

(Consolidated) non-financial report

The exclusive focus on profit and shareholder value has undergone some critical re-evaluation. In summer 2019, for example, 200 US top managers announced that they would no longer be guided solely by shareholder value in future but would also take into account the public's social and ecological interests. Central banks from all over the world have joined together to form the *Network for Greening the Financial System (NGFS)*. The European Commission published the key documents of its EU Action Plan on Sustainable Finance. 2019 was also marked by initiatives such as *Fridays for Future*. It is, most prominently, the younger generation that voices its discontent with economic policies that do not aim at the long-term preservation of an intact environment.

For Erste Group, considering the impact of its entrepreneurial activities on society is nothing new. On the contrary, looking beyond financial performance is very much in line with the principles to which Erste österreichische Spar-Casse committed itself when it was founded 200 years ago.

Resolving the conflicting targets of profitability and the ecological and social impact of its business is therefore a key element for the management of Erste Group. In this regard, Erste Group's Statement of Purpose offers valuable guidance by defining the following tasks and principles:

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

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

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 (NFI 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 NFI report in conformity with the Global Reporting Initiative (GRI standard: core option). Non-financial reporting is not subject to the audit of the consolidated financial statements. Deloitte Audit Wirtschaftsprüfungs GmbH has been mandated with the performance of a voluntary audit of the statutory requirements for non-financial reporting and the non-financial data disclosed. The follow-

ing areas have been subjected to a more detailed review: environmental data, staff indicators, anti-corruption measures, and anti-competitive behaviour.

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

The NFI report has to be prepared for the same scope of consolidation that is covered by financial reporting. The calculation of non-financial data, such as energy consumption per employee (full-time equivalent; FTE), is based on all material Erste Group entities that have at least one employee. For the 2019 NFI report, human resources data was captured at single-entity level.

Environmental data of all premises used for banking operations was captured for all entities in the scope of consolidation, except the Austrian savings banks with fewer than 150 employees. The data of all consolidated companies (including all Austrian savings banks in the cross-guarantee system) will be included in the non-financial report as of 2020.

Sustainability at Erste Group

The founding concept of Erste österreichische Spar-Casse, the predecessor of Erste Group, already embraced the idea of contributing to the common good. Erste Group has expanded its core activities from those of a traditional savings bank focused on retail lending and deposit-taking to include those of an international bank providing financial services to all sectors of the economy in its core markets. Unlike the operations of many other financial service providers, Erste Group's business has always been firmly embedded in the real economy. Customer savings deposits fund the loans for housing construction or purchases or investments by companies. This is how Erste Group creates sustainable value for society. As one of the leading banks in Central and Eastern Europe, Erste Group is also an important employer, taxpayer and customer of local suppliers.

According to Erste Group's own definition, sustainability means "operating the bank's core business profitably while also taking into account social and ecological criteria". Erste Group's environmental strategy uses the definition of sustainability as presented in the UN's Brundtland report *Our Common Future* of 1987: "A sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

The Group Sustainability Office – a staff unit reporting to the Chief Risk Officer – is responsible for developing and implementing group-wide policies on the environment, corporate volunteering and corporate social responsibility as well as implementing the group-wide Code of Conduct and drawing up the NFI report. In 2019, a staff unit for diversity was created, reporting to the CEO.

The Sustainability Board is responsible for the group-wide ongoing development and monitoring of sustainability matters. Created in 2017, it is composed of one board member from each of the local banking subsidiaries and the head of the Group Sustainability Office.

Erste Group supports the 17 *Sustainable Development Goals (SDGs)* that were adopted by the UN General Assembly and have meanwhile been ratified by almost all member nations. The materiality analysis highlights those SDGs that are particularly supported by Erste Group based on its strategy and business operations. Given its regional footprint and business model, Erste Group is in fact able to make notable contributions to the achievement of the following SDGs:

- _ SDG 1 – No poverty
- _ SDG 3 – Good health and well-being
- _ SDG 4 – Quality education
- _ SDG 5 – Gender equality
- _ SDG 8 – Decent work and economic growth
- _ SDG 10 – Reduced inequalities
- _ SDG 11 – Sustainable cities and communities
- _ SDG 13 – Climate action
- _ SDG 16 – Peace, justice and strong institutions
- _ SDG 17 – Partnerships for the goals

Materiality Analysis

The starting point of non-financial reporting is a materiality analysis to identify those non-financial material topics that have social and ecological impacts of relevance to both Erste Group and its stakeholder groups.

These matters were identified specifically on the basis of the following principles:

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

In 2017, the validity of material topics was evaluated in a group-wide survey. In the reporting year 2019, another group-wide survey was conducted, in which a total of 1,173 employees and members of the management and supervisory boards and 1,676 customers from Erste Group’s seven core countries took part. The aim of the survey was to identify activities that are of particular relevance for Erste Group’s long-term economic performance and for society at large.

Both target groups confirmed the validity of the material aspects proposed. Therefore, these aspects represent the material topics of the non-financial report, no additional material topics were included. The following table presents the result of the survey (ranked by relevance):

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

To make the context of the material topics 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, our customers, suppliers and supply chain, employees and environment of the NFI report. Anti-corruption measures may affect all stakeholders, but usually address 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

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

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

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

Employees

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

affiliation, ethnic background, nationality or any other aspect unrelated to their employment.

Employee health and work-life balance (SDG 3/5). Erste Group is convinced that employees perform better and are more motivated when their work and private lives are well balanced and the company contributes to their good health. The focus of Erste Group is on fostering an awareness of the importance of a healthy lifestyle and promoting preventive health care as a complementary service to the public healthcare system.

Our customers

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

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 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. When taking business decisions, social and/or ecological criteria are increasingly taken into account in addition to the traditional financial risk aspects. Erste Group is steadily expanding its range of responsible investment and finance products.

Social banking (SDG 1/8). For a variety of reasons, even today many people do not have access to financial services 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 (not assigned to a specific SDG). The security of customer data is a key prerequisite for long-term success in the banking industry and of fundamental importance to Erste Group. Erste Group therefore applies the highest standards in its IT infrastructure and provides ongoing training to its employees to offer maximum protection against the misuse or loss of customer data. The danger of cyber-attacks requires ongoing investment to maintain and improve data security.

Environment

Ecological impact of banking operations (SDG 13). Protecting the environment and the climate are currently among the most significant global challenges. Erste Group aims to minimise its

ecological footprint, specifically its consumption of energy and paper, and to use natural resources responsibly.

Suppliers and supply chain

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

Erste Group's view of climate risk

Recent studies predict that an increase in average global temperatures by more than 2°C is likely to lead to uncontrollable climate change. For Austria, the loss and damage caused by climate change is estimated by the Environment Agency Austria (Umweltbundesamt) to amount to at least EUR 1 billion per annum. It is expected that in the years ahead the banks' supervisory authorities will increase their focus on this issue.

The European Union plans to decide on a classification for capital markets products in 2020. It aims at supporting the financial industry in identifying those business activities that can make a substantial contribution to the achievement of the goals of the Paris Agreement. The aim is to draw up a catalogue of sustainable financial products (e.g. green bonds), which may be used as a basis for further regulatory action.

Even though banks are not yet required to extend this classification system for capital markets products to their loan portfolios, Erste Group has performed a baseline analysis of its loan portfolio. At present, about one-third of corporate financing would be subject to such a sustainability categorisation. Financing relating to the trade in, transfer, refining or sale of or energy generation from fossil fuels accounts for only between two and three percent of Erste Group's total assets.

Opportunities and risks arising from material topics

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

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

quence, may have a negative impact on customer retention, lead to a loss of customers and make it more difficult to attract new customers. In this context, consumer protection activities have to be mentioned as well. Offering adequately designed products and services may reduce the adverse impact of such initiatives. Among employees and the public, a loss of reputation as well as inadequate attention to social matters (such as diversity and equal opportunity) may result in a company being less attractive as a preferred employer. This may lead to a decline in employee motivation, extended sick leave and increased employee turnover, and make it harder to recruit suitable staff in the labour market. In addition, a lack of diversity in management bodies or teams may lead to groupthink or critical blind spots in decision-making processes. Ignoring the risk of corruption may lead not only to a loss of reputation, but may also cause financial harm. Failure to

deal with environmental matters may result in a deterioration of the ecological footprint, a loss of reputation and higher costs due to lower resource efficiency. In the lending business, the value of collateral may decline. Failure to respect human rights may adversely affect the working or living conditions of people in a producer's or supplier's country of origin, just as neglecting environmental matters may adversely affect the ecological footprint. In this context, Erste Group is faced with supply risk, reputation risk and the risk of losing customers.

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

Materiality table

Stakeholders	Topics of the materiality analysis	Material topics pursuant to GRI Standard	Chapter in the non-financial report
Customers	– Customer satisfaction	– Customer privacy (GRI 418-1)	– Our customers
	– Anti-corruption measures	– Anti-corruption (GRI 205-3)	– (outside the non-financial report: Corporate governance)
	– Responsible investment and finance	– Anti-competitive behaviour (GRI 206-1)	
	– Social banking	– Indirect economic impact (GRI 203-2)	
	– Data security		
Employees	– Diversity and equal opportunity	– Employment (GRI 401-1, 401-3)	– Employees
	– Employee health & work-life balance	– Training and education (GRI 404-1)	– (outside the non-financial report: Corporate governance)
	– Respect for human rights	– Diversity and equal opportunity (GRI 401-3, 405-1)	
		– Non-discrimination (GRI 406-1)	
Governance bodies (members of the management board and supervisory board)	– Diversity and equal opportunity	– Employment (GRI 401-1, 401-3)	– Employees
		– Diversity and equal opportunity (GRI 401-3, 405-1)	– (outside the non-financial report: Corporate governance)
		– Non-discrimination (GRI 406-1)	
Investors		– Economic performance (GRI 201-1)	– (outside the non-financial report: Consolidated financial statements)
Society	– Financial literacy	– Indirect economic impact (FS14 of GRI G4)	– Commitment to society
	– Social commitment	– Anti-corruption (GRI 205-3)	– Customers
	– Social banking	– Socioeconomic compliance (GRI 419-1)	– (outside the non-financial report: Consolidated financial statements)
		– Economic performance (GRI 201-1)	
Environment	– Sustainability criteria in the supply chain & ecological impacts of banking operations	– Materials (GRI 301-1, 301-2)	– Environment
		– Energy (GRI 302-1, 302-4)	– Suppliers and supply chain
		– Emissions (GRI 305-1, 305-2)	
Suppliers	– Sustainability criteria in the supply chain & ecological impacts of banking operations	– Supplier environmental assessment (GRI 308-1)	– Suppliers and supply chain
		– Supplier social assessment (GRI 414-1)	
	– Respect for human rights		

Commitment to society

Since the foundation of Erste Group 200 years ago, commitment to society has been an important part of its business activities. It encompasses a variety of activities ranging from financial inclusion of low-income or disadvantaged persons, e.g. through financial education, to supporting social initiatives as well as art and culture.

