

# (Consolidated) non-financial report

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## ABOUT THIS REPORT

Erste Group has decided to prepare its non-financial statement as a separate non-financial report (option pursuant to section 267a para 6 / section 243b para 6 of the Austrian Commercial Code; UGB) and to combine the non-financial report for Erste Group Bank with the consolidated non-financial report for the group. The scope of consolidation is shown in Note 46 of the 2022 consolidated financial statements. As a matter of principle, information in this report relates to entities in the said scope of consolidation. Where this is not the case, this is indicated in the text.

We report annually about our strategy, goals, achievements, opportunities and risks in the area of sustainability in conformity with GRI Standards 2021 and follow the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). The information below covers the reporting period from 1 January to 31 December 2022.

Group ESG Office has drawn up this report and compiled information and data from all group divisions and units. The report was completed by the management board as of the date of its execution and will be reviewed by the Supervisory Board prior to publication. As commissioned by the Supervisory Board's Audit Committee, PwC Wirtschaftsprüfung GmbH, one of the two external accountants tasked with auditing Erste Group Bank AG's single-entity financial and consolidated financial statements for the 2022 fiscal year, conducted a limited assurance engagement in accordance with ISAE 3000; the report provided is released on 31 March 2023.

# 1. Sustainability at Erste Group

The foundation of Erste Group is its belief in people, their ideas and plans for the future, their skills and potential for personal development as well as a promise to disseminate and secure prosperity throughout the region.

“No age, no gender, no social class, or nationality shall be excluded from the benefits that Spar-Casse offers every depositor.” This excerpt from the founding charter of 1819 summarises the underlying idea that applies today as it did back then.

## 1.1 ESG STRATEGY

GRI 2-22, 2-24, 2-29

### Our promise to key stakeholders

For us, it is important that our sustainability efforts are perceived as a clear promise of value to our most important stakeholder groups and that these efforts meet their expectations.

Our goal is to secure our **customers'** prosperity through our advisory and sustainable financial products. The products are developed and promoted with due care in terms of accessibility, security, transparency and responsibility for the environment. Erste Group guarantees data protection and security in all relevant services.

We want our **employees** to benefit from our services and participate in the company's success, which has been achieved through sustainable and efficient service to our customers. We care about the development of talents, a work-life balance and proper working conditions and will not tolerate any discrimination.

To ensure that our **shareholders** receive a reasonable and, in the long run, sustainable return, we pursue an inclusive growth strategy and ensure resilient company value. We build our sustainable growth and our resilience on the long-term success of our customers and on the support of their transition to a resource-efficient and emission-free business model.

### “Sustainability and growth are no contradiction”

**Willi Cernko, CEO**

We firmly believe that Erste Group's economic success in our region can be sustainable only if the green transition is successful and social justice is advanced. These two dimensions of the long-term prosperity of the region are perfectly aligned with the significance and historical role of Erste Group.

We strive to be a role model and a leader in the **green transition** by mobilising resources for climate action, investment in the preservation of clean water and the transition to a circular economy. We believe that the green transition will be an opportunity for

people in the CEE region. We also believe in a fair transition for all and therefore help our customers to secure their personal prosperity. The bank's efforts towards **inclusiveness in society** are as relevant today as they were 200 years ago. The social cohesion of our societies creates a strong and reliable basis for a well-functioning socio-economic environment that will bring prosperity to many. We therefore launch effective initiatives to promote financial inclusion, social banking, financial education, affordable housing and gender equality.

These are, therefore, our **strategic priorities** in the pursuit of sustainability:

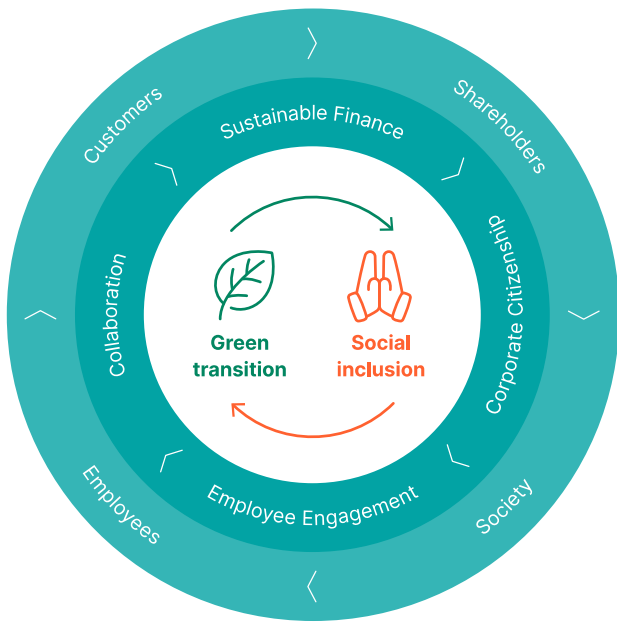
### Green transition – leading finance company

- \_ Strengthening our leading position in green finance in CEE and the region to secure growth opportunities for the future.
- \_ Creating the foundations for achieving climate neutrality of our portfolio by 2050 – our contribution to climate protection and at the same time the prerequisite and basis of the long-term resilience of our customers and our investments.
- \_ Being a role model for effective climate action: climate neutrality of our banking operations by 2023.

### Social inclusion – social cohesion through integration

- \_ Promoting financial inclusion through our social banking activities, thereby strengthening social cohesion and a civil society.
- \_ Helping our customers and the younger generation to gain financial health and a financial education.
- \_ Investing in affordable housing and contributing to the well-being of the lower-middle class, including in particular young professionals, young families and civil servants.
- \_ Promoting gender diversity as a significant element of a healthy corporate culture.

We take this responsibility very seriously. To secure long-term survival and create value for customers, investors, employees and society as a whole, it is our responsibility in managing the bank to resolve conflicting targets such as profitability and the environmental and social impacts of our activities in a positive manner and to take advantage of the enormous opportunities that arise in these times of transformation and change.



## Baselines of our sustainability strategy

### Green transition

Our long-term strategic considerations regarding the financial resilience of Erste Group’s business model while taking into account sustainability-related risks are based on a comprehensive analysis of climate-induced challenges and the legislative and economic impacts of climate change in our region (“Climate Change House View”). The European Climate Law, the EU’s Green Deal and the Fit for 55 Package form the setting for future changes in EU strategy and legislation. All countries of the region will have to align with these European goals, manage their impact on their economies and adapt their investment and consumer expectations.

The investment need is enormous:

|  |  |   |
|--|--|---|
|  <h3>Climate Action</h3> <h2>€ 459 bn</h2> <p>Needed to achieve EU targets on energy saving, green energy ambitions (32%), emission reduction (40%).</p> <p><b>Key investment areas</b></p> <ul style="list-style-type: none"> <li>Energy grid</li> <li>Renewable energy sources</li> <li>Building renovations</li> <li>Changing heating appliances</li> <li>Electrification of railways</li> </ul> |  <h3>Clean Water</h3> <h2>€ 12 bn</h2> <p>Needed to comply with Urban Waste Water Treatment Directive requirements.</p> <p><b>Key investment areas</b></p> <ul style="list-style-type: none"> <li>Urban waste water collection systems</li> <li>Water treatment plants</li> <li>Sewerage sludge processing (energy and biogas recuperation, fertilizer production)</li> <li>Rainwater capture and reuse infrastructure</li> </ul> |  <h3>Recycling</h3> <h2>€ 2.8 bn</h2> <p>Needed to achieve targets of EU Waste Framework Directive. Further investments assumed to meet tightening landfill and waste separation quotas 2025-2030.</p> <p><b>Key investment areas</b></p> <ul style="list-style-type: none"> <li>Separated waste collection</li> <li>Material recovery and reprocessing plants</li> <li>Energy recuperation</li> <li>Biowaste treatment</li> </ul> |
|--|--|---|

Source: National Energy and Climate Plans 2019

Source: EU 10<sup>th</sup> technical assessment on Urban Waste Water Treatment Directive implementation 2018.

Source: EUMONIA Study on investment needs in the waste sector and on the financing of municipal waste management in Member States 2019

An essential portion of these funds will be provided by the EU or local sovereign funds as shown in the national recovery and resilience plans and national energy and climate plans. Until

2030, however, public funds will need to be supplemented by the private sector in an expected amount of approximately EUR 30 billion per year. In this effort, Erste Group is seeking to play a leading role.

## Social inclusion

Since the last financial crisis, the risk of poverty and social exclusion has been declining in all of our markets, but there is persistently high and little improvement in working poverty (as many people work for minimal wages, partly compensated by income from the shadow economy). The rise in the cost of living across the region has also had an adverse impact on satisfaction with living standards. A low supply of new affordable housing and the

near absence of a social housing sector is leading to substantial overcrowding in CE, as many young people cannot afford to move out of their parents' homes. As property prices have risen over the past decade, not only the young and those on low incomes are barely able to afford to buy homes in larger cities, but even the middle class. Energy poverty (inability to pay for fuel), which still affects some 10% of the population, underlines the strong need for energy efficiency action and refurbishment of old buildings.

## Concrete measurable targets

Our short and medium-term targets are derived from these analyses:

Leading the **green transition** in the region and strengthening **social cohesion** through inclusivity. These are our goals!



**25% of corporate book as green investments**  
in 2026

**15% share of green housing mortgages**  
in 2027

**17 Ecolabel funds**  
offered to our clients by 2023 to promote investment opportunities



**2050 Net Zero Portfolio**  
interim targets established in 2022 for at least 50% of financed emissions

**2030 Net Zero Operations**

**Climate Neutral Operations**  
by end of 2023

**90% green electricity**  
by 2023



**€ 1 bn Social Banking**  
financing till 2030

**200,000 jobs**  
created or preserved through Social Banking by 2030

**15,000 affordable housing units**  
to be established till 2030



**40% share of women**  
in other management positions (B-2 & B-3) by 2025

**37% share of women in top management**  
(Board & B-1) by 2025

## Our path to net zero

As member of the **Net-Zero Banking Alliance**, Erste Group firmly believes that decarbonisation is possible and necessary. Erste Group is convinced that the development of a forward-looking strategy leading towards net zero will not only produce important insights into the future development of the market and visibility of emerging risks but will also create opportunities. This knowledge allows us to be one step ahead and it will support growth and resilience in the future.

As planned, we have set ambitious milestones for this path in early 2023. We have designed the planning process in such a way that we have been able to develop plausible targets that are based on science and are endorsed by the management across all of our markets.

Based on the calculation of financed CO<sub>2</sub>e emissions for each portfolio (see chapter 2.2 “Limiting financing in high-emission sectors”), we have defined sectors such as energy, retail mortgage lending and commercial real estate as priority areas. These sectors account for around 50% of our financed Scope 1+2 CO<sub>2</sub>e emissions and, against the backdrop of available technologies, regulatory standards and market experience, offer good potential for emission reductions.

Target identification and forecasts rely on existing and projected customer data, scientific scenarios and data from the International Energy Agency. The results have been used as inputs in our strategic financial planning.

| Sector                        | Target   |
|-------------------------------|----------|
| <b>Housing Mortgages</b>      | 1.75 °C* |
| <b>Commercial Real Estate</b> | 1.75 °C* |
| <b>Electricity production</b> | 1.50 °C* |
| <b>Heat production</b>        | 1.75 °C* |

\*aligned Scenario

|                           |                                |
|---------------------------|--------------------------------|
| <b>Cement</b>             | planned for 2024               |
| <b>Auto manufacturing</b> | planned for 2024               |
| <b>Oil &amp; Gas</b>      | planned for 2024               |
| <b>Steel</b>              | planned for 2024               |
| <b>Agriculture</b>        | planned                        |
| <b>Coal</b>               | not planned: phase-out by 2030 |
| <b>Aluminium</b>          | not planned: not material      |

## 1.2 GOVERNANCE

GRI 2-5, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18, 2-19, 2-20, 2-21

Erste Group is committed to responsible and transparent corporate governance and, since 2003, to applying the rules of the Austrian Code of Corporate Governance (Austrian CCG). The principles of the corporate constitution, the selection, collaboration and composition of its management bodies are described in detail in the (consolidated) corporate governance report.

### Integrated sustainability governance

The **management board** is responsible for managing the company as required for the benefit of the company, taking into account the interests of the shareholders and the employees as well as public interest. It describes the company's values and goals in concrete terms and lays down the corporate strategy with due regard to sustainability aspects and the associated opportunities and risks in respect of the environment, social concerns and corporate governance. It defines the sustainability strategy and is responsible for the ESG framework, priorities and goals. In addition, it ensures implementation of the sustainability strategy by allocating adequate resources and controls and is periodically informed on the current status and milestones achieved. These tasks are implemented through the **Group Sustainability Board**, an integrated sub-committee of the management board. In 2022, these bodies were briefed nine times by means of presentations held by the Group ESG Office on climate- and environment-related matters.

**Group ESG Office**, which reports to the CEO, promotes Erste Group's sustainability strategy and acts as the main advisor to the

management board on ESG strategy, targets and priorities. It develops key ESG policies, secures in-house expertise on climate, environmental, social and governance objectives, defines the ESG governance framework and financing rules and selectively intervenes in single transactions. In addition, it ensures transparency on Erste Group's sustainability impact and works with investors, ESG rating agencies, NGOs and regulatory and public bodies. It facilitates co-ordination with local ESG Offices. The ESG Office manages cross-divisional and group-wide co-ordinating bodies, the ESG Core Team and the Group Sustainable Finance Committee.

The **ESG Core Team** is a collaboration platform on which senior managers from various areas – business, finance, risk management, data management and other support functions – work together to develop ESG objectives and initiatives. It agrees and co-ordinates initiatives, timelines and other matters for implementation by the relevant internal stakeholders. Meetings are held bi-weekly.

The main task of the **Group Sustainable Finance Committee** is the co-ordinated development of fundamental ESG methods for steering instruments such as portfolio limits, pricing and the ESG Factor Heatmap (graphical representation of ESG risk factors by industry segment). The Committee is chaired by Erste Group's Sustainability Officer, who is supported by senior risk and business unit managers with voting rights. The Committee is responsible for Erste Group's Sustainable Finance Framework, group-wide criteria for the classification of sustainable assets, asset allocation and reporting obligations. The committee's recommendations are submitted to the relevant decision makers for adoption within the usual governance structures. The committee is organised by the Group ESG Office and convenes on demand. In 2022, ten meetings were held on topics including selection criteria for green assets for financing purposes and changes in the calculation of financed emissions.

The **supervisory board's** core duties include approving the management board's fundamental decisions on strategy and hence also the sustainability strategy and the ESG framework. The supervisory board oversees their implementation. In 2022, the supervisory board set up its own **Strategy and Sustainability Committee** for this purpose; its activities are described in the (consolidated) corporate governance report. Reviewing the (consolidated) non-financial report prepared by the management board is the responsibility of the **Audit Committee**. In 2022, these bodies were briefed on climate- and environment-related matters eleven times in presentations by the Group ESG Office. In addition, two scientific lectures were organised for the supervisory board on the economic impact of climate change and the relevance of ESG aspects for our customers in our core markets. These presentations were also attended by Erste Group's management board.

## Risk management

These bodies are hence also tasked with monitoring and managing the environmental risks arising from Erste Group's operations, i.e. essentially financed emissions (see chapter 2.2 "Limiting financing in high-emission sectors"). How Erste Group identifies and mitigates climate-related risks as part of its risk management is described in detail in the consolidated financial reports, Notes 32 and 36. This also comprises the materiality assessment, the application of quantification methods and the resulting duties of care.

## Sustainability-related remuneration

Erste Group Bank AG is committed to effective and sustainable shareholder engagement on the topic of pay (Say on Pay). Pursuant to the Austrian Stock Corporation Act (AktG), we invite the annual general meeting to take a non-binding vote on the remuneration policy for the management board and the supervisory board as well as on any significant change in this policy at least every four years.

The 2021 annual general meeting approved the remuneration policy for the Management Board and the Supervisory Board with a vote of 99.08%. The remuneration report for 2021 was adopted by the 2022 annual general meeting with a vote of 91.31%.

The remuneration policy for the management board is consistent with the strategy of Erste Group and is designed to motivate management board members to promote a sustainable and posi-

tive development of the company. The remuneration of management board members of Erste Group Bank AG consists of two components: fixed and variable remuneration.

Fixed remuneration is granted regardless of performance and comprises the basic salary as well as contributions to the company's pension scheme (pension fund), insurance benefits and other benefits in kind. It is based on each board member's respective area of responsibility, taking into account the strategic and operational scope of their duties. Variable remuneration is always performance-linked. Variable remuneration is granted and paid on the basis of specific, measurable performance criteria that are aligned with Erste Group Bank AG's business strategy and long-term development. Both group and single-entity level targets and individual targets are taken into account. When defined minimum performance criteria are not met, variable remuneration is not granted or paid out. Variable remuneration is partly paid out upfront and partly as deferred remuneration, spread out over several years. This way, variable remuneration is strongly aligned with shareholder interests and a long-term view. Group performance is measured at group level based on the annual weighted achievement of performance targets. At least half of the up-front and deferred remuneration is settled in the form of a non-cash instrument, the other portion is paid out in cash. It is awarded in the year following the performance period.


The remuneration policy also includes malus and clawback provisions in accordance with EBA guidelines.

## Remuneration of board members

| Type/ component              | Elements  | Method of payments   | Feature  |
|------------------------------|---|--|--|
| <b>Fixed remuneration</b>    |   |  |  |
| Base Salary                  |   | Cash   | - consideration of the area of responsibility of the respective board member<br>- promoting cooperation with the board   |
| Other remuneration           | Pension fund                                    | Assumption of contributions by the company   | - defined contribution pension plan via an external pension fund<br>- severance fund (Mitarbeitevorsorgekasse)   |
|                              | Insurances                                      | Assumption of contributions by the company   | - risk insurance against occupational disability and in case of death<br>- risk accident insurance   |
|                              | Benefits in kind                                | Various  | - any annual leave payments<br>- possible one-time sign-on<br>- benefits in kind, e.g. company car incl. driver and parking space, employee shares   |
| <b>Variable remuneration</b> |   |  |  |
| Upfront remuneration (40%)   | Upfront cash payments (50% of the upfront part) | Cash payment in the subsequent fiscal year   |  |
|                              | Upfront non-cash component                      | Share-based settlement in the second following fiscal year (1-year holding period) |  |
| Deferrals (60%)              | Deferral cash payments (50% of deferrals)       | Cash payment from the third following fiscal year in 3 annual tranches             | - alignment with the fulfilment of certain comprehensible performance criteria aligned with business strategy and long-term development of Erste Group<br>- consideration of goals on group or individual institute level as well as consideration of individual goals |
|                              | Deferral non-cash component (50% of deferral)   | Share-based settlement after expiry of the deferral period and the holding period  |  |

The key criterion determining the variable remuneration of management board members is the overall financial performance of Erste Group.

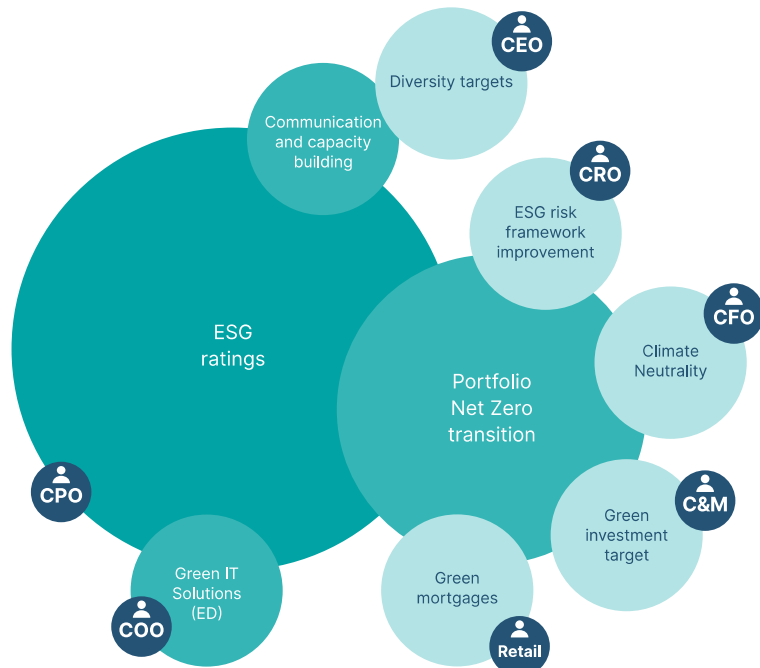
In 2022, the ESG targets of the management board members were as follows:



**10-15%**  
of each board member's variable remuneration depends on ESG criteria.

**ESG targets**

- Holistic ESG performance
- Green Transition: Green financing & Net Zero transition
- Equal Opportunities



Each area corresponds to 5% of the variable remuneration

The remuneration of management board members is set by the supervisory board. Remuneration consultants are not involved in determining remuneration. Leadership performance is assessed by the supervisory board annually, taking into account non-financial performance goals including specifically criteria concerning sustainable corporate governance and corporate social responsibility (ESG criteria) of Erste Group Bank AG. The supervisory board of Erste Group Bank AG has set up an independent Remuneration Committee pursuant to legal requirements, which prepares the supervisory board's resolutions on remuneration. For further details on the remuneration governance process, please see the chapter on "Procedure" in the remuneration policy of Erste Group Bank AG. The work of the Remuneration Committee in 2022 is described in the section on Supervisory Board Committees and their decision-making powers in the (consolidated) corporate governance report.

By resolution dated 24 May 2018, the annual general meeting granted the supervisory board members an annual remuneration for the fiscal year 2017 and subsequent years (unless otherwise decided by a future annual general meeting) as follows: in accordance with this resolution, the chair of the supervisory board will receive a remuneration of EUR 150,000, the first vice chair EUR 90,000, the second vice chair EUR 80,000 and ordinary members of the supervisory board EUR 60,000 each. Chairs of the Risk, Audit and IT Committees will each receive additional remuneration of EUR 10,000, chairs of the Remuneration and Nomination Committees EUR 5,000. Supervisory board members

delegated by the employees' council receive neither remuneration nor attendance fees.

**Annual remuneration ratio**

Erste Group shows the income distribution within the company by comparing the annual fixed remuneration of the highest-paid employee with the median annual fixed remuneration of all employees in Austria, the Czech Republic, Slovakia, Hungary, Romania, Croatia, Serbia and all other countries in which Erste Group has subsidiaries. All salaries are calculated as annual salaries on the basis of full-time equivalents. The remuneration ratio for the 2022 fiscal year is 36.8.

**It is calculated by means of the following formula.** Annual fixed remuneration of the highest-paid employee of Erste Group (CEO) divided by the median annual fixed remuneration of all employees of the organisation with the exception of the highest-paid person.

**Limitations.** The only partial availability of data in a number of entities in Romania, Hungary, Slovenia, Croatia, Montenegro, North Macedonia and Moldova reduced overall population size, as a result of which the ratio shown is not representative of the entire Erste Group.

In addition, the salary differences among the European markets in which we operate are substantial, which has an impact on the median calculated.



### 1.3 STAKEHOLDER ENGAGEMENT

GRI 2-29

It is important to us to engage in an open dialogue with our stakeholders. This is what is required by our Code of Conduct and this is what we do. A few examples:

- \_ Our customer relationship managers are in continuous personal contact with our **customers** – in advisory sessions, at events and seminars. We also receive feedback through our customer experience programme. For details, see Customer Satisfaction and Ethical Conduct/Complaints Management.
- \_ In addition to periodic employee and feedback talks as part of our talent management programme, our **employees** have manifold opportunities for participation, ranging from institutionalised upward feedback for managers to a major crowd-sourcing project on corporate culture and values conducted in the past year, which, in a digital, dynamic approach, invited all employees to contribute their views, review and assess colleagues' contributions and express their perspectives on the future. Employees' representation is in conformity with the respective local laws and represents employees' interests vis-à-vis the employer. For details, see chapter 3 "Our Employees".
- \_ We communicate with **investors** and **analysts** by means of investor presentations and webcasts, at road shows and conferences.
- \_ We conduct a permanent, pro-active dialogue with national and European **supervisory and regulatory authorities**. Working with the European Central Bank, we successfully concluded a thematic review on climate and environmental risks in 2022.
- \_ We conduct content-driven debates with **academic institutions** as well as **environmental and social NGOs** (non-government organisations). Here, the focus is on climate change, physical risks and other key social concerns.

### 1.4 MATERIAL TOPICS

GRI 3-1, 3-2

Our report on Erste Group's contribution to sustainable development focuses on the most significant impacts that the business activities of Erste Group have on the economy, the environment

and people and how sustainability themes impact its operations (risks & opportunities). For this purpose we identified and assessed actual and potential impacts and selected the most material topics for reporting ("material topics").

#### Identification of material topics

##### Impact analysis

The identification and assessment of actual and potential negative and positive impacts that Erste Group's business activities have on the economy, the environment and people was comprehensively updated in 2021. For this purpose, the ESG Office organised a survey among its in-house and external experts and consulted with institutional investors of Erste Group.

In 2022, we conducted a critical review of the results in light of current developments such as geopolitical tensions, volatile energy markets and supply, new scientific findings on the impacts of climate change, including the Sixth Assessment Report of the IPCC (Intergovernmental Panel on Climate Change), and observable climate phenomena and came to the conclusion that our assessment continues to be valid. This was taken note of by the Audit Committee.

##### Materiality analysis

In 2021, we conducted telephone surveys among customers and online surveys among employees, investors, NGOs, academics and supervisory board members to prioritise material topics for reporting purposes. Overall, participants included 1,524 employees and 1,639 customers from Erste Group's seven core markets as well as 60 representatives of investors and NGOs, academics and supervisory board members. The topics were subsequently ranked on this basis. We report on the 12 most material topics.

For the reporting year 2022, we re-evaluated the weighting of topics against the backdrop of the climate crisis and in this report have therefore placed the focus on environmental themes.

