money School in 2021. The bank organised not only online courses as well as financial literacy summer workshops for children and their parents in shopping centres but also events with financial experts and authors of financial literacy books. More than 50,000 people took part in training courses, 32,000 of them in the Romanian FLiP online version. In addition, a new online course for children called *Smart Financial Decisions for Children* has been launched.

The Slovenská sporiteľňa Foundation focused on its innovative FinQ programme, which offers financial content for interdisciplinary teaching. After a successful pilot phase – despite the pandemic, FinQ was completed in 25 participating primary and secondary schools and 2,500 students received a certificate – the FinQ programme started officially in 85 schools in October 2021.

The *ABC of Money* initiative of Česká spořitelna is the largest financial education programme in the Czech Republic. The programme is now in its fourth year of existence. Since the Czech schools had to close for several weeks during the lockdowns, the *ABC of Money* team switched the entire programme to an online environment. The programme is free of charge and targets not only children, parents and teachers but also elderly people who are invited to develop digital skills.

Erste Bank Hungary's financial literacy activities in 2021 focused on the promotion of financial literacy of disadvantaged groups in society. The bank's Financial Literacy Education Programme was founded in 2019 together with several NGOs. The target groups include children from educationally disadvantaged backgrounds as well as students from vocational schools in Budapest, Roma students and people with limited cognitive abilities. So far, more than 2,500 participants have been reached.

Erste Bank Croatia adapted its Smart Finance School workshops to the Covid-19 situation, offering online workshops. The bank also continued to offer physical workshops in accordance with strict Covid-19 safety standards. The target groups included elementary and high schools, faculties and student associations. In 2021, a total of 97 workshops for more than 1,700 attendants were held.

Erste Bank Serbia further developed its financial education programme *#ErsteZnali* in 2021 and added new content. The platform which is providing online financial education was launched in 2019. Programme activities also included the development of a mobile phone game for 7 to 10-year-olds, an initiative to promote financial literacy in elementary schools in cooperation with the Ministry of Education and a cooperation with social media influencers to target Gen Z to improve their money management.

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, expertise and making contributions in kind to partner organisations.

Time Bank, an electronic volunteering platform of Erste Bank Oesterreich and the Austrian savings banks, was already founded in 2011. Time Bank matches employees who want to donate their free time with currently 65 partner organisations. In 2021, on average, more than 1,300 employees of Erste Group in Austria were registered on this platform. Cooperation partners are carefully selected. Only legal entities may become partner, private individuals are not eligible. Cooperation agreements are reviewed by the legal department. A “Know-your-partner” compliance questionnaire forms part of the cooperation agreement. All of Erste Group’s local banks (except in Austria) give to 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 non-profit sectors in CEE.

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. Time Bank therefore provides long-term support to partner organisations by orchestrating regular collection and swap activities. When Erste Group’s main IT premises relocated in 2021, no longer required IT equipment and office furniture was given to partner organisations. Similarly, Erste Bank Hungary donated used IT equipment to disadvantaged families and NGOs.

Under the motto “taking care instead of disposing”, Time Bank has worked together with charitable organisations. Excess food, which is no longer intended for sale, is distributed daily among people in need all-over Austria.

SPONSORING ART AND CULTURE

Sponsoring arts and culture is another tool through which Erste Group’s social commitment becomes visible in all its markets. The focus is on supporting projects that address needs of the civil society.

Erste Group understands sponsoring as the voluntary promotion and support of institutions, initiatives and projects. With sponsorship Erste Group intends to support developments in society in the interests of the common good. Our commitment towards the civil society is written down in the Statement of Purpose and in the Code of Conduct. Sponsoring arts and culture is bundled with social activities in the group-wide ExtraVALUE programme.

Sponsoring sports

The ability of sport to connect people and motivate them to achieve common goals reflects to a large extent the corporate philosophy of Erste Group. Sports sponsoring in particular is characterized by an existing relationship between the sponsor and the sponsored with contractually fixed, promotional and other services and supports the communicative goals of Erste Group, with positive brand effects playing a dominant role.