The *ExtraVALUE* programme of Erste Group is based on the bank's commitment to social responsibility and intangible values – human, social, cultural – that go beyond the bank's core business activities. This extra value is created by supporting and promoting institutions, initiatives and projects.

Social and sponsoring activities are combined group-wide under the umbrella of the *ExtraVALUE* programme. Regional focus, cross-thematic initiatives and cooperation within related fields characterise the programme. Erste Group's *ExtraVALUE* programme is a visible sign of the bank's commitment to its responsibility towards society and the individual. Ultimately, it supports personal development and helps people to meet their social and cultural needs.

Because of the multitude of social and educational initiatives, sponsoring of art and culture, and corporate volunteering, only a few selected projects can be highlighted here. More detailed information on various Erste Group initiatives is available at <https://www.erstegroup.com/en/about-us/responsibility> and on the websites of Erste Group's banking subsidiaries in the respective local language and in some cases 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. In all core markets, Erste Group also supports various educational initiatives.

Erste Bank Oesterreich has supported annual domestic aid campaigns, the *youngCaritas* initiative for children and *Kulturbuddy* (a platform coordinating volunteers) for many years as a partner of Caritas. Erste Bank Oesterreich has also been sponsoring *Hilfswerk Österreich*, one of the largest non-profit providers of healthcare, social and family services in Austria, for many years. Additionally, the bank supports a variety of smaller NGOs, such as *lobby.16*, which offers unaccompanied young refugees access to education and employment and helps them participate in social life.

Banca Comercială Română operates *Bursa Binelui*, a crowd funding platform for NGOs. The bank is also a founding member of *Youth Capital* in Romania. The aim of this initiative is to im-

plement community youth projects and work with local authorities to solve youth problems. *Brutaria de Fapte Bune* encourages employees to propose social projects that are eligible for support. Of these, projects are selected to receive financial support from Banca Comercială Română. *Salvati Copiii* supports children from disadvantaged regions.

Superste.net is a Serbian online hub where people aged 16 to 35 can access funds, mentors, NGO contacts and leaders for their social responsibility projects in the arts, culture and education.

Erste Bank Croatia supports projects that aim at strengthening and developing society, such as *SOS Children's Villages*. This organisation offers children without or with inadequate parental care a permanent home and education, regardless of their ethnic, religious or national background.

Erste Bank Hungary regularly supports several social organisations such as *NIOK*, an umbrella organisation that offers programmes designed to promote private charities in Hungary. By supporting the *NIOK* programmes, Erste Bank Hungary enabled several social institutions to conduct crowdfunding campaigns. *Cseperedő*, a charity organisation providing services for children with autism, was supported by a fund-raising campaign.

FINANCIAL LITERACY

Financial literacy is important for creating equal opportunities, economic well-being and social inclusion. In almost all spheres of life, financial illiteracy limits what people can achieve.

In line with its mission to foster prosperity, Erste Group is involved in a wide variety of financial education activities, helping people of all ages to acquire the skills and abilities they need to make informed and appropriate financial decisions.

In accordance with a recommendation of the Organisation for Economic Cooperation and Development (OECD) that financial education should start as early as possible, Erste Group places particular emphasis on financial education projects for children and young people. Erste Group empowers young people to participate in economic life actively and with self-confidence and to understand how the financial system works.

The *Erste Financial Life Park (FLiP)* at the Erste Campus is one of the largest financial education facilities in Europe. Since it opened in October 2016, some 47,000 visitors have taken part in more than 2,500 tours conducted at FLiP.

Several successful financial education formats were continued: *FLiP Geld im Griff (Money under Control)*: working with the association *The Connection*, FLiP develops teaching resources for German language courses specifically for young migrants with the aim of building the financial, consumer and language skills they need for coping with the daily challenges at the workplace,

in their private lives and in dealing with authorities. The books are designed for all organisations, and in particular NGOs, that offer German language courses for migrants. In December 2019, the second part of a five-volume series was released as a teaching/learning resource with a print run of 3,000 copies and also made available for downloading (in German only): <https://www.financiallifepark.at/de/fuerlehrer/unterrichtsmateriale/n/geld-im-griff>

FLiP Challenge: since the start of the 2018/19 school year, *FLiP* content can also be viewed online from a smartphone, tablet or computer, at school or at home. With *FLiP Challenge*, teachers can assess the financial literacy of their pupils and obtain an automated evaluation of class performance. In November 2019, *Investment Challenge* was added to the programme with the aim of educating about the capital markets and facilitating access to it. Users learn that investing in the capital markets is a sensible alternative in the current interest rate and inflation environment. (www.flipchallenge.at).

Since 2019, the year in which the Savings Banks Group marked its 200-year anniversary, a mobile *FLiP* version – *FLiP2Go* – has been on tour across all federal states of Austria with support from Erste Bank Oesterreich and regional savings banks, contributing to financial literacy. Educational content is provided at seven interactive stations and designed for two target groups: an easy-to-understand format for 10-to-14-year old children and a more complex one for those aged 15 or older. Like *FLiP* at Erste Campus, *FLiP2Go* is free of charge. Bookings are co-ordinated by the local savings banks' relationship managers. In its first year, *FLiP2Go* already attracted some 10,000 visitors.

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

Already in 2018, the Slovenská sporiteľňa a foundation launched a three-year programme called *Financial literacy for schools up to 2020* in cooperation with the Slovak Ministry of Education. Its aim is to bring financial education to primary and secondary schools to strengthen the financial literacy of Slovak children and young people by investing in teacher training and in teaching resources and methods.

The offer made to Slovak school classes to book *FLiP* for three days per month remained popular. Overall, more than 3,000 Slovak pupils have already visited *FLiP*, guided by employees of Slovenská sporiteľňa. Erste Bank Serbia continued its workshops in kindergartens and schools. The children taking part learn what banks do and how banks, the economy and businesses work together. In April 2019, the Internet platform *#Erste-Znali* was launched, which offers a wide range of financial literacy resources – from text to videos and a quiz.

Banca Comercială Română is now regarded as the most important provider of financial education in Romania. More than

1,500 employees have been trained as financial literacy coaches under the *Scoala de Bani* (School of Money) programme started in 2016. Workshops specially tailored to each age group are held in branches, kindergartens, schools but also at various business locations across Romania. This initiative has already reached as many as 370,000 people. Great popularity is also enjoyed by the *FLiP Truck*, which tours across Romania teaching children aged 6 to 14 how to use money responsibly.

ART AND CULTURE

Another important activity is sponsorship of art and culture. As part of its *ExtraVALUE* sponsoring programme, Erste Bank Oesterreich is the principal sponsor of *Jeunesse*, whose focus is on the promotion of young artists by giving them opportunities to perform professionally on stage as well as on the development of new concepts for teaching music appreciation. Erste Group also supports the Gustav Mahler Youth Orchestra, Jazz at the Konzerthaus, Secession, Tanzquartier Wien, the *ZOOM* Children's Museum, Wiener Festwochen, the International Children's Film Festival and the *Hunger auf Kunst und Kultur* (Hunger for Art and Culture) campaign.

Erste Bank Oesterreich also has a long-standing partnership with *Viennale*, Austria's largest international film festival. Every year, the bank awards the *ExtraVALUE* Film Prize and the *ExtraVALUE* Design Prize for social design as part of the Vienna Design Week as well as the Erste Bank *ExtraVALUE* Art Prize in collaboration with the art association *das weisse haus*. Working with Klangforum Wien and the *Wien Modern* festival, Erste Bank has also been sponsoring the Erste Composition Prize for many years.

Erste Bank Hungary supports *Snétberger Music Talent Center* with the aim of offering disadvantaged Roma youths a musical education in jazz, classical or contemporary styles.

Slovenská sporiteľňa is most notably associated with the *Bratislava Jazz Days* and the *Viva Musica!* music festival, but also supports the international *One World* documentary film festival with a focus on diversity, politics and ecology. Česká spořitelna is the exclusive partner of *Colours of Ostrava* and supports Česká filharmonie as well as the *Smetanova Litomyšl* music festival. In addition to a wide range of arts-related activities, co-operation was continued with *Designblok*, the largest design show in Central Europe.

For 15 years, Erste Bank Croatia has been organising a competition for emerging Croatian artists and art students, called *Erste Fragmenti*. The bank buys works of art, organises an exhibition and awards an art scholarship.

Erste Bank Serbia's cultural sponsorship focused on the *Guitar Art Festival* and the *Beogradskje jazz festival*. Together with ERSTE Foundation the bank supported the *Marina Abramovic* exhibition *The Cleaner* in 2019.

Banca Comercială Română supports the *Romanian Design Week*, a multidisciplinary event dedicated to local creative industries. The festival was staged in a building in the historical city centre, presenting more than 200 design and architectural projects. Banca Comercială Română sponsors the *Jazz in the Park Festival* in Cluj-Napoca.

CORPORATE VOLUNTEERING

Donating money is not the only way of supporting people, communities or non-profit organisations. Erste Group funds, supports and encourages employees to actively contribute and volunteer. Employees and managers of Erste Group prove their commitment by donating their time and expertise to NGOs.

In Austria, the *Time Bank* (the electronic volunteering platform of Erste Bank and the Savings Banks) matches employees who want to donate their free time and skills with more than 60 partner organisations. Overall, more than 1,200 employees in Austria are registered on this platform and prove their commitment by donating time, goods or skills.

In addition to volunteering, donations in kind remain important. Despite wide-spread prosperity, people on the fringes of society lack items we take for granted such as toys, clothes and sports equipment for children. The *Time Bank* therefore provides long-term support to its partner organisations by organising regular collection activities.

2019 saw keen interest and participation in social mentoring programmes. A number of partner organisations have been offering a combination of volunteering and mentoring training since 2012. Youth and school mentoring and buddy programmes assist in particular educationally disadvantaged children and young people in and out of school. Mentoring programmes build social and leadership skills that are also useful on the job.