#### Material topics & classification in the report

The table below shows the final material topics that resulted from the materiality analysis.

| Material topics                                      | Chapter in the report        |
|--|------------------------------|
| Sustainability criteria in financing and investment  |                              |
| Limit financing of high emission sectors             | 2. Climate and environment   |
| Ecological impact of banking operations              |                              |
| Diversity and equal opportunity                      |                              |
| Employee health & work-life balance                  | 3. Our employees             |
| Talent attraction                                    |                              |
| Customer satisfaction                                |                              |
| Data security  | 4. Our customers             |
| Access to banking products for the socially excluded |                              |
| Financial literacy                                   | 5. Our social responsibility |
| Ethical conduct of employees in banking operations   |                              |
| Anti-corruption measures                             | 6. Business ethics           |

GRI 3-2

## 2. Climate and environment

Climate change has undoubtedly become the most prominent challenge we need to face in order to secure a future worth living in our region of the world. We are committed to the Paris Agreement and prepared to make a contribution towards limiting global warming to 1.5 degrees. As a financial service provider, Erste Group’s focus is not only on transforming its own operations, but above all on the effects climate change has on our investment and finance activities.

To be able to meet this challenge, we aim for a net zero portfolio by 2050, following clear-cut sustainability criteria for investment and finance. A key focal point in this context are high-emission sectors. We regard the EU Taxonomy Regulation as an opportunity and strive to increase our investment in sustainable business activities. Last, but not least, we are also taking the necessary measures in our own business activities, aiming to make our banking operations climate neutral by the end of 2023.

### 2.1 SUSTAINABLE FINANCE AND INVESTMENT

GRI 3-3

Supporting the transition of our customers’ activities and investments towards net zero emissions is the most effective way in which we can have a positive impact on sustainable transformation in our region. This is why our sustainability strategy (see chapter 1.1 “ESG Strategy”) sets out a strategic priority in this respect, which is to strengthen our leading position in sustainable finance in the CEE region to ensure growth for the future.

#### Risks / impact

As our in-depth analysis of climate-related challenges and of the legislative and economic effects of climate change in our region (Climate Change House View) has revealed, finance for, and investment in, businesses exposed to physical and transitional climate risks present a major exposure for our core business in

the medium to long term. It is above all in customer investment and advisory processes that we would also have to face consequences should products advertised as “sustainable” not stand up to regulatory scrutiny. Such “greenwashing” would entail fines as well as reputational damage.

Another aspect is the potential for adverse impacts on the environment and on society resulting from financing for, or investment in, businesses whose operations are harmful to the environment and that fail to respect fundamental human rights or the principles of good governance. By contrast, setting out sustainability criteria will ensure that we avoid relationships with businesses that have adverse impacts on sustainability, with funds being directed instead to businesses and activities that make a contribution towards transformation.

#### Opportunities

The transition towards a sustainable economy requires massive investment. This holds business opportunities for Erste Group, provided we are able to offer the requisite expertise along with customised products. Given the plethora of funding programmes available and the advanced technical standards for sustainable economic activities defined in the EU taxonomy, our customers need advice tailored to their specific needs. Demand for sustainable investment products – by businesses, institutional investors and private individuals – keeps growing. Taking advantage of this trend, we can secure new sources of income while at the same time making a valuable contribution towards a sustainable future.

#### Targets

Erste Group has set itself two targets: reducing financed emissions along the net zero pathway (see chapter 2.1 “Sustainable Finance and Investment”), and significantly increasing the share of sustainable finance and investment over the short and medium term:

| Metric            | Baseline             |       | Actual |       | Targets    |        |          |        |
|-------------------|----------------------|-------|--------|-------|------------|--------|----------|--------|
|                   | Year                 | Value | Year   | Value | short term |        | mid term |        |
|                   |                      |       |        |       | Year       | Target | Year     | Target |
| Corporate banking | % of credit exposure | -     | -      | -     | -          | -      | 2026     | 25%    |
| Retail housing    | % of credit exposure | -     | -      | -     | -          | -      | 2027     | 15%    |
| Ecolabel funds    | # of funds offered   | 2021  | 11     | 2022  | 16         | 2023   | 17       |        |

The proportion of sustainable lending to businesses is set to reach 25% by 2026, supporting our pathway towards net zero emissions. In the retail segment, we aim to attain a share of 15% of mortgage loans serving to finance sustainable buildings and structures by 2027. The range of sustainable investment funds (“Article 9 funds” under the EU’s Sustainable Finance Disclosure Regulation) will be expanded in 2023 and beyond.

Our sustainable financing activities take guidance from the criteria set out in the EU taxonomy. In addition, we have defined clear rules as to which sectors or projects we will abstain from financing for ethical reasons.

## Governance / responsibility

Responsibility for reaching the targeted “sustainable” proportion in our retail mortgage loan portfolio lies with the Chief Retail Officer. Responsibility for reaching the corresponding targets in

our corporate customer and investment portfolios lies with the Chief Corporates and Markets Officer. Our financing targets have been broken down to the level of individual business segments and geographical regions, both for corporates and retail customers.

## Measures and key performance indicators

|   | Austria | Hungary | Czech Republic | Slovakia | Romania | Croatia | Serbia |
|---|---------|---------|----------------|----------|---------|---------|--------|
| Increase share of renewable energy project and high quality real estate financing | ●       | ●       | ●              | ●        | ●       | ●       |        |
| Support corporate client transition by offering sustainability linked loans       | ●       |         |                |          |         |         |        |
| Increase retail mortgage financing with high EPC labels                           | ●       | ●       | ●              | ●        | ●       | ●       |        |
| Raise marketing budgets for ESG topics & products                                 | ●       |         |                |          |         |         |        |

## Ethical exclusion criteria for business loans and our banking book

The Group Responsible Financing Policy sets out exclusion criteria for specified economic activities, defining harmful socio-ecological activities that are to be excluded from finance and banking services. The focus of the policy is on climate action, which includes an alignment of Erste Group’s energy finance activities with the Paris Agreement, the limitation of global warming, the prevention of extensive environmental degradation, and measures to preserve biodiversity through refraining from financing arctic oil and gas exploration and unconventional mining practices, while investing in hydropower projects only on a highly selective basis. In addition, the policy aims to limit the impact of socially harmful activities such as those found, for instance, in the weapons and defence industry.

In response to the energy crisis in Europe, Erste Group adapted its Responsible Financing Policy while remaining committed to its target of exiting the coal sector by no later than 2030. Mindful of our responsibility towards society, we decided to grant our customers time until the end of 2025 to define their plans for a coal phase-out. We believe that this will be a sufficient timeframe for them to draw up credible phase-out plans. Given the current energy crisis, we recognise nuclear energy as a necessary transition technology. With our responsibility for the region in mind, we support only projects offering the highest standards of safety as well as solutions for long-term nuclear waste management, as set out in the EU taxonomy.

## Specialised advisory services for corporates

Erste Group has, in some instances, set up dedicated teams – such as Sustainable Finance Corporates in Austria – for corporates in its core markets. In general, the first item on the agenda with corporate customers is a sector and customer-specific analysis of relevant ESG issues and, where applicable, links to the EU Taxonomy Regulation. The next step involves selecting and implementing the necessary finance instruments in conformity with the customers’ sustainability and finance strategies.

## Investment banking

Outcome-oriented investment has been playing a key role on the market for responsible investment, especially since the 21<sup>st</sup> UN Climate Conference in Paris in 2015. On the financial institutions and sovereign/supra/agency debt capital markets side, both social bonds and green bonds saw an increase in issuance volumes in 2022. Investor interest in social bonds likewise recorded a significant rise in the reporting year. In 2022, Erste Group Bank again acted as bookrunner for a large number of such bonds and arranged a total volume of EUR 8.2 billion of green/social/ sustainable bond issuances for corporates, governments and supranational organisations.

The sustainable corporate debt market is no longer dominated just by green bonds issued by utility companies but has already become well-diversified, offering a broader variety of instruments from issuers across various industries. Transactions include green bonds in the real estate segment, ESG rating-linked *Schuldscheindarlehen* for the packaging industry and a combination of KPI-linked and green structure in the utility segment. Erste Group was again very active in the sustainable finance market and arranged transactions at a combined volume of more than EUR 3 billion for corporate issuances in 2022.

The Group’s Sustainable Finance Framework defines rules for bond issuances in conformity with the ICMA Green Bond Principles. When it comes to buildings and energy, we look to the EU taxonomy’s technical screening criteria for guidance.

## Ethical exclusion criteria for investment products

Erste Group’s retail investment products (investment funds, bonds, structured bonds) are governed by the Sustainable Retail Investment Framework. All third-party-issued investment products actively marketed to retail customers by Erste Group must likewise meet the sustainability standards. The four issuers represented on Zertifikate Forum Austria (ZFA) – Erste Group Bank AG among them – have developed uniform product and transparency standards for structured products based on sustainable investment criteria. This means that structured investment products are sustainable both from the perspective of the issuer and at the underlying level.

### Sustainable investment and real estate funds

Erste Group's capital investment company, Erste Asset Management (Erste AM), became a signatory of the Principles for Responsible Investment (PRI) in 2009.

Erste AM has long been offering a broad range of funds and investment services that take account of ESG factors:

- **Impact Investing.** The investment strategy is focused exclusively on sustainable investment ("dark green" funds). Such funds are in conformity with Article 9 of the EU's Sustainable Finance Disclosure Regulation (SFDR).
- **Responsible Investing.** The investment strategy takes account of environmental, social and governance data, which enter into an ESG rating specifically introduced by EAM for business evaluation purposes ("light green funds"). Such funds are in conformity with Article 8 SFDR.
- **Integration.** Integration means integrating ESG criteria in the investment process in view of their potential positive impacts. Businesses with a high level of ESG exposure will be excluded, for instance. Such funds are likewise in conformity with Article 8 SFDR.
- **Discretionary Portfolio Management (DPM).** Portfolio management is based on a broad interpretation of sustainability. The use of proprietary sustainability approaches by the management company promotes both environmental and social characteristics in accordance with Article 8 of EU Regulation 2019/2088.

Erste AM's integrated approach combines exclusion criteria, positive screening, a best-in-class approach based on an ESG analysis, corporate dialogue and voting as well as investment decisions made in line with the desired impact and an assessment of the sustainable yield thus achieved. Furthermore, Erste AM offers tailor-made solutions to its institutional customers.

The Ethics Advisory Board, a body consisting of five external experts, supplements the expertise of the experts at Erste AM in the field of ethical assessment. Erste AM is an active member of the following institutions: Eurosif (European Sustainable Investment Forum), FNG (forum for sustainable investment), and CRIC (Corporate Responsibility Interface Center).

In 2022, sixteen funds were awarded the 3-star FNG label. The FNG label is the quality standard for responsible investment in the German-speaking countries and was first awarded by Forum Nachhaltige Geldanlagen (FNG) in 2015. In addition, 16 funds have been awarded the Austrian Ecolabel for sustainable financial products, most of them for many years in a row.

Erste AM is a leading provider of sustainable investment funds in Austria and the CEE region. At year-end 2022, Erste AM managed assets worth approximately EUR 69.4 billion. The internally managed assets of investment funds that promote ecological and/or social characteristics, categorised as ESG Impact, ESG Responsible and ESG Integration, including sustainable real

estate assets that promote environmental and/or social characteristics, amounted to EUR 15.03 billion, held in a total of 90 investment funds, divided into mutual funds, special funds and individual mandates.

### Green Consumption Pledge

In June 2021, Erste Group was the first financial institution to accede to the European Commission's Green Consumption Pledge to accelerate its contribution to a sustainable economic recovery. Erste Group is committed to ensuring the availability of sustainable investment products and to promoting sustainable investment to facilitate the participation of consumers in the green transition. Erste Asset Management (Erste AM), Erste Group's investment fund and asset management subsidiary, is tasked with implementing this pledge.

Since becoming a signatory of the Green Consumption Pledge in June 2021, Erste AM has increased the number of investment funds awarded the Austrian Ecolabel from 11 to 16. There are plans to launch another fund that will meet the Ecolabel's stringent sustainability criteria by the end of 2023.

Erste AM has also committed to raising the share of its marketing budget dedicated to ESG topics and products to at least 25% by the end of 2023.

Three or four times a year, the ESG investment team issues a specialised ESG publication – Erste Responsible Return – The ESG Letter on Environmental, Social and Governance Issues. The publication discusses special ESG aspects in detail, for instance, most recently, the social aspects of financial investment. In addition, blog articles on ESG topics are published regularly, addressing, for instance, topics such as addressing sustainability in advisory settings.

In 2022, Erste AM offered webinars for retail sales advisors of Erste Bank Oesterreich and the savings banks reaching more than 1,000 participants. With quarterly webinars and its annual outlook scenario analysis that includes more and more ESG topics, Erste AM attracts an increasing number of institutional investors as well as distribution partners. At the end of April, Erste AM hosted a sustainability conference for institutional investors at Erste Campus in Vienna, with climate change and climate politics the top items on the agenda.

Since 2022, Erste AM has been providing regular and standardised reporting on the United Nations Sustainable Development Goals (SDGs), with quarterly updates available on Erste AM's website.

### Structured retail bonds

Sustainable ESG products that promote environmental and/or social characteristics are subjected to an ESG rating based on a predefined methodology, respecting ESG exclusion criteria (e.g. weapons, child labour) to avoid social, environmental and financial risks. The ESG portion of structured products issued by Erste Group in Austria in 2022 came to far in excess of 70% (2021: 50%), which is a year-on-year increase of approx. 40%.

### Sustainable lending

Sustainable lending is lending made available exclusively to fund or refinance, in whole or in part, eligible new and/or existing “green” projects with a focus on achieving or ensuring some form of environmentally sustainable impact. In the case of “social projects”, the focus is on achieving or ensuring social and/or governance-related impacts.

## Sustainable finance

| in EUR million   |  | 2022           |
|--|--|----------------|
| <b>New corporate financing of environmental objectives, total committed amount</b> |  | <b>2,172.6</b> |
| Construction and real estate   |  | 1,372.5        |
| Renewable energy   |  | 427.2          |
| Transportation   |  | 259.6          |
| Other Corporate <sup>1</sup>   |  | 113.3          |
| <b>Green retail mortgages<sup>2</sup> (Austria only), total outstanding amount</b> |  | <b>4,283.1</b> |

<sup>1</sup> Loans to corporate customers: These figures represent new business under all corporate lending in the core market (Erste Group Bank AG including CE subsidiaries, Erste Bank der oesterreichischen Sparkassen AG) in fiscal year 2022

<sup>2</sup> Retail mortgages: These figures represent the total of all housing loans at Erste Bank der oesterreichischen Sparkassen AG and all savings banks as of 31 December 2022

## Sustainable investment

| in EUR million |   | 2022            | 2021            | 2020            |
|----------------|---|-----------------|-----------------|-----------------|
| <b>SFDR</b>    | <b>Erste Asset Management - ESG-assets (funds, portfolio management, insourcing-mandates)</b> | <b>15,039.5</b> | <b>15,421.9</b> | <b>13,454.0</b> |
| Article 9      | ESG Impact  | 1,799.4         | 1,956.4         | 1,317.5         |
|                | Responsible & Ethics  | 7,924.0         | 7,687.1         | 7,381.8         |
| Article 8      | ESG Integration   | 4,744.7         | 5,778.3         | 4,754.7         |
|                | ESG DPM   | 571.5           | 0.0             | 0               |
|                | <b>ESG-assets - in % of total</b>   | <b>21.7%</b>    | <b>20.1%</b>    | <b>19.7%</b>    |

In 2022, the proportion of ESG assets rose to 21.7%, up 1.6% year-on-year.

Under Article 9 of EU Regulation 2019/2088, the following tools are applied to investment funds which promote or rate environmental or social characteristics or a combination thereof: exclusion criteria, norm-based screening (conformity with specified international standards and norms), best-in-class, integration (reduction of ESG risks) and theme funds.

Some Erste AM funds were awarded certifications under the sustainability standards currently applicable on the financial market, such as the FNG seal or the Austrian Ecolabel. Investment funds under Article 9 of EU Regulation 2019/2088 which have sustainable investment as their objective must, in addition, achieve a focused sustainability impact.

## 2.2 LIMITING FINANCING IN HIGH-EMISSION SECTORS

GRI 3-3

Key steps along the path toward a decarbonisation of our portfolio include the measuring of financed greenhouse gas (GHG) emissions and – based on the outcome – effective steering measures for the portfolio. Erste Group laid the necessary foundations by joining the Partnership for Carbon Accounting Financials (PCAF) and conducting a first-time evaluation of financed emissions in 2021. In 2022, further asset classes were included in the calculation, and first specific decarbonisation targets were set for four sectors. At the same time, we are working to reduce our risk exposure in high-emission sectors.

### Risks, impact and opportunities

The financing of high-emission sectors comes with both adverse effects on the climate and the environment and risks and opportunities for Erste Group.

## Targets

In a bid to reach the zero net emissions target for our portfolios by 2050, we have set ourselves the following ambitious interim targets:

|                         | Metric                             | Methodology | Scenario/Pathway | Baseline |       | Targets |             |      |             |
|-------------------------|------------------------------------|-------------|------------------|----------|-------|---------|-------------|------|-------------|
|                         |                                    |             |                  | Year     | Value | 2030    | % reduction | 2050 | % reduction |
| Mortgages               | kgCO <sub>2</sub> e/m <sup>2</sup> | SBTi SDA    | IEA B2DS         | 2022     | 53.3  | 30.5    | -43%        | 0.8  | -98%        |
| Commercial real estate  | kgCO <sub>2</sub> e/m <sup>2</sup> | SBTi SDA    | IEA B2DS         | 2022     | 50.9  | 25.7    | -50%        | 1.0  | -98%        |
| Electricity production  | kgCO <sub>2</sub> e /MWh           | PACTA       | IEA NZE2050      | 2022     | 421.4 | 215.6   | -49%        | 24.9 | -94%        |
| Heat & steam production | thousand tCO <sub>2</sub> e        | SBTi AC     | IEA B2DS         | 2022     | 1,382 | 801     | -42%        | 138  | -90%        |

## Governance / responsibility

Overall responsibility at Erste Group for managing financed emissions and aligning our portfolio with the goals of the Paris Agreement lies with the management board. The net zero transition strategy is a strategic initiative managed by the Group ESG Office, with operational implementation being ensured by Group Enterprise Risk Management and Group Credit Risk Portfolio Management. The business units of Erste Group Bank AG (Holding) and of the subsidiaries are in charge of developing and implementing the specific measures to be taken. In a first step, our objectives will be implemented in our CEE countries, at the Holding, Erste Bank Oesterreich & subsidiaries. The savings banks segment (members of the Haftungsverbund (cross-guarantee system) of the Austrian savings banks sector in which Erste Group does not hold a majority stake but which it fully controls in accordance with IFRS 10) will implement the target agreement in a second step, in line with the Group implementation policy. The savings banks segment's targets are approved on a dedicated platform by the board member in charge of strategy.

## Measures and KPIs

To be able to take measures to limit financing in high-energy-use sectors, it is first of all necessary to identify such sectors and, using the PCAF accounting standard, to arrive at an estimate of the emissions contained in our portfolios (assets).

Depending on the intended purpose, different metrics may apply for the steering of financed emissions. While the metrics for determining the financed portfolio are expressed in EUR million, in metric tonnes of carbon dioxide equivalent or as the ratio between the former and the latter, business goal metrics are in most cases expressed as physical activity-based emission intensities per sector (e.g. kgCO<sub>2</sub>e per MWh of electrical power). The advantage of goals based on physical activity-based emission intensities is that they reference the relevant decarbonisation of the financed sector, while targets expressed in absolute emission figures can potentially be achieved also by cutting down on the portfolio. What is more, the business goal metrics are the ones applied throughout the fiscal year to control the development of business internally and are therefore of more practical relevance to our sales teams. The table below provides a sample overview of these parameters:

| Portfolio measures           | Financed emissions                    | Target setting  | Business KPIs                                      |
|------------------------------|---------------------------------------|---|--|
| Credit exposure, EUR million | Absolute measure, tCO <sub>2</sub> e, | Production metrics:<br>kgCO <sub>2</sub> e/m <sup>2</sup> , kgCO <sub>2</sub> e/MWh | share of green financing in critical sector in %   |
|                              | Relative measure gCO <sub>2</sub> e/€ | Emission metric: tCO <sub>2</sub> e   | absolute green financing per sector in EUR million |

## Financed emissions – PCAF reporting

Erste Group used PCAF methodology (version 2022) to account for its financed emissions. We included the following PCAF-defined asset classes in our calculation: corporate bonds, business loans, commercial real estate, project finance, and mortgages. The corporate bond asset class was included in this report for the first time. Amounting to EUR 2.1 billion, the credit exposure for corporate bonds corresponded to approx. 1.2% of the total quantified portfolio (EUR 178.3 billion). In 2022, Erste Group also newly added the portfolios of the subsidiaries in Serbia, Montenegro, North Macedonia, Bosnia & Herzegovina, and Slovenia, as well as the micros portfolio, with a corresponding total credit exposure of EUR 11.2 billion, or 6.3% of the total quantified portfolio.

Overall, the 2022 financed emissions calculation covered already 89% of total customer loans (i.e. credit exposure excluding off-balance-sheet positions, central banks, governments and credit institutions). The difference of about 11% is mainly due to the large number of consumer loans, for which PCAF does not yet provide a specific calculation methodology.

Two out of the seven currently existing PCAF calculation methodologies have not been included in the calculation yet. Given its low volume, the motor vehicles asset class has so far not been a priority, and the sovereign debt asset class was officially adopted in the PCAF standard only at the end of 2022.



## Share of the portfolio covered by the calculation

|   | Credit exposure<br>in EUR million | covered by financed emissions |              | not covered by financed emissions |              |
|---|-----------------------------------|-------------------------------|--------------|-----------------------------------|--------------|
|   |                                   | in EUR million                | %            | in EUR million                    | %            |
| Off-balance sheet exposures and derivatives HfT | 65,670                            | -                             | 0%           | 65,670                            | 100%         |
| Central banks                                   | 16,656                            | -                             | 0%           | 16,656                            | 100%         |
| Central governments                             | 51,434                            | -                             | 0%           | 51,434                            | 100%         |
| Credit institutions                             | 15,146                            | -                             | 0%           | 15,146                            | 100%         |
| Other financial corporations                    | 7,125                             | 5,638                         | 79.1%        | 1,487                             | 20.9%        |
| Non-financial corporations                      | 97,043                            | 94,048                        | 96.9%        | 2,994                             | 3.1%         |
| Households                                      | 96,092                            | 78,632                        | 81.8%        | 17,460                            | 18.2%        |
| <b>Total</b>                                    | <b>349,166</b>                    | <b>178,319</b>                | <b>51.1%</b> | <b>170,847</b>                    | <b>48.9%</b> |

### Methodology

We used our in-house customer segmentation by sectors for the purpose of PCAF measuring and disclosure.

In the case of business loans, corporate bonds and project finance, we followed the PCAF methodology by relying either on emissions reported by the businesses or on estimates based on finance data and emission factors drawn from the PCAF database. In the case of commercial real estate and mortgages, our emission estimates were based on building data (energy performance certificates (EPCs) and floor area) or on national averages and national emission factors. In the case of renewable energy projects (wind, solar, geothermal), we assume zero emissions.

We relied on PCAF methodology for scoring **data quality**, where the scale ranges from a score of DQ 1 (= highest data quality) to DQ 5 (= lowest data quality).

The data quality of our calculations reflects the high dependence on sectoral emission factors, as relevant customer information was not widely available. However, our increased efforts at data collection have helped us to successfully improve our data quality levels.

Sectors were classified as high-emission sectors based on company revenue-based emission intensity. Everything above 6 kg of CO<sub>2</sub>e/EUR of revenue was classified as high emissions sector, while everything from 1 to 6 kg of CO<sub>2</sub>e/EUR of revenue was classified as critical emissions sector.

2022 brought the introduction of a number of significant changes in methodology, which impacted the outcomes in terms of financed emissions. The most important change related to the new second edition of the PCAF standard (2022), which, by compari-

son with the first one, provides for additional sectors where Scope 3 emissions must be included in the calculations. At Erste Group, this impacted above all finance in manufacturing, i.e. in typical industrial operations, and, to a smaller extent, also the construction and transportation sectors. Overall, this change resulted in an increase of financed Scope 3 emissions by 14.3 million tCO<sub>2</sub>e, which was 49% of total financed emissions (29.4million tCO<sub>2</sub>e).

Other changes or new features in PCAF methodology concerned (i) the newly added asset class of corporate bonds, which accounted for 0.3 million tCO<sub>2</sub>e, (ii) portfolios which provide no relevant information other than exposure – measurement based on average values or the remaining portfolio in 2021 was changed in the first half of 2022 to measurement based on PCAF emission factors, causing financed emissions to rise by 0.5 million tCO<sub>2</sub>e at the time –, and (iii) the energy mix for mortgages and commercial real estate, the granularity of which was increased in the first half of 2022, requiring a subsequent update of related emission factors and resulting in an overall reduction of financed emissions by 0.9 million tCO<sub>2</sub>e.

### Outcomes

Altogether, the portfolio's financed emissions came to 29.4 million tCO<sub>2</sub>e (prior year: 11.1 million tCO<sub>2</sub>e), of which Scope 1 and Scope 2 emissions accounted for 14.3 million tCO<sub>2</sub>e and Scope 3 emissions for 15.1 million tCO<sub>2</sub>e. Financed emission intensity stood at 165.1 tCO<sub>2</sub>e/EUR million (prior year: 79.0 tCO<sub>2</sub>e/EUR million).

The weighted average data quality of the quantified portfolio was 3.9. Weighted average data quality was first measured in the first half of 2022, when it amounted to 4.3, which indicates that data quality registered a significant improvement.