Erste Group’s sports sponsorship is classified under three categories with differing objectives: professional sport, amateur sport and young talent. In case of top-class sports sponsorship (e.g. the main sponsorship of the Erste Bank Open tennis tournament or Europe’s largest eSports event, the “League of Legends” championships) Erste Group primarily pursues advertising goals thus their suitability as public or customer magnet are assessed. No individual athletes (“testimonials”) are sponsored. By sponsoring popular sports other aspects are taken into account as well. Austria’s largest running initiative Erste Bank Sparkasse Running or Austrian Women’s Run typically attract tens or even hundreds of thousands of participants. Similar to supporting young talent (e.g. the Sparkasse student league in soccer and volleyball) it is about strategically oriented goals towards the common good. The idea is to motivate the population for sports and facilitate access to events. Generally, attention is paid to the popularity of the sport in the relevant market and the associated media effectiveness. Sports sponsorships and the objectives are regularly evaluated. In case the goals are not achieved or if the goals change, a realignment is carried out.

Compliance and the management of conflicts of interest

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 a compliance programme including targeted policies, guidelines and training initiatives defining rules and principles for its staff. Compliance with external and in-house standards provides the basis for long-term trust. Erste Group is a member of Transparency International (TI), Erste Group’s chairman of the supervisory board is a board member of TI.

The Code of Conduct provides the primary guidance for Erste Group’s staff and defines binding rules for the day-to-day business. Together with national and international laws and standards it forms the basis for the compliance management system that ensures conduct in conformity with laws and benchmarks.

Relevant legislation includes the Market Abuse Regulation, the Securities Supervision Act, the Criminal Code and the Financial Markets Anti-Money Laundering Act. Erste Group's compliance programme has also laid the basis for a common understanding of values within the Group.

The responsibility for compliance matters lies with the compliance department which is assigned to the Chief Risk Officer's division but reports directly to the entire management board. It covers topics as anti-money laundering (AML), financial sanctions & embargoes, fraud, data protection, securities compliance and conduct compliance (which also includes conflict of interest, anti-bribery and anti-corruption (ABC) agendas).

Conflicts of interest between customers, Erste Group and its staff are governed by clear internal rules. Policies, trainings, and organisational measures have been implemented to identify, avoid or manage various types of conflicts of interest that are relevant to Erste Group's business, including confidentiality, treatment of relationships, secondary activities and accepting and awarding benefits, to name a few. Specific legal provisions apply additionally regarding information barriers, employee transactions, investor protection and research disclaimers.

Establishing and coordinating processes and measures to prevent money laundering and terrorist financing, to comply with financial sanctions and embargoes, and to prevent financial crime are also among the key elements of the compliance agenda. In this area, substantial investments are being made on an ongoing basis to strengthen the monitoring systems. Strong KYC (know your customer) diligence has been put in place, which also enables to detect suspected money laundering through corruption patterns of clients.

To ensure compliance with all laws and regulations, policies and processes are continuously evaluated and reviewed across the Group. Compliance training is mandatory for all new employees and includes awareness building as well as an introduction to the prevention of compliance risks, including corruption. Additional compliance training is required for staff in selected business areas.

ANTI-BRIBERY AND 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. The laws differ from country to country and are to some extent extremely restrictive. Improper payments or other inducements for the benefit of a public official, even if made indirectly through an intermediary, are prohibited.

Erste Group promotes zero-tolerance towards any form of bribery and corruption. Under no circumstances it 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. Furthermore, Erste Group set up clear rules and boundaries with respect to treatment of benefits in the private sector.

Preventing and combating corruption is fundamental to Erste Group. The following measures are taken to comprehensively raise awareness among staff (both management and employees) and serve as prevention against bribery and corruption across the Group:

Policy

A group-wide Policy on Conflicts of Interest and Anti-Bribery & Corruption ensures that everyone in Erste Group is familiar with the relevant rules – such as key national provisions, i.e. the Austrian Criminal Code as well as the impact of the UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA) – and knows how to apply them. This policy underwent a major review in 2021, detailing the critical conflicts of interest types including corruption. It represents the minimum standard for the entire Group and all staff members, including the management.