Another activity of *Time Bank* is fostering social awareness as a contribution to civil society. As part of the global campaign *16 Days of Activism Against Gender-based Violence*, *Time Bank* organised an informational event jointly with its partner organisation *Verein Autonome Österreichische Frauenhäuser* (Austrian Women's Shelter Network).

Most of Erste Group's local banks successfully support volunteering as a team-building activity. Almost all of Erste Group's local banks (except in Austria) give their employees an extra one or two days off each year for volunteering at social welfare institutions. Erste Group thus makes an important contribution to the development of a non-profit sector in CEE. Erste Bank Croatia, for example, signed the *Charter on recognition of competencies acquired through volunteering*, which means that as a bank it recognises the importance of such skills and considers these skills in the recruiting process and in career progression.

SPONSORING SPORTS

In addition to numerous activities oriented to amateur and professional sport, Erste Group supports professional athletes, teams or events focusing on ice hockey, running, tennis, soccer and water polo.

Erste Bank Oesterreich's sport sponsoring activities comprise the *Erste Bank Open* in Vienna, the most important tennis event in Austria, an ATP World Tour 500 tournament. With more than 220 running events each year, *Erste Bank Sparkasse Running* forms Austria's biggest running initiative. The events it covers vary from small running events in the countryside up to the Vienna City Marathon – Austria's biggest sports event with more than 40,000 participants.

Since 2013 (until the 2019/20 season), Erste Bank Oesterreich has been the name-giving main sponsor of the national ice hockey league and sponsor of the Austrian national ice hockey team and the local Vienna Capitals team. The *Erste Bank Ice Hockey League* grew beyond borders and includes teams from Austria, the Czech Republic, Hungary and Italy. Young Austrian ice hockey players are supported through two youth series, *Erste Bank Young Stars League* and *Erste Bank Juniors League*.

Erste Bank Hungary started its involvement in ice hockey sponsorship by sponsoring the *Erste Hungarian League* with teams from Hungary, Austria and Romania for the first time in the 2017/18 season. Erste Bank Hungary signed a sponsorship agreement with the Hungarian water polo association as the main sponsor of the Hungarian women's water polo national team.

Erste Bank Croatia promotes sports activities for children such as the *Erste handball league* for children between the age of 7 and 12 years, and the *Erste Blue league* – an athletic competition for school children in eight Croatian cities. Traditionally, Erste Bank Croatia also supports the water polo club of Rijeka, *Club Primorje Erste Bank Rijeka*, and the basketball club *Cibona Zagreb*.

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

Our customers

FOCUS ON CUSTOMER RELATIONS

Erste Group puts customers and their needs at the centre of its business activities. 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 providing exactly those solutions that meet customers' needs at an adequate 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.

Advisory concept

Erste Group's retail business reflects its approach of taking the customers' perspective into account. 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. Erste Group is therefore working to adapt the accessibility of its services by offering advice not only face-to-face but also via chat, audio and video communication.

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

Products and processes

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

OMNI-CHANNEL APPROACH

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

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

Branches

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

The roll-out of this new branch concept was continued. In total, Erste Group has refurbished or newly opened more than 160 branches in Austria, the Czech Republic, Croatia, Romania, Serbia and Hungary.

Digital banking

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

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

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 sales process. In addition, they handle customer complaints and respond to emergencies such as requests to block credit cards and debit cards.

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

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

ACCESSIBILITY

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

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

DATA SECURITY

Securing customers' trust also includes providing adequate protection for their personal data. Maintaining and improving data security is therefore of vital 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 of personal data.

Keeping customer data safe means protecting them from loss, manipulation and unauthorised disclosure or access. If 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 2019, 48 such notifications were sent to the authorities (thereof no such notification for the Holding). If a breach involves a high risk, the persons affected have to be notified as well. In 2019, five such notifications were sent (thereof no such notification for the Holding).

CUSTOMER SATISFACTION

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

Against the backdrop of their local environments and as in the past, Erste Group's banking subsidiaries have launched various initiatives to provide the best customer experiences possible in a consistent manner. The impact of these activities is measured by the Net Promoter Score (NPS). This indicator evaluates the customers' willingness to recommend the bank. Measuring and consistently monitoring NPS performance enables the bank to invest more efficiently in customer experience projects.

In 2019, Erste Group's local banking subsidiaries recorded stable performance of customer satisfaction at a high level, as the focus on excellence in advisory services and personalised services to retail and corporate customers was duly rewarded. NPS levels were outstanding in several markets: In the private individuals segment, all banks improved or maintained their position well ahead of the competitors in the countries. The improvements in the SME segments were substantial: Erste Bank Oesterreich, Česká spořitelna and Erste Bank Hungary increased their scores significantly and reduced the gap to the top three ranked banks. Erste Bank Croatia again improved its scores and is clearly positioned ahead of the other local banks.

RESPONSIBLE INVESTING

All entities of Erste Asset Management (Erste AM) are *PRI Signatories* and have thus committed themselves to complying with the *Principles of Responsible Investment* (PRI). Erste AM has been offering investors a large range of sustainable funds for many years to enable them to take investment decisions with due regard to ecological, social and ethical considerations. Actively managed mutual funds and asset management portfolios are not allowed to invest in companies involved in banned weapons (such as land mines, nuclear weapons or cluster bombs) and are likewise banned from investing in companies earning more than 30% of their total revenues from coal mining, coal trading or the production of coal-based fuels. Furthermore, mutual funds are not allowed to engage in food speculation. The respective guidelines are available on the website of Erste AM (<http://www.erste-am.com>).

Erste AM is a leading provider of sustainable investment funds in Austria and in the CEE region. At year-end 2019, Erste AM managed assets worth approximately EUR 64.2 billion. These assets of sustainably managed investment funds, including sustainable real estate assets, amounted to EUR 6.4 billion at year-end 2019, held in a total of 33 investment funds in the public funds and special funds/externally mandated portfolio categories.

Managed sustainable public funds comprised eight bond funds, including a global sustainable emerging markets corporate bond fund, four regional stock funds, a global stock fund focused on a dividend-based strategy, a real estate fund, a micro-finance fund of funds, a theme fund investing in the environment and climate protection (jointly managed with WWF Austria) as well as an asset allocation fund of funds. In 2019, 11 sustainable funds were awarded the FNG label: seven funds were awarded three stars and four funds received two stars. The FNG label is the quality standard for sustainable financial investment in German-speaking countries and was first awarded by Forum Nachhaltige Geldanlagen (FNG) in 2015. Moreover, ten of the sustainable funds have been awarded the Austrian environmental certificate for sustainable financial products, some of them for many years.

Cooperation with other international asset managers (organised by PRI and Sustainalytics) continued in 2019. Since November

2017, Erste AM has been supporting the Climate Action 100+ involvement process as a founding member. This is a five-year initiative led by investors to engage with the world's top 100 corporate greenhouse gas emitters in the oil & gas, electricity, transport and chemicals industries to curb emissions, strengthen climate-related financial disclosures and promote measures to combat climate change. In addition to engaging in dialogue with companies on controversial issues in the areas of sustainability and environmental protection, Erste AM also represented the interests of its customers and fund share holders by voting at a large number of annual general meetings in 2019.

The quarterly online blog published by Erste AM's Responsible Investment Team (<https://blog.de.erste-am.com/dossier-overview/>) again met with great interest. Apart from this main publication, specific fact sheets are published regularly on the investment universe and the sustainability funds to inform customers of the selection criteria and their influence on sustainability indicators (such as the CO₂ footprint of the funds).

In 2015, Erste AM was the first Austrian asset management company to sign the *Montréal Carbon Pledge*. Erste AM agreed to have the CO₂ emissions of its assets measured and to disclose its CO₂ footprint every year. In addition, a water footprint was again disclosed for the ERSTE RESPONSIBLE equity fund in 2019.

In December 2019, an ethics advisory board was newly created, composed of five external experts, to complement the expertise of Erste AM in the field of ethical investment.

Erste AM is an active member of the following organisations: Eurosif, FNG – Forum Nachhaltige Geldanlagen (Forum for Sustainable Financial Investments), and Verein zur Förderung von Ethik und Nachhaltigkeit bei der Geldanlage (Corporate Responsibility Interface Center, CRIC).

RESPONSIBLE FINANCING

In line with its Statement of Purpose, Erste Group's finance policies also define exclusion criteria to ensure the ecologically and socially responsible conduct of the business. These exclusion criteria are set out in a separate policy disclosed on Erste Group's website, the Responsible Finance Policy. Rules and exclusion criteria relate in particular to the energy and weapons sectors, excluding, for instance, the financing of nuclear and coal-fired power plants, coal mining and fracking. Subject to certain conditions, finance may be provided to projects aimed at improving the safety of existing plants or significantly reducing CO₂ emissions. Examples of financing projects providing ecological benefits are mentioned in the chapter on the environment, in the priorities section.

SOCIAL BANKING

Offering basic banking services to the unbanked part of the population was one of the main reasons for the foundation of Erste österreichische Spar-Casse in 1819. Since then, the founding principle – to make financial products and services accessible for everyone and to disseminate prosperity – has not changed.

For a variety of reasons more than 14 million people in Erste Group's core markets of Austria, the 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 believes that economic growth should be inclusive and that basic financial products and financial advice must be available to everyone. Erste Group's social banking initiative *Step-by-Step*, launched in 2016, aims at financial inclusion of low-income individuals, starting entrepreneurs and social organisations by offering fair access to financial products, sound financial advice and business training and mentoring. Social banking was rolled out across Erste Group's local banks and implemented in partnership with ERSTE Foundation and local social sector organisations. Erste Social Banking operates with the social entrepreneurship guarantee umbrella agreement that provides funding to social organisations under the EU Programme for Employment and Social Innovation (EaSI). Since the launch, social banking has supported 32,500 clients, granted EUR 230 million of loans and additionally provided educational support to 15,000 clients.

Financial inclusion empowers people to cope with unexpected financial shock. Since its foundation in 2006, Zweite Sparkasse has supported a total of 19,000 people in financial difficulties in Austria and currently serves about 8,000 customers. In addition, in 2019, more than 440 teenagers participated in I Can financial literacy workshops in Austria with support from volunteers of Zweite Sparkasse and Erste Bank Oesterreich. In Slovakia, Slovenská sporiteľňa's social banking has piloted its debt advisory programme supporting approx. 630 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 finance to start their business. Erste Group believes that small entrepreneurs provide not only income for themselves and their families, but they often expand their businesses in their communities and, consequently, create new jobs. Erste Group offers access to start-up micro loans, business training, e-learning tools, mentoring sessions and networking to these customers. In Austria, the *Mikrokredit* initiative of Erste Bank Oesterreich and the Austrian Federal Ministry of Labour, Social Affairs, Health and Consumer Protection was

extended by adding mentoring support (since 2020 in cooperation with the Federal Ministry of Social Affairs, Health, Care and Consumer Protection). Erste Bank Croatia, with funding from ERSTE Foundation and the European Fund for South East Europe, kicked off an innovative programme to identify and help businesses owners to strengthen their business model and increase the impact on beneficiaries, such as long-term or young unemployed or disabled people. Overall, Erste Group financed 2,724 starting entrepreneurs with a total volume of EUR 78.4 million in 2019.