## Financed Emissions

|   | Credit exposure<br>in EUR million | Credit exposure<br>covered by<br>emissions<br>calculation<br>in EUR million | Financed emissions,<br>thousand tCO <sub>2</sub> e |               | Emission<br>intensity<br>tCO <sub>2</sub> e/EUR mln | Weighted<br>data quality<br>High = 1, Low = 5 |
|---|-----------------------------------|---|--|---------------|---|---|
|   |                                   |   | Scope 1 + Scope 2                                  | Scope 3       |   |   |
| <b>2021</b>                                     | <b>312,439</b>                    | <b>140,200</b>  | <b>11,0531</b>                                     |               | <b>79,0<sup>1</sup></b>                             | <b>4,3<sup>2</sup></b>                        |
| <b>2022</b>                                     |                                   |   |  |               |   |   |
| <b>by PCAF asset class</b>                      |                                   |   |  |               |   |   |
| Corporate bonds                                 |                                   | 2,073   | 313  | 441           | 363.6   | 3.9   |
| Business loans                                  |                                   | 74,270  | 9,990  | 14,648        | 331.7   | 4.1   |
| Project finance                                 |                                   | 2,295   | 349  | 27            | 164.2   | 3.1   |
| Mortgages                                       |                                   | 72,632  | 2,987  | 0             | 41.1  | 3.9   |
| Commercial real estate                          |                                   | 27,050  | 689  | 0             | 25.5  | 3.6   |
| <b>Total</b>                                    | <b>349,166</b>                    | <b>178,319</b>  | <b>14,329</b>                                      | <b>15,116</b> | <b>165.1</b>  | <b>3.9</b>                                    |
| <b>by sector</b>                                |                                   |   |  |               |   |   |
| Natural resources & commodities                 | 13,881                            | 9,046   | 3,093  | 2,418         | 609.2   | 3.9   |
| Energy  | 14,912                            | 8,000   | 3,644  | 525           | 521.1   | 3.3   |
| Construction                                    | 16,111                            | 7,393   | 1,192  | 2,026         | 435.4   | 4.0   |
| Automotive                                      | 7,715                             | 5,624   | 389  | 4,755         | 914.6   | 3.8   |
| Cyclical consumer goods                         | 9,314                             | 4,311   | 143  | 220           | 84.3  | 3.8   |
| Non-cyclical consumer goods                     | 9,947                             | 5,575   | 454  | 483           | 167.9   | 4.0   |
| Machinery                                       | 6,188                             | 6,873   | 588  | 2,134         | 395.9   | 3.6   |
| Transportation                                  | 7,394                             | 3,322   | 279  | 1,636         | 576.6   | 4.1   |
| TMT   | 7,487                             | 4,043   | 298  | 572           | 215.2   | 3.9   |
| Healthcare & Services                           | 11,123                            | 7,478   | 355  | 102           | 61.1  | 4.2   |
| Hotels and Leisure                              | 9,487                             | 7,637   | 241  | 31            | 35.7  | 4.1   |
| Real estate <sup>3</sup>                        | 43,208                            | 36,986  | 932  | 214           | 31.0  | 4.0   |
| Public sector                                   | 66,994                            | 365   | 2  | -             | 4.5   | 4.1   |
| Financial institutions                          | 28,074                            | 3,090   | 37   | -             | 11.8  | 4.2   |
| Private customers                               | 96,992                            | 68,545  | 2,682  | -             | 39.1  | 3.9   |
| Other sectors                                   | 339                               | 32  | 1  | -             | 19.0  | 4.9   |
| <b>Total</b>                                    | <b>349,166</b>                    | <b>178,319</b>  | <b>14,329</b>                                      | <b>15,116</b> | <b>165.1</b>  | <b>3.9</b>                                    |
| <b>by carbon intensity of corporate clients</b> |                                   |   |  |               |   |   |
| High (1 - 6 kgCO <sub>2</sub> e/EUR revenue)    |                                   | 3,371   | 2,661  | 950           | 1,071   | 3.6   |
| Critical (>6 kgCO <sub>2</sub> e/EUR revenue)   |                                   | 410   | 1836   | 10            | 4,500   | 3.1   |

<sup>1</sup> In the prior year, financed emissions had been shown only in the aggregate, for Scope 1, Scope 2 and Scope 3 combined.

<sup>2</sup> It was not until the first half of 2022 that weighted data quality was first calculated; the figure shown represents the corresponding value from the first half of 2022.

<sup>3</sup> The loans granted to large real estate management companies (NACE L68) are included in the PCAF business loans asset class as long as the finance purpose cannot be unambiguously assigned to one or more commercial real estate properties. As the PCAF database provides only very low emission intensity figures for these exposures, we replaced them with the higher emission intensities found for the commercial real estate asset class. In doing so, we proceeded on the conservative assumption that a large part of the funds granted to real estate management companies will *de facto* be used to finance the relevant buildings, even if the loan agreements as such contain no evidence thereof.

The aggregate level of financed emissions benefited from a favourable balance between the low financed emission intensity of real estate and the marginal share of the high-emission heavy industry and energy sectors.

The sector posting the highest financed emission intensity, at 915 tCO<sub>2</sub>e/EUR million, was the automotive industry, with an exposure of EUR 7.7 billion.

Altogether, high and critical emission categories made up EUR 3.7 billion in exposure, or 2.1% of the quantified loans-to-customers portfolio of EUR 178.3 billion. This constituted an increase over the prior year, where such exposure came to EUR 2.5 billion, or about 1.4% of the quantified portfolio, such increase being attributable primarily to the new PCAF standard 2.0 and the related rise in financed Scope 3 emissions.

**Corporate bonds.** This year saw the first-time inclusion of corporate bonds in an amount of EUR 2.1 billion in financed

emissions accounting. Financed emissions were measured at 0.7 million tCO<sub>2</sub>e, with emission intensity coming to 364 tCO<sub>2</sub>e / EUR million.

**Business loans.** Business loans in the amount of EUR 74.3 billion were a major source of financed emissions, both in absolute terms (24.6 million tCO<sub>2</sub>e) as well as in terms of financed emission intensity (332 tCO<sub>2</sub>e/EUR million). Business loans comprise financing granted to large international and national corporates, small and medium-sized enterprises as well as micro entrepreneurs (non-financial corporates).

**Project finance.** The project finance portfolio had a moderate exposure of EUR 2.3 billion and 0.4 million tCO<sub>2</sub>e of financed emissions, or an emission intensity of 164 gCO<sub>2</sub>e/EUR million.

**Commercial real estate.** Commercial real estate accounted for an exposure of EUR 27.1 billion, with emissions of 0.7 million tCO<sub>2</sub>e and a financed emission intensity of 26 tCO<sub>2</sub>e/EUR mil-



lion. Although buildings are among the highest contributors of absolute emissions in Erste Group's markets, they have a low financed emission intensity.

**Mortgages.** Retail mortgages with an exposure of EUR 72.6 billion were the second largest contributor of absolute emissions with 3.0 million tCO<sub>2</sub>e, but had a low financed emission intensity of 41 tCO<sub>2</sub>e/EUR.

### Portfolio net zero transition by 2050 (Net Zero Banking Alliance Reporting)

Having committed to transitioning our loan and investment portfolios to net zero emissions, we have become keenly aware of the future shift in quality needed in terms of financed assets, customer activities or market-driven technological progress. We believe in technology driven progress. We also believe that the forward-looking knowledge gives us the possibility to build step-by-step portfolio decarbonization.

Our objectives are linked to specific measures and forward-looking business strategies. The first such measure, which was implemented in 2021, was to tighten our policy for lending in the critical energy and coal sectors (see chapter 2.1 "Sustainable Finance and Investment").

### Methodology

Our methodology must bridge the gap between general scientific scenarios and portfolio- or customer-specific attributes. With this in mind, we developed an approach that combines bottom-up portfolio modelling with scientifically informed top-down objectives. Our bottom-up models take account of factors such as energy demand, energy source and floor area in the case of financed buildings, and of the technology mix used in financed electricity or heat generation in the energy sector. National energy and climate plans, which are aligned with long-term scenarios at EU level, inform the assumptions underlying our scenarios for future technological change in our region. Our top-down models for real estate are based on the methodologies developed by the Science Based Target initiative (SBTi), while in the energy sector context we rely on the methodology of the Paris Agreement Capital Transition Assessment (PACTA).

### Scenarios, objectives and offsets

We used recognised benchmark climate scenarios to ensure our portfolio is aligned with the temperature goals of the Paris Agreement. These scenarios served as upper limits for both medium-term (2030) and long-term (2050) planning. In selecting relevant benchmark scenarios, we made sure that, apart from meeting the Paris Agreement requirements as a minimum target, we will also achieve a level of decarbonisation which is in line with the bottom-up model outcomes, i.e. which is likely to be achieved under the national energy and climate plans. The scenarios we exclusively relied upon were all well-documented and had been drawn up by widely recognised institutions. Our objectives for the selected sectors included solely scenarios supplied by the International

Energy Agency (IEA). Generation of electricity and heat & steam are benchmarked against the IEA Net Zero Energy 2050 (NZE2050) scenario meeting the 1.5 degrees objective. When it comes to buildings, both commercial real estate and mortgages for housing real estate were, at this stage, compared against the IEA Beyond Two Degree (B2DS) scenario, which assumes that the global rise in temperature can be limited to 1.75 degrees. We are aware that we must step up our efforts and mobilise this segment to achieve our ambitious 1.5-degrees target. To have a realistic chance of achieving this target, we need the support of a broad group of stakeholders and, in particular, the understanding and support of political decision-makers in all the countries where Erste Group operates.

We acknowledge that the EU Commission's initiative on certifying carbon removals is laying the legal foundations, and thus creating incentives, for investing in carbon removal technologies. At present, however, we have only very limited insights into how these technologies can be scaled and industrialised, which is why our scenario assumptions are conservative as to the extent such technologies will be available and applicable.

### Governance

The only way to achieve the net zero transition is for us to combine effective measures, longterm management commitment, and KPIs aligned with the net zero pathway. Consequently, our objectives are integrated in Erste Group's strategic planning process, which means that our targets are aggregated from commitments of our local banks and business units. The Group targets are discussed and reviewed by the management board and approved by the Group Sustainability Board. Final approval is given by our Supervisory Board based on the review and recommendation of Strategy and Sustainability Committee. Our performance KPIs on Board and senior management levels are aligned with the Net Zero targets.

## 2.3 FINANCING OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

Managing the transition towards a low-carbon and resource-efficient economy and achieving the objective of a climate-neutral Europe by 2050 will require the channelling of private investment towards sustainable investments alongside public expenditure. This is why the European Union adopted the Taxonomy Regulation (Regulation (EU) 2020/852) to serve as guidance to investors and other sponsors or donors, by highlighting which economic activities contribute to achieving the EU climate objectives. Its aim is to channel finance streams in the EU towards sustainable investment.

To be considered environmentally sustainable, economic activities must substantially contribute to at least one of six defined environmental objectives without, at the same time, causing significant harm for the other objectives. The six environmental objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The assessment as to whether or not an economic activity qualifies as environmentally sustainable within the meaning of the EU taxonomy is linked to it meeting specified technical screening criteria, which are set out in the Delegated Acts adopted in accordance with the Taxonomy Regulation (Delegated Regulation (EU) 2021/2139 and/or Delegated Regulation (EU) 2022/1214). The taxonomy also requires that environmentally sustainable activities respect minimum social safeguards.

Since the fiscal year 2022, real economy businesses are under an obligation to disclose the respective portion of taxonomy-aligned activities. The rule for all businesses is that such disclosures are, at present, mandatory only for the environmental objectives of climate change mitigation and climate change adaptation. The criteria for the remaining objectives were still pending finalisation at the end of the reporting period.

As of the fiscal year 2023, credit institutions will have to disclose the extent to which they are financing, or investing in, taxonomy-aligned economic activities. The share of such exposures in the overall assets of an institution is referred to as the Green Asset Ratio. In the fiscal year 2022, credit institutions still benefited from transitional exemptions (cf. Delegated Regulation (EU) 2021/2178, Article 10(3)). Credit institutions had to disclose their financing of and investment in taxonomy-eligible economic activities only as a proportion of their total assets. Taxonomy-eligible economic activities differ from taxonomy-aligned economic activities in that they, while still covered by the EU Taxonomy, do not meet all of the defined technical screening criteria.

Credit institutions had to disclose the following key performance indicators for the fiscal year 2022:

- \_ The proportion in their total assets of exposures to taxonomy non-eligible and taxonomy-eligible economic activities.

- \_ The proportion in their total assets of exposures to governments, central banks and supranational issuers.
- \_ The proportion in their total assets of derivatives.
- \_ The proportion of exposures to undertakings not subject to the obligation to prepare a non-financial statement or non-financial report under the EU's Non-Financial Reporting Directive (NFRD).
- \_ The proportion in their total assets of their trading portfolio.
- \_ The proportion in their total assets of on-demand inter-bank loans.

The exposures listed under the first item cover the following accounting categories for financial assets, including loans and advances, debt securities, equity holdings and repossessed collaterals: (a) financial assets at amortised cost, (b) financial assets at fair value through other comprehensive income, (c) investments in subsidiaries, (d) joint ventures and associates, (e) financial assets designated at fair value through profit or loss, and non-trading financial assets mandatorily at fair value through profit or loss, (f) real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

The disclosure of taxonomy-eligible assets requires only such businesses to be included as are themselves subject to the EU's Non-Financial Reporting Directive (NFRD). Generally, these are listed companies meeting certain size criteria and having an average number of employees per year in excess of 500 as well as banks and insurance companies having more than 500 employees. No comparable size criteria apply to private households and local government entities. As for the assets described in items 2 to 6 above, there is no legal obligation to disclose the taxonomy-eligible or taxonomy non-eligible proportion thereof. The scope of prudential consolidation as set out in Regulation (EU) No. 575/2013 applies to all such disclosures.

### KPI development

In 2022, the proportion of taxonomy-eligible assets declined by 30.6% as compared against the prior year. This decline is attributable mainly to changes in the calculation method used, where sector-based estimates were replaced with identification of assets with clear financing purpose.

## Taxonomy-related disclosure (Del.Reg.(EU) 2021/2178, Article 10)

### Mandatory taxonomy-related disclosure

|   | 2022  | 2021  |
|---|-------|-------|
| Central governments, central banks, supranational issuers and derivatives / total assets <sup>1</sup> | 29.8% | 32.3% |
| Derivative / total assets   | 0.1%  |       |
| SMEs and NFCs not subject to NFRD disclosure obligations / total assets <sup>2</sup>                  | 28.6% | 12.9% |
| Trading portfolio / total assets  | 2.4%  | 2.2%  |
| On-demand interbank loans / total assets  | 0.2%  | 0.3%  |
| Taxonomy-eligible activities / total assets <sup>3</sup>  | 30.6% | 51.2% |
| Non-eligible taxonomy activities / total assets <sup>3</sup>  | 69.4% | 26.7% |

<sup>1</sup>In contrast to the prior year, derivatives were included in the numerator of this KPI.

<sup>2</sup>In contrast to the prior year, customers which are subject to the NFRD were included based on customer level identification.

<sup>3</sup>In contrast to the prior year, a stricter approach was applied to taxonomy-eligible activities, with taxonomy-eligible finance purposes known to us being the sole selection criterion. Furthermore, the denominator of this KPI was changed to the balance sheet total.

## Voluntary disclosure

|  | 2022 | 2021 |
|--|------|------|
| Estimated taxonomy-aligned activities / total GAR assets | 7,1% | 6,0% |

### KPI calculation

The taxonomy figures were based on all on-balance sheet exposures under CRR consolidation (balance sheet total as shown in table) in the amount of EUR 316.0 billion and were used to form the denominator. Pursuant to Annex V, Delegated Act (EU) 2021/2178, they comprise the accounting categories of financial assets, including loans and advances, debt securities, equity holdings and repossessed collaterals, as well as investments in subsidiaries, joint ventures and associates.

According to the interpretation published by the European Commission in its FAQs in December 2021, the disclosure of taxonomy-eligible exposures should be based on actual information provided by the relevant – financial or non-financial – undertaking. To arrive at a calculation of taxonomy-eligible assets, we included lending for specified purposes in the fields of commercial real estate finance, non-profit housing, private mortgages (including for refurbishment and renovation projects), renewable energies as well as other project finance with a clearly defined environmentally sustainable finance purpose.

In the case of lending and debt securities not tied to specific purposes as well as equity instruments of customers subject to the NFRD, we determined whether they were taxonomy-eligible or not based on the revenue-related taxonomy eligibility indicators published in their non-financial reports. We identified customers subject to the NFRD based on the above-mentioned size criteria and reviewed their respective non-financial reports.

Repossessed real estate collaterals held for sale were taken into account in the aggregate. Loans extended by financial institutions to other businesses were not included in the calculation, as we were unable, based on the disclosures reported in 2022, to review these assets and loans for conformity with the taxonomy (weighting of taxonomy KPIs).

All other assets were classified as taxonomy-non-eligible.

In 2023, we plan to gradually include other areas (such as car leasing, project finance for municipalities and local communities as well as debt securities issued for defined purposes) into the calculation of taxonomy eligibility or alignment.

### Activities in the nuclear and natural gas sectors

In 2022, the EU's Delegated Regulation 2022/1214 added activities in the nuclear and gas sectors to the list of taxonomy-eligible economic activities.

However, corporate customers for whom this may potentially be relevant will not be obligated to disclose such information until 2023. Our in-house evaluations showed that Erste Group had no

direct exposures to nuclear activities 2 (new nuclear installations), not least because of its current Nuclear Finance Policy. While nuclear activities 1 (research) and 3 (safe operation) are acceptable under the Responsible Financing Policy, information on direct or indirect exposure was not gathered at this level of detail and was therefore not available.

Information on gas activities (1-3) was gathered, but not at the level of granularity required for the taxonomy, which is why we are unable to publish any relevant figures here. Data collection for the gas sector is a manual process at Erste Group, carried out to the best of our knowledge, as no pertinent customer information is available in the public domain.

As a consequence, we are unable to disclose exposures relating to any of these topics (gas and nuclear).

### Voluntary disclosure

For the purposes of voluntary disclosure we tried to provide estimates on taxonomy alignment by applying NACE-code-based coefficients (TACs) as published in the European Commission's taxonomy alignment tool 2020. Economic activities not assigned to any NACE code were not taken into account, with the exception of retail mortgages, to which we assigned the real estate sector TAC. Applying the methodology described above, we arrived at a portion of estimated taxonomy-aligned finance of 7.1%.

### The role of the EU taxonomy in corporate strategy

Providing finance for the green transition is one of Erste Group's top priorities. The taxonomy provides the basis for checking the finance policies as laid down in the Group's Sustainable Finance Framework (SFF) and the in-house Sustainable Finance Guidelines (SFG) for conformity.

## 2.4 ECOLOGICAL IMPACT OF BANKING OPERATIONS

GRI 3-3, GRI 302-1, 302-3, 302-4, GRI 305-1, 305-2, 305-3, 305-4, 305-5

There can be no doubt that the most significant impact a credit institution has on the environment and the climate are the emissions attributable to its finance portfolio. Of course it is equally important to lead by example and reduce the greenhouse gas (GHG) emissions caused by our own operations to a minimum. We intend to achieve climate neutrality in our own operations by the end of 2023.

The information provided below refers to Erste Group's Scope 1, Scope 2 and Scope 3 GHG emissions. Financed emissions (Scope 3, category 15) are discussed in the chapter 2.2 "Limiting finance in high-emission sectors".

### Risks / impact

Non-mitigated GHG emissions caused by banking operations have adverse effects on the environment, even if they are less significant than financed GHG emissions. Conversely, a high level of emissions or a degradation of the ecological footprint may present a reputational risk for Erste Group, undermining its credibility as a pioneer of sustainability.

### Opportunities

Reducing our GHG emissions will strengthen Erste Group’s profile as a sustainable full-service bank, contribute directly to ecological change and have a positive effect on its attractiveness as an employer.

### Targets

We have defined quantitative targets in different fields for Erste Core Group (Erste Holding, Erste Bank Oesterreich and CEE subsidiaries):

- We intend to achieve climate neutrality in our own operations by the end of 2023. This target refers to Erste Core Group’s Scope 1, Scope 2 and Scope 3 GHG emissions.
- We aim to reduce our Scope 1 and Scope 2 emissions by 80% as compared to 2017 (base year) by 2030. Interim goals are a 55% reduction by 2023 and a 60% reduction by 2025.
- We aim to raise the share in our total electricity consumption of power from renewable sources (green electricity) to 90% by 2023.
- The proportion of electric vehicles in our fleet is set to amount to 100% by 2030.

|                                   | Metric                           | Baseline |        | Actual |        | Targets            |        |                  |        |
|-----------------------------------|----------------------------------|----------|--------|--------|--------|--------------------|--------|------------------|--------|
|                                   |                                  | Year     | Value  | Year   | Value  | short term<br>Year | Target | mid term<br>Year | Target |
| Total Scope 1 + Scope 2 emissions | tCO <sub>2</sub> e               | 2017     | 72,433 | 2022   | 30,047 | 2025               | 28,973 | 2030             | 14,487 |
| Share of green electricity        | % of green electricity           | -        | -      | 2022   | 83%    | 2023               | 90%    |                  |        |
| Electric fleet                    | % of e-cars<br>in total carfleet | -        | -      | 2022   | 4%     | 2025               | 25%    | 2030             | 100%   |

We chose 2017 as our base year because the scope of consolidation for reporting purposes had been enlarged at the time to such an extent that it is comparable to the present one. What is more, 2017, as the year following the adoption of the Paris Agreement, saw renewed efforts and high expectations at global level with respect to the fight against global warming, to which we also want to contribute.

As compared to the base year 2017, we reduced our Scope 1 and Scope 2 emissions by 58%, from 72,154 down to 30,047 tCO<sub>2</sub>e. Scope 1 emissions fell from 25,733 to 20,707 tCO<sub>2</sub>e, Scope 2 emissions from 46,421 to 18,686 tCO<sub>2</sub>e. The proportion in total electricity consumption of green electricity stood at 83%, which is already a high level. We also achieved progress in transforming our vehicle pool, attaining a share of 4% of electrical vehicles in the Core Group.

### Governance / responsibility and participation

Overall responsibility for energy and climate protection matters in the Group lies with the management board, while the Group ESG Office is tasked with implementation. Our subsidiaries are in charge of developing and implementing the specific measures to be taken. All the targets mentioned above were adopted by Erste Core Group. The savings bank sector in Austria will conduct a separate approval process during the course of 2023.

### Measures and success indicators

#### Reduction of GHG emissions

The most significant GHG reduction potential for Erste Group lies in switching to renewable electricity sources, in improving the energy efficiency of the premises it uses and in raising the share of e-vehicles in its vehicle pool. For this reason, 2022 saw further efforts at increasing the proportion of low-emission electricity, for instance by switching providers in Slovakia and Romania. Another positive factor was the installation of PV systems on Erste Group’s office buildings, which produced 1,192 MWh of electricity in 2022. The share of e-vehicles in the vehicle fleet came to 6% in 2022, and the new Group Car Policy will, once implemented, result in a steady rise in the number of e-vehicles. There are also plans to support employees on the pathway towards sustainable mobility by offering a ramped-up car sharing programme.

The continuous reduction of GHG emissions from Erste Group’s operations is a testament to how successful these measures have been. To establish how effective the implemented measures were, it was particularly important to compare the figures to those of the prior reporting period, with 2021 being used as the basis for comparison. As compared to the prior year, Erste Group reduced its Scope 1 and Scope 2 emissions by 11%, from 44,414 tCO<sub>2</sub>e down to 39,393 tCO<sub>2</sub>e in 2022. As the share of green electricity across the Group rose from 66% in 2021 to 82% in 2022, market-based Scope 2 emissions from purchased electricity concurrently fell by 26%, from 13,671 tCO<sub>2</sub>e to 10,093 tCO<sub>2</sub>e.

#### Reduction of energy consumption

Although the rate of employees working from home had declined again after the COVID-19 restrictions were lifted, aggregate group-

wide energy consumption decreased by 5% or 15,549 MWh as efficiency-enhancing measures taken in Erste Group's office buildings and branches resulted in energy savings. Electricity consumption was down 6%, and heat consumption was down 8% on the prior year. An increase in employee mobility resulted in an 18% rise in consumption in Erste Group's vehicle pool.

As energy consumption at all our locations is measured individually and recorded in the UL360 system, we are able to track and analyse year-on-year changes at high granularity. 2021 was chosen as the comparison base year for showing the effects of the energy efficiency measures we implemented.