Training and education

All new employees are systematically instructed in the essence and processes of Erste Group's corruption prevention efforts. Specific awareness building initiatives, such as trainings and vivid exchange, are additionally offered to higher-risk business units (e.g. those dealing with large and international clients and public officials, sponsoring units, top management). Regular releases of intranet news on key themes of anti-corruption and proper handling of benefits in both private and public sectors help raise awareness. In 2021, these releases were complemented by a comprehensive, multilingual group-wide campaign on conflicts of interest and anti-bribery and anti-corruption (ABC).

Reporting

Staff members of Erste Group must refrain from any conduct that might give rise to a suspicion of corruption or a biased behaviour. Various reporting duties have to be met, in particular reporting the acceptance or awarding of benefits both in the public and the private sector as well as benefits received from or awarded to third parties within the meaning of MiFID II. While direct line managers represent the first line of defence to assess benefits offered or accepted, and awarded, staff can contact Compliance in case of topics arising in connection with corruption prevention or in case of doubt. This can be done through various channels, e-mail, conflict of interest reporting tool or, anonymously, via whistleblowing.

Group steering

Under a comprehensive communication scheme, Erste Group entities share information intensively at expert and division head levels (e.g. regular expert calls, annual division head conferences). Local compliance officers and Group Compliance hold

regular phone conferences to discuss key issues such as ways of providing advice and creating awareness specifically on conflict of interest and anti-bribery and anti-corruption matters including the treatment of benefits and the overall anti-bribery and anti-corruption governance.

Surveillance

All suspicious cases are reviewed, and disciplinary action is taken, if required. Repeated misreporting or failure to abide by the anti-bribery and corruption policies and procedures may lead to disciplinary consequences, regardless any civil and criminal law consequences if applicable. The group-wide oversight of corruption risks did not reveal any significant corruption risks for Erste Group in 2021.

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 2021, the total amount paid to companies outside Erste Group was slightly above EUR 1.17 billion, mostly linked to IT (42% of total spending), followed by expenses for services, operations and marketing (37%) and facility management (21%). Out of a total of 25,172 suppliers at group level, 728 suppliers accounted for 80% of total third party expenditure.

97% of suppliers (reflecting 95% 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. 1% of suppliers are located North America and the rest (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 ESG 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 2021, 72 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 2021, 1,131 contracts with suppliers were concluded or renewed. Thereof, 750 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 2021, Erste Group co-operated with 25,172 suppliers, of which 1,802 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.