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) was founded in October 2009 to offer micro loans to farmers and small entrepreneurs in Romania. In 2019, it granted 1,294 loans with a total volume of EUR 12.7 million and reached a total loan balance of approx. EUR 23 million.

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. For these clients, Erste Group offers a bundle of working capital loans, bridge loans and investment loans. Together with ERSTE Foundation and financial support from the European Commission, Erste Bank Hungary completed its three-year programme SEEDS to help social organisations in strengthening their financial independence and enabling them to scale up their social business. In 2019, Česká spořitelna launched unique education courses for executives in social services accredited by the Ministry of Labour and Social Affairs. Erste Bank Serbia launched an advisory programme for NGOs and social enterprises. In 2019, Erste Group financed 134 social organisations, NGOs and social entrepreneurs with a total volume of EUR 27.8 million.

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>.

Social impact assessment

Erste Group partnered with the Competence Center for Non-profit Organisations and Social Entrepreneurship of the Vienna University of Economics and Business to develop an impact assessment methodology for its social banking activities targeting primarily starting entrepreneurs and social organisations. The main objective of the impact assessment was to identify and quantify positive changes that occurred following the support of social banking services and products.

The latest impact assessment of Erste Group's social banking activities across its CEE markets showed that over 3,000 starting entrepreneurs, 600 social organisations and 7,000 small farmers benefitted from its offering and contributed to the creation of almost 16,000 new jobs and the preservation of 30,000 jobs in CEE. Every second start-up entrepreneur mentioned that they could not have started or expanded their business without social banking loans and support, and 66% of NGOs succeeded in

launching additional or new projects or service offers after having been supported by Erste Group's social banking.

Suppliers and supply chain

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

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

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

- comply with national and local laws, decrees and regulations
- fulfil all their legal obligations regarding the health and safety of their employees and their contractors
- strictly comply with environmental legislation
- as well as 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, 95% 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 2019, the total amount paid to companies outside Erste Group was slightly above EUR 1.1 billion, mostly linked to IT (42% of the total spend), followed by expenses for services, operations and marketing (37%) and facility management (21%). Out of a total of 22,904 suppliers at group level, 767 suppliers accounted for 80% of total procurement expenses.

94.7% of suppliers (reflecting 95% of expenses) are located in the European Union, highlighting Erste Group's focus on its markets in Central and Eastern Europe including Austria. 0.4% of suppliers are located in North America, 4.7% in other European countries and the rest (0.2%) are based on other continents.

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

SUPPLIER SELECTION PROCESS

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

To ensure that Erste Group's suppliers meet the group's corporate responsibility standards, audit questionnaires have to 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 the 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 2019, 63 suppliers with resource-intensive operations such as data centres or 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 2019, 847 contracts with suppliers were concluded or renewed. Of these, 11 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 2019, Erste Group co-operated with 22,904 suppliers. 338 suppliers were screened according to both labour practice standards and human rights criteria. 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.

Employees

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

- _ Corporate culture
- _ Competence
- _ Competitiveness

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

Developing future leaders and experts in a systematic way is what motivates high-potential employees. Talent management is driven by honest feedback, a fair and transparent assessment of individual potential and quality development activities in partnership with internationally renowned institutions. In three to four years, around 40% of today's competences are expected to become obsolete and will be replaced with completely new skillsets. Building future-fit competence is thus an essential element of Erste Group's day-to-day human resources work. Learning initiatives go well beyond banking knowledge and also cover the broad economic and social issues facing the region.

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

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

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.

The employees of Erste Group represent more than 50 nationalities. Erste Group's diversity and inclusion policy provides the framework for local diversity managers to define priorities and implement initiatives across the group. The bank's code of conduct also

emphasises that the work environment must be free from discrimination and harassment. In Austria, a company agreement on preventing discrimination and promoting respectful behaviour in the workplace protects against discrimination, bullying and sexual harassment. An independent anti-discrimination officer advises and mediates in matters concerning harassment and discrimination, and works with management on awareness and prevention.

Erste Group is convinced that diversity promotes operating excellence, as diverse teams achieve better results. The diversity priorities for 2019 were the following:

- _ to increase the number of women in management positions across the group
- _ to make careers in the field of IT more attractive for women through *Erste WIT* (Women in IT)
- _ to develop and promote further LGBTIQ inclusion initiatives
- _ to implement local initiatives to promote diversity in CEE

In appreciation of its involvement in promoting women, Erste Group was the first Austrian company to be included in the Bloomberg Gender Equality Index (GEI) in 2019. The Index recognises 325 companies across 10 sectors worldwide for their transparency in gender-specific reporting and the promotion of gender equality.

In 2019, 49.0% of all management positions in the Holding and the local banking subsidiaries were held by women (2018: 46.2%). The proportion of women in top management declined to 27.4% (2018: 30.0%), the highest shares were in Banca Comercială Română, Erste Bank Serbia and Erste Bank Oesterreich. The target to reach a share of at least 35% women in top management across Erste Group until 2019 was thus not reached. The results of the analysis of this negative development will be incorporated in the measures to reach the targeted level. A new medium-term goal will be defined in 2020.

At year-end 2019, the share of women on the Holding's supervisory board stood at 38.9% (2018: 35.3%). The target to reach 35% female representation at supervisory board level was also reached in Erste Bank Oesterreich, Erste Bank Hungary, Banca Comercială Română and Slovenská sporiteľňa. Taking into account all banking subsidiaries across Erste Group, 34.3% of all supervisory board seats were held by women.

In addition, Erste Group aims for a balanced gender and age structure in its talent pools. The International Talent Pool is made up of 39.8% women, 34.8% of the Key Positions Pool is female, and the share of women in the Executive Pool is 33.3%. Erste Group also implemented a variety of initiatives to support the development of female leadership.

In Austria, the Erste Women's Hub employee resource group continued key initiatives such as the *WoMentoring* programme and networking events for female employees and created new information exchange forums for parents on parental leave. As part of

the *Daughters' Day* initiative, *Women in IT (Erste WIT)* invited girls of school age to visit Erste Campus and informed them about career opportunities in project management and IT. Several networking and information events on how to increase the overall proportion of women in IT were also organised. Last but not least, the *Marie* initiative was launched with the objective of developing an advisory and financial education strategy that takes into account the specific career, life-cycle and income developments of women to better meet the needs of the bank's female customers.

In 2019, Česká spořitelna implemented mentoring programmes for women and rolled out an initiative to facilitate the job re-entry of women after parental leave. Banca Comercială Română supported an initiative to better integrate disadvantaged persons into the labour market, paying particular attention to the diversity dimensions of gender, age, nationality and ethnicity. In Croatia, specific training courses for management and employees focused on supporting diversity by tackling unconscious bias. Erste Bank Hungary implemented a flexible work programme and defined measures to improve parental leave management in the bank.

Erste Group was awarded the *Meritus* for its LGBTIQ – lesbian, gay, bisexual, transgender, intersex, queer – inclusion efforts and activities. The bank's *ErsteColours* initiative was present at the *EuroPride 2019* in Vienna and established a contact person for employees regarding all LGBTIQ topics. Erste Bank Croatia was a partner of *Zagreb Pride*, and Slovenská sporiteľňa supported the *Dúhový Pride 2019* in Bratislava.

For 2020, the following diversity priorities were set:

- _ to reach the target of 35% women in top management across the group and to maintain at least 35% women on supervisory boards
- _ to develop more group-wide initiatives to support female leadership
- _ to promote specific financial literacy initiatives tailor-made for female employees and customers
- _ to further develop local diversity initiatives in CEE
- _ to continue monitoring the gender pay gap on a country-by-country basis and identify measures for closing it

LEARNING, TALENT MANAGEMENT, LEADERSHIP AND COMPETENCE DEVELOPMENT

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

Erste School of Banking and Finance, the group's platform for professional and leadership training, offers customised executive training and personal development training courses as well as programmes for specific business areas. In 2019, the main focus

was on further developing the group-wide talent management strategy, the leadership development roadmap and job-specific competence building. Erste Group intensified its cooperation with the renowned IESE Business School. Other cooperation partners are IMD Lausanne, WU Executive Academy in Vienna and Ashridge Executive Education.

In addition, Erste Group consolidated the programme offering of the Finance College in the four key areas of controlling, asset/liability management, accounting and data excellence. The offering of the Risk Management College reflects the changes in the regulatory framework and contributes to closing functional competence gaps of employees. The Corporates & Markets College's initiatives focus on specific product knowledge and corporate sales abilities. In addition to project management, the Business Transformation College further expanded its focus on business analysis, business architecture and data management.

The two pillars of Erste Group's leadership development and talent management strategies are the Erste Leadership Evolution Centre, which structures group-wide leadership development offerings and Erste Group's Talent Management Architecture, which ensures the continuous development of internationally mobile high-potential employees through three talent pools. The International Talent Pool targets high-performing professionals up to board minus 3 management levels. The next level, the Group Key Positions Pool, aims at preparing managerial talents for roles at division head level. The Executive Pool identifies and develops top executive level talent.

In addition, Erste Group offers an annual Graduate Programme for university graduates. The aim of the programme is to attract top graduates and provide fundamental banking and risk management knowledge. In the current Graduate Programme, 48.3% of the participants are women.

In 2019, each employee of Erste Group had on average 29.8 training hours for professional development (women 29.4 and men 30.4 training hours). Employees in managerial positions had on average 36.5 training hours. Each employee of the Holding had on average 21.5 training hours for professional development (21.2 hours for women and 21.9 hours for men).

In 2020, Erste Group plans to expand its digital learning offering for employees by introducing Degreed, a new learning experience platform. Employees will have access to learning tools around the clock and at any place.

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 board reviews group and local remuneration policies and practices annually to ensure that remuneration practices comply with respective international and national regulations. The evaluation comprises the entire remuneration process from determining bonus budget pools, target setting, performance evaluation, awarding bonuses in relation to performance and fixed salary, to the actual pay-out of bonuses.