## Environmental data 2022

|  | Measure            | Erste Group | Austria | Czech Republic |         | Romania | Hungary | Croatia | Serbia |
|--|--------------------|-------------|---------|----------------|---------|---------|---------|---------|--------|
|  |                    |             |         | Slovakia       |         |         |         |         |        |
| Full-time equivalents (FTE)                        | Number             | 45,311      | 16,411  | 10,010         | 3,613   | 5,484   | 3,409   | 3,178   | 1,261  |
| Net floor area                                     | m <sup>2</sup>     | 1,535,141   | 622,823 | 303,838        | 133,398 | 266,363 | 75,365  | 64,904  | 23,949 |
| Total energy consumption                           | MWh                | 292,487     | 107,747 | 59,675         | 24,398  | 50,340  | 15,217  | 18,467  | 5,787  |
| Change compared to previous year                   | MWh                | -15,549     | -4,124  | -3,805         | -2,312  | -4,781  | -839    | -677    | 857    |
| Consumption of non-renewable fuels                 | MWh                | 88,368      | 25,973  | 9,954          | 13,151  | 27,083  | 4,564   | 4,782   | 1,159  |
| Diesel for cars and emergency generators           | MWh                | 21,101      | 5,189   | 4,179          | 1,269   | 4,634   | 1,771   | 2,267   | 790    |
| Gasoline   | MWh                | 6,755       | 1,079   | 2,903          | 531     | 986     | 656     | 0       | 67     |
| Natural gas  | MWh                | 56,993      | 16,650  | 2,871          | 11,351  | 21,209  | 2,137   | 2,382   | 303    |
| LPG  | MWh                | 109         | 28      | 0              | 0       | 77      | 0       | 0       | 0      |
| Heating oil  | MWh                | 3,411       | 3,027   | 0              | 0       | 177     | 0       | 133     | 0      |
| Consumption of renewable fuels                     | MWh                | 0           | 0       | 0              | 0       | 0       | 0       | 0       | 0      |
| Purchased electricity, heating and cooling energy  | MWh                | 202,927     | 80,658  | 49,721         | 11,247  | 23,257  | 10,653  | 13,610  | 4,628  |
| Purchased electricity                              | MWh                | 137,563     | 51,583  | 25,477         | 10,896  | 20,334  | 7,517   | 11,967  | 2,663  |
| District heating                                   | MWh                | 62,827      | 26,539  | 24,244         | 351     | 2,923   | 3,136   | 1,643   | 1,965  |
| District cooling                                   | MWh                | 2,536       | 2,536   | 0              | 0       | 0       | 0       | 0       | 0      |
| Self-generated electricity                         | MWh                | 1,192       | 1,115   | 0              | 0       | 0       | 0       | 74      | 0      |
| Average electricity consumption per m <sup>2</sup> | kWh/m <sup>2</sup> | 90          | 84      | 84             | 82      | 76      | 100     | 185     | 111    |
| Average heating energy usage per m <sup>2</sup>    | kWh/m <sup>2</sup> | 82          | 78      | 89             | 88      | 92      | 70      | 64      | 95     |
| Total internal energy consumption per FTE          | kWh/FTE            | 6           | 7       | 6              | 7       | 9       | 4       | 6       | 5      |
| Share of green electricity                         | %                  | 82%         | 95%     | 83%            | 86%     | 72%     | 100%    | 85%     | 16%    |
| Share of e-cars in carpool                         | %                  | 6%          | 18%     | 2%             | 2%      | 6%      | 2%      | 3%      | 2%     |
| Total waste production                             | t                  | 8,830       | 2,883   | 1,209          | 469     | 426     | 140     | 442     | 149    |
| Total copy paper                                   | t                  | 956         | 270     | 117            | 63      | 209     | 74      | 88      | 57     |

## Environmental data 2021

|  | Measure            | Erste Group | Austria | Czech Republic |         | Romania | Hungary | Croatia | Serbia |
|--|--------------------|-------------|---------|----------------|---------|---------|---------|---------|--------|
|  |                    |             |         | Slovakia       |         |         |         |         |        |
| Full-time equivalents (FTE)                        | Number             | 44,424      | 16,023  | 9,861          | 3,680   | 5,381   | 3,298   | 3,023   | 1,199  |
| Net floor area                                     | m <sup>2</sup>     | 1,634,277   | 667,680 | 293,720        | 136,965 | 331,239 | 71,756  | 64,737  | 23,540 |
| Total energy consumption                           | MWh                | 308,036     | 111,871 | 63,480         | 26,710  | 55,121  | 16,056  | 19,144  | 4,930  |
| Average electricity consumption per m <sup>2</sup> | kWh/m <sup>2</sup> | 90          | 84      | 97             | 87      | 63      | 110     | 193     | 96     |
| Average heating energy usage per m <sup>2</sup>    | kWh/m <sup>2</sup> | 84          | 75      | 101            | 98      | 87      | 82      | 74      | 83     |
| Total internal energy consumption per FTE          | MWh/FTE            | 7           | 7       | 6              | 7       | 10      | 5       | 6       | 4      |
| Share of green electricity                         | %                  | 66%         | 94%     | 78%            | 0%      | 16%     | 88%     | 85%     | 71%    |
| Share of e-cars in carpool                         | %                  | 4%          | 12%     | 1%             | 1%      | 6%      | 1%      | 3%      | 0%     |

GRI 302-1 and 302-3.

FTE: full-time equivalent, defined as an employee in active employment times his/her hours-worked factor. Green electricity is defined as electricity from renewable sources.

## Operational Emissions 2022

|  | Measure                | Erste Group   | Austria       | Czech Republic | Slovakia      | Romania       | Hungary      | Croatia      | Serbia       |
|--|------------------------|---------------|---------------|----------------|---------------|---------------|--------------|--------------|--------------|
| <b>Scope 1 + 2 - total</b>                       | tCO <sub>2</sub> e     | <b>39,393</b> | <b>8,858</b>  | <b>8,953</b>   | <b>3,030</b>  | <b>7,797</b>  | <b>1,764</b> | <b>1,732</b> | <b>2,357</b> |
| <b>Scope 1 + 2 - total change YoY</b>            | tCO <sub>2</sub> e     | <b>-5,021</b> | <b>-225</b>   | <b>-534</b>    | <b>-2,530</b> | <b>-2,195</b> | <b>-148</b>  | <b>-322</b>  | <b>1,368</b> |
| <b>Scope 1 - total</b>                           | tCO <sub>2</sub> e     | <b>20,707</b> | <b>6,182</b>  | <b>2,833</b>   | <b>2,761</b>  | <b>5,873</b>  | <b>1,082</b> | <b>1,147</b> | <b>304</b>   |
| Heating  | tCO <sub>2</sub> e     | 12,435        | 4,153         | 581            | 2,296         | 4,355         | 432          | 518          | 61           |
| Carpool  | tCO <sub>2</sub> e     | 6,739         | 1,480         | 1,729          | 439           | 1,368         | 594          | 547          | 207          |
| Cooling agents and fuel for emergency generators | tCO <sub>2</sub> e     | 1,533         | 549           | 523            | 26            | 150           | 56           | 83           | 35           |
| <b>Scope 2 (market based) - total</b>            | tCO <sub>2</sub> e     | <b>18,686</b> | <b>2,676</b>  | <b>6,120</b>   | <b>269</b>    | <b>1,923</b>  | <b>682</b>   | <b>585</b>   | <b>2,054</b> |
| Electricity (market based)                       | tCO <sub>2</sub> e     | 10,093        | 278           | 1,981          | 209           | 1,424         | 147          | 304          | 1,718        |
| District heating and cooling                     | tCO <sub>2</sub> e     | 8,593         | 2,398         | 4,139          | 60            | 499           | 535          | 281          | 335          |
| <b>Scope 3 - total</b>                           | tCO <sub>2</sub> e     | <b>54,578</b> | <b>18,133</b> | <b>13,926</b>  | <b>3,793</b>  | <b>7,007</b>  | <b>3,355</b> | <b>3,755</b> | <b>1,745</b> |
| 3.1. Purchased goods and services                | tCO <sub>2</sub> e     | 3,369         | 633           | 1,185          | 283           | 716           | 95           | 175          | 137          |
| 3.2. Capital goods                               | tCO <sub>2</sub> e     | 470           | 61            | 210            | 58            | 62            | 15           | 22           | 16           |
| 3.3. Fuel- and energy related activities         | tCO <sub>2</sub> e     | 9,359         | 2,514         | 2,173          | 591           | 1,906         | 398          | 431          | 403          |
| 3.4. Upstream transportation and distribution    | tCO <sub>2</sub> e     | 9,440         | 2,103         | 2,447          | 527           | 470           | 2,037        | 1,322        | 163          |
| 3.5. Waste generated in operations               | tCO <sub>2</sub> e     | 760           | 53            | 189            | 79            | 175           | 29           | 84           | 66           |
| 3.6. Business travel                             | tCO <sub>2</sub> e     | 7,339         | 3,254         | 2,091          | 357           | 742           | 187          | 81           | 315          |
| 3.7. Employee commuting                          | tCO <sub>2</sub> e     | 23,841        | 9,514         | 5,632          | 1,898         | 2,936         | 593          | 1,639        | 645          |
| <b>Scope 1 + 2 + 3 - total</b>                   | tCO <sub>2</sub> e     | <b>93,971</b> | <b>26,991</b> | <b>22,880</b>  | <b>6,823</b>  | <b>14,803</b> | <b>5,119</b> | <b>5,487</b> | <b>4,103</b> |
| <b>Scope 1 + 2 + 3 per employee</b>              | tCO <sub>2</sub> e/FTE | <b>2.1</b>    | <b>1.6</b>    | <b>2.3</b>     | <b>1.9</b>    | <b>2.7</b>    | <b>1.5</b>   | <b>1.7</b>   | <b>3.3</b>   |

## Operational Emissions 2021

|                                | Measure                | Erste Group | Austria | Czech Republic | Slovakia | Romania | Hungary | Croatia | Serbia |
|--------------------------------|------------------------|-------------|---------|----------------|----------|---------|---------|---------|--------|
| Scope 1 - total                | tCO <sub>2</sub> e     | 21,530      | 6,082   | 2,199          | 3,040    | 6,881   | 1,071   | 1,399   | 273    |
| Scope 2 (market based) - total | tCO <sub>2</sub> e     | 22,884      | 3,001   | 7,289          | 2,520    | 3,110   | 841     | 655     | 716    |
| Scope 1 + 2 - total            | tCO <sub>2</sub> e     | 44,414      | 9,083   | 9,488          | 5,560    | 9,991   | 1,912   | 2,054   | 989    |
| Scope 1 + 2 per employee       | tCO <sub>2</sub> e/FTE | 1.00        | 0.57    | 0.96           | 1.51     | 1.86    | 0.58    | 0.68    | 0.83   |

GRI 305-1, 305-2, 305-3 and 305-4.

CO<sub>2</sub>e equivalents (CO<sub>2</sub>e) are the sum of all greenhouse gas emissions, i.e. carbon dioxide, methane and nitrogen oxide.

### Climate neutrality by 2023

With a view to reaching the goal of climate neutrality in Erste Core Group's banking operations by year-end 2023, we defined reduction targets for operational Scope 1 and Scope 2 emissions. Reducing our Scope 1+2 emissions by 80% compared to the base year 2017, we should be able to achieve net zero status for emissions from operations by 2030. Net zero means the reduction of all operational emissions to the extent that is technically feasible

at the given time. A lack of technical solutions or non-availability of renewable energy at given locations might prevent us from reaching our goals. Our operational Scope 3 emissions are to a large extent driven by employee behaviour, for instance in the context of mobility. In this respect, we plan to induce changes in behaviour in a bid to set out a roadmap for reducing our Scope 3 emissions.

### Implementation of climate neutrality measures at local level

|                                   | Austria | Hungary | Czech Republic | Slovakia | Romania | Croatia | Serbia |
|-----------------------------------|---------|---------|----------------|----------|---------|---------|--------|
| Green electricity sourcing        | ●       | ●       | ●              | ●        | ●       | ●       | ●      |
| PV system installed               | ●       |         |                |          |         | ●       |        |
| E-cars in carfleet                | ●       | ●       | ●              | ●        | ●       | ●       | ●      |
| Car sharing offer for employees   | ●       | ●       | ●              | ●        |         | ●       |        |
| Erste Green community established | ●       | ●       |                |          |         |         |        |
| Volunteering day offered          |         | ●       | ●              | ●        | ●       | ●       | ●      |

### How climate neutrality measures help reduce our climate risk

Our transition-related risks are driven mainly by emissions. The three most important sources of emissions are heating, electricity and transportation, the latter above all due to employee mobility. Within the scope of our plans to achieve climate neutrality and a net zero status for our emissions, the following measures will be particularly important:

- Increased switching to electricity-powered heating and to biogas, in combination with measures aimed at reducing consumption
- Purchase of green electricity and in-house electricity generation based on PV systems
- Promotion of the use of sustainable means of transport for business travel and commuting



### “Erste Green” communities

A key success factor for Erste Group’s climate neutrality goal is employee commitment and training. “Erste Green” communities are to be established in all of Erste Group’s core markets to serve as a platform for sharing information on sustainability among interested parties. Project teams will be set up to jointly implement sustainability initiatives at our locations, for instance to provide more infrastructure for bike use or to include more vegan dishes on in-house catering menus. The first “Erste Green” community was established already back in 2016, by staff members of Erste Bank Hungary. In 2022, it was enlarged to also include Austria.

### Notes on how KPIs are measured

GHG emissions caused by Erste Group’s operations are calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Calculations cover Scope 1, Scope 2 and Scope 3 emissions, each measured in CO<sub>2</sub> equivalents (CO<sub>2</sub>e), which are the sum of all greenhouse gas emissions, i.e. carbon dioxide, methane and nitrogen oxide (Global Warming Potential (GWP-20) CO<sub>2</sub> = 1, CH<sub>4</sub> (fossil) = 82.5 und N<sub>2</sub>O = 273). In 2022, the reporting scope of environmental data covered the whole consolidation scope of Erste Group entities following the financial control approach.

## 3. Our employees

### GRI 2-7 2-30

Erste Group’s employees are a key asset in the successful transformation of our organisation, corporate culture and competences. Modern organisations enable people to work in a more flexible, adaptive and customer-centric way. Attracting, retaining, and engaging highly qualified employees is crucial to the business success of Erste Group. Erste Group strives to be the employer of

The aggregate data shown for Erste Group in the tables encompass all values measured for Erste Group. A separate presentation of Holding data is not provided, as a meaningful segregation of environmental indicators is not possible due to the shared use of the location (Erste Campus in Vienna) with other entities. The environmental KPIs for 2022 comprise 45.311 FTEs.

Erste Group uses the UL360 software programme from UL solutions to gather Scope 1 and Scope 2 environmental data. Energy consumption at approximately 2,500 business locations is individually recorded and evaluated. For conversion to greenhouse gas equivalents (CO<sub>2</sub>e), UL360 uses emission factors from DEFRA (UK Department for Environment, Food & Rural Affairs) and the IEA (International Energy Agency).

In 2022, Scope 3 emissions were added to the Group’s operational GHG emissions (with the exception of Scope 3.15, financed emissions) based on a comprehensive materiality analysis and the development of a suitable calculation methodology under the GHG Protocol. Further targeted measures were taken to identify the main emission sources.

choice in the region both in the financial and in the IT sectors by offering various learning and development opportunities, diverse and international teams, as well as challenging tasks in a flexible organisation. In 2022 reporting period, Erste Group had 48,303 employees, broken down as follows:

### Headcount

| 2022                  | Total         |               | < 30 years   |            | 30-50 years   |            | >50 years     |            |
|-----------------------|---------------|---------------|--------------|------------|---------------|------------|---------------|------------|
|                       | Women         | Men           | Number       | in %       | Number        | in %       | Number        | in %       |
| <b>Erste Group</b>    | <b>30,134</b> | <b>18,169</b> | <b>7,685</b> | <b>16%</b> | <b>28,412</b> | <b>59%</b> | <b>12,206</b> | <b>25%</b> |
| thereof Holding       | 946           | 1,010         | 251          | 13%        | 1,164         | 60%        | 541           | 28%        |
| Austria incl. Holding | 9,799         | 8,600         | 3,141        | 17%        | 9,406         | 51%        | 5,852         | 32%        |
| Hungary               | 2,206         | 1,308         | 526          | 15%        | 2,383         | 68%        | 605           | 17%        |
| Czech Republic        | 6,947         | 3,491         | 1,717        | 16%        | 6,082         | 58%        | 2,639         | 25%        |
| Slovakia              | 2,503         | 1,150         | 463          | 13%        | 2,304         | 63%        | 886           | 24%        |
| Romania               | 4,182         | 1,506         | 960          | 17%        | 3,500         | 62%        | 1,228         | 22%        |
| Croatia               | 2,296         | 1,065         | 420          | 12%        | 2,443         | 73%        | 498           | 15%        |
| Serbia                | 930           | 351           | 224          | 17%        | 868           | 68%        | 189           | 15%        |
| Others                | 1,271         | 698           | 234          | 12%        | 1,426         | 72%        | 309           | 16%        |

GRI 2-7

| 2022                  | Total         |               | Full-time employees |               | Part-time employees |            | Temporary employees |              | Permanent employees |               |
|-----------------------|---------------|---------------|---------------------|---------------|---------------------|------------|---------------------|--------------|---------------------|---------------|
|                       | Women         | Men           | Women               | Men           | Women               | Men        | Women               | Men          | Women               | Men           |
| <b>Erste Group</b>    | <b>30,134</b> | <b>18,169</b> | <b>23,918</b>       | <b>17,127</b> | <b>6,269</b>        | <b>989</b> | <b>2,494</b>        | <b>1,299</b> | <b>27,640</b>       | <b>16,870</b> |
| therof Holding        | 946           | 1,010         | 658                 | 913           | 288                 | 97         | 99                  | 140          | 847                 | 870           |
| Austria incl. Holding | 9,799         | 8,600         | 5,078               | 7,834         | 4,778               | 709        | 576                 | 579          | 9,223               | 8,021         |
| Hungary               | 2,206         | 1,308         | 1,931               | 1,228         | 275                 | 80         | 108                 | 59           | 2,098               | 1,249         |
| Czech Republic        | 6,947         | 3,491         | 6,124               | 3,411         | 820                 | 83         | 561                 | 241          | 6,386               | 3,250         |
| Slovakia              | 2,503         | 1,150         | 2,408               | 1,137         | 94                  | 14         | 339                 | 124          | 2,164               | 1,026         |
| Romania               | 4,182         | 1,506         | 3,918               | 1,413         | 264                 | 93         | 351                 | 85           | 3,831               | 1,421         |
| Croatia               | 2,296         | 1,065         | 2,282               | 1,063         | 14                  | 2          | 293                 | 130          | 2,003               | 935           |
| Serbia                | 930           | 351           | 927                 | 350           | 3                   | 1          | 150                 | 26           | 780                 | 325           |
| Others                | 1,271         | 698           | 1,250               | 691           | 21                  | 7          | 116                 | 55           | 1,155               | 643           |

GRI 2-7

Staff indicators refer to the end of the reporting period as per 31 December 2022. Data are reported in headcounts (one person = one headcount, irrespective of the number of hours worked). Altogether, 87.5% of all employees of Erste Group are covered by collective bargaining schemes. The remaining 12.5%, who are employed with Erste Bank Hungary, are subject to agreements with the employees' council (based on the respective Working Time Act).

### 3.1 EMPLOYEE INVOLVEMENT AND REPRESENTATION

In accordance with legal requirements, Erste Groups involves its employees in management decisions via representative bodies, in particular in matters that directly affect them.

Under the Austrian Works Constitution Act, the employees' council is the permanent employee representation body. Its main tasks are:

- \_ Monitoring adherence to laws relating to employees, payment of wages/ salaries, occupational health and safety, etc.
- \_ Intervention to ensure compliance with employee related legislation, improving working conditions, setting up/organising in-company training, etc.
- \_ Two-way information: from the management board to the employees' council and from the employees' council to the employees, and vice versa.
- \_ Employee counselling, but also consultations with the employer on current matters. In addition, management is required to hold quarterly talks with the employees' council.

The performance of these duties culminate in the conclusion of works agreements and in participation in the work of the executive bodies of the employer (1/3 of the members of the Supervisory Board are employee representatives).

In Austria, the trade union of private sector employees, GPA, represents the interests of employees working in finance (banks, savings banks, etc.) and also negotiates collective agreements, including the special payments customarily referred to as holiday and Christmas remuneration. Many employees' council bodies are members of GPA and therefore part of the negotiating body. They provide advice on labour-law issues and general support to the employee representatives.

### Representation of employees in the subsidiary banks (CEE)

The subsidiary banks in CEE (Central and Eastern Europe) have differing forms of employee representation. In BCR (Romania), employee interests are represented through trade unions, which are installed at company level. They inform employees about their rights and about current issues, either through e-mail or through ad-hoc meetings. The trade unions are in direct contact with the Management Board and Human Resources. Collective bargaining is conducted between the trade union associations and government bodies.

Erste Bank Hungary has an employees' council in place which regularly consults with management primarily on social benefits for employees. The eligibility criteria for social benefits (e.g. annual leave allowance, gift packages for children of employees) are laid down in a works agreement. Employees are informed about current issues through various channels such as the intranet, e-mail or postings.

In the Czech Republic, the Labour Code provides for employees to be represented primarily by trade unions. At Česká spořitelna, a.s., 46 trade union organisations are united in one single All-Company Committee of *ČS Trade Unions*. This committee coordinates trade union activities and is the trade union body competent to engage in collective bargaining. The collective bargaining agreement is in force until 30 June 2026. Trade unions represent employees in labour-law matters. Three members of the Supervisory Board of Česká spořitelna, a.s. are directly elected by the bank's employees; two of these members are currently trade union representatives.

At Slovenská sporitel'ňa, employee interests are represented by trade unions at company level. The collective bargaining agreement is renegotiated each year with the Management Board. In addition to pay rises, the agreement offers all employees various benefits in excess of what is prescribed by applicable law.

Erste Bank Croatia is continuously working on improving cooperation with employee representation bodies and arranges regular meetings between the Management Board and the employees' council to achieve this. The latter is responsible for collective bargaining. Concluded in 2006, the relevant agreement has since been renewed every time it has expired.



## 3.2 DIVERSITY AND EQUAL OPPORTUNITY

GRI 3-3, 405-1, 406-1

Gender diversity, anti-discrimination, and accessibility feature high on our agenda, and we have adopted specific measures in this respect.

### Risks / impacts

Sustainable human resources management encompasses effective diversity and inclusion management. The absence of such measures increases the potential for financial and operational risks arising due to a drain of talent and skilled labour as well as due to potentially negative media coverage.

### Opportunities

A work environment which fosters diversity and integration leads to higher workforce satisfaction and has a positive impact on staff loyalty. Different perspectives and approaches can be expressed and translated into practice only in a work environment that encourages diversity. Implementing the relevant measures and initiatives to the best of our abilities, we strive to provide such an environment and to harness the resultant opportunities as best we can, such as Erste Group being perceived as an attractive employer.

### Targets

The scope of consolidation to which the defined goals apply are the local parent banks. The following institutions are considered parent banks: Česká spořitelna, Erste Holding, Erste Bank Österreich, Slovenská sporiteľňa, Banca Comercială Română, Erste Bank Hungary, Erste Bank Croatia, and Erste Bank Serbia. Accordingly, the goals apply only to the above-mentioned institutions, i.e. the parent banks, and not to their subsidiaries.

| Metric   | Baseline |       | Actual |       | Short term targets |        |
|--|----------|-------|--------|-------|--------------------|--------|
|  | Year     | Value | Year   | Value | Year               | Target |
| Women in top management (Board & B-1)          |          |       |        |       |                    |        |
| %-share of women                               | 2021     | 25%   | 2022   | 28%   | 2025               | 37%    |
| Women in other managerial positions (B-2, B-3) |          |       |        |       |                    |        |
| %-share of women                               | 2021     | 51%   | 2022   | 52%   | 2025               | 40-60% |

Here, the scope of consolidation is the parent banks.

Top management positions cover all board and board-1 positions (positions reporting directly to the board).

### Governance / responsibility

People and Culture and the Health Centre are responsible for all matters relating to diversity, equal opportunity, and inclusion. An Anti-Discrimination Officer provides advice and mediation services in cases of harassment, discrimination or bullying. Advice for employees is confidential and if required a structured conflict solution process will be initiated. Drafted by the Anti-Discrimination Officer, the anonymised discrimination report covers all reported cases of discrimination and is communicated to the management board, Human Resources, and the employees' council.

### Policies & works agreement (discrimination)

#### Diversity and Inclusion Policy

The Diversity and Inclusion Policy was revised and newly adopted in 2021. It is binding on all local companies. A key element of the Diversity and Inclusion Policy is defining a target for the proportion of women in management positions, which is to be attained by the end of 2025, at the level of the local parent banks. The specific targets defined for each local parent bank in Central and Eastern Europe are monitored at least twice a year by Group Diversity Management.

### Status of target achievement at a glance

|                       | Share of women in top management |              | Share of women in other managerial positions |              |
|-----------------------|----------------------------------|--------------|--|--------------|
|                       | 2022                             | 2021         | 2022   | 2021         |
| <b>Erste Group</b>    | <b>28.3%</b>                     | <b>25.3%</b> | <b>52.4%</b>                                 | <b>51.0%</b> |
| thereof Holding       | 17.7%                            | 17.7%        | 31.6%  | 31.0%        |
| Austria incl. Holding | 23.4%                            | 20.3%        | 36.2%  | 35.7%        |
| Hungary               | 32.3%                            | 27.8%        | 46.7%  | 48.0%        |
| Czech Republic        | 19.6%                            | 15.4%        | 52.4%  | 44.0%        |
| Slovakia              | 29.0%                            | 27.6%        | 58.9%  | 60.0%        |
| Romania               | 32.1%                            | 32.1%        | 56.7%  | 56.0%        |
| Croatia               | 35.7%                            | 33.3%        | 63.9%  | 66.0%        |
| Serbia                | 41.7%                            | 42.9%        | 54.3%  | 53.0%        |

Here, the scope of consolidation is the parent banks.

Top management positions cover all board and board-1 positions (positions reporting directly to the board).

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

The targets were defined back in 2020 and will be reviewed in 2023 when a policy update is due. Possible steps to attain the interim targets and the 2025 targets are already under consultation.

### Works agreement (Anti-Discrimination and Respectful Behaviour in the Workplace)

The works agreement enshrines Erste Group’s efforts to create a work environment that is free of discrimination and that values the work of each and every person regardless of gender, age, disability, marital status, family obligations, sexual orientation, religion, political affiliation, nationality, skin colour, social or ethnic background, and any other aspects unrelated to their employment. The works agreement defines the procedure to be followed when cases of discrimination are reported. As a general principle, the least-escalation approach is chosen and a solution that suits both sides will be sought. All employees have the right to demand that an internal conciliation body be convened. Involving relevant stakeholders, its task is to handle and resolve cases of discrimination, the respective process being also laid down in the works agreement.

### Measures

#### Gender pay gap

A survey on the Gender Pay Gap in Austria carried out by the Vienna University of Economics for Erste Group clearly shows the importance of diversity in management. The study reveals that female managers tend to motivate women to also seek a career in management and to pay fairer wages and salaries to their employees. Erste Group Bank AG is planning to close the unaccountable gender pay gap in all countries by the end of 2027. To this end, Erste Women’s Hub – the Erste Group women’s network – offers special coaching that proactively addresses female talent. For the medium term, Erste Group has set itself the aim of at least one female candidate being shortlisted for each job recruitment.

### Anti-discrimination

Experience obtained from conflict situations is perceived as an opportunity to continually develop corporate culture. Awareness-building and prevention measures implemented by the Anti-Discrimination Officer in cooperation with management are instrumental to achieving that aim. The primary focus is on raising awareness and improving processes, behaviour and organisational issues for both management and employees. No cases of discrimination were reported in 2022.