Management board

Bernhard Spalt mp, Chairman

Stefan Dörfler mp, Member

David O'Mahony mp, Member

Ingo Bleier mp, Member

Alexandra Habeler-Drabek mp, Member

Maurizio Poletto mp, Member

Vienna, 8 March 2022

GRI Content Index

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Reference to Annual Report 2021	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. 14	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. 13	Strategy
GRI 102	General Disclosures	102-5	Ownership and legal form	p. 95	(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)
					Workers who are not employees do not perform a significant portion of organisation'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	102-8	Information on employees and other workers	p. 82 et seq	
GRI 102	General Disclosures	102-9	Supply chain	p. 87	
GRI 102	General Disclosures	102-10	Significant changes to the organisation and its supply chain	n.a.	No significant changes in the organisation (neither in terms of size, structure nor in the supply chain.) Ownership: La Caixa sold its stake in Erste Group Bank AG.
GRI 102	General Disclosures	102-11	Precautionary principle or approach	p. 57	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. 68, 72	(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 Erste Group Bank AG has the following significant memberships: WSBI (World Savings Banks Institute), ESBG (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), Transparency International, UNEP FI, Net Zero Banking Alliance, PCAF; 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
GRI 102	General Disclosures	102-13	Membership of associations	n.a.	
2. Strategy					
GRI 102	General Disclosures	102-14	Statement from senior decision maker	p. 4 et seqq	TCFD requirements: Strategy a) Climate related risks and opportunities the organization has identified over the short, medium and long term. b) The impact of climate related risks and opportunities on the organisation's business, strategy and financial planning c) The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario Risk Management: a) The organisation's processes for identifying and assessing climate-related risks; b) The organisation's processes for managing climate-related risks; c) How the processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management.
GRI 102	General Disclosures	102-15	Key impacts, risks and opportunities	p. 63 et seqq	
3. Ethics and integrity					
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behaviour	p. 57	Strategy (reference made to the code of conduct and the statement of purpose), (consolidated) non-financial report, (consolidated) corporate governance report (reference made to Austrian Code of Corporate Governance and internal guidelines)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Reference to Annual Report 2021	Comments / Reasons for omission
4. Governance					
GRI 102	General Disclosures	102-18	Governance structure	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities.
GRI 102	General Disclosures	102-19	Delegating authority	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities.
GRI 102	General Disclosures	102-20	Executive level responsibility for economic, environmental and social topic	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities. b) Management's role in assessing and managing climate related risks and opportunities
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values and strategy	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities.
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities.
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental and social impacts	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities.
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities. b) Management's role in assessing and managing climate related risks and opportunities.
GRI 102	General Disclosures	102-31	Review of economic, environmental and social topics	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities. b) Management's role in assessing and managing climate related risks and opportunities.
GRI 102	General Disclosures	102-32	Highest governance body's role in sustainability reporting	p. 62 et seq	Voluntary disclosure. TCFD requirements: Governance a) Board's oversight of climate related risks and opportunities. b) Management's role in assessing and managing climate related risks and opportunities.; CG Report
5. Stakeholder engagement					
GRI 102	General Disclosures	102-40	List of stakeholder groups	p. 61	
GRI 102	General Disclosures	102-41	Collective bargaining agreements	n.a.	Collective agreements apply to a total of 88,1% 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: 96,1%)
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	p. 58 et seq	
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	p. 58 et seq	
GRI 102	General Disclosures	102-44	Key topics and concerns raised	p. 58 et seq	
6. Reporting practice					
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	p. 58	
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	p. 58 et seq	
GRI 102	General Disclosures	102-47	List of material topics	p. 58 et seq	
GRI 102	General Disclosures	102-49	Changes in reporting	p. 58	All Savings Banks from the scope of consolidation were included in the non-financial reporting in 2021.
GRI 102	General Disclosures	102-50	Reporting period	n.a.	From 1 January 2021 to 31 December 2021
GRI 102	General Disclosures	102-51	Date of most recent report	n.a.	Annual report 2020
GRI 102	General Disclosures	102-52	Reporting cycle	n.a.	Annual
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	p.302	
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with GRI Standards	p. 58	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. 89 et seqq	
GRI 102	General Disclosures	102-56	External assurance	p. 93 et seq	
GRI 103 Management Approach 2016					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	p. 58 et seq	
GRI 103	Management Approach	103-2	The management approach and its components	p. 58 et seq	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 58 et seq	
GRI 201 Economic Performance 2016					
GRI 201	Economic performance	201-1	Direct economic value generated and distributed	Note 1, Note 56	Outside the non-finance report. Consolidated financial statements.
GRI 201	Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	p. 63 et seq	Disclosure according to TCFD requirement: Strategy a) Climate related risks and opportunities the organization has identified over the short, medium and long term. b) The impact of climate related risks and opportunities on the organisation's business, strategy and financial planning c) The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Reference to Annual Report 2021	Comments / Reasons for omission
Social commitment and social banking (FS 14 Initiatives to improve access to financial services for disadvantaged people)					
FS 14 of GRI G4	Initiatives to improve access to financial services for disadvantaged people	FS 14	Initiatives to improve access to financial services for disadvantaged people	p. 74, 76	
Anti-corruption and compliance (GRI 205 Anti-corruption 2016)					
GRI 205	Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken		In 2021, 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 50	Group consolidated financial statements: Note 50 (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 three such cases. As one of these cases got resolved in 2021, there remain only two 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	Management Approach	301-1	Materials used by weight and volume	p. 69	
GRI 301	Management Approach	301-2	Recycled input materials used	p. 69	
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. 69	TCFD Metrics and Targets; (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. 69	TCFD Metrics and Targets
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. 69	TCFD Metrics and Targets; 305-1c) There are no biogenic CO ₂ emissions to report
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	p. 69	TCFD Metrics and Targets; Gross market-based: 22,884t CO ₂ e; Gross location-based: 50,803t CO ₂ e
GRI 305	Emissions	305-3	Other indirect (Scope 3) emissions	p. 67	TCFD Metrics and Targets
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. 87	
Diversity and equal opportunity (GRI 401 Employment 2016)					
GRI 401	Employment	401-1	New employee hires and employee turnover	p. 83	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. 83	a) 401-3a) All employees (women and men) are entitled to take parental leave; b) 401-3d) No information available due to data that could not be clearly distinguished.
Employee health & work-life balance					
	Employment		Information on health & work-life balance	p. 81	
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. 80	
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. 82	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	n.a.	In 2021, 4 significant incidents were submitted to the anti-discrimination officer.
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. 87	