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 the remuneration are designed in such a way that they do not promote excessive risk-taking. Variable remuneration components may be offered to all employees and are based on company, individual and business line performance. Specific sales incentive schemes are offered to employees working in the retail and corporate business lines and are also based on company, individual and business line performance. Sales incentive schemes are based on quantitative and qualitative criteria. On all these levels, Erste Group uses a balance between financial and business growth, risk, customer satisfaction and cost indicators. The overall performance evaluation also includes the employee's social and business competence.

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

ance provisions are according to local laws, regulations and market practice.

EMPLOYEE HEALTH & WORK-LIFE BALANCE

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

One of the priority measures ensuing from the Career and Family (*Beruf & Familie*) Certification Audit in Austria is to develop effective interim management models for persons on parental leave that address career disruptions with flexibility and a clear focus on the development opportunities for women and men on parental leave. In 2019, one key initiative focused on encouraging more men to take full advantage of parental leave options. As of the end of 2019, a total of 2,366 employees were on parental leave, thereof 2,213 women (93.5%) and 153 men (6.5%). At 14.4%, the share of men on parental leave is highest in Austria; in the Holding, 17 men (30.9%) were on parental leave.

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

In 2019, the health centre at Erste Group's headquarters carried out a measles antibody titre determination for those employees interested in the offer and subsequently vaccinated those with insufficient antibody formation. This process helped minimise the risk of a measles outbreak, which was one of the top health objectives at EU level in 2019. The health centre also focuses on the prevention of chronic diseases, which account for 50 – 80% of all global health costs. Erste Group has implemented a wide variety of measures to prevent or at least minimise the impact of chronic illness. These measures include preventive medical examinations, melanoma screenings, colon cancer prevention and early detection measures, the prevention of cardio-vascular diseases through nutrition consultation, fitness offers, and blood pressure and other screenings. Through close cooperation with local health services

providers such as rehabilitation centres, employees are guaranteed access to quick treatment. A company agreement on re-integration ensures that employees can gradually return to work after an extended sickness. Erste Group is one of only a few companies with such an agreement, which has resulted in a significant decline in long-term illness over the past years.

As mental health is increasingly important for the labour market the health centre had made it one of its priorities. Employees have access to work-place psychologists, as well as to an external service that provides support for situations concerning children,

school, problems at home and outside the home, and caring for older dependent family members. Employees on Erste Campus also have access to a hotline free of charge where they can anonymously seek advice from qualified professionals.

Staff indicators

Staff indicators refer to the end of the reporting period. Total data (50,245 employees; headcount) include data from direct and indirect holdings of Erste Group outside its above-mentioned core markets.

Overview and age structure 2019

	Total		<30 years		30-50 years		>50 years	
	Women	Men	Number	in %	Number	in %	Number	in %
Erste Group	31,211	19,034	8,623	17.2%	30,081	59.9%	11,541	23.0%
Austria incl. Holding	10,091	9,086	3,289	17.2%	10,142	52.9%	5,746	30.0%
thereof Holding	968	1,095	264	12.8%	1,272	61.7%	527	25.5%
Czech Republic	6,949	3,140	2,064	20.5%	5,836	57.8%	2,189	21.7%
Slovakia	2,979	1,195	689	16.5%	2,663	63.8%	822	19.7%
Romania	4,777	2,215	1,142	16.3%	4,398	62.9%	1,452	20.8%
Hungary	2,070	1,238	546	16.5%	2,373	71.7%	389	11.8%
Croatia	2,273	1,058	493	14.8%	2,359	70.8%	479	14.4%
Serbia	823	327	166	14.4%	781	67.9%	203	17.7%

Mode of employment

	Full-time employees				Part-time employees			
	2019		2018		2019		2018	
	Women	Men	Women	Men	Women	Men	Women	Men
Erste Group	24,773	17,927	25,085	17,846	6,444	1,101	6,191	1,031
Austria incl. Holding	5,217	8,271	5,178	8,190	4,872	817	4,797	778
thereof Holding	639	991	637	996	329	104	326	83
Czech Republic	6,024	3,032	6,421	3,167	925	108	742	79
Slovakia	2,883	1,180	2,942	1,192	96	15	80	11
Romania	4,508	2,138	4,858	2,199	271	75	309	76
Hungary	1,873	1,159	1,872	1,117	197	79	190	75
Croatia	2,218	1,058	2,107	1,006	55	0	45	1
Serbia	820	326	784	323	3	1	2	1

Selected indicators

	Share of women in executive positions		Share of women in other managerial positions		Average number of sick leave days per employee		Number of employees with health disability	
	2019	2018	2019	2018	2019	2018	2019	2018
Erste Group	23.4%	24.7%	41.2%	38.6%	9.0	8.9	677	582
Austria incl. Holding	16.8%	15.7%	24.6%	23.0%	7.6	7.6	330	308
thereof Holding	22.5%	17.9%	25.2%	26.0%	6.1	6.0	15	13
Czech Republic	14.4%	23.4%	56.8%	42.2%	13.2	12.4	128	143
Slovakia	19.4%	23.4%	58.4%	58.1%	9.2	9.7	154	77
Romania	38.6%	43.5%	55.3%	54.7%	8.0	8.2	34	33
Hungary	24.4%	25.0%	41.9%	47.8%	9.1	9.6	9	3
Croatia	35.7%	35.0%	60.4%	57.2%	5.0	5.4	14	11
Serbia	34.8%	40.9%	50.9%	53.2%	9.6	3.2	1	1

Executive positions cover all the 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 2019, one woman and six men were members of the management board, three of them were between 30 and 50 years old, and four 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)

	2019				2018			
	Women		Men		Women		Men	
	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	1,009	77.7%	139	97.9%	929	75.5%	82	90.1%
Austria incl. Holding	300	89.6%	82	97.6%	235	79.1%	57	95.0%
thereof Holding	37	94.9%	16	94.1%	20	90.9%	9	90%
Czech Republic	131	44.4%	1	100.0%	150	54.2%	1	100%
Slovakia	80	96.4%	25	100.0%	44	61.1%	8	67%
Romania	244	97.2%	22	95.7%	249	83.8%	12	85.7%
Hungary	51	46.4%	0	n/a	84	100.0%	2	100%
Croatia	109	87.2%	6	100.0%	105	77.2%	1	100%
Serbia	36	94.7%	0	n/a	22	88.0%	0	n/a

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

New hires in 2019

	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	3,876	7.7%	2,285	4.5%	2,939	5.8%	2,923	5.8%	299	0.6%
Austria incl. Holding	939	4.9%	794	4.1%	854	4.5%	789	4.1%	90	0.5%
thereof Holding	61	3.0%	75	3.6%	45	2.2%	89	4.3%	2	0.1%
Czech Republic	910	9.0%	430	4.3%	748	7.4%	534	5.3%	58	0.6%
Slovakia	385	9.2%	159	3.8%	272	6.5%	257	6.2%	15	0.4%
Romania	696	10.0%	410	5.9%	426	6.1%	598	8.6%	82	1.2%
Hungary	346	10.5%	209	6.3%	221	6.7%	305	9.2%	29	0.9%
Croatia	319	9.6%	151	4.5%	227	6.8%	226	6.8%	17	0.5%
Serbia	135	11.7%	48	4.2%	92	8.0%	89	7.7%	2	0.2%

The percentages refer to the total headcount.

Fluctuation in 2019

	Women		Men		<30 years		30-50 years		>50 years	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Erste Group	4,400	12.3%	2,480	11.7%	1,989	17.0%	3,663	10.8%	1,228	10.8%
Austria incl. Holding	828	7.6%	721	7.4%	449	11.1%	587	5.4%	513	9.0%
thereof Holding	56	5.5%	83	7.2%	30	10.0%	73	5.3%	36	7.2%
Czech Republic	1,202	14.9%	680	18.8%	616	20.9%	983	14.5%	283	14.5%
Slovakia	394	11.7%	145	10.9%	174	19.4%	303	10.3%	62	7.1%
Romania	1,189	20.0%	500	18.6%	411	22.6%	1,037	19.3%	241	16.7%
Hungary	354	14.7%	198	14.0%	154	22.8%	349	12.9%	49	11.4%
Croatia	192	7.4%	96	8.2%	74	10.3%	178	7.0%	36	7.5%
Serbia	93	9.5%	48	12.8%	40	16.7%	74	8.3%	27	12.2%

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 12.10 (2018: 12.2%).

Environment

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

The Paris Agreement of 2015, the United Nations' Sustainable Development Goals and the Special Report of the Intergovernmental Panel on Climate Change of October 2018 have one thing in common: they call for accelerated and more decisive action to reduce greenhouse gases and transition to a low-CO₂ climate-

neutral economy. The European Commission estimates that up to the year 2030 additional annual funding of approx. EUR 200 billion will be needed for a significant transition of the economy to renewable energy sources. This means that banks, insurers and other financial institutions will also play a key role in combating climate change.

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

Banks are service providers whose business operations have only a modest direct impact on the environment, mostly through their

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

ENVIRONMENTAL STRATEGY

Erste Group’s environmental strategy is built on four pillars:

- _ implementation of environmental management systems
- _ integration of ecological criteria into banking products and services
- _ implementation of a supply chain management system for all products and services needed to run the banking business
- _ cooperation with environmental non-governmental organisations

Environmental targets

For the years 2019 to 2021, new targets for the use of energy and other resources have been agreed individually for each of the local banking subsidiaries. This time, relative targets (e.g. consumption of electrical energy per m²) were agreed instead of absolute targets set for the years 2012 to 2016 (such as a reduction of the total consumption of electrical energy).

Through relative targets, local banking subsidiaries may be compared with each other. In the past, this was only partially possible due to the increasing number of entities included in the report and the ongoing reduction in the number of branches.

The six key indicators for environmental targets are:

- _ average electricity consumption in kWh/m²
- _ average heating energy usage in kWh/m²
- _ share of hybrid/ e-cars in carpool in %
- _ copy paper consumption per employee in kg/FTE
- _ share of recycled copy paper in %
- _ CO_{2e} emissions (Scope 1+Scope 2) per employee in tonnes/FTE

The targets for each core market were based on their 2018 levels.

The targets are – as well as the environmental data for the reporting period – listed at the end of the chapter.

CO_{2e} Scope 3 emissions (e.g. CO₂ emissions of kilometres travelled by air, train or rental car for business purposes) are not captured as the effort involved in recording such data in detail is disproportionate to the information gained and there are no generally accepted criteria for calculating CO_{2e} emissions.