### Accessibility and inclusion

Erste Group defines accessibility as designing real-world environments as well as information and product offers in such a way that people with disabilities can use them without the need for additional assistance. Programmes are being implemented in all countries to ensure that customers with disabilities can easily access all Erste Group services and products.

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 George Go, its digital platform: zoom, contrast adjustment, extra-large fonts, and speech output. The barrier-free functions were developed in cooperation with blind persons and persons with a variety of visual impairments.

Moreover, Erste Group is preparing for the EU Accessibility Directive. A pilot study will be commissioned in 2023, involving the ErsteABILITY employee network as well as ombudspersons for the disabled as experts. In Austria, this pilot study will be made available to local diversity managers for the purpose of a group-wide roll-out of accessibility measures.

|   | Austria | Hungary | Czech Republic | Slovakia | Romania | Croatia | Serbia |
|---|---------|---------|----------------|----------|---------|---------|--------|
| Developing Women's Hub, education & networking for women leadership | ●       | ●       | ●              | ●        | ●       | ●       | ●      |

### Key performance indicators

#### Women in top management and other managerial positions

|                       | Share of women in top management |              | Share of women in other managerial positions |              | Number of employees with health disability |            |
|-----------------------|----------------------------------|--------------|--|--------------|--|------------|
|                       | 2022                             | 2021         | 2022   | 2021         | 2022                                       | 2021       |
| <b>Erste Group</b>    | <b>24.1%</b>                     | <b>22.8%</b> | <b>43.8%</b>                                 | <b>41.8%</b> | <b>706</b>                                 | <b>717</b> |
| thereof Holding       | 17.6%                            | 17.6%        | 31.6%  | 30.7%        | 20   | 22         |
| Austria incl. Holding | 17.2%                            | 16.2%        | 26.7%  | 25.7%        | 343  | 364        |
| Hungary               | 26.5%                            | 23.9%        | 44.5%  | 47.2%        | 12   | 12         |
| Czech Republic        | 19.8%                            | 16.1%        | 51.5%  | 43.7%        | 90   | 130        |
| Slovakia              | 26.2%                            | 22.2%        | 58.6%  | 59.4%        | 161  | 152        |
| Romania               | 37.3%                            | 34.0%        | 60.2%  | 57.4%        | 53   | 37         |
| Croatia               | 29.3%                            | 27.7%        | 61.7%  | 63.9%        | 36   | 15         |
| Serbia                | 33.3%                            | 35.5%        | 54.1%  | 52.5%        | 2  | 1          |
| Others                | 42.2%                            | 41.1%        | 48.3%  | 48.3%        | 9  | 6          |

GRI 405-1

Please note that this table does not lend itself to comparison with the table in the Diversity Inclusion Policy section, as the scopes of consolidation differ. The table in the Diversity and Inclusion Policy section refers to the parent banks, while this table refers to each country as a whole.

<sup>1</sup> In 2021, there were 12 (147) employees with a disability in Hungary. In 2021, two subsidiaries reported employees with a disability, though without a degree of disability being specified.

<sup>2</sup> Institutions must have more than 250 employees to reach the defined threshold where board-1 is included in the calculation for top management. In 2021, board-1 functions were included under top management in subsidiaries with less than 250 employees. This adjustment led to a change from 23.3% to 16.2% in Austria, and from 25.8% to 22.8% across the Group.

## Women in other managerial positions and age structure

| 2022                  |              |           |             |              |              |            |              |  |
|-----------------------|--------------|-----------|-------------|--------------|--------------|------------|--------------|--|
|                       | Number       | <30 years |             | 30-50 years  |              | >50 years  |              |  |
|                       |              | Number    | in %        | Number       | in %         | Number     | in %         |  |
| <b>Erste Group</b>    | <b>1,984</b> | <b>46</b> | <b>1.0%</b> | <b>1,421</b> | <b>31.3%</b> | <b>517</b> | <b>11.4%</b> |  |
| thereof Holding       | 59           | 1         | 0.5%        | 44           | 23.5%        | 14         | 7.5%         |  |
| Austria incl. Holding | 459          | 20        | 1.2%        | 293          | 17.0%        | 146        | 8.5%         |  |
| Hungary               | 186          | 2         | 0.5%        | 138          | 33.0%        | 46         | 11.0%        |  |
| Czech Republic        | 369          | 13        | 1.8%        | 240          | 33.5%        | 116        | 16.2%        |  |
| Slovakia              | 163          | 1         | 0.4%        | 103          | 37.1%        | 59         | 21.2%        |  |
| Romania               | 296          | 9         | 1.8%        | 236          | 48.0%        | 51         | 10.4%        |  |
| Croatia               | 287          | 0         | 0.0%        | 222          | 47.7%        | 65         | 14.0%        |  |
| Serbia                | 98           | 1         | 0.6%        | 81           | 44.8%        | 16         | 8.8%         |  |
| Others                | 126          | 0         | 0.0%        | 108          | 41.4%        | 18         | 6.9%         |  |

GRI 405-1 Data by age groups were recorded for the first time in 2022 (only for B-2,3,4).

### Partnerships and awards

**Diversity Charter.** Erste Group enjoys an excellent international reputation also for its support of the Diversity Charter. Under the Charter, Erste Group commits to establish for its employees an inclusive working culture regardless of gender, ethnicity, religion, age, disability, sexual orientation, and other characteristics.

**Orange the World.** In 2022, Erste Group was for the third time a main partner of the United Nations Orange the World initiative. The purpose of the campaign is to raise awareness for violence against women and support women globally in leading a life free from all forms of violence. Moreover, Erste Group became a signatory of Aids Hilfe Österreich's #positivarbeiten initiative in 2022, supporting the discrimination-free treatment of HIV-positive employees and job candidates.

**equalitA quality seal.** The equalitA quality seal is awarded by the Austrian Federal Ministry of Labour and Economy in recognition of efforts undertaken by companies to promote women with a view to ensuring gender diversity and equal opportunity. Criteria include fair pay, women in management positions, general positions of women in the company, compatibility of work and family, professional development for women, etc.

## 3.3 EMPLOYEE HEALTH AND WORK-LIFE BALANCE

GRI 3-3, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Erste Group accords high priority to the health of its employees, mindful that the contribution, knowledge, qualifications, and skills of each individual employee are valuable, and that every employee is special. A sound work-life balance is essential for maintaining and promoting health. Given the tight labour markets in our region, it is just as essential for our ability to recruit and retain employees with the required high-level qualifications and experience.

### Risks / impacts

Prevailing working conditions may be harmful to the health of employees. While the risk of physical health hazards is low in our field of business, not least because of exacting statutory requirements as to occupational safety (in Austria, e.g., the Occupational Health and Safety Act), we cannot generally preclude health hazards related to stress and other mental factors. As we are seeing an increase in lifestyle-related and chronic illnesses also affecting Erste Group employees, this may lead to an increase in sick days, especially long-term sick leave, which may translate into higher costs in banking operations as well as higher operational risk.

Social framework conditions which make it more difficult to reconcile private and family life with work (e.g. lack of child-care facilities) may prevent people from starting or continuing to work for us – even if they have all the assets and talents Erste Group needs for a successful future. In combination with demographic developments which have caused a shortage of labour that will last for years to come, this may give rise to a serious risk for Erste Group.

### Opportunities

The workplace offers an ideal setting for raising health-awareness among large groups of people, thus making occupational health an important contributor to public health. A work environment that fosters employee health and allows to reconcile life and work is not only quintessential for Erste Group's attractiveness as an employer and for the commitment of our staff, but also has, as we firmly believe, a positive impact on society as a whole.

### Targets

Erste Group is committed to proactively assisting its employees in identifying and preventing health risks. The focus here is on mental health, as well on preventing chronic illnesses, which account for 50% to 80% of all healthcare costs. Reintegrating employees into work life after lengthy periods of illness is one of our key priorities.

We have a set of measures in place to ensure that working times can be adjusted to individual needs. In Austria, we want to encourage fathers to fully harness the potentials of parental leave.

### Governance / responsibility and participation

Overall responsibility in the Group lies with People and Culture, which reports to the CEO. As labour-law and health policy frameworks vary widely between individual countries, it is mainly at country level that initiatives are coordinated and information sharing is promoted; the specific measures are then designed and implemented in our subsidiary banks. Employees are involved in the development of new offers via the respective employee representation bodies (employees' councils).

### Measures and success indicators

#### Growing flexibility in terms of working time and leave models

Mindful of the high priority of this issue, Erste Group offers a whole range of family-friendly measures which are regularly adapted to the needs of our employees. With family-friendly flexitime and work-from-home schemes, Erste Group enables its employees to reconcile parental time and work. In addition, Erste

Campus has a company kindergarten where fully qualified educators provide full-day care for 120 children. Our offer is complemented by nursing-care leave, sabbaticals, parental leave, and summer programmes for children at primary school age. Executive-level staff may opt to have interim managers substitute for them during periods of leave and then resume their management position on their return. The scope of these measures varies from country to country.

The certification issued by the Austrian Federal Ministry for Education, Science and Research under the *berufundfamilie* (work and family) audit scheme, which we obtained in 2021, is a testament to how successful our efforts in this respect have been. One of the key outcomes of the certification audit in Austria was the need for effective interim management models ("bridging models") for periods of parental leave, so that career gaps can be organised flexibly and with a clear focus on continued professional development during such leave. In 2022, Erste Group further pursued an initiative designed to encourage men to make full use of the possibilities available under the parental leave schemes for fathers. In general, all employees (women and men) are entitled to take parental leave.

### Parental leave

| 2022                  | Parental leave |              |            |             | Return to work after parental leave |              |            |              |
|-----------------------|----------------|--------------|------------|-------------|-------------------------------------|--------------|------------|--------------|
|                       | Women          |              | Men        |             | Women                               |              | Men        |              |
|                       | Number         | in %         | Number     | in %        | Number                              | in %         | Number     | in %         |
| <b>Erste Group</b>    | <b>1,816</b>   | <b>92.0%</b> | <b>158</b> | <b>8.0%</b> | <b>1,113</b>                        | <b>80.6%</b> | <b>172</b> | <b>96.6%</b> |
| thereof Holding       | 37             | 61.7%        | 23         | 38.3%       | 40                                  | 97.6%        | 20         | 100.0%       |
| Austria incl. Holding | 551            | 84.4%        | 102        | 15.6%       | 324                                 | 90.0%        | 115        | 100.0%       |
| Hungary               | 86             | 100.0%       | 0          | 0.0%        | 80                                  | 80.8%        | 3          | 100.0%       |
| Czech Republic        | 423            | 99.5%        | 2          | 0.5%        | 174                                 | 63.3%        | 0          | 0.0%         |
| Slovakia              | 327            | 92.6%        | 26         | 7.4%        | 103                                 | 60.6%        | 27         | 84.4%        |
| Romania               | 201            | 96.6%        | 7          | 3.4%        | 125                                 | 83.9%        | 6          | 85.7%        |
| Croatia               | 107            | 83.6%        | 21         | 16.4%       | 228                                 | 100.0%       | 21         | 100.0%       |
| Serbia                | 61             | 100.0%       | 0          | 0.0%        | 41                                  | 95.3%        | 0          | 0.0%         |
| Others                | 60             | 0.0%         | 0          | 0.0%        | 38                                  | 66.7%        | 0          | 0.0%         |

GRI 401-3 b), c), d) and e

### Erste Group Health Centre

Issues addressed in preventive health care include, amongst others, lifestyle, work-life balance, mental health, stress prevention and nutrition counselling. A multi-professional team of occupational physicians, workplace psychologists and physiotherapists assist Erste Group's employees in all matters of health and well-being. The processes for designing and reviewing the programmes offered and the measures being implemented are participatory and evidence-based and ensure ongoing consultation with employees. (Talks with the employees' council and the ombudsperson for employees with disabilities are held at regular intervals). Internal communication channels (intranet) are used to inform employees about health issues.

The Erste Group Health Centre, which is located at Erste Campus in Vienna and caters to Erste Group Bank AG, Erste Bank der österreichischen Sparkassen, and 30 subsidiaries in Austria, focuses first and foremost on the mental health of employees, a

factor which is taking on an ever more important role on the labour market. Employees have access to workplace psychologists and to an external service to help them with issues such as childcare, school, domestic and other problems, as well as caring for elderly family members. This service is available either online or by telephone, and every other week also for in-person consultations on-site. A free-of-charge hotline at Erste Campus Vienna provides anonymous counselling by qualified experts. In compliance with the Labour Relations Act, youth ombudspersons have been appointed to act as peer contacts.

Another focus of the Erste Group Health Centre is the prevention of chronic illnesses, which account for 50% to 80% of all healthcare costs. Erste Group has implemented a range of different measures designed to prevent chronic illnesses or at least mitigate their effects. These include health screenings, melanoma screenings, the prevention and early detection of intestinal cancer, prevention of cardio-vascular diseases through nutrition counsel-

ling and fitness offers, as well as blood pressure checks and other check-ups. Close cooperation with local health service providers such as rehabilitation centres ensures that our employees have ready access to treatment.

#### Personalised reintegration after long-term illness

A works agreement on reintegration ensures that employees can return to work gradually after a lengthy period of illness. Erste Group is one of the few companies which has concluded such an agreement, which has brought about a significant decline in extremely long sick leaves in recent years.

#### Sick leave days per employee

|                       | 2022      | 2021            |
|-----------------------|-----------|-----------------|
| <b>Erste Group</b>    | <b>10</b> | <b>10</b>       |
| thereof Holding       | 6         | 3               |
| Austria incl. Holding | 9         | 6               |
| Hungary               | 7         | 9               |
| Czech Republic        | 11        | 19              |
| Slovakia              | 11        | 10              |
| Romania               | 10        | 9               |
| Croatia               | 15        | 17 <sup>1</sup> |
| Serbia                | 10        | 9               |
| Others                | 9         | 10              |

<sup>1</sup>Social insurance-funded sick leave days have been included in the report as from the 2022 reporting period. By analogy, the figure for 2021 increases from 5 to 17 days.

### 3.4 TALENT ATTRACTION AND RETENTION

GRI 3-3, 401-1, 404-1, 404-2, 404-3

Erste Group is convinced that its current and future success in business can be ensured only by investing in people, developing their potential, and enabling them to deliver in alignment with Erste Group's vision for the future. Erste Group's special focus lies on two areas: education, and employer branding & recruiting.

#### Risks / impacts

Erste Group needs to be attractive both for its employees and for potential jobseekers. Demographic transformation and changing values have brought in their wake an extremely tight labour market in our entire region, which we expect to remain that way in the foreseeable future. For the high-quality financial services we offer, we depend on specialised expertise and experienced staff so we can deliver on our goal of top-level customer satisfaction (see chapter 4.1 "Customer satisfaction"). Staff turnover and quiet quitting harbour operational risks and come with high recruitment and training costs.

#### Opportunities

Erste Group wants to play a part in shaping tomorrow's banking world. To be able to do that, we need innovative ideas as well as people with commitment, passion and empathy. Erste Group will be able to harness its full innovative potential only by being an employer that attracts new talent while also proactively investing in leveraging existing employee potential.

#### Acquiring health literacy

Moreover, our employees regularly attend training events on health literacy, nutrition, mental health, or infection protection.

#### Average number of sick leave days per employee

Sick leave is a type of leave that is either paid for by the employer or by social insurance or is unpaid; the cause for such leave is illness or incapacity (health problems). Sick leave is to be calculated in workdays from the first day of leave. The total duration of illness-related absences from work is to be calculated based on the total number of days of leave attributable to sickness or incapacity for the given period.

#### Targets

Erste Group wants to be perceived as an attractive employer and intends to improve further in this area year on year. Our two-fold aim is to recruit new talent, from job starters to experienced professionals, all while fostering existing talent among our staff.

At the same time, we accord high priority to a time-efficient recruiting process. In 2022, we achieved an average time to fill (i.e. the time between when a job requisition is approved and when a job offer is made to the final candidate) of 62 days, the initial target having been set at 70 days or less.

#### Governance / responsibility and participation

Responsibility for attracting talent lies with Group People & Culture, which centrally coordinates all training programmes. The department closely interacts with the business units on the (further) development of training programmes so that educational offers can be dovetailed to their specific needs.

#### Measures and success indicators

Erste Group's measures in respect of talent attraction come under two separate headings: education, and employer branding & recruitment.

#### Learning, talent management, leadership and competence development

Erste Group strives to develop the professional and interpersonal skills of its employees. Erste Group continuously develops and

aligns group-wide training programmes for professionals and managers.

Specialised courses are offered covering corporates & markets, finance including controlling, asset/liability management, accounting and data excellence. The Risk Management College programmes take account of changes in regulatory frameworks and impart knowledge in various areas of risk management.

Accessibility was further expanded by a massive roll-out of digital learning formats. Cooperation with renowned institutions such as IESE Business School, IMD Lausanne, WU Executive Academy in Vienna and Ashridge Executive Education underscore the high quality of the training programmes being offered.

Through cooperation agreements with international business schools, Erste Group in 2022 acquired quotas for continued professional development programmes to make available to our management-level staff. It is our aim to take full advantage of the annually budgeted quota and to attain a 100% graduation rate. In 2022, Erste Group succeeded in fully using the available quota for management training programmes.

Talent management is driven by constructive feedback, a fair and transparent assessment of individual potential, and high-quality development activities in partnership with internationally renowned institutions. Each year, all employees are invited to an employee appraisal interview with their line managers to define goals for the current year and come up with development plans to assist employees in their further personal development. In 2022, appraisal talks were held with 98.6% of all employees of Erste Group Bank AG, of whom 49.3% were women and 50.7% men, and 11.7% were management-level staff and 88.3% employees without management responsibility.

### Employer branding and recruiting

Erste Group focuses on a comprehensive offer of development opportunities in a bid to attract young talent and remain attractive as an employer. The goal of the annual Group Graduate Programme for university graduates is to attract top international graduates and provide them with fundamental banking and risk management skills over a period of 18 months. The share of women in the current programme cycle is 70%. The next Group Graduate Programme is scheduled for autumn 2023.

Moreover, 2022 saw new measures being added to the Recruiting & Employer Branding portfolio. An initiative was launched to expand direct sourcing, i.e. directly contacting potential new employees. We have been able to massively strengthen our employer brand through a variety of partly sponsored campaigns on various social media channels (e.g. LinkedIn, XING, Facebook). In a bid to boost its name recognition and employer credentials, Erste Group also presented itself at various off- and online events, trade fairs, as well as selected universities.

In 2022, Erste Group's employees completed on average 32.3 hours of professional development (as against 24.5 hours in 2021) (women 34.1 hours (as against 24.3 hours) and men 29.3 hours (as against 24.7 hours)). Employees in management positions completed an average of 43.3 training hours (prior year 28.5 hours). The significant increase in training hours completed is due to the fact that many non-consumed training courses were made up for once Covid-19 restrictions had been lifted.

For 2023, Erste Group will step up investment in employee training, adjusting, expanding, and newly designing programmes so as to live up to its reputation as a top employer, both internally and externally.

Country-specific personalised development and career-building measures are in place with a view to maintaining staff employability. This includes all professional education and development measures which ensure that our staff have the skills and competences they need to face new tasks and challenges. These programmes can be directly accessed and booked through the Learning Management System.

In Austria, each institution has different measures in place to facilitate retirement from work. This covers various pre-retirement schemes that make it easier for employees to retire (e.g. flexible transition based on part-time work agreements), as well as individual support measures to help staff to regain a foothold on both the internal and the external job market (e.g., applications for jobs on the internal job market, reintegration after lengthy periods of illness, outplacement foundations, or counseling on reorientation on the labour market).



## New hires

| 2022                  | Women        |              | Men          |              | <30 years    |              | 30-50 years  |              | >50 years  |             |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
|                       | Number       | in %         | Number       | in %         | Number       | in %         | Number       | in %         | Number     | in %        |
| <b>Erste Group</b>    | <b>4,162</b> | <b>63.7%</b> | <b>2,372</b> | <b>36.3%</b> | <b>3,208</b> | <b>49.1%</b> | <b>2,958</b> | <b>45.3%</b> | <b>368</b> | <b>5.6%</b> |
| thereof Holding       | 112          | 44.1%        | 142          | 55.9%        | 154          | 60.6%        | 89           | 35.0%        | 11         | 4.3%        |
| Austria incl. Holding | 1,235        | 56.2%        | 961          | 43.8%        | 1,213        | 55.2%        | 848          | 38.6%        | 135        | 6.1%        |
| Hungary               | 360          | 64.3%        | 200          | 35.7%        | 214          | 38.2%        | 294          | 52.5%        | 52         | 9.3%        |
| Czech Republic        | 1,001        | 63.3%        | 580          | 36.7%        | 700          | 44.3%        | 787          | 49.8%        | 94         | 5.9%        |
| Slovakia              | 321          | 70.1%        | 137          | 29.9%        | 226          | 49.3%        | 213          | 46.5%        | 19         | 4.1%        |
| Romania               | 636          | 75.0%        | 212          | 25.0%        | 481          | 56.7%        | 341          | 40.2%        | 26         | 3.1%        |
| Croatia               | 193          | 62.1%        | 118          | 37.9%        | 147          | 47.3%        | 157          | 50.5%        | 7          | 2.3%        |
| Serbia                | 210          | 74.5%        | 72           | 25.5%        | 126          | 44.7%        | 137          | 48.6%        | 19         | 6.7%        |
| Others                | 206          | 69.1%        | 92           | 30.9%        | 101          | 33.9%        | 181          | 60.7%        | 16         | 5.4%        |

GRI 401-1 a)

The percentages refer to the total number of newly hired employees.

## Fluctuation incl. retirement & using the Schlüter formula

| 2022                  | Women        |              | Men          |              | <30 years    |              | 30-50 years  |              | >50 years    |              |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                       | Number       | in %         | Number       | in %         | Number       | in %         | Number       | in %         | Number       | in %         |
| <b>Erste Group</b>    | <b>3,958</b> | <b>11.7%</b> | <b>2,075</b> | <b>10.3%</b> | <b>1,791</b> | <b>29.7%</b> | <b>3,144</b> | <b>52.1%</b> | <b>1,098</b> | <b>18.2%</b> |
| thereof Holding       | 101          | 9.8%         | 103          | 9.3%         | 97           | 47.5%        | 86           | 42.2%        | 21           | 10.3%        |
| Austria incl. Holding | 1,148        | 10.5%        | 865          | 9.2%         | 762          | 37.9%        | 744          | 37.0%        | 507          | 25.2%        |
| Hungary               | 396          | 15.9%        | 214          | 14.3%        | 163          | 26.7%        | 372          | 61.0%        | 75           | 12.3%        |
| Czech Republic        | 927          | 11.9%        | 393          | 10.1%        | 292          | 22.1%        | 785          | 59.5%        | 243          | 18.4%        |
| Slovakia              | 377          | 13.1%        | 118          | 9.3%         | 147          | 29.7%        | 284          | 57.4%        | 64           | 12.9%        |
| Romania               | 625          | 13.3%        | 217          | 13.0%        | 293          | 34.8%        | 444          | 52.7%        | 105          | 12.5%        |
| Croatia               | 151          | 6.4%         | 82           | 7.2%         | 48           | 20.6%        | 156          | 67.0%        | 29           | 12.4%        |
| Serbia                | 140          | 12.3%        | 70           | 16.5%        | 39           | 18.6%        | 140          | 66.7%        | 31           | 14.8%        |
| Others                | 194          | 13.0%        | 116          | 14.4%        | 47           | 15.2%        | 219          | 70.6%        | 44           | 14.2%        |

GRI 401-1 b)

This table presents the number of employees who left Erste Group (including retirement) during the fiscal year. It does not include employees on parental leave, internal transfers within Erste Group, or departing trainees and interns. Fluctuation in % is calculated using the Schlüter formula. Fluctuation at Erste Group (total of men and women) stood at 11.2%, unchanged in a year-on-year comparison.

## Awards for Erste Group

Erste Group's efforts to remain an attractive employer for new talent are reflected in a number of awards bestowed upon the bank in the reporting year. In 2022, Erste Group won several Best Employer awards reflecting its strong position on the employer market. In a ranking of 40,000 Austrian employers carried out by the Leading Employers Institute, Erste Bank attained the top position in banking and came second in the overall ranking. In 2022, Forbes Magazine ranked Erste Group as number 103 in the "World's Best Employers" category. The Universum platform (which focuses on

employer attractiveness for students) ranks Erste Bank among the top 20 for business students. Erste Group scored among the top 10 of 200 businesses in Austria in the Quality Awards evaluated by Market Institut. "Kununu", an Austrian employer rating platform, awarded Erste Bank the Top Company label, currently the most widely known employer label in Austria. Recognising role-model companies providing apprenticeship training, the Austrian Federal Economic Chamber (WKÖ) awarded Erste Group the Vienna Quality Label as a top apprenticeship provider. *Familie & Beruf* certified Erste Group as a family- friendly employer.

## 4. Our customers

Being a financial services provider, it is in our DNA to manage and increase the wealth of our customers. Thanks to our unique expertise, which derives from our network of local savings banks and our regional activities as Erste Group, we are well placed to take excellent care of the specific needs of our corporate and retail customers. Our strength and our good reputation are rooted to a large extent in the trust which many long-standing customers place in us. To be able to live up to their expectations in the future, we are constantly working on improving customer satisfaction, all while optimising our security measures, especially in view of digital transformation scenarios.

### 4.1 CUSTOMER SATISFACTION

GRI 3-3

The long-term success of a credit institution largely rests on its customer relations. We can maintain our competitive edge only if our customers place their trust in us and are satisfied with our products and services. This is why we are continuously striving to improve our services by making them not only better, but also more relevant and more accessible.

## Risks, impacts and opportunities

Outdated products and services and poor customer service may be the root cause for customers being dissatisfied. If we fail to adequately address these risks, we jeopardise the long-term success of our business. On the other hand, high levels of customer satisfaction breed customer loyalty, which in turn is reflected in an ever-growing customer base and market leadership.

## Targets

Erste Group has set itself the goal of remaining and/or becoming, in each single market in which it operates, the market leader in customer satisfaction, a factor we measure through our Customer Experience Index (CXI).