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Reference to Annual Report 2021	Comments / Reasons for omission
GRI 418 Customer Privacy 2016					
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 77	
GRI 419 Socioeconomic Compliance 2016					
GRI 419	Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	n.a.	In 2021, there were neither significant fines nor non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.
Financial education					
GRI G4 Sector Disclosures	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. 84	
Customer satisfaction					
	Information on customer satisfaction			p. 77	
Responsible investment and finance					
	Information on responsible investment and financing			p. 70 et seq	
GRI 103	Management Approach	103-2	The management approach and its components	p. 58, 70 et seq	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 58, 70 et seq	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 supervisory board of Erste Group Bank AG Vienna

Courtesy Translation of the Audit Report of the Independent Assurance on Non-Financial Reporting

Attention: This report 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 have performed procedures to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the (consolidated) non-financial report as of December 31, 2021 has not been prepared, in all material respects, in accordance with the reporting criteria. The reporting criteria consist of the Sustainability Reporting Standards GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB) as well as the requirements for the report stated in § 243b and § 267a UGB (NaDiVeG).

Further, we have performed procedures to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the EU taxonomy information disclosed is not prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the accompanying Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

Responsibility of the management

The legal representatives of Erste Group Bank AG are responsible for the preparation of the report content in accordance with the reporting criteria and for the selection of the disclosures to be verified. 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 (NaDiVeG). Furthermore, they are responsible for collecting the disclosed information on the EU taxonomy in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

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 a (consolidated) non-financial report free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express a limited assurance opinion on whether the (consolidated) non-financial report is prepared, in all material respects, in accordance with the reporting criteria. The reporting criteria consist of the Sustainability Reporting Standards GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB) as well as the requirements for the report stated in § 243b and § 267a UGB (NaDiVeG).

Further, based on our audit procedures, our responsibility is to express an opinion with limited assurance as to whether any matters have come to our attention that cause us to believe that the disclosed EU taxonomy information has not been prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the accompanying Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

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, § 243b and § 267a UGB (NaDiVeG), as well as the disclosed information on the EU taxonomy have been prepared in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

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, sustainability principles and sustainability management
- _ Interview of employees named by Erste Group Bank AG to assess the methods of data collection, data processing and internal controls
- _ Comparison of the non-financial disclosures shown in the (consolidated) non-financial report with the calculation documents provided
- _ Execution of a media analysis
- _ Video conference with the people responsible for the non-financial indicators of Erste Bank Hungary Zrt. and Steiermärkische Bank und Sparkassen Aktiengesellschaft
- _ Review of the disclosed information on the EU taxonomy for compliance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139
- _ Furthermore, we conducted procedures regarding whether the reporting requirements of § 243b and § 267a UGB (NaDiVeG) were met with the (consolidated) non-financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The subject matter of our engagement is neither an audit of financial statements nor a review of financial statements. Likewise, neither the detection and clarification of criminal offences, such as embezzlement or other acts of breach of trust and administrative offenses, nor the assessment of the effectiveness and efficiency of the management is the subject of our engagement.

Summarised Conclusion

Based on our work and the evidence we have obtained, nothing has come to our attention that causes us to believe that the (consolidated) non-financial report of Erste Group Bank AG as of December 31, 2021 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 (NaDiVeG) are not met with the (consolidated) non-financial report.

Furthermore, based on our audit procedures, nothing has come to our attention that causes us to believe that the EU taxonomy information disclosed is not prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the accompanying Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

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 of these terms and conditions, 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 utilised once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna
March 8, 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

(signed by)
Mag. Gerhard Marterbauer
Austrian Certified Public Accountant

(signed by)
Mag. Thomas Becker
Austrian Certified Public Accountant