Overall, Erste Group increased its CO_{2e} emissions by 2,446 tonnes (+3.9%). The increase in Austria (+14%) is solely due to the expanded scope of companies.

Ecological footprint

	2018	2019
Electricity consumption	181 GWh	175 GWh
Heating/cooling energy consumption	140 GWh	138 GWh
Fuel consumption	45 GWh	46 GWh
Total energy consumption	366 GWh	359 GWh
CO _{2e} -emissions (Scope 1 and 2)	62,410 t	64,856 t
Copy paper consumption	1,705 t	1,615 t

The 2019 NFI report captured environmental data of Austrian savings banks with more than 150 employees (2018: >300). The inclusion of 8 additional Austrian savings banks resulted in the following total increases in the environmental data: energy consumption +12,163 MWh, electricity consumption +5,628 MWh, heating/cooling energy consumption +6,307 MWh, copy paper consumption +56 t (thereof 35.5 t of recycled paper), CO_{2e} emissions +1,500 t).

For 2020 it is planned to capture the environmental data of all entities that are included in the scope of consolidation.

Implementation of environmental management systems

While the implementation of environmental management systems has been postponed at the Holding and Erste Bank Oesterreich, ISO 14001 and/or ISO 50001 certifications have been completed in Croatia, Slovakia and Hungary. Of the Austrian savings banks, Steiermärkische Sparkasse has been ISO 14001 certified and Allgemeine Sparkasse Oberösterreich ISO 50001 certified. Dornbirner Sparkasse has been conducting ÖKOPROFIT certification on an annual basis since 2012.

It is planned that the main local banking subsidiaries will implement a certified energy management system in the years ahead. Use of just one energy management system (ISO 50001) is due to the fact that financial service providers do not consume any other resources apart from energy and paper, and their use of water or waste disposal is of no relevance.

PRIORITIES

Improving energy efficiency

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

The consumption of electrical energy, heating and hot water is largely reduced by the construction and use of new energy-efficient main office buildings. Bank branches are mostly located at rented premises and therefore have limited ability to choose their own heating systems.

The following newly constructed Erste Group headquarters meet strict ecological criteria and thus contribute substantially to a reduced consumption of resources:

- _ Erste Campus in Vienna holds platinum certification from Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB, the German Sustainable Building Council)
- _ The Bridge, the headquarters of Banca Comercială Română in Bucharest, holds *LEEDS Platinum* (Leadership in Energy and Environmental Design) certification
- _ Sirius (Erste Bank Serbia) in Belgrade holds BREEAM Gold (Building Research Establishment Environmental Assessment Method) certification

Erste Campus, for example, is supplied exclusively with non-fossil energy (district heating and cooling and green electricity). In 2019, the use of district cooling was reduced significantly by 27.7% to 1.7 GWh through improved use of cold groundwater for cooling.

Erste Bank Serbia has been able to cut its CO₂ emissions to 1.08 t/FTE (from 2.37 t/FTE) by switching to a new supplier that produces electricity exclusively from renewable sources. Slovenská sporiteľňa has commissioned an external consultant with monitoring the bank's energy consumption to identify potential energy savings. In addition, branches are being continually refurbished and equipped with energy-efficient devices. These measures resulted in a decline of the total energy consumption by 7.6%.

Banca Comercială Română operates a programme (APIA loans) dedicated to financing projects relating to environmental protection and energy efficiency. Funding is provided, for example, for ecological and climate-friendly practices in agriculture and rural development measures with a focus on sustainability.

For its employees, Erste Bank Hungary has developed an e-learning programme (ISO ILearning training) offering practical tips on how to handle daily tasks in an energy-efficient manner.

Allgemeine Sparkasse Oberösterreich, with support from OÖ Energiesparverband, launched a pilot project in 2019 with the aim of achieving the transition to sustainable energy and the vision of operating in a climate-neutral manner. The focus of the project is on measuring the company's climate footprint and defining a roadmap to carbon neutrality. Technical branch monitoring is an important part of this project. Automatic meter readings facilitate energy consumption and trend reports. If the assessment of the pilot project is positive, further branches will follow.

Use of electric and hybrid vehicles

An additional measure to reduce CO₂e emissions is the replacement of fossil fuel-powered company cars with e-cars or hybrid cars. The environmental targets for 2021 include for the first time a target percentage for hybrid and e-cars. With a share of 6.6% in 2019, the target of 5% for Austria was already surpassed. At Erste Campus in Vienna, an e-car sharing system has been set up on the initiative of s Leasing. The 36 e-car charging stations located in the parking garage of Erste Campus have been received very well, most notably by customers. Allgemeine Spar-

kasse Oberösterreich has expanded its mobility options for employees by also providing e-bikes for business travel. At selected branch locations, the savings bank offers its customers charging stations for e-cars free of charge. Compared with 2018, Erste Bank Hungary reduced its car pool from 165 to 150 vehicles. In addition to this reduction, co-operation agreements have been concluded with two operators of e-car sharing schemes under which vehicles are made available to employees. In case taxis are still required, these can be used under a cooperation scheme with taxi operators whose fleets consist exclusively of hybrid and e-vehicles. The parking garage of Erste Bank Hungary's headquarters offers parking for 150 bicycles and six charging stations for e-bikes and e-scooters.

Reduction of paper consumption

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

Current efforts aim at processing all standard banking transactions electronically wherever possible, which will accelerate back office procedures and make customer service more efficient. This improves not only the customer experience but also reduces paper consumption. The savings banks also took action to reduce office paper consumption. These measures included in particular the *paperless office* project.

sDG Dienstleistungsgesellschaft mbH – with 225 tonnes the main consumer of printed paper in Austria – reduced its consumption by 12.4 tonnes in 2019.

Erste Bank Serbia prints its internal newsletter *Puls* and the corporate social responsibility report *The Bank Is the People* on sustainable FSC-certified paper. Slovenská sporiteľňa has also reduced its paper consumption by no longer offering brochures in its branches and dispensing cash from ATMs without receipts.

Other environmental initiatives

At Erste Campus, the use of water from rainwater cisterns for watering green spaces and flushing toilets has proved a success.

EB Restaurantbetriebe GmbH, responsible for the food catering for about 5,000 employees, has taken further steps towards sustainability. For example, approximately 50,000 kg of organic potatoes are annually processed. In 2019, its operations at Erste Campus were organic-certified and they were awarded the Austrian Ecolabel for *Green Meetings & Events*.

In July 2019, the cooperation between the start-up Hut & Stiel and sOM started at Erste Campus. In the first five months of the collaboration, 8.7 t of coffee grounds from break rooms were collect-

ed for usage in their regional mushroom production. This translates to an annual reduction of residual waste of more than 20 t.

In sponsoring, strategies were developed for avoiding plastics in promotional materials and environmentally friendly alternatives were adopted in 2019.

Another element of Erste Group’s environmental strategy is co-operation with environmental NGOs. They offer access to their local and international know-how and provide valuable assistance to Erste Group in its efforts to become an even more environmentally sustainable company. A good example in this regard is the close co-operation between Erste Asset Management and WWF on ecologically highly sustainable investment funds. By gaining 30% in value, the ERSTE WWF Stock Environment Fund underlined that sustainability and financial performance can be combined.

Erste Bank Serbia encourages its employees to take an active part in environmental initiatives and strengthens environmental awareness, for example, by supporting volunteers cleaning the fortress of Petrovaradin. It also participated in the WWF-initiated Earth Hour, the largest climate protection initiative worldwide.

Erste Bank Hungary’s measures to reduce energy consumption are continued as part of branch refurbishments, but also at the Budapest headquarters and include the switch to LED systems as well as the installation of smart energy control systems.

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

tributes to reducing private motor vehicle traffic by supporting the *Bike to Work* national initiative and encouraging employees to commute to work by bicycle. As this initiative has been well received by employees, additional bicycle parking is planned. Erste Bank Serbia has launched a similar initiative promoting the use of bicycles by customers and employees.

Details on ecological criteria in procurement are provided in the chapter on suppliers and supply chain.

Environmental data

Erste Group uses the software tool of CREDIT360 for capturing environmental data group-wide. The energy consumption of approximately 2,600 business locations is recorded and analysed individually. For conversion into greenhouse gas equivalents, cr360 uses emission factors provided by the UK Department for Environment, Food & Rural Affairs (DEFRA) and the International Energy Agency (IEA).

Environmental indicators

Total figures for Erste Group shown in the following tables also include data of direct and indirect holdings of Erste Group outside its core markets. A separate presentation of Holding data is not provided, as a meaningful segregation of environmental indicators is not possible due to the shared usage of the location (Erste Campus in Vienna) with other entities. The environmental indicators for 2019 refer to 44,315 full-time equivalents (FTEs), thus to 93.7% of Erste Group’s FTEs. Environmental data was captured for all group entities, except the locations of the savings banks in Austria with fewer than 150 employees.

For further details on environmental data, please visit Erste Group’s website: <https://www.erstegroup.com/en/about-us/sustainability/environment>.