## Policies / Governance

The CXI is determined by Group Customer Experience, which is part of Group Brand Management & Communication, which in turn reports to the Chief Executive Officer. The Chief Retail and/or Corporate Officer are responsible for goal achievement.

## Measures

To be better able to cater to a broad variety of customer requirements and provide customer-centric advisory, we have taken specific steps to address customer satisfaction in different areas, such as in digital banking, in the branches, in the Contact Centre, in product design as well as in sales.

Moreover, we can rely on our Customer Experience Framework to obtain feedback on customers' interactions with the bank, a valuable input to inform work on further improving Erste Group's products and services.

## Digital banking

At Erste Group, digital banking means not only making all banking transactions easy to handle and verify, but also providing appropriate remote advice.

Under the George digital banking brand, Erste Group offers a unique digital experience spanning multiple markets and comprising a wide range of services. George enables customers to access an ecosystem of products and services provided both by the bank and by third parties (e.g. Erste Group's strategic partner Vienna Insurance Group) in a secure IT environment and use the platform for managing their finances.

At year-end 2022, George was available to a total of 9 million people in their local language in almost all the countries in which Erste Group operates. Roll-out in Serbia has been scheduled for early 2024.

Set up in November 2022, Let's do Business, George! is the digital banking platform for businesses. Compared to retail-focused George, it features additional services and products, such as the Messenger or Financial Health functionalities, which are

designed to make day-to-day banking for businesses simpler and easier.

## Branches

Direct contact with customers through branches remains a key element of customer satisfaction, especially for more complex customer needs. Branch interiors and infrastructures are being upgraded to enable customers to handle their banking business in the branches quickly and easily. In doing so, Erste Group relies on a group-wide branch concept featuring new technologies (e.g. video walls, digital onboarding in George) and allowing more space for person-to-person advisory services. At year-end 2022, more than 330 branches operated under the new concept in Erste Group's core markets in Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia, and Serbia.

## Contact Center

Erste Group's Contact Center is the first port of call for instant customer support. It is available 24/7 and can be contacted by telephone, e-mail or chat. Trained employees not only answer questions regarding products and services and assist users with the operation of self-service terminals, but also help potential customers navigate digital product acquisition processes. If necessary, they also handle customer complaints or respond to emergencies such as requests to block credit cards and debit cards. If permitted under applicable regulations, the Contact Centre will also provide assistance with end-to-end digital banking services, such as unsecured loans, insurance, credit cards or online banking.

## Product design and sales

The development and approval of new products and services is based on a structured process which is informed by strategic goals (identified customer needs and market opportunities) and guarantees comprehensive quality assurance. Products and services are designed for flexibility, life-cycle changes, simplicity, security, transparency and ease of use.

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

## Success indicators and customer satisfaction

In the retail segment, a representative survey called the Banking Market Monitor is carried out on a quarterly basis. 2,400 telephone interviews (with customers and non-customers) are conducted annually across Erste Group's markets. In the corporate customer segment, an extensive survey with at least 1,500 companies per country is carried out once a year.

These analyses are conducted by an external market research institute and provide data for a performance comparison both within Erste Group and with its top three competitors.



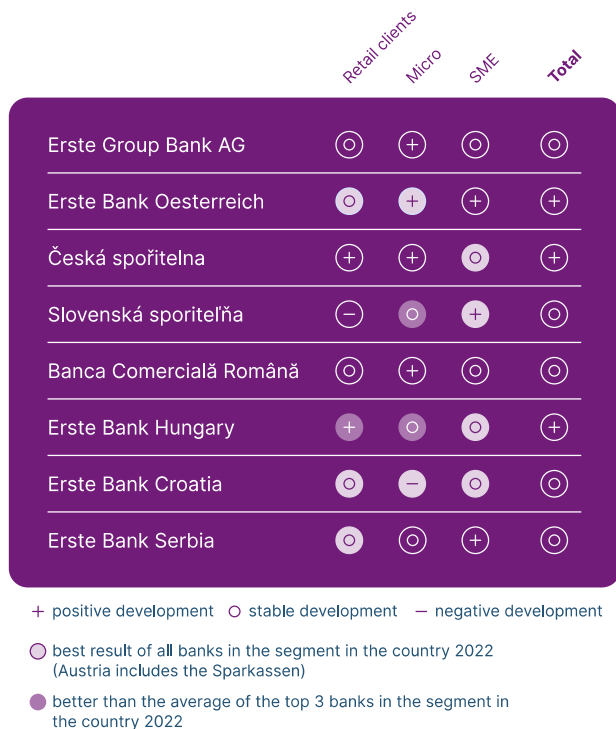
Based on these surveys, our customer relations are rated in five categories (dissatisfied, non-engaged, simply satisfied, loyal and advocate) and successful improvement of customer service is measured using the CXI (Customer Experience Index).

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

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

### Development of the CXI

in relation to the top three competitors 2021-2022 per segment



### GRI 3-3

In 2022, Erste Group again succeeded in maintaining the excellent customer satisfaction ratings of the previous year, or even improving its score in relation to the top three banks of the respective countries. Looking at the development of the CXI in the individual countries by comparison with 2021, Erste Bank Oesterreich, Česká spořitelna and Erste Bank Hungary reported better results in relation to the top three banks of these countries. All other banks showed stable figures.

## 4.2 DATA SECURITY

GRI 3-3, 418-1

Personal information is key in today's financial services. The data of Erste Group's customers must be protected at all times and therefore call for a particularly high standard of security. At European Union level, data privacy requirements are defined by the General Data Protection Regulation (GDPR), which we have fully implemented.

### Risks / impacts

Any loss of customer data such as identity theft, fraud, financial loss etc. may have a negative impact, first and foremost on the customers affected. As for Erste Group as a business enterprise, successful IT attacks may lead to data losses and even business interruptions, and may entail legal consequences. Unreliability in connection with data protection harms the reputation of Erste Group and may adversely affect both customer retention and our ability to win new customers in the long term.

### Opportunities

Ultimately, high customer satisfaction goes hand in hand with data security. The security of customer data is therefore a key prerequisite for long-term success in the banking industry.

### Targets

Our aim here is to not only maintain the high level of security achieved so far, but to also implement additional technical and organisational measures in response to mounting challenges. Preserving our customers' trust as the process of digitalisation continues is a top priority.

### Governance / responsibility

By continuously sharing information and best practices across all markets, the Group Data Protection Office, which reports to the Chief Risk Officer, ensures a consistently high level of data protection throughout Erste Group. In 2022, a new Data Privacy and Security Management was set up, substantially improving the way data protection is organised. With a headcount of ten staff members, this department acts as a first line of defence, assisting the bank's business units in complying with data privacy regulations. In addition, the data protection officer carried out a multitude of monitoring measures required under Article 39 GDPR, both at local and at international level.

### Measures

The data security measures adopted by Erste Group meet the highest standards. Technically, Erste Group has a number of defence mechanisms in place at different levels, from the network to the application level. We use different systems and technologies, such as an intrusion prevention system or data leak prevention, to identify and prevent data leakages.

For the purposes of cyber-physical security, we apply additional internal rules for the protection of properties and valuables to

complement the European EN 50600 standard for the protection of IT infrastructure in data centre facilities. This standard sets out requirements for the planning, construction and operation of data centre facilities and cloud infrastructures. When it comes to outsourcing information and communication technology (ICT), Erste Group is certified under international certification standard ISO 27001 and the International Standard on Assurance Engagements ISAE 3402.

Organisationally, a large number of security policies govern security-relevant requirements for systems, infrastructure and employees. Compliance with these policies is mandatory for all banking subsidiaries of Erste Group. A security maturity assessment currently featuring about 150 controls is used to record any non-compliance with these policies, to document measures taken to resolve such non-compliance and to regularly evaluate the progress made in implementing relevant solutions. Moreover, all employees of Erste Group undergo mandatory training in respect of the same uniform requirements on a regular basis. Our cooperation partners are contractually held to meet these requirements as well.

At the operational level, security KPIs (key performance indicators) have been implemented to inform monitoring, control and

decision-making by the Chief Security Officers and the relevant board members at Erste Group.

To earn trust, you need to ensure transparency: Erste Group puts great emphasis on providing customers with clear and understandable information about how their personal data are being processed. Where necessary, we obtain prior consent to the processing of personal data.

### Performance indicators

An internal message chain will be activated if, in spite of all our precautionary measures, a data breach (loss, modification or unauthorised transmission of personal data or unauthorised access to personal data) does occur. All internal and external reports are centrally collected and evaluated. A report will be filed with the competent data protection authority if, based on such evaluation, we come to the conclusion that the data breach compromises the rights and freedoms of any natural persons affected.

In 2022, there were 8 data breach reports (none of which for Erste Group Bank AG). Should a data breach result in a high level of risk, the persons affected will also be notified. In 2022, 2 such notifications were issued (none of which for the Holding).

## 5. Our social responsibility

Erste Group's commitment to society has never been limited to business activities alone. By providing funding or in some cases staff and expertise, we support institutions, initiatives and projects as well as communities in social, arts and culture, education, sports and ecological activities in all core markets. We consider financial literacy, access to banking products for financially excluded groups, community involvement and volunteering as areas where we can generate a significant positive impact on society.

As needs and interests vary across Erste Group's markets, depending on local circumstances, specific project sponsorships and initiatives are determined and managed locally. Social and sponsoring activities are combined group-wide under the umbrella of the ExtraVALUE programme, which is characterised by a regional focus, cross-thematic initiatives and cooperation. The guiding principle is to support personal development and help people to meet their social and cultural needs. Erste Group's ExtraVALUE programme is therefore a visible sign of how committed the bank is to its responsibility towards society and the individual. The sponsoring policy governs all actions taken under this heading.

### 5.1 ACCESS TO BANKING PRODUCTS FOR DISADVANTAGED GROUPS

GRI 3-3

More than 14 million people in Erste Group's core markets 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. The cost of living is on the rise in the region, and affordable housing is becoming harder to find. These developments present a significant danger for inclusive and socially sustainable societies and encourage economic disparity.

#### Risks / impact

By making basic financial products available to disadvantaged groups, Erste Group contributes to fighting poverty and increasing prosperity. A decline in social stability and economic development presents a risk for our business model, which depends on these very factors to succeed.

#### Opportunities

Assuming societal and social responsibility is not only in line with Erste Group's strategy but also enriches the brand. Opportunities include the potential for building a loyal and prospering customer base as well as benefits from a positive image transfer to the brand, increasing the brand's emotional appeal as well as employee identification with the brand.

## Targets

To achieve our goal of promoting social cohesion, our Social Banking programme defines four targets:

|  | Metric                                | Baseline |       | Actual |       | Targets            |        |                  |        |
|--|---------------------------------------|----------|-------|--------|-------|--------------------|--------|------------------|--------|
|  |                                       | Year     | Value | Year   | Value | short term<br>Year | Target | mid term<br>Year | Target |
| Affordable housing                           | # of built housing units (cumulative) | -        | -     | 2022   | 500   | 2025               | 3,300  | 2030             | 15,000 |
| Social banking financing                     | in EUR million, cumulative            | 2017     | 115   | 2022   | 464   | 2025               | 650    | 2030             | 1,000  |
| Financial literacy participants <sup>1</sup> | # in thousand, cumulative             | 2017     | 7     | 2022   | 48    | 2025               | -      | 2030             | 80     |
| Job creation and retention                   | # in thousand, cumulative             | 2017     | 20    | 2021   | 78    | 2025               | -      | 2030             | 200    |

<sup>1</sup> The goal describes the total number of persons participating in educational activities organised or initiated by Group Social Banking.

Goal achievement may be jeopardised over the medium term if the amount of bad loans substantially exceeds expected and reasonable limits. A special Group Social Banking Risk Policy sets out the key requirements for managing credit risk related to social banking at Erste Group. This policy applies to social banking activities concerning private individuals, micros and new entrepreneurs, social organisations and special social projects. It provides a framework adapted to local needs and local legal regulations. In a bid to reduce the risk related to the funding of social organisations, Erste Group Social Banking availed itself, until year-end 2022, of the portfolio guarantee under the EU Programme for Employment and Social Innovation (EaSI). To be able to continue to offer preferential terms and loans to social entrepreneurs and new entrepreneurs, Erste Group Social Banking applied for a portfolio guarantee under the new InvestEU programme.

## Governance / responsibility and participation

Overall responsibility for access to banking products for financially disadvantaged groups lies with the Group ESG Office and

with Social Banking, which report to the CEO. Responsibility for the Austrian market lies with the CEO of Erste Bank Oesterreich, including, among other things, the microfinance programme. In addition, we cooperate with Erste Social Finance Holding, a joint venture between Erste Stiftung and Erste Group Bank AG. Our employees are involved in the development of new initiatives and projects to facilitate access to banking products for financially disadvantaged groups on an ongoing basis via their respective representatives (works council).

## Measures and success indicators

Erste Group's social banking initiatives focus on financially excluded or vulnerable individuals (people at risk of poverty or social exclusion), start-ups and micro entrepreneurs and social organisations (non-profit sector, non-governmental organisations and social enterprises), offering them fair access to financial products, sound financial advice, as well as business training and mentoring.

|   | Austria | Hungary | Czech Republic | Slovakia | Romania | Croatia | Serbia |
|---|---------|---------|----------------|----------|---------|---------|--------|
| Establishment of local project team and foundation of local affordable housing entity if needed | ●       | ●       | ●              | ●        | ●       | ●       |        |
| Identification of pilot projects, interested municipalities                                     | ●       | ●       | ●              | ●        | ●       | ●       |        |
| Development and operation of affordable rental apartments                                       | ●       |         |                | ●        |         |         |        |
| Scaling Social Banking programmes   | ●       | ●       | ●              | ●        | ●       | ●       | ●      |
| Financial education programmes for young generation   | ●       | ●       | ●              | ●        | ●       | ●       | ●      |

## Zweite Sparkasse

Since its foundation in 2006, Zweite Sparkasse has helped a total of 22,433 people in financial difficulties in Austria and currently serves 8,098 customers. Working with its network of social organisations in an effort to relieve the cost pressure experienced by vulnerable groups, Zweite Sparkasse has developed a finance product which covers rent deposits and basic home furnishings and equipment for vulnerable groups.

## Affordable housing initiative

Making affordable housing available is fraught with more and more challenges. Young people and lower-income groups fail to earn enough to be able to afford adequate living quarters despite having a paid job. Erste Group Social Banking's Affordable Housing initiative was launched to generate as much support as possible for those affected to strengthen their autonomy. Rent in our projects is typically 20% lower than the average on the respective regional market. In Vienna, Erste Bank Social Banking provides

the equity portion needed for affordable homes made available by partner organisations such as Neunerhaus, Volkshilfe and others. In the Czech Republic, a subsidiary called Dostupne byvanie (Affordable Housing) specifically set up for this purpose has already brought first affordable housing projects onto the market. In Slovakia, Slovenská sporiteľňa cooperated with the Slovak Investment Holding and the Slovenská Sporiteľňa Foundation in 2020 to found Dostupný Domov, an organisation which selectively purchases apartments on the primary and secondary markets to then rent them out at below-market-value prices to social organisations that care for marginalised groups. A special programme was launched in Slovakia in 2018 to help socially marginalised individuals and communities (primarily of Roma ethnicity) to finance and build suitable family homes on their own.

#### Erste Bank Oesterreich's microfinance programme

It is not only socially marginalised groups who may be faced with financial problems – the same holds for entrepreneurs as well. One of the most difficult tasks for new entrepreneurs is raising finance to start their business. Small entrepreneurs provide not only income for themselves and their families, but often create new jobs in their communities when they expand their business operations. Erste Group offers access to start-up micro loans, business training, e-learning tools, mentoring sessions and networking to these customers.

In Austria, the microfinance programme offered by Erste Bank Oesterreich and the Austrian Federal Ministry of Social Affairs, Health, Care and Consumer Protection provides support mainly to unemployed and vulnerable individuals who intend to set up a business of their own and have either limited access or no access at all to start-up finance. The term of this initiative, which was launched ten years ago, has been extended until 2025. An increase in the maximum loan amount to EUR 15,000, with a term of five years, is expected to lead to hundreds of new businesses being set up. With help from the European Investment Fund, a similar initiative was launched for Ukrainian refugees planning to set up a business of their own and gain a foothold in the Austrian business world. In conformity with the currently applicable Council Implementing Decision (EU) 2022/382 introducing temporary protection for displaced persons from Ukraine, microloans are being offered with a maximum term of two years. Overall, Erste Group financed 371 new entrepreneurs with a total volume of EUR 6.4 million in 2022.

#### Microfinance in Romania

Very often, even a small working capital loan can be sufficient to scale micro businesses and successfully fight poverty. BCR Social Finance was established in 2009 as an enterprise with a social inclusion mission that ploughs any profits it makes back into its operations. It provides microfinance products to micro-businesses, small agricultural producers and freelancers in both rural and urban areas in Romania. In 2022, BCR Social Finance granted more than 1,533 loans to Romanian micro-entrepreneurs, paying out a total EUR 20 million, and at the same time added education loans to its product range, which are offered to students as well as to individuals who either want to change jobs or upgrade their skills for the jobs they already hold.

#### Debt counselling in Slovakia

In Slovakia, Slovenská sporiteľňa's Social Banking continued its debt counselling programme, assisting some 10,900 low-income customers in taking control of their debts and improving their household finances management skills.

#### Support for social organisations

Erste Group's social banking experts and mentors offer professional advice and financial solutions to support social organisations and new entrepreneurs. For these customers, Erste Group offers working capital loans, bridging loans and investment loans. In 2022, Erste Foundation provided Erste Group Social Banking with a new guarantee which enables the bank to finance social organisations not covered by other EU guarantees. In 2022, Erste Group financed 183 social organisations, NGOs and social entrepreneurs in a total amount of EUR 23.4 million.

Erste Social Finance Holding extended its impact investment programme, which offers quasi-equity for the social sector, and added sustainable enterprises to its scope. With help from the European Union, it was also possible to offer free non-financial support, such as bespoke counselling, mentoring, training and technical support for social and sustainable entrepreneurs. These services are provided by the social innovation incubator Impact Hub Vienna and its partner organisations. Quasi-equity is equity provided in the form of a qualified subordinated loan, which contributes to strengthening customers' equity positions, enabling them to grow and expand their social impact. This type of equity is made available to social enterprises, non-profit and non-governmental organisations in Austria, the Czech Republic, Slovakia, Serbia, Croatia, and Romania.

## Social Banking Financing

|  | 2022   | 2021   | 2020   | 2019   | 2018  | 2017   | till 2017 |
|--|--------|--------|--------|--------|-------|--------|-----------|
| New Social Banking financing in EUR million                                | 49.8   | 39.8   | 52.3   | 120.8  | 85.7  | 41.2   | 74.1      |
| Microfinance and start-up finance in EUR million                           | 26.4   | 24.0   | 38.0   | 91.0   | 68.7  | 20.5   | 64.9      |
| Microfinance and start-up finance in number of new financed clients        | 1,087  | 1,018  | 1,259  | 3,108  | 2,317 | 1,075  | 6,136     |
| Social organisation finance in EUR million                                 | 23.4   | 15.8   | 14.3   | 29.8   | 17.0  | 20.7   | 9.2       |
| Social organisation finance in number of new financed clients              | 183    | 141    | 98     | 123    | 183   | 166    | 111       |
| Number of supported private clients in financial difficulties (cumulative) | 23,440 | 22,288 | 21,240 | 19,433 |       |        |           |
| Number of education participants   | 13,323 | 6,679  | 4,372  | 9,811  | 6,349 | 6,151  | 1,160     |
| Number of preserved and created jobs (cumulative)                          |        | 77,536 |        | 44,897 |       | 19,892 |           |

### Stand with Ukraine

The Stand with Ukraine movement provided us with an opportunity to demonstrate how seriously we take our responsibility to give all people in the region access to basic financial products – we opened a total of 15,567 free-of-charge accounts for Ukrainian refugees in Austria and arranged for more than 4,500 wire transfers to Ukraine at no cost. Banca Comercială Română (BCR) also responded promptly to the outbreak of the war, taking measures to provide refugees with access to banking services (currency exchange, wire transfers, cash withdrawal, free-of-charge accounts).

## 5.2 FINANCIAL EDUCATION

GRI 3-3

In line with its corporate goal of spreading and securing prosperity, Erste Group is involved in a wide variety of financial education activities, helping people of all ages to acquire the skills and abilities they need. In accordance with the 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 helps young people to acquire the confidence they need to actively participate in economic life and to understand how the financial system works.

### Risks / impact

Financial literacy is essential for creating equal opportunities, economic well-being and social inclusion. Conversely, a lack of financial literacy may limit what people are able to achieve in life. By participating in financial education and financial literacy initiatives and projects in all our core markets, Erste Group makes a valuable contribution to preventing poverty and fostering a strong and stable financial system. Customers who lack sufficient financial literacy are more likely to be exposed to financial risk that may lead to loss both for the customers and the bank.

### Opportunities

Where customers are able to make well-informed decisions, they are also more willing to take control of their finances. The result: better investment and finance decisions for customers, higher earnings and lower risk for the bank. Also, customers showing more confidence in their own financial decisions means fewer complaints and higher customer satisfaction ratings.

### Targets

Our goal is to offer financial education with a sustainable effect.

### Governance / responsibility and participation

Responsibility for the business and financial education strategy and the Financial Life Park (FLiP) lies with the Innovation Hub (Erste HUB), which reports to the Chief Platform Officer in organisational terms. As needs and interests vary across Erste Group's markets, depending on local circumstances, specific projects and initiatives for financial education are determined and managed by the respective local management boards and supervisory boards.

### Measures

Erste Group's financial education efforts are geared primarily towards offering increased scalability while maintaining or even raising existing quality levels. For this reason, Erste Group subjects its financial education projects to constant evaluation and makes continuous efforts to identify potentials for improvement for the various projects in the countries of the region.

**FLiP.** FLiP is a financial education project that offers a broad range of options aiming to promote self-responsibility, counteract over-indebtedness and thus prevent poverty. FLiP guided tours make the importance of finance for people's personal lives tangible. Since FLiP opened its doors in October 2016, more than 67,000 visitors from all types of schools and all age groups have taken part in the interactive tours offered in Vienna. Supported by Erste Bank Oesterreich and the regional savings banks, FLiP2Go, the mobile version of FLiP launched in April 2019, has attracted more than 21,300 visitors on its tour all over Austria. The demand for FLiP's digital offerings, such as FLiP Challenges, FLiP Digi Tours and online-teaching resources, continued to grow in 2022 as well. Under the overarching theme of "Geld im Griff" (Take Control of Your Money), FLiP has partnered up with the NGO The Connection to develop teaching resources to be used in German-language courses for young people with a migrant background with the aim of building financial, consumer and language skills. Under a cooperation agreement with Danube University Krems, a workshop was held – for the second time in a row – to provide young people with a migrant background with information on how to set up a business and how to manage their finances. Since its inception, FLiP has reached out to an audience of more than 250,000, mainly children and young people.

In 2022, conceptual work was started on a “FLiP to Metaverse” project under which a digital platform would ensure that the services offered by FLiP become accessible to an even wider audience.

**Money School.** Banca Comercială Română continued its Money School programme in 2022, organising both online and offline training courses for over 64,000 participants (children and adults alike). In April, it hosted EduFinFest, a “living library” series of 100 events throughout the country in which 10,000 young people and 100 BCR staff-members-turned-trainers took part. October 2022 was declared Financial Literacy Month, with training opportunities being organised for 15,000 participants. The Money School platform [www.scoaladebani.ro](http://www.scoaladebani.ro) also launched two new online courses (1. Green finance guidelines – how to be a responsible consumer, and 2. Responsible shopping – how to avoid impulse buying).

**FinQ.** It was their shared interest in improving financial education in Slovakia that motivated the Slovenská sporiteľňa foundation and the Národná banka foundation to establish FinQ Centrum. The work of this not-for-profit organisation is centred around FinQ, an innovative and highly successful programme for financial education and the promotion of financial literacy at schools. The programme is open to all teachers interested in integrating its approach and content into classroom teaching. A further 100 schools joined the 25 schools that had taken part in the pilot project, bringing the number of pupils and students who have taken the financial literacy exam up to 11,264 in 2022.

**ČSF.** The Česká spořitelna Foundation (ČSF) ranks among the top three corporate foundations in the Czech Republic. It makes the case for societies becoming stronger and more sustainable if they can rely on financially literate and confident individuals and enterprises. Its main task is to provide active support for skills development in children and young people and to encourage teachers and school administrators to align classroom teaching with a skills-based approach to education. In 2022, the foundation made a record sum of more than CZK 150 million available to its partner organisations. It was also in 2022 that ČSF launched its first proprietary programme called “Volunteers for Schools”, which aims to bring knowledgeable volunteers from the business world together with primary and secondary schools. More than 12,000 children benefited from the programme in its first year. Teachers are able to reach over 650 volunteers from a range of different fields.

**ABC of Money.** Česká spořitelna’s “ABC of Money” initiative is the largest financial education programme in the Czech Republic. The programme is free of charge and targets not only children, parents and teachers but also older people, who are invited to develop their digital skills. In 2022, 70,000 children at 750 schools in the Czech Republic participated in the programme. A similar Ukrainian-language programme was made available for Ukrainian children.

**EBH Social Banking.** Erste Bank Hungary’s financial literacy activities in 2022 focused on disadvantaged groups in society. The bank’s Financial Literacy Education Programme was launched in 2019, working together with several NGOs. Its target groups include children from educationally disadvantaged backgrounds as well as students from vocational schools in Budapest, Roma students and people with limited cognitive abilities. So far the programme has reached more than 3,500 participants. Since autumn 2022, EBH Social Banking has placed a special focus on providing financial education to children living under state care as well as to poor and often indebted families in which at least one parent grew up in a state care facility.

**Smart Finance School.** Erste Bank Croatia not only continued its Smart Finance School online workshops in 2022, but also started to hold live workshops in its branches in several Croatian cities (Rijeka, Split, Osijek, and Zagreb). In a bid to make the financial education programme accessible to as many young people as possible, the bank also organised more than 40 workshops for primary schools, grammar schools and colleges, attracting nearly 1,000 attendees. Overall, more than 90 workshops were offered between the start of 2022 and the end of November, with over 2,200 participants. The number of workshop participants since the beginning of 2019 comes to more than 11,000.

