

MATERIALITY ANALYSIS

The starting point of non-financial reporting is a materiality analysis to identify those material topics that have relevant social and economic impacts from Erste Group's point of view and from environmental and societal perspectives. These matters were identified as a result of in-house discussions, partly in consultation with stakeholders that are relevant to Erste Group: employees, customers, management (supervisory board, management board), investors and authorities/supervisors/policy-makers.

The current report is based on the most recent evaluation of the materiality analysis performed in 2017. In 2018, data security, which was also covered in 2017, was adopted as a material topic. This was in particular due to tighter national and international data protection laws and regulations as well as growing awareness among private individuals and companies of the risks related to the potential abuse of personal data.

To make the context of the material topics more visible, they have been categorised by higher-level topic areas. Further information on how Erste Group reflects these topics in its strategy and business activities is provided in the chapters commitment to society, customers, suppliers, employees and environment of the non-financial report. Anti-corruption measures may affect all stakeholders, but usually address the interaction with customers or suppliers. For further information on this topic, please refer to the additional corporate governance principles presented after the corporate governance report.

Material topics for Erste Group

Social responsibility

Financial literacy (SDG 1/4/8). For Erste Group, this 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 almost all spheres of life.

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

Employees

Diversity and equal opportunity (SDG 5/10). For Erste Group, diversity and equal opportunity are key elements of its human resources strategy. It therefore seeks to offer a work environment that is free of discrimination, 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 & work-life balance (SDG 3/5). Erste Group is convinced that employees perform better and are more motivated when their work and private life are well balanced and when 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 health-care system.

Customers

Customer satisfaction (SDG 8). High levels of customer satisfaction and the resulting customer loyalty secure 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.

Anti-corruption. Corruption and bribery are 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 employees are governed by clear rules such as provisions on employee transactions, the gift policy and research disclaimers.

Responsible investment and financing (SDG 8/11/13). Public interest in the indirect impacts of bank products on the environment and society is growing significantly. Erste Group is therefore steadily expanding its range of responsible investment and finance products. When taking business decisions, social and/or ecological criteria are increasingly taken into account in addition to the traditional financial risk aspects.

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

Data security. 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 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 a misuse of customer data as a result of cyber-attacks is steadily increasing and requires ongoing investment to maintain and improve data security.

Environment

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

Suppliers

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

Erste Group supports all 17 SDGs focusing on 1,3,4,5,8,11,13,17.