Environmental targets for 2021

	Measure	Erste Group	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 emissions per employee	tCO _{2e} /FTE	-	0.53	1.40	1.50	2.55	1.20	0.75	1.95

Environmental data

2019	Measure	Total	AT	CZ	SK	RO	HU	HR	RS
Full-time equivalents (FTE)	Number	44,315	14,962	9,780	4,133	6,795	3,230	3,134	1,136
Net floor area	m²	1,591,455	573,036	301,629	155,036	376,953	68,192	68,133	24,226
Total energy consumption	MWh	358,563	109,096	73,466	27,979	96,959	16,985	20,352	5,598
Total electricity consumption (including ATMs and own electricity production)	MWh	174,588	63,419	32,928	13,272	35,244	8,767	13,059	2,638
Total heating, warm water and district cooling consumption	MWh	138,361	38,407	32,756	12,495	41,677	4,937	4,472	1,838
Total diesel consumption for electricity generation	MWh	301	192	41	20	16	22	5	4
Total carpool consumption (converted to MWh)	MWh	45,313	7,078	7,740	2,193	20,022	3,258	2,815	1,118
Share of hybrid/e-cars in carpool	%	1.4%	6.6%	0.3%	1.1%	0.1%	1.0%	0.0%	0.0%
Average electricity consumption per m ²	kWh/m ²	110	111	109	86	93	129	192	109
Average heating energy usage per m ²	kWh/m ²	87	67	109	81	111	72	66	76
Total paper usage	t	1,615	575	211	101	397	102	102	69
Paper consumption per employee	kg/FTE	36	38	22	25	58	31	33	60
Non-recycled copy paper	t	432	360	12	1	3	1	5	0
Recycled copy paper	t	1,184	215	199	100	394	101	97	69
Share of recycled copy paper	%	73.3%	37.5%	94.4%	98.9%	99.1%	99.0%	95.2%	99.9%
Scope 1 and 2 emissions	tCO_{2e}	64,834	8,120	12,015	6,177	24,094	6,469	2,271	1,224
Scope 1 emissions	tCO _{2e}	29,950	5,799	2,813	3,155	12,899	2,738	1,561	582
Scope 2 emissions	tCO _{2e}	34,884	2,321	9,203	3,021	11,195	3,731	710	643
Scope 1 and 2 emissions per employee	tCO _{2e} /FTE	1.46	0.54	1.23	1.49	3.55	2.00	0.72	1.08

2018	Measure	Total	AT	CZ	SK	RO	HU	HR	RS
Full-time equivalents (FTE)	Number	43,345	13,425	10,092	4,190	7,260	3,182	2,966	1,109
Net floor area	m²	1,681,742	518,786	423,953	160,654	401,762	69,775	66,892	21,791
Total energy consumption	MWh	366,021	101,188	95,101	30,163	93,020	17,343	19,689	5,564
Total electricity consumption (including ATMs and own electricity production)	MWh	181,294	59,815	44,911	14,230	35,936	9,701	12,408	2,587
Total heating, warm water and district cooling consumption	MWh	139,769	34,261	42,466	13,031	37,936	4,703	4,309	1,884
Total diesel consumption for electricity generation	MWh	265	153	56	22	19	2	9	3
Total carpool consumption (converted to MWh)	MWh	44,697	6,960	7,668	2,879	19,128	2,937	2,962	1,090
Share of hybrid/e-cars in carpool	%	0.8%	3.6%	0.1%	1.1%	0.0%	0.5%	0.5%	0.0%
Average electricity consumption per m ²	kWh/m ²	107.8	115.3	105.9	88.6	89.5	139.0	185.5	118.7
Average heating energy usage per m ²	kWh/m ²	83.1	66.0	100.2	81.1	94.4	67.4	64.4	86.5
Total paper-usage	t	1,705	541	248	109	477	106	113	60
Paper consumption per employee	kg/FTE	39	40	25	26	66	33	38	54
Non-recycled copy paper	t	497	388	13	1	34	-	8	-
Recycled copy paper	t	1,208	152	235	108	443	106	104	60
Share of recycled copy paper	%	70.9%	28.1%	94.6%	99.0%	92.9%	100.0%	92.5%	100.0%
Scope 1 and 2 emissions	tCO_{2e}	62,410	7,140	15,133	6,443	22,502	4,587	2,013	2,559
Scope 1 emissions	tCO _{2e}	27,297	4,993	3,237	3,253	12,070	1,149	1,402	591
Scope 2 emissions	tCO _{2e}	35,114	2,147	11,896	3,190	10,432	3,438	611	1,968
Scope 1 and 2 emissions per employee	tCO _{2e} /FTE	1.44	0.53	1.50	1.54	3.10	1.44	0.68	2.31

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

The CO₂ equivalents (CO_{2e}) are the sum of all greenhouse gas emissions, i.e. carbon dioxide, methane and nitrogen oxide.

In Romania (RO), the 2018 electricity consumption was corrected by +2,998 MWh, the energy consumption in Slovakia (SK) in 2018 by -108 MWh. As a result, CO_{2e} emissions in 2018 increased in Romania by 3.5% and declined in Slovakia by -0.8%. The total CO_{2e} emissions (Scope 1+2) of Erste Group increased by 1.4%, the total energy consumption increased by 0.8%.

In Austria (AT), 8 savings banks with FTEs of >150 but <300 were included in the scope of the report in 2019.

Management board

Bernhard Spalt mp, Chairman

Ara Abrahamyan mp, Member

Stefan Dörfler mp, Member

Ingo Bleier mp, Member

Alexandra Habeler-Drabek mp, Member

Peter Bosek mp, Member

David O'Mahony mp, Member

Vienna, 17 March 2020

GRI Content Index

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2019	Chapter reference / Comments / Reasons for omission
Based on GRI Standard 2016, (Option: Core), partly GRI G4 Sector Disclosures Financial Services. Reported data and comments refer to 2019.					
GRI 102 General Disclosures 2016					
1. Organisational profile					
GRI 102	General Disclosures	102-1	Name of the organisation	p. 302	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	p. 302	Erste Campus, Am Belvedere 1, 1100 Vienna
GRI 102	General Disclosures	102-4	Location of operations	p. 15, 19	Strategy
GRI 102	General Disclosures	102-5	Ownership and legal form	p. 81	Ownership: introduction/presentation of key data (shareholder structure). Legal form: (consolidated) corporate governance report
GRI 102	General Disclosures	102-6	Markets served	p. 15, Note 39	Strategy, Group consolidated financial statements: Note 39 (segment reporting)
GRI 102	General Disclosures	102-7	Scale of the organisation	Note 39	Cover (inner face: branches, employees), Group consolidated financial statements: Note 39 (segment reporting)
GRI 102	General Disclosures	102-8	Information on employees and other workers	p. 69 et seq.	Number of employees (headcount): 50,245 thereof 62.1% women. (Holding: total 2,063 thereof 46.9% women). Full-time equivalents at the end of the period: 47,283. The staff indicators provide information on gender distribution per country, share of part-time staff per country, gender distribution in part-time staff per country, share and gender distribution of executive and other managerial positions per country, average number of sick leave days per employee per country, number of employees with health disabilities per country, turnover rates per gender and country, return rates after parental leave per gender and country, number of newly hired employees per gender and age group per country. The share of leased personnel was not significant. The total number of employees is not subject to seasonal changes.
GRI 102	General Disclosures	102-9	Supply chain	p. 64 et seq.	(consolidated) non-financial report: suppliers and supply chain
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 ownership) nor in the supply chain.
GRI 102	General Disclosures	102-11	Precautionary principle or approach	p. 15, 54 et seq.	Strategy, (consolidated) non-financial report; 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. 62 et seq., 70	(consolidated) non-financial report: our customers, environment; Erste Asset Management: UN Principles of Responsible Investment (2012), Bangladesh Memorandum (2015), Montreal Carbon Pledge (201%), Erste Group: Nestor Gold Charta (2015), Austrian Diversity Charter (2016)
GRI 102	General Disclosures	102-13	Membership of associations	n.a.	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)
2. Strategy					
GRI 102	General Disclosures	102-14	Statement from senior decision maker	p. 4 et seq., 15	Letter of the CEO, strategy
GRI 102	General Disclosures	102-15	Key impacts, risks and opportunities	p. 55 et seq.	(consolidated) non-financial report: materiality analysis
3. Ethics and integrity					
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behaviour	p. 15, 81	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)
4. Governance					
GRI 102	General Disclosures	102-18	Governance structure	p. 54 et seq., 81 et seq.	(consolidated) non-financial report with reference to the sustainability board, (consolidated) corporate governance report
5. Stakeholder engagement					
GRI 102	General Disclosures	102-40	List of stakeholder groups	p. 55 et seq.	(consolidated) non-financial report: materiality analysis
GRI 102	General Disclosures	102-41	Collective bargaining agreements	n.a.	Collective agreements apply to a total of 87.9% of all employees. In Hungary, there is no collective agreement as a salary basis. In the other core markets, 90-100% of employees are included in collective agreements (Holding: 90.4%)
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	p. 55 et seq.	(consolidated) non-financial report: materiality analysis; employees, our customers, management (supervisory board, management board), investors and public (authorities, supervisors, policy-makers)
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	p. 55 et seq.	(consolidated) non-financial report: materiality analysis
GRI 102	General Disclosures	102-44	Key topics and concerns raised	p. 55 et seq.	(consolidated) non-financial report: materiality analysis

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2019	Chapter reference / Comments / Reasons for omission
6. Reporting practice					
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	p. 54	Non-financial reports have to be prepared for the same scope of consolidation that is covered by the financial reporting. The calculation of non-financial data, such as energy consumption per employee, is based on all Erste Group entities that have at least one full-time equivalent employee. Environmental data is captured from all entities except the Austrian savings banks with fewer than 150 employees and that are not majority-owned by Erste Group Bank AG. It should be noted that in some cases several companies are located in one building (e.g. Erste Campus Vienna), which is why environmental data cannot be allocated to individual companies in these cases. This applies to all GRI 300 topics. As the Holding is located at Erste Campus, as are other companies, the environmental data for the Holding cannot be reported separately. Personnel data are captured at the level of the respective single entity. It is the aim to incorporate the environmental data of all consolidated companies (including all Austrian savings banks of the Haftungsverbund) in the non-financial report.
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	p. 55 et seq.	(consolidated) non-financial report: materiality analysis
GRI 102	General Disclosures	102-47	List of material topics	p. 55 et seq.	(consolidated) non-financial report: materiality analysis
GRI 102	General Disclosures	102-48	Restatements of information	n.a.	At BCR (Romania) the data for the consumption of electric energy in 2018 was corrected from 32,936 MWh to 35,372 MWh.
GRI 102	General Disclosures	102-49	Changes in reporting	p. 54	Additional entities from the scope of consolidation were included in the non-financial reporting in 2019. (Dornbirner Sparkasse Bank AG, Sparkasse Kufstein Tiroler Sparkasse von 1877, Sparkasse der Stadt Feldkirch, Wiener Neustädter Sparkasse, Sparkasse Schwaz AG, Sparkasse Imst AG, Sparkasse Baden, Sparkasse Neunkirchen).
GRI 102	General Disclosures	102-50	Reporting period	n.a.	From 1 January 2019 to 31 December 2019
GRI 102	General Disclosures	102-51	Date of most recent report	n.a.	Annual report 2018
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	Important addresses, Imprint (contact)
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with GRI Standards	p. 54	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. 75 et seqq.	(consolidated) non-financial report; Also available on the company's website: http://www.erstegroup.com/en/investors/reports
GRI 102	General Disclosures	102-56	External assurance	p. 79 et seq	Independent assurance statement; The (consolidated) non-financial report is compliant with the Austrian Commercial Code (Unternehmensgesetz; UGB) sections 243b and 267a. The GRI Standards were applied on a voluntary basis, as was the external assurance of the non-financial reporting by an independent auditor.
GRI 103 Management Approach 2016					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	p. 14 et seqq., 55 et seqq.	Strategy, (consolidated) non-financial report: materiality analysis, material topics (financial literacy, social commitment, diversity and equal opportunity, employee health and work-life balance, customer satisfaction, anti-corruption, responsible investment and financing, social banking, data security, ecological impact of banking operations, responsible criteria in the supply chain.)
GRI 103	Management Approach	103-2	The management approach and its components	p. 14 et seqq., 55 et seqq.	Strategy, (consolidated) non-financial report: materiality analysis, our customers
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 559 et seq., 81	(consolidated) non-financial report: materiality analysis, (consolidated) corporate governance report: working methods of the management board and the supervisory board
Material & additional topics					
Additional topic: GRI 201 Economic Performance 2016					
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	Note 39, Note 55	Group consolidated financial statements: Note 39 (segment reporting), Note 55 (country by country reporting) Commitment to society: In 2019, Erste Group provided approximately EUR 10.7 million in funding in the areas of art and culture, social and educational activities.
Material topics: Social commitment and social banking (GRI 203 Indirect Economic Impacts 2016)					
GRI G4 - Sector Disclosures Financial Services	Indirect Economic Effects	FS14 of GRI G4	Initiatives to improve access to financial services for disadvantaged peoples	p. 58 et seq., 63 et seq.	(consolidated) non-financial report: commitment to society, our customers (social banking)
Material topic: Anti-corruption and compliance (GRI 205 Anti-corruption 2016)					
GRI 205	Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken	p. 95 et seq.	Additional (consolidated) corporate governance principles. In 2019, Erste Group did not discover or record any incident of corruption.