**#ErsteZnali.** Erste Bank Serbia further developed its financial education programme #ErsteZnali, adding new content in 2022. The programme, which also comprises the #ErsteZnali platform providing online financial education to the public at large since 2019, focused on activities for the younger generation in 2021 and 2022. These included a mobile phone game for 7 to 10-year-olds (“Guardians of the Dragon’s Treasure”), Money School – an initiative to promote financial literacy in primary schools organised in cooperation with the Ministry of Education, workshops for young adults, and an interactive theatre play based on the theme of the “Guardians of the Dragon’s Treasure” app.



## 6. Business ethics

GRI 2-23

As an institution, we place the same importance on ethical conduct as our stakeholders do. Our Statement of Purpose reaffirms and states in more detail Erste Group's aim of promoting and securing prosperity across the region. It defines the following tasks and principles:

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

Two key questions must be answered every time a business decision is taken: "Is it profitable?" and "Is it legal?". For Erste Group, this has never been enough. Every employee has to consider a "third question" that arises from the Statement of Purpose: "Is it the right thing to do?".

Building on this Statement of Purpose, our Code of Conduct (which was approved by the management board in 2015 and last updated in 2021) defines binding rules and ethical principles applicable in day-to-day business for employees and members of both the management board and supervisory board. At the same time, the Code of Conduct underlines that in pursuing its business activities, Erste Group values responsibility, respect and sustainability.

Under the UN Global Compact, we commit ourselves to meeting our responsibilities with respect to human rights, labour standards and the fight against corruption. The principles which are included within our strategy derive from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Convention Against Corruption, amongst others.

### 6.1 ETHICAL CONDUCT OF EMPLOYEES IN BANKING OPERATIONS

GRI 3-3, 2-25, 2-26, 2-27

Our basic rules are respect, trust, fairness and integrity, which define our self-image that we display in our activities.. To achieve these targets, we rely on a corporate culture characterised by responsibility, on a clear-cut compliance framework and on employees who have the appropriate qualifications.

Our focus is on measures designed to prevent money laundering, financial crime, terrorism financing and fraud and to ensure compliance with financial sanctions and embargoes, data protection rules, securities compliance and good conduct compliance

(which also includes conflict of interest, anti-bribery and anti-corruption agendas).

#### Risks / impacts

Unethical behaviour can harm all our key stakeholders and can also impair Erste Group's corporate value through reputational damage and criminal proceedings.

#### Opportunities

Consistently implementing ethical behaviour enables us to make a positive contribution towards continued trust in the financial sector, which has a stabilising impact in both economic and social terms. A high level of ethical integrity translates into fewer customer complaints, increased customer satisfaction and less misconduct by employees.

#### Targets

Zero tolerance for any violation of our compliance rules.

#### Governance / responsibility

Responsibility for compliance matters lies with Compliance, which is assigned to the Chief Risk Officer in organisational terms but reports directly to the management board.

#### Policies & memberships

The Code of Conduct provides the primary guidance for Erste Group's staff and defines binding rules for our day-to-day business. Together with national and international laws and standards, it forms the basis for the compliance management system, which ensures conduct in compliance with laws and standards. Erste Group is a member of Transparency International (TI), and Erste Group's chairman of the supervisory board is a board member of TI.

#### Measures

##### Compliance systems and processes

The systems we use to monitor money laundering, financial crime and terrorism financing, financial sanctions and embargoes, fraud, data protection, securities compliance and good conduct compliance are subject to ongoing critical review and improvement.

##### Comprehensive training efforts

Erste Group has introduced a compliance training programme which includes targeted policies, guidelines and training initiatives defining rules and principles for its staff. To ensure compliance with all laws and regulations, policies and processes are continuously evaluated and reviewed across the Group. Compliance training is mandatory for all employees and includes awareness building as well as an introduction to the prevention of compliance risks, including corruption. Additional compliance training is mandatory for staff in selected business areas, in line with the respective risk assessment.

### Communication of measures and policies

Erste Group's compliance programme has laid the basis for a common understanding of values within the Group. The programme and the reporting channels being provided ensure that staff is informed pro-actively on the intranet, through training, and by managers.

### "Erste Integrity Line" – whistleblowing

Erste Group is legally required to offer its staff a mechanism for reporting incidents of non-compliance. "Erste Integrity" – the in-house reporting office – is a cornerstone of the programme. It is the contact point for employees to report suspicious incidents or ask questions about what actions might constitute non-compliance.

"Erste Integrity" reviews all reports submitted to it in line with a standardised process. The Whistleblowing Committee then decides on the further steps to take in each individual case. The further processing of such reports is confidential and subject to the need-to-know principle. All reports were appropriately investigated, and the necessary measures were taken as and when required.

### Zero tolerance

Where non-compliance with our rules has been verified, disciplinary action will follow without exception, up to and including termination of employment or dismissal for cause as measures of ultimate resort.

### Conflicts of interest

Conflicts of interest between customers, Erste Group and its staff are governed by clear internal rules. Policies, training and organisational measures have been implemented to identify, avoid or manage various types of conflicts of interest that are relevant to Erste Group's business, including confidentiality of information, treatment of related-party relationships, secondary activities and accepting and awarding benefits, to name a few. Specific legal provisions apply with respect to information barriers, employee transactions, investor protection and research disclaimers. Erste Group's Corporate Governance Report provides further information on conflicts of interest concerning management board and supervisory board members.

### Tax compliance

Based on Erste Group's General Code of Conduct, the Tax Code of Conduct sets out clear principles of conduct and action in respect of tax matters. Under the Tax Code of Conduct, our employees undertake to comply with tax laws, rules, regulations as well as reporting and disclosure requirements in all the countries in which Erste Group operates. This includes of course paying taxes on time. In all dealings with tax authorities, our focus is on pursuing a pro-active and transparent approach.

Each year, a review of the Tax Code of Conduct is submitted to Erste Bank Group AG's CFO for approval. All subsidiaries in

Austria and abroad agree to the Tax Code of Conduct in their own processes, which creates a uniform understanding of tax strategy across the Group. Every six months, tax experts from all major abroad consolidated entities come together to share information and ensure uniform standards in tax matters across the Group.

### Ombuds office

Both our customers and stakeholders can address complaints to Erste Group's central ombuds office in Vienna. Complaints Management, which reports to the Chief Risk Officer, coordinates and monitors the handling of complaints. The ombuds office's aim is to settle complaints within 30 days. Complaints which are not settled within 30 days entail legal risks, which is why it is particularly important to keep the number of such complaints to a minimum.

### Performance indicators

With the aim of monitoring complaints handling and providing an early-warning system for potential problems, the central ombuds office reviews the operations of local ombuds offices across the Group based on two key risk indicators (KRIs):

- \_ Complaint ratio, which is the number of complaints received per 1,000 active customers. The purpose of this indicator is to show how well the individual banks cope with registering complaints and how openly they handle them.
- \_ Number of complaints settled within 30 days.

The complaint ratio and non-settled complaints indicators are further broken down by critical products and critical processes. Should the number of cases rise, Operational Risk will carry out an in-depth analysis.

The results for 2022 were good, with KRIs to be rated positive even in countries where stricter statutory requirements apply. While the situation in 2022 was challenging for some banks, steps were taken to improve it. Česká spořitelna, for instance, will promptly refund amounts up to a defined threshold when there are complaints regarding card chargebacks, thus settling complaints faster and improving customer satisfaction in the process. A dedicated automated complaints processing system has been introduced to ensure customers will receive a response to complaints about fee increases as quickly as possible.

## 6.2 ANTI-CORRUPTION MEASURES

GRI 3-3, 2-16, 205-1, 205-3

Reliability and conformity with laws and regulations are cornerstones of financial transactions, which is why the fight against corruption is a key aspect of everything Erste Group does.

### Risks / impacts

Corruption undermines the rule of law, the stability of political institutions, and, as a consequence, the economic, political and

social development of any country, while at the same time promoting an unequal distribution of both resources and opportunities.

The mere suspicion of corruption can cause drastic financial penalties for Erste Group as well as damage to our reputation. This may result in the loss of business. In addition, personal liability may be imposed on the part of members of the management board, senior management, and the supervisory board.

### Opportunities

Having effective measures in place to prevent and fight corruption not only contributes to a well-functioning and sustainable society, but also strengthens Erste Group's reputation as a reliable partner for current and future customers. In addition, it protects our employees on an individual level from possible inadvertent misconduct as to what constitutes proper conduct. Consistently applying anti-corruption measures helps to ensure our bank's resilience.

### Targets

Erste Group's highly ambitious target is to have no incidents of bribery and corruption in its organisation. To reach this target, it is crucial for our detection and disciplinary measures in this area to work without fail.

In 2022, a group-wide policy on conflicts of interest and anti-bribery and anti-corruption measures was revised, with no material changes being made. By the end of 2022, about 90% of our staff had already completed a multilingual e-learning programme set up for this purpose.

Our aim is to reach a 100% completion rate in 2023, which also requires all new hires to complete the programme as quickly as possible. Another project for 2023 is the group-wide roll-out of our new reporting tool.

### Governance / responsibility

Responsibility for compliance matters lies with Compliance, which is assigned to the Chief Risk Officer in organisational terms but reports directly to the management board. Conduct Compliance is the department in charge of anti-corruption matters.

### Policies

Erste Group promotes zero-tolerance towards any form of bribery and corruption. A group-wide Policy on Conflicts of Interest and Anti-Bribery & Corruption ensures that everyone in Erste Group is familiar with the material rules and minimum standards – such as key national provisions, e.g. the Austrian Criminal Code, as well as the impact of the UK Bribery Act and the US Foreign Corrupt Practices Act (FCPA) – and knows how to apply them. The policy, which constitutes the minimum standard for all employees, was thoroughly revised in 2021 and rolled out, on a step-by-step basis, for implementation by all relevant Group entities (roughly 40) in 2022.

## Controls

### Risk assessment

All relevant risk drivers are assessed as part of the risk assessment process. This assessment relates both to the evaluation of corruption risk drivers and to the general conflicts of interest that can potentially occur in a financial institution.

- \_ Governance
- \_ Organisational conflicts of interest
- \_ Related party conflicts of interest
- \_ Secondary activities conflicts of interest
- \_ Sponsoring, cooperative ventures, donations
- \_ Confidentiality
- \_ Remuneration conflicts of interest
- \_ Procurement management conflicts of interest
- \_ Accepting and awarding benefits, anti-corruption measures

Risk assessment was launched in Erste Holding, Erste Bank Oesterreich and Erste Digital in 2022, with preliminary results already subjected to evaluation. Risk assessment for the CEE banks is to be completed by the end of 2022, so the risk results for the separate and consolidated levels will be available in the first quarter of 2023 (retroactively for 2022). Based on the outcome, new in-house controls will be set up for processes identified as particularly risk exposed.

### Training and awareness building

Our multilingual e-learning programme on conflicts of interest and anti-corruption measures, which was first introduced across the Group in 2022, helps the management board, senior management and staff members to implement our policy in the course of day-to-day business.

In April 2022, completion of the e-learning programme was made mandatory for all employees and managers. What is more, the e-learning contents were translated into the respective CEE languages in 2022, and the programme will be rolled out for implementation on a step-by-step basis to further relevant Erste Group entities (banks and non-banks) in Austria and in the CEE region on the strong recommendation of Group Compliance. Central monitoring of e-learning implementation and taking action in cases of non-compliance also lies with Group Compliance.

In higher-risk business units (e.g. those dealing with large and international clients and public officials, sponsoring units, procurement, top management) specific awareness-building initiatives, training events and frequent sharing of information are offered in addition to e-learning.

### Reporting

Our staff members have to meet a variety of reporting duties, including reporting on accepting or awarding benefits, both in the public and the private sectors as well as benefits received from or awarded to third parties within the meaning of MiFID II. While direct line managers represent the first line of defence to assess

benefits offered or accepted and awarded, staff can contact Compliance when questions arise in connection with corruption prevention or in cases of doubt. This can be done through various channels, such as e-mail, conflict of interest reporting tools (as are currently being used in some Austrian entities) or anonymously (whistleblowing). More information on whistleblowing can be found in the chapter 6.1 “Ethical conduct of employees in banking operations”.

### Management of consequences

All suspicious cases are reviewed, and disciplinary action is taken as necessary. Misreporting or failure to abide by the anti-bribery and corruption policies and procedures leads to disciplinary consequences, regardless of any civil and criminal law consequences as might be applicable. The management of consequences is assigned to People & Culture; the relevant processes are set out in a works agreement.

### Performance indicators

Critical conflicts of interest, including those that are indicators of corruption, are reported to the Group’s management and supervisory boards every quarter or as the need arises. Ad-hoc reporting on “critical conflicts of interest” is submitted to Group Compliance, Group Internal Audit as well as the management board and the supervisory board.

In 2022, a quarterly report included two cases of conflicts of interest, both of which were successfully resolved. Otherwise, no critical conflicts of interest or improper awarding of benefits were registered in 2022.

## 7. GRI Index

| Statement of use                                |  | Erste Group Bank AG has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022  |   |                |             |   |
|---|--|--|---|----------------|-------------|---|
| GRI 1   |  | GRI 1: Foundation 2021   |   |                |             |   |
| GRI Standard                                    | DISCLOSURE   | LOCATION   | REQUIREMENT(S) OMITTED  | OMISSION       |             | REMARKS   |
|   |  |  |   | REASON         | EXPLANATION |   |
| <b>General disclosures</b>                      |  |  |   |                |             |   |
| <b>GRI 2</b><br><b>General disclosures 2021</b> | 2-1 Organizational details   | Management Report<br>a) General information" in the notes to the group financial statements of Erste Group<br>b) Chapter „Capital, share, voting and control rights and associated agreements" in the group management report<br>c) Chapter „ Business performance and economic situation" in the group management report<br>d) Note 1 „segment reporting" in the notes to the group financial statements of Erste Group |   |                |             | a) Erste Group Bank AG<br>c) Am Belvedere 1, Wien 1100  |
|   | 2-2 Entities included in the organization's sustainability reporting | Note 59.   |   |                |             |   |
|   | 2-3 Reporting period, frequency and contact point                    | Imprint  |   |                |             | 1.1.2022 to 31.12.2022 annually<br>No significant changes in the organization (neither in terms of size, structure nor in the supply chain) |
|   | 2-4 Restatements of information                                      |  |   |                |             |   |
|   | 2-5 External assurance   | p. 109<br>Management Report 2022<br>Chapter: Co-operation between Erste Group Bank AG and Vienna Insurance Group (VIG);<br>Part consolidation in Annex (Commerzbank)   |   |                |             | Partnership with Vienna Insurance Group; Co-operation with Commerzbank  |
|   | 2-6 Activities, value chain and other business relationships         |  | 2-7 iii) non-guaranteed hours employees   | Not applicable |             |   |
|   | 2-7 Employees  | p. 70  |   |                |             | Does not apply to Erste Group..<br>Workers who are not employees do not perform a significant portion of organization's activities.         |
|   | 2-8 Workers who are not employees                                    |  |   | Not applicable |             |   |
|   | 2-9 Governance structure and composition                             | CG Report  |   |                |             | TCFD:Governance   |
|   | 2-10 Nomination and selection of the highest governance body         | CG Report  | 2-10 i Consideration of views of Stakeholder (inc. Shareholder) for the nomination of the highest governance body members | Not applicable |             | Syndicat members are subordinated to the Erste Foundation   |
|   | 2-11 Chair of the highest governance body                            | CG Report  |   |                |             |   |

| GRI Standard  | DISCLOSURE   | LOCATION               | REQUIREMENT(S) OMITTED | OMISSION REASON | EXPLANATION | REMARKS   |
|---|--|------------------------|------------------------|-----------------|-------------|---|
| <b>GRI 2:<br/>General Disclosures 2021</b>              | 2-12 Role of the highest governance body in overseeing the management of impacts | p. 53 and CG Report    |                        |                 |             | TCFD: Governance  |
|   | 2-13 Delegation of responsibility for managing impacts                           | p. 53-54               |                        |                 |             | TCFD: Governance  |
|   | 2-14 Role of the highest governance body in sustainability reporting             | p. 53-54 and CG Report |                        |                 |             | TCFD: Governance  |
|   | 2-15 Conflicts of interest   | CG Report              |                        |                 |             |   |
|   | 2-16 Communication of critical concerns  | p. 87-88               |                        |                 |             |   |
|   | 2-17 Collective knowledge of the highest governance body                         | CG Report and p. 53-54 |                        |                 |             | TCFD: Governance  |
|   | 2-18 Evaluation of the performance of the highest governance body                | p. 54-55               |                        |                 |             |   |
|   | 2-19 Remuneration policies   | p. 54-55               |                        |                 |             |   |
|   | 2-20 Process to determine remuneration   | p. 54-55               |                        |                 |             |   |
|   | 2-21 Annual total compensation ratio   | p. 55                  |                        |                 |             |   |
|   | 2-22 Statement on sustainable development strategy                               | p. 50-52               |                        |                 |             |   |
|   | 2-23 Policy commitments for responsible business conduct                         | p. 86                  |                        |                 |             | Code of Conduct:<br><a href="https://www.erstegroup.com/de/ueberuns/nachhaltigkeit-esg">https://www.erstegroup.com/de/ueberuns/nachhaltigkeit-esg</a> |
|   | 2-24 Embedding policy commitments for responsible business conduct               | p. 50-52               |                        |                 |             |   |
|   | 2-25 Processes to remediate negative impacts                                     | p. 86-87               |                        |                 |             |   |
| 2-26 Mechanisms for seeking advice and raising concerns | p. 87  |                        |                        |                 |             |   |



| GRI Standard                               | DISCLOSURE                                | LOCATION  | REQUIREMENT(S) OMITTED | OMISSION REASON | EXPLANATION | REMARKS  |
|--|---|-----------|------------------------|-----------------|-------------|--|
| <b>GRI 2:<br/>General Disclosures 2021</b> | 2-27 Compliance with laws and regulations |           |                        |                 |             | In 2022, there were neither significant fines nor non-monetary sanctions for non-compliance with laws and/or regulations in the social, economic and environmental area.   |
|  | 2-28 Membership associations              |           |                        |                 |             | Erste Group Bank AG has the following significant memberships: WSBI (World Savings Banks Institute), ESBG (European Savings Banks Group), Österreichischer Sparkassenverband, WKO (Austrian Economic Chambers, Industry Sector: Banking and Insurance), OEVFA (Österreichische Vereinigung für Finanzanalyse und Asset Management), BWG (Bankwissenschaftliche Gesellschaft Österreich), WIFO (Wirtschaftsforschungsinstitut Österreich), Österreichische Industriellenvereinigung, respACT (Austrian Business Council for Sustainable Development), Transparency International, UNEP FI, Net Zero Banking Alliance, PCAF; UN GC participant Erste Group's banking subsidiaries in CEE have following important memberships: Erste Bank Croatia: Croatia Green Building Council (CGBC), Croatian Association of Accountants and Financial Experts (CAAFE); Erste Bank Serbia: Association of Banks of Serbia, Chamber of Commerce Serbia; Slovenská sporiteľňa: Slovak Banking Association, Central European Corporate Governance Association; Erste Bank Hungary: Hungarian Banking Association, Budapest Chamber of Commerce and industry; Banca Comercială Română: Romanian Banking Association, Financial Markets Association; Česká spořitelna: Czech Banking Association, Economic chamber of the Czech Republic |
|  | 2-29 Approach to stakeholder engagement   | p. 50, 56 |                        |                 |             |  |
|  | 2-30 Collective bargaining agreements     | p. 71     |                        |                 |             |  |
| <b>Material topics</b>                     |   |           |                        |                 |             |  |
| <b>GRI 3: Material topics 2021</b>         | 3-1 Process to determine material topics  |           | p. 56                  |                 |             |  |
|  | 3-2 List of material topics               |           | p. 56                  |                 |             |  |

| GRI Standard  | DISCLOSURE   | LOCATION | OMISSION   |  |  | REMARKS   |                          |
|---|--|----------|--|--|--|---|--------------------------|
|   |  |          | REQUIREMENT(S) OMITTED   | REASON   | EXPLANATION  |   |                          |
| <b>Climate and environment - Sustainability risks in financing and investment</b>     |  |          |  |  |  |   |                          |
| <b>GRI 3: Sustainability risks in financing and investment</b>                        | 3-3 Management of material topics                                | p. 57-60 |  |  |  |   |                          |
| <b>Climate and environment - Limit financing of high emission sectors</b>             |  |          |  |  |  |   |                          |
| <b>GRI 3: Limit financing of high emission sectors</b>                                | 3-3 Management of material topics                                | p. 60-64 |  |  |  |   |                          |
| <b>Climate and environment -Ecological impact of banking operations</b>               |  |          |  |  |  |   |                          |
| <b>GRI 3: Material Topics 2021</b>  | 3-3 Management of material topics                                | p. 66-70 |  |  |  |   |                          |
| <b>GRI 302: Energy 2016</b>   | 302-1 Energy consumption within the organization                 | p. 66-69 | d. in joules, watt-hours, or multiples of units, the total(s):<br>i. electricity sold<br>ii. heat sold<br>iii. cooling energy sold<br>iv. steam sold | Not applicable   | Erste Group does not generate revenues from the sale of electricity, heat, steam or cooling energy   | TCFD Metrics and Targets;   |                          |
|   | 302-2 Energy consumption outside of the organization             |          |  | Information unavailable / incomplete                       | Data on energy consumption outside the organization is not available, but is included in the Group's Scope 3 emissions using a spend-based calculation approach. Next year, data collection will be extended to include the energy consumption of external data centers. |   |                          |
|   | 302-3 Energy intensity   | p. 66-69 |  |  |  |   |                          |
|   | 302-4 Reduction of energy consumption                            | p. 66-69 |  |  |  | TCFD Metrics and targets  |                          |
|   | 302-5 Reductions in energy requirements of products and services |          |  |  | Not applicable   | Our products are intangible and therefore do not consume energy.  |                          |
|   | 305-1 Direct (Scope 1) GHG emissions                             | p. 66-69 |  | c. Biogenic CO2 emissions in metric tons of CO2 equivalent | Not applicable   | No biogenic emissions are emitted   | TCFD Metrics and Targets |
|   | 305-2 Energy indirect (Scope 2) GHG emissions                    | p. 66-69 |  |  |  | Scope 2 - location based: 44.593 tCO2e<br><br>Scope 2 - market based: 18.686 tCO2e<br>Scope 2 - marktbasert: 18.686 tCO2e | TCFD Metrics and Targets |
| 305-3 Other indirect (Scope 3) GHG emissions  | p. 66-69   |          | c. Biogenic CO2 emissions in metric tons of CO2 equivalent   | Not applicable   | No biogenic emissions are emitted  |   |                          |
| 305-4 GHG emissions intensity   | p. 66-69   |          |  |  |  |   |                          |
| 305-5 Reduction of GHG emissions  | p. 66-69   |          |  |  |  |   |                          |
| 305-6 Emissions of ozone-depleting substances (ODS)                                   |  |          |  | Not applicable   | Due to the nature of our business not applicable   |   |                          |
| 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions |  |          |  | Not applicable   | Due to the nature of our business not applicable.  |   |                          |

| GRI Standard   | DISCLOSURE  | LOCATION | OMISSION  |   |  | REMARKS  |   |
|--|---|----------|---|---|--|--|---|
|  |   |          | REQUIREMENT(S) OMITTED  | REASON  | EXPLANATION  |  |   |
| <b>Our employees - Diversity and equal opportunity</b> |   |          |   |   |  |  |   |
| <b>GRI 3: Material topics 2021</b>                     | 3-3 Management of material topics   | p. 70-78 |   |   |  |  |   |
| <b>GRI 3: 405 Diversity and equal opportunity 2016</b> | 405-1 Diversity of governance bodies and employees  | p. 72-74 | ii) Age group<br>iii) Other indicators of diversity where relevant (such as minority or vulnerable groups). | ii) Not applicable<br>iii) Information partly unavailable | ii) Age group: figures were not collected for B0 and B-1.. |  |   |
| <b>GRI 3: 405 Diversity and equal opportunity 2016</b> | 405-2 Ratio of basic salary and remuneration of women to men  |          |   | Information unavailable/incomplete                        | Process for data collection is not available               |  |   |
| <b>GRI 406 Anti-discrimination 2016</b>                | 406-1 Non discrimination  | p. 72-74 |   |   |  |  |   |
| <b>Our employees -Occupational health and safety</b>   |   |          |   |   |  |  |   |
| <b>GRI 3: Material Topics 2021</b>                     | 3-3 Management of material topics   | p. 74-76 |   |   |  |  |   |
| <b>GRI 403: Occupational Health and Safety 2018</b>    | 403-1 Occupational health and safety management system  | p. 74-76 |   |   |  |  |   |
|  | 403-2 Hazard identification, risk assessment, and incident investigation  | p. 74-76 |   |   |  |  |   |
|  | 403-3 Occupational health services  | p. 74-76 |   |   |  |  |   |
|  | 403-4 Worker participation, consultation, and communication on occupational health and safety                       | p. 75    |   |   |  |  |   |
|  | 403-5 Worker training on occupational health and safety   | p. 76    |   |   |  |  |   |
|  | 403-6 Promotion of worker health  | p. 74-76 |   |   |  |  |   |
|  | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | p. 74-76 |   |   |  |  |   |
|  | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |          |   |   | Information unavailable/incomplete                         | No central data collection system  |   |
|  | 403-9 Work-related injuries   |          | 403-9   |   | Not applicable   | Due to the nature of our business this indicator can only be disclosed partially | In the Holding there was 1 work-related injury.in 2022. |
|  | 403-10 Work-related ill health  |          |   |   | Not applicable   | Due to the nature of our business disclosure of this indicator is not possible   |   |

| GRI Standard                                | DISCLOSURE   | LOCATION | REQUIREMENT(S) OMITTED | OMISSION REASON                    | EXPLANATION   | REMARKS  |
|---|--|----------|------------------------|------------------------------------|---|--|
| <b>Our employees -Talent attraction</b>     |  |          |                        |                                    |   |  |
| <b>GRI 3: Material topics 2021</b>          | 3-3 Management of material topics  | p. 76-78 |                        |                                    |   |  |
| <b>GRI 401: Employment 2016</b>             | 401-1 New employee hires and employee turnover   | p. 78    |                        |                                    |   | pursuant to Schlüter formula: (total of employees leaving) / (number of employees at the beginning of the year + total of newly hired employees) |
|   | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees |          |                        | Not applicable                     | Benefits are provided for all employees.                            |  |
|   | 401-3 Parental leave   | p. 76    |                        |                                    |   | There is no dismissal protection after return from parental leave.in Serbia, Czech Republic, Slovakia.   |
| <b>GRI 404: Training and Education 2016</b> | 404-1 Average hours of training per year per employee  | p. 77    |                        |                                    |   |  |
|   | 404-2 Programs for upgrading employee skills and transition assistance programs                          | p. 77    |                        |                                    |   |  |
|   | 404-3 Percentage of employees receiving regular performance and career development reviews               | p. 77    | 404-3                  | Information unavailable/incomplete | Data on Group level is not available. Nor the changes to last year. |  |

| GRI Standard  | DISCLOSURE  | LOCATION | REQUIREMENT(S) OMITTED  | OMISSION REASON                    | EXPLANATION | REMARKS   |
|---|---|----------|---|------------------------------------|-------------|---|
| <b>Our customers- Customer satisfaction</b>                                     |   |          |   |                                    |             |   |
| <b>GRI 3: Material topics 2021</b>  | 3-3 Management of material topics   | p. 78-80 |   |                                    |             |   |
| <b>Our customers- Data security</b>   |   |          |   |                                    |             |   |
| <b>GRI 3: Material topics 2021</b>  | 3-3 Management of material topics   | p. 80-81 |   |                                    |             |   |
| <b>GRI 418: Customer Privacy 2016</b>   | Data on Group level is not available. Nor the changes to last year.                   | p. 80    |   |                                    |             |   |
| <b>Social commitment - Access to banking products for the socially excluded</b> |   |          |   |                                    |             |   |
| <b>GRI 3 Material topics 2021</b>   | 3-3 Management of material topics   | p. 81-83 |   |                                    |             |   |
| <b>FS 14 of GRI G4</b>  | Initiatives to improve access to financial services for disadvantaged people          | p. 81-83 |   |                                    |             | Old GRI which cannot be replaced by a new one as Sector Standards for banks hve not been published yet.   |
| <b>Social commitment - Financial literacy</b>                                   |   |          |   |                                    |             |   |
| <b>GRI 3: Material topics 2021</b>  | 3-3 Management of material topics   | p. 84-85 |   |                                    |             |   |
| <b>FS 14 of GRI G4</b>  | Initiatives to improve access to financial services for disadvantaged people          | p. 84-85 |   |                                    |             | Old GRI which cannot be replaced by a new one as Sector Standards for banks hve not been published yet.   |
| <b>Business ethics Anti corruption</b>  |   |          |   |                                    |             |   |
| <b>GRI 3 Material topics 2021</b>   | 3-3 Management of Material topics   |          |   |                                    |             |   |
| <b>GRI 205: Anti-corruption 2016</b>  | 205-1 Operations assessed for risks related to corruption                             |          | 205-1 a) Total number and percentage of operations assessed for risks related to corruption | Confidentiality constraints        |             | Analysis was not available until the editorial deadline.  |
|   | 205-2 Communication and training about anti-corruption policies and procedures        |          |   | Information unavailable/incomplete |             | Data is currently not available according to GRI requirements.  |
|   | 205-3 Confirmed incidents of corruption and actions taken                             |          |   |                                    |             | In 2022, Erste Group did not record any incident of corruption.   |
| <b>Business Ethics</b>  |   |          |   |                                    |             |   |
| <b>GRI 206: Anti-competitive Behavior 2016</b>                                  | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices |          |   |                                    |             | No legal actions for anti-competitive behavior, anti-trust, or monopoly practices have been initiated against Erste Group Bank AG. During the reporting period, subsidiaries of Erste Group Bank AG were directly or indirectly involved in three such cases. One of these cases got resolved in 2022 by imposing a fine by the respective Competition Authority, which is already paid. Two cases remain pending. We do not expect these cases to lead to any fines or sanctions that would have a material effect on Erste Group. |

## 8. Principles for Responsible Banking Reporting



### Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### 1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Erste Group aims to be the leading bank for retail and corporate customers in the CE region, including Austria. In all of its core markets, Erste Group pursues a well-balanced business model that is designed to offer each customer the best banking services. Today, Erste Group serves approx. 15.9 million customers in Austria (market share up to 25%), the Czech Republic (20%), Slovakia (25%), Romania (13.9%), Hungary (7%), Croatia (17%) and Serbia (7%).

Erste Group's main business segment is the retail business, which accounts for 46% of total operating income and covers the entire spectrum from lending, deposit and investment products to current accounts and credit cards. In addition to Erste Group's traditional strength in serving retail customers, its core activities also include advisory services and support for corporate and SME clients. This accounts for 45% of total operating income in the areas of financing, investment including access to international capital markets, public sector funding and interbank market transactions.

Through public sector finance, Erste Group provides funding for major infrastructure projects in the CE region.

Innovation and digitalisation are key pillars of Erste Group's business strategy, which seeks to offer customers access to personalised products of Erste Group and third parties via application programming interfaces (APIs) in the secure IT environment of the financial platform. The digital platform George was launched in Austria in 2015 and supports access to digitally available products and services of Erste Group at any time and from any place. At this point, George has also been rolled out in the Czech Republic, Slovakia, Romania, Croatia and Hungary.

Chapters:  
Strategy, Business  
Overview and  
[Erste Group Website](#)

#### 1.2 Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

Yes  No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- None of the above

Erste Group's ESG strategy is based on the conviction that consideration of social and environmental responsibility, climate action and strong corporate governance in its operations will support not only the bank's main goal – to disseminate prosperity – but will also secure the bank's financial stability. Our two strategic pillars – advancing the transition to a green economy in our region and promoting social inclusion – have been aligned with the priorities and expectations of our main stakeholders.

Erste Group strives to act as a role model in the course of the green transition and to provide resources for a technology-based transition, the conservation of clean water and a more efficient use of materials, as this provides a major opportunity for citizens in CEE (SDGs 6, 13, 12).

As our most important contribution to climate action and as a member of the Net-Zero Banking Alliance, we are transitioning our portfolio towards net zero in a manner that is consistent with the goals of the Paris Agreement and takes account of technological progress in the sectors concerned, thereby creating added value for both the bank and its customers.

Erste Group's efforts to promote social inclusion are reflected in our activities in social banking, financial education, affordable housing and promotion of gender equality (SDGs 1, 4, 5, 11). All of these themes are as relevant today as they were when we were founded 200 years ago.

Chapters:  
1.1 ESG strategy and  
1.4 Material topics



## Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

#### a. Scope

What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

For the impact analysis we included our most important corporate and retail business activities covering all our Core Markets and amounting to 91% of the group's operating income.

For the corporate business we applied an exposure threshold per industry sector of EUR 1 billion, which allowed us to focus on the most impacting financed economic activities. With that we reached a coverage of our corporate lending book of 93%.

We did not consider investment banking, capital markets and third-party asset management that we offer to our clients as a service. However, these areas do not represent our mainstream banking activities.

Chapter:  
Business Overview



**b. Portfolio composition**

Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

In the analysis of our corporate customer portfolio we focused on the main industries in our portfolio, namely (in percent of exposure) real estate activities (37.6%), trade and commerce (10.4%), manufacturing (8.1%), energy (4.3%), leisure and hotel services (3.9%) and transport (2.4%). We identified the group of relevant sectors by applying the NACE code classification. In addition, we also included the most emission-intensive sectors, which we identified by means of the PCAF (Partnership for Carbon Accounting Financials) method for the calculation of financed emissions.

For our analysis of the retail business, we used the total exposure of all products offered by Erste Group. Our assessment of the relevance of products and services is based on the number of customers per type of product, which showed the most important categories to be current accounts (42.4%), savings accounts (24.6%), consumer loans (23.2%), credit cards (6.7%) and mortgage loans (3.1%). Even though mortgage loans represent only a small number of customers, they account for a significant portion of volume outstanding (31.4%).

Chapters:  
Business Overview and 2.2 Limiting financing in high-emission sectors

**c. Context:**

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank’s portfolio impacts into the context of society’s needs.*

For a large part of society, affordability of essential goods and services as well as access to affordable housing have become a major concern. Inflation and the continuing energy crisis are accelerating these developments. At the same time, climate action and the reduction of CO2e emissions are becoming more urgent. Lack of action at both the national and international levels is already leading to a noticeable increase in extreme weather events in our region, such as droughts, flooding and heat waves.

In the assessment of the social-environmental priorities of the CE region we included contributions from researchers, external experts and stakeholders:

- **Erste Group’s in-house research team** publishes reports that provide insights into current economic and societal developments in both the CE region and internationally.
- The **members of our management board** regularly take part in a variety of national and international high-level stakeholder groups to assess Europe’s current political environment.
- The **European Council’s recommendation to our Member States** on their convergence programmes and the Commission’s supporting working papers within the framework of the European Semester offer an important perspective on the economic situation and progress in achieving the SDGs in our core markets. In addition, our decision on the most important challenges and priorities has been influenced by **EU SDG monitoring and National Energy and Climate Plans**.

Chapters:  
Business Overview, Development in the core markets and 7. GRI Index

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

By using the Context Module provided by UNEP FI we were able to make a first high-level assessment of the main priorities in all our core markets. Availability, accessibility, affordability & quality of resources and services, as well as Climate stability and Circularity were identified as common fields of priority for all seven countries. Based on the statistical data provided by UNEP FI improvement is needed with regard to access to good quality food, affordable housing and the countries' health security and capabilities. In addition to social concerns, more attention also needs to be given in our core markets to the environment, specifically the avoidance of climate risks, resource intensity and waste recycling.

Both the Institutional and the Consumer Banking modules have shown us how the main priorities of our core markets can be translated into the most important positive and negative impact areas of Erste Group by considering our actual business activities in the corporates and retail business. As a conclusion from these findings we classified financial health and inclusion as well as climate change mitigation as those two relevant impact areas in which we want to set targets within the framework of our Principles for Responsible Banking commitment.

**d. For these (min. two prioritized impact areas): Performance measurement**

Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

**Measuring our impact on Climate Change:**

To measure the impact of our business activities on climate change we performed a detailed calculation of our financed emissions using the PCAF methodology. The calculation helped us to identify the most emission intensive sectors we are financing and to benchmark ourselves compared to our peers. Understanding our financed emissions was the basis for our Net-Zero commitment by 2050 and our membership in the Net-Zero Banking Alliance. The first set of decarbonization targets have already been defined for the real estate, mortgage, and energy sectors.

**Identifying our contribution to Financial Health and Inclusion:**

To measure our impact on society through our financial health and inclusion efforts such as social banking loans and financial education we regularly perform an impact assessment. We support financially excluded or vulnerable private individuals, start-up and micro entrepreneurs and social organisations by offering them fair access to financial products, sound financial advice and business training, and mentoring. In the published impact and annual reports, we document how the services provided by Erste Group support job creation and preservation, financial and housing stability and expansion of our customers' businesses' impact.

**Chapters:**

- 1.2 Governance,
- 5.1 Access to banking products for disadvantaged groups and
- 5.2 Financial education

**Self-assessment summary**

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

- |                         |                                      |                                   |                          |
|-------------------------|--------------------------------------|-----------------------------------|--------------------------|
| Scope                   | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |
| Portfolio composition   | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |
| Context                 | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |
| Performance measurement | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |

**Which most significant impact areas have you identified for your bank, as a result of the impact analysis?**

Climate change mitigation and financial health & inclusion

**How recent is the data used for and disclosed in the impact analysis?**

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

**2.2 Target Setting**

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a. Alignment**

Which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

When setting our decarbonization targets we strive to align our portfolio with a below 2-degree global warming scenario as defined in the Paris Agreement. At the same time, we want to ensure that the sector-by-sector decarbonization approach is realistic, implementable, and supported by society, and in line with the strategic priorities we have set ourselves according to the UN Sustainable Development Goals.

Financial Literacy and Financial Health remain a main limitation of the wellbeing of many in the region. Our main objective through social banking is to make financing accessible for the currently non-banked population and to support them with financial education and knowledge building. With this aspiration we are contributing to the EU goal of reducing poverty by 50% by 2030 as well as to progress on the UN SDGs.

Chapters:  
 1.1 ESG Strategy,  
 2.2 Limiting financing in high-emission sectors and 5.1 Access to banking products for disadvantaged groups

**b. Baseline**

Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

For our impact area of climate mitigation, we aligned the structure of our reporting with the requirements set by the NZBA and have therefore included the following indicators:

| Impact area               | Indicator code   | Response / Chapter                        |
|---------------------------|--|---|
| Climate change mitigation | A.1.1 – Climate Strategy   | Yes                                       |
|                           | A.1.2 – Paris Alignment Target   | Yes + Chapter 2.2                         |
|                           | A.1.3 – Policy and Process and Climate Relationships                                 | Yes                                       |
|                           | A.1.4 – Portfolio Analysis   | Yes + Chapter 2.2                         |
|                           | A.1.5 – Business Opportunities   | Yes + Chapter 2.1                         |
|                           | A.2.1 – Client Engagement  | Yes + Chapter 2.1                         |
|                           | A.2.2 – Absolute Financed Emissions  | Total GHG emissions or CO2e + Chapter 2.2 |
|                           | A.2.3 – Sector specific Emission Intensity   | Chapter 2.2                               |
|                           | A.2.4 – Proportion of Financed Emissions covered by Decarbonization targets          | Chapter 2.2                               |
|                           | A.3.1 – Financial Volume of Green Assets   | Chapter 2.1 and 2.3                       |
|                           | A.3.2 – Financial Volume lent to/invested in Carbon intensive sectors and activities | Chapter 2.2                               |
|                           | A.4.2 – Portfolio Alignment  | Chapter 2.2                               |

Financial Health and Inclusion is especially important for the most vulnerable groups of society. Therefore, we have defined our indicators on the contribution to promote Financial Literacy, job creation and access to finance for these marginalized groups. The group-wide establishment of our Social Banking activities in 2017 mark the baseline for our target setting. In the first year our Social Banking provided EUR 75 million in loans, ensured the creation and preservation of 200.000 jobs and supported 6.000 people with Financial Literacy education organized by Social Banking.

Chapters:  
5.1 Access to banking products for disadvantaged groups and Financial education

**c. SMART targets (incl. key performance indicators (KPIs))**

Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

To align our portfolio with the Paris Agreement objectives and to reach net-zero financed emissions by 2050 we have put forward the first set of interim 2030 decarbonization targets for commercial real estate (reduction of emission intensity by 50%), mortgages (-43%), electricity production (-49%) and commercial heat production (reduction of absolute emissions by 42%).

We build prosperity through Financial Health and Inclusion by 2030 through providing EUR 1 billion Social Banking loans, preserving or creating 200,000 jobs, arranging 15,000 affordable housing units and reaching 80,000 beneficiaries with our financial education.

Chapters:  
2.2 Limiting financing in high-emission sectors, 5.1 Access to banking products for disadvantaged groups and 5.2 Financial education

**d. Action plan**

Which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

We believe in the net-zero transition through investments in green technologies and not divestments. Therefore, our ambition is to reach 25% green investments in our corporate lending by 2026, ensuring our alignment with the set decarbonization trajectories. Similarly, to transition our financed mortgage assets we want to reach 15% of green investments in our housing loan portfolio by 2027.

Going forward we aim to increase the portfolio coverage of our decarbonization targets to include additional emission intensive sectors. Sectors include automotive, metal and cement as well as oil and gas. We continue to engage with clients in high emission sectors to support their net-zero transition.

In Social Banking we are monitoring the success of our activities bi-annually by conducting a group-wide impact assessment. The most important performance indicator for in this regard is how many clients were able to improve their economic situation or could start and expand their business activities due to our involvement. We are also monitoring the satisfaction rate for the education we offer to our clients. In addition, we are putting efforts into constant product innovation to help our clients become financially healthy and integrate into society.

Chapters:  
2.1 Sustainable finance and investments, 2.2 Limiting financing in high-emission sectors, 5.1 Access to banking products for disadvantaged groups and 5.2 Financial education

**Self-assessment summary**

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your areas of most significant impact.

|               | Climate Change Mitigation            |                                   |                          | Financial Health & Inclusion         |                                   |                          |
|---------------|--------------------------------------|-----------------------------------|--------------------------|--------------------------------------|-----------------------------------|--------------------------|
| Alignment     | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |
| Baseline      | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |
| SMART targets | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |
| Action plan   | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No | <input checked="" type="radio"/> Yes | <input type="radio"/> In progress | <input type="radio"/> No |

## 2.3 Target implementation and monitoring

### For each target separately

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

### Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only)

Describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Since this is the first time reporting under the Principles for Responsible Banking we will show Erste Group's progress towards the set targets in next year's report.



## Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes  In progress  No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes  In progress  No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see Principle 2).*

Erste Group believes that sustainable finance benefits from public and entrepreneurial awareness, commitment and specific knowledge. We set up a dedicated team for corporate clients across our core markets. Typically, the process starts with an industry- and client-specific assessment of ESG issues and leads to the identification of sustainable finance instruments that match the clients' sustainability and funding strategy.

One concrete example for how we actively engage with our clients to support them on their green transition is defined in our responsible financing policy. To fulfil our commitment to phase out all coal financing by 2030 we seek in depth discussions with clients until the end of 2025 to set the respective transition plans and support their transition efforts to disengage from the thermal coal sector.

Chapter:  
2.1 Sustainable finance  
and investments

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

We have developed sustainable products and solutions on our most important customer sectors, and we refer to the chapter on Sustainable Finance Investments in this report.

Chapter:  
2.1 Sustainable finance and investments



### Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

#### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes  In progress  No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

We regularly engage with various stakeholders that are relevant for implementing the Principles for Responsible Banking:

- **Memberships:** Within the PCAF (Partnership for Carbon Accounting Financial) we participate on further developing methodologies and validating the database of emission factors for the CEE region. As members of the Net-Zero Banking Alliance we are engaging in awareness building and mobilization of necessary investments together with like-minded peers. We have contributed to developing a set of common indicators for the Commitment for Financial Health and inclusion as a founding signatory member.
- **Clients:** Erste Group regularly performs surveys among the population in our core markets. Some of these specifically address ESG factors and how important they are perceived as being by our clients. In addition, we organize regional client events on specific ESG relevant topics (e.g. energy transition).
- **Employees:** We inform and engage with employees on ESG topics via the Intranet, educational events and by setting up "Erste Green" communities to give employees the chance to participate in and actively contribute to sustainability projects in our offices and beyond.
- **Management and supervisory board:** Our management is engaged in all ESG related strategy decisions and target achievements.

Chapters:  
1.2 Governance,  
1.3 Stakeholder Engagement and  
7 GRI Index





## Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes  In progress  No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The fulfilment of our Principles for Responsible Banking commitment as well as our ESG strategy lies with the Sustainability Board and the Strategy & Sustainability Committee, consisting of Board and Supervisory Board members. Meetings take place twice a year. For details we refer to the Governance Chapter in the report.

Chapter:  
1.2 Governance

### 5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Our approach to foster a culture of responsible banking builds on awareness raising, experiences and motivation. To create awareness for the importance of sustainability in our daily business ESG trainings and events are mandatory for client advisors and are offered to all employees to provide information themselves about Erste Group's ESG strategy and ongoing initiatives.

To drive green change in the Erste family by sharing and implementing ideas together and inspiring other colleagues the Erste Green Community was established and gives employees the opportunity to actively support change initiatives.

The institution-wide implementation of sustainability and responsible banking principles is supported by ESG key performance indicators defined, not only on board level, but also cascaded to senior and lower management levels.

Chapter:  
1.2 Governance and  
2.4 Ecological impact  
of banking operations

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

For our exclusion policies please refer to chapter “Sustainable Financing and Investments” in the report. For our Diversity and Inclusion Policy please refer to the chapter “Diversity and Equal Opportunities”. Details on our Whistleblower Policy can be found in the “Ethically correct behavior of employees in banking operations” chapter of this report. Our ESG Risk Definition Policy can be found on the Erste Group ESG website.

Chapters:  
 2.1 Sustainable Finance and Investments,  
 3.2 Diversity and equal opportunities and  
 6.1 Ethical conduct of employees in banking operations

#### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No



### Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

#### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes  Partially  No

If applicable, please include the link or description of the assurance statement.

The details of the limited assurance provided for this reporting can be found in the Assurance Report.

Chapter 9 Independent limited assurance report

## 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD

## 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

In the next 12 months we plan to complete the following steps to further progress on the fulfilment of our Principles for Responsible Banking commitment and the targets we have set ourselves (a) Extend our decarbonization targets, (b) define business measure to implement net-zero transition targets, (c) extend our Responsible Financing policy to include exclusion rules on activities harming biodiversity and (d) include financial health indicators in our target setting.

Chapters:  
1.1 ESG Strategy,  
2.1 Sustainable Finance and Investments and  
2.2 Limiting financing in high-emission sectors

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question)

- |  |   |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement                        |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement                     |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability               |
| <input type="checkbox"/> Conducting an impact analysis   | <input type="checkbox"/> Data quality                               |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input checked="" type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                                  |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                                  |
| <input type="checkbox"/> Other: ...  | <input checked="" type="checkbox"/> Prioritizing actions internally |

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### Management Board

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Willibald Cernko mp, Chairman

Ingo Bleier mp, Member

Stefan Dörfler mp, Member

Alexandra Habeler-Drabek mp, Member

David O'Mahony mp, Member

Maurizio Poletto mp, Member

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Vienna, 28 February 2023

We draw attention to the fact that the English translation of this report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## Independent Limited Assurance Report on the (Consolidated) Non-financial Report as at December 31, 2022

(Translation)

We performed a limited assurance engagement on the (consolidated) non-financial report of Erste Group Bank AG, Vienna, as at December 31, 2022.

### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the (consolidated) non-financial report as at December 31, 2022, is not prepared, in all material aspects, in accordance with section 243b and section 267a UGB as well as Article 8 of Regulation (EU) 2020/852 (“EU Taxonomy Regulation”) and the Delegated Acts issued thereon.

### Management’s Responsibility

Management is responsible for the preparation of the (consolidated) non-financial report in accordance with section 243b and section 267a UGB as well as the EU Taxonomy Regulation and the Delegated Acts issued thereon.

Management’s responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates about specific disclosures which are reasonable in the circumstances, including the interpretation of the wording and terms used in the EU Taxonomy Regulation and its Delegated Acts. Management is responsible for such internal control as management determines is necessary to enable the preparation of a non-financial report that is free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express a conclusion based on our procedures performed and evidence obtained as to whether anything has come to our attention that causes us to believe that the (consolidated) non-financial report as at December 31, 2022, is not prepared, in all material aspects, in accordance with section 243b and section 267a UGB as well as Article 8 of Regulation (EU) 2020/852 (“EU Taxonomy Regulation”) and the Delegated Acts issued thereon.

We performed 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. These standards require that we plan and perform our procedures to be able to express a limited assurance conclusion based on the assurance obtained. We do not, however, provide a separate conclusion for each disclosure. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The selection of the procedures lies in the sole discretion of the auditor.

In the course of our engagement, we performed, amongst others, the procedures and other activities below:

- \_ Interviewing employees to gain an understanding of the structure of the sustainability organization
- \_ Interviewing employees responsible for performing the materiality analysis regarding the approach for identifying material topics and involving stakeholders
- \_ Interviewing employees involved in preparing the non-financial report on the preparation process, on the internal control system related to this process as well as on the relevant matters and the data basis for the disclosures in the (consolidated) non-financial report
- \_ Assessment of risks of material misstatements in the (consolidated) non-financial report

- \_ Gaining an understanding of the approach to environmental, social and employee matters, respect for human rights and combatting corruption and bribery, including the due diligence processes implemented and risks
- \_ Comparing selected qualitative disclosures in the (consolidated) non-financial report with appropriate evidence such as group guidelines, minutes and handbooks
- \_ Performing analytical procedures and checking samples of selected quantitative disclosures in the (consolidated) non-financial report for their plausibility
- \_ Comparing selected disclosures with corresponding data in the consolidated financial statements and the consolidated management report
- \_ Evaluating the presentation and the completeness of the relevant disclosures based on the implemented framework pursuant to section 243b para. 5 UGB and section 267a para. 5 UGB (GRI standards 2021)
- \_ Interviewing employees and inspecting documentation to gain an understanding of the methodology applied for estimating financed emissions
- \_ Interviewing employees to gain an understanding of the methodology for identifying the share in total assets of risk exposures from taxonomy-eligible and taxonomy-non-eligible economic activities
- \_ Evaluating the process for identifying the share in total assets of risk exposures from taxonomy-non-eligible and taxonomy-eligible economic activities and the corresponding disclosures in the (consolidated) non-financial report

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

#### **Ensuring the Auditor's independence and quality**

We are independent of the Company in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities, in particular the requirements for quality assurance, in accordance with these requirements.

#### **Restriction of Use**

This report is addressed to the Supervisory Board of the Company and is intended solely to inform the Supervisory Board of the result of the engagement. The report may therefore not be suitable for any other purpose than the purpose named above and is not intended to serve as basis for any (investment) decisions by third parties. Therefore, no legal claims of third parties can be derived from it.

#### **General Conditions of Contract**

Our report is issued based on the engagement agreed upon with you and is governed by the General Conditions of Contract for the Public Accounting Professions (AAB 2018) dated April 18, 2018, enclosed to this report, which also apply towards third parties. Deviating from item 7 para. 2 AAB 2018, our liability in case of gross negligence is limited to a total of EUR 2 million.

Vienna  
February 28, 2023

PwC Wirtschaftsprüfung GmbH

Dorotea-E. Rebmann  
Austrian Certified Public Accountant

signed