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2019	Chapter reference / Comments / Reasons for omission
Additional topic: 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 51	Group consolidated financial statements: Note 51 (contingent liabilities); no legal actions for anti-competitive behaviour, anti-trust, or monopoly practices have been initiated against Erste Group Bank AG. During the reporting period, subsidiaries of Erste Group were directly or indirectly involved in five such cases, but one of these cases was resolved in January 2020 in favour of the concerned subsidiary bank, so there are now only four pending cases. We do not expect these cases to lead to any fines or sanctions that would have a material effect on Erste Group.
Material topic: Responsible criteria in the supply chain and ecological impacts on banking operations (GRI 301 Materials 2016)					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	p. 74	(consolidated) non-financial report: environment. The focus lies on copy paper consumption (1,615 t).
GRI 103	Management Approach	103-2	The management approach and its components	p. 74	(consolidated) non-financial report: environment; only captured for copy paper (1,184 t of recycled copy paper)
Material topic: 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. 71, 74	(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. Total energy consumption in 2019: 358,563 MWh
GRI 302	Energy	302-4	Reduction of energy consumption	p. 71, 74	(consolidated) non-financial report: environment; reduction of total energy consumption by 2 % to 358 GWh (despite the consumption of 12.2 GWh by the entities that were included for the first time in 2019)
Material topic: 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. 74	(consolidated) non-financial report: environment; in total 29,950 t There are no biogenic CO ₂ emissions to report (GRI 305-1c) - these are emissions from the direct use of biomass. The use of biomass for district heating is recorded under Scope 2.
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	p. 74	(consolidated) non-financial report: environment; in total 34,884 t. If market-based indirect energy-related GHG emissions (GRI 305-2b) are taken into account for electricity and district heating instead of specific emission factors, the Scope 2 emissions would amount to 62,781 t or 180% of the reported data of 34,884 t.
Material topic: 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. 65	(consolidated) non-financial report: suppliers and supply chain
Material topic: Diversity and equal opportunity (GRI 401 Employment 2016)					
GRI 401	Employment	401-1	New employee hires and employee turnover	p. 70	(consolidated) non-financial report: employees; 6,161 employees were hired; 6,880 employees left the company (including retirement); turnover rate for Erste Group: 12.1% (Holding: 6.4%) 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. 70	(consolidated) non-financial report: employees; a) 401-3a) All employees (women and men) are entitled to take parental leave; b) 401-3d) The inclusion of employees who were still employed by the company 12 months after returning from maternity leave was deleted. This was due to data that could not be clearly distinguished.
Material topic: Employee health & work-life balance (GRI 403 Occupational Health and Safety 2016)					
GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (Only days of work absence and non-attendance are reported.)	p. 69	(consolidated) non-financial report: employees. All sickness figures are recorded, regardless of the cause; on average 9 sick-days per employee (Holding: 8 days)
Material topic: 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. 67	(consolidated) non-financial report: employees; on average 29.8 hours per employee (Holding: 21.5 hours)
Material topic: 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. 66 et seq	(consolidated) non-financial report: employees; At Erste Group Bank AG, the parent company of Erste Group, employees represent more than 50 different nationalities.
Material topic: Diversity and equal opportunity (GRI 406 Non-Discrimination 2016)					
GRI 406	Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	n.a.	As a preventive measure, an anti-discrimination officer was appointed to foster an environment of mutual respect for all employees. In 2019, no significant incidents were brought forward to the anti-discrimination officer in Austria or the other countries. For the other countries (i.e. except Austria), the local HR departments are in charge in this matter.
Material topic: 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. 65	(consolidated) non-financial report: suppliers and supply chain

GRI Standard Number	GRI+ Standard Title	Disclosure Number	Disclosure Titel	Reference to Annual Report 2019	Chapter reference / Comments / Reasons for omission
Additional topic: GRI 418 Customer Privacy 2016					
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	n.a.	In 2019, 48 such reports were submitted to the authorities (thereof 0 for the Holding). In addition, 5 notifications were made to the affected persons (thereof 0 for the Holding).
Additional topic: 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 2019, there were neither significant fines nor non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.
Material topic: Financial education					
GRI G4 Sector Disclosures Financial Service	Information on Erste Group's engagement to improve financial literacy	GRI G4-DMA (former FS16)	Initiatives to enhance financial literacy by type of beneficiary	p. 58 et seq.	(consolidated) non-financial report: materiality analysis, commitment to society (financial literacy)
Material topic: Customer satisfaction					
	Information on customer satisfaction			p. 62	(consolidated) non-financial report: customers
Material topic: Responsible investment and finance					
	Information on responsible investment and financing			p. 62 et seq.	Reference to the relevant chapter and explanation that there is no corresponding GRI standard. Process description: First it is to be checked if a specific credit request falls within the scope of the local "Responsible Finance Policy". An expert opinion is prepared in the department in charge of the Holding on whether this financing contradicts the Responsible Finance Policy. If this is the case, the application is submitted to a higher decision-making body for a resolution.
GRI 103	Management Approach	103-2	The management approach and its components	p. 55 et seq., 61 et seq.	(consolidated) non-financial report: materiality analysis, our customers
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 55 et seq.	(consolidated) non-financial report: 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.

The following indicators were examined and validated by Deloitte Audit Wirtschaftsprüfungs GmbH:
GRI 205-3, GRI 206-1, GRI 302-4, GRI 305-1, GRI 401-1, GRI 405-1

Independent Assurance Report

To the Management Board of Erste Group Bank AG

AUDIT REPORT OF THE INDEPENDENT ASSURANCE ON NON-FINANCIAL REPORTING

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

Introduction

We performed procedures to obtain limited assurance on the following information stated in the (consolidated) non-financial report as of 31 December 2019: the management approach regarding responsible investment as well as the GRI Standard disclosures "205-3 (2016) Confirmed incidents of corruption and actions taken," "206-1 (2016) Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices," "302-4 (2016) Reduction of energy consumption", "305-1 (2016) Direct (Scope 1) GHG emissions," "401-1 (2016) New employee hires and employee turnover" and "405-1 (2016) Diversity of governance bodies and employees". Furthermore, we performed procedures to obtain limited assurance on whether the reported information meets the reporting requirements of §§ 243b and 267a UGB (Austrian Commercial Code) (NaDiVeG).

Responsibility of the management

The preparation of the report in accordance with the reporting principles as well as the selection of the scope of the engagement is the responsibility of the management of Erste Group Bank AG. The reporting principles include the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB), the G4 Sector Disclosures "Financial Services" issued by the Global Reporting Initiative and the reporting requirements mentioned in §§ 243b and 267a UGB (NaDiVeG).

This responsibility includes the selection and application of appropriate methods for preparing the report as well as the usage of assumptions and estimates of individual non-financial disclosures that are appropriate under the given circumstances. The responsibility of the management includes further designing, implementing and maintaining internal controls which they have determined necessary for the preparation of a report that is free from material – intended or unintended – misrepresentations.

Responsibility of the auditor

Our responsibility is to express an opinion with limited assurance on whether, based on our audit procedures, matters have come to our attention that cause us to believe that the non-financial information in the (consolidated) non-financial report as of 31 December 2019 has not been prepared, in all material respects, in accordance with the reporting criteria.

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 non-financial indicators stated in the (consolidated) non-financial report as of 31 December 2019 have not, in any material aspect, been prepared in accordance with the reporting criteria.

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, among others, the following audit procedures and other activities to the extent that 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 of Erste Group Bank AG to assess the methods of data collection, data processing and internal controls
- _ Interview of employees of Erste Group Bank AG regarding the management approach for responsible investment
- _ Execution of a media analysis
- _ Site-Visits in Bucharest, Linz and St. Pölten
- _ Comparison of the non-financial disclosures shown in the (consolidated) non-financial report with the calculation documents provided

_ Furthermore, we conducted procedures regarding whether the reporting requirements of §§ 243b and 267a UGB (NaDiVeG) were met with the (consolidated) nonfinancial report.

Summarised Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information relevant to the audit and disclosed in the (consolidated) non-financial report as of 31 December 2019 have not, in any material aspects, been prepared in accordance with the reporting criteria.

Engagement approach

The basis for this engagement are the "General Conditions of Contract for the Public Accounting Professions," ("Allgemeine Auftragsbedingungen für Wirtschaftstreuhänderberufe", "AAB 2018") as issued by the Austrian Chamber of Tax Advisers and Auditors on 18 April 2018. In accordance with chapter 7 of the AAB 2018, our liability shall be limited to intent and gross negligence. In cases of gross negligence, our liability is limited to a maximum of five times the auditor's fee. This amount constitutes a total maximum liability cap, which may only be utilized once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna, 17 March 2020

Deloitte Audit Wirtschaftsprüfungs GmbH

Gerhard Marterbauer
Austrian Certified Public Accountant

Christof Wolf
Austrian Certified Public Accountant