Group Diversity and Inclusion Policy

Classification Level: Level A

Responsible Unit: Group Sustainability Office/0196 0337

Version: 1.1

Effective Date: 2018-01-02

The current version of this document is held electronically in the intranet.

This printout is not subjected to an update service
Table of Contents

1. General........................................................................................................................................3
  1.1 Objective ..................................................................................................................................3
  1.2 Scope ......................................................................................................................................3
  1.3 Overview of Roles and Responsibilities ..................................................................................3
2. Context .........................................................................................................................................4
  2.1 Sustainability ..........................................................................................................................4
3. Diversity Management ..................................................................................................................5
  3.1 Core Elements ..........................................................................................................................5
    3.1.1 Existence of a Diversity Management function at the Group and local level ..................5
    3.1.2 Guidelines for business ......................................................................................................5
    3.1.3 Guidelines for employees ..................................................................................................5
  3.2 Roles and responsibilities ..........................................................................................................7
    3.2.1 Group Diversity Management (GDM) ...............................................................................7
    3.2.2 Responsibilities of the Management Board ......................................................................7
    3.2.3 Local Diversity Managers (LDM): ..................................................................................7
    3.2.4 Responsibilities of the Nomination Committee of the Supervisory Board ......................8
  3.3 Selection and Assessment Criteria of Key Function Holders (see Annex 1, Ref 6) ...............8
4. Disclosure ......................................................................................................................................8
5. National and International Commitments and Cooperation .........................................................9
6. Definitions .....................................................................................................................................9
7. Abbreviations ................................................................................................................................11

List of Figures

Figure 1: Sustainability in Erste Group ..........................................................................................4

List of Tables

Table 1: Related Documents ............................................................................................................. Error! Bookmark not defined.
1. General

In today’s world, a diverse and inclusive workforce is essential for business success. Companies that are committed to diversity and inclusion build business more effectively, have higher customer satisfaction, better brand image and more engaged employees. Erste Group, sees diversity and inclusion as a vital part of its business strategy and key for attracting the best and brightest talents, who are able to offer the right products and services to a diverse client base. Innovation and growth can only come by leveraging the skills and abilities of individuals with a broad range of educational backgrounds, professional and other interests, work experiences, life experiences and cultural perspectives. The basis for Erste’s approach to diversity and inclusion lies in its founding document from 1819, which states:

"No age, no gender, no social status, nor nationality should be excluded from the benefits which are provided to all the depositors of the Savings Bank."

Erste Group’s diversity and inclusion principles are in the spirit of the Statement of Purpose (see Annex 1, Ref 1) and are embedded in the Code of Conduct (see Annex 1, Ref 2), which places emphasis on providing a work environment free of discrimination and harassment and valuing the work and worth of each and every person, regardless of gender, age, marital status, sexual orientation, disAbility, race, skin color, religious or political affiliation, ethnic background, nationality, citizenship or any other aspect unrelated to employment. Erste Group fosters a culture of inclusion and recognizes that a healthy working environment which helps to find a balance between professional and private life brings benefits to all our stakeholders. Erste Group is firmly committed to creating conditions for greater diversity in decision-making bodies as well as a work environment where each and every employee has equal opportunities to grow and develop.

1.1 Objective

This policy defines diversity and inclusion principles by which Erste Group is committed to live. It also provides a common understanding on what diversity and inclusion means for Erste Group and outlines roles and responsibilities, as well as general guidelines on how to develop, implement and adjust diversity and inclusion targets and strategy.

1.2 Scope

The diversity policy is a Group-wide policy relevant for those entities listed on page 2 of this policy.

1.3 Overview of Roles and Responsibilities

The main roles covered by this policy are:

Group Diversity Management

- Group-wide point of contact for all diversity related issues
- Responsible for Group-wide diversity target setting, strategic direction and reporting

Local Diversity Managers

- Point of contact for all diversity related matters in local entity
- Responsible for setting local diversity targets and aligning them with Group priorities

---

1 For the purpose of this document, „Erste Group“ refers to the entities listed on page 2.
Management Board.

- Approves and ensures implementation of Group and local diversity strategies

For details on responsibilities see chapter 3.1.

2. Context

The European Union has issued regulations focused on diversity, specifically the Directive on Disclosure of Non-financial and Diversity Information (Directive 2014/95/EU, see Annex 1 Ref 3) and the Capital Requirements Directive CRD IV (Directive 2013/36/EU, Article 88, http://eur-lex.europa.eu), the latter of which requires financial institutions to take into account the diversity of the management body when recruiting new members and implement a diversity policy. These directives are being implemented into local law within EU member states and thus are applicable to all local Erste banks (entities on page 2 of this policy).

Erste Group signed the UN Global Compact (see Annex 1, Ref 4) in December 2015 which commits it to supporting the seventeen Sustainable Development Goals SDGs – Annex 1, Ref 5), namely those goals relating to gender equality and good health and well-being.

Statement of Purpose of Erste Group reinforces the principles of respect, diversity and inclusion.

Code of Conduct of Erste Group encompasses diversity guidelines and principles.

2.1 Sustainability

Diversity is one of the three pillars of “Sustainability” at Erste Group, together with Environment and Society (CSR). Group diversity strategy and targets shall be an integral part of the Group sustainability strategy and targets. Local diversity strategy and targets shall be an integral part of local sustainability strategy and targets.

Group Sustainability Office

Diversity
- Group Diversity Policy
- Inclusive work environment
- Employee resource groups
- Diversity metrics & KPIs

Environment
- Group Environment Policy
- Environment Management System
- Cooperation with environmental NGOs

Society
- Time Bank
- Corporate volunteering
- Social awareness
- Cooperation with support to NGOs/NPOs
- Donations

Statement of Purpose  Code of Conduct

Figure 1: Sustainability in Erste Group
3. Diversity Management

Diversity management is about leveraging differences and maximizing potential in individuals and teams to increase performance and success. Erste Group focuses on the diversity dimensions of gender, age/generations, culture, sexual orientation, disAbility and background (social, educational, professional).

**Diversity management** as understood by Erste Group refers to organizational actions that are designed to:

- Better understand the needs of our diverse customer base and provide them with products and services that reflect those needs;
- Leverage social, cultural, gender and age differences to improve performance and results;
- Create conditions for greater diversity (gender, age, nationality) in decision-making bodies, and for an inclusive work environment where each and every employee has equal opportunities to grow and develop;
- Ensure organizational effectiveness by integrating diversity in staffing (talent pools), performance appraisals, remuneration, training and mentoring.

3.1 Core Elements

3.1.1 Existence of a Diversity Management function at the Group and local level

See section 3.2 for more details

3.1.2 Guidelines for business

**Non-discrimination**

- Erste Group shall not refuse service to any client on the basis of gender, age, marital status, sexual orientation, disability, race, skin color, religious or political affiliation, ethnic background, nationality, heritage or any other aspect unrelated to business criteria.

**Accessibility and Inclusion**

- Erste Group shall ensure that special needs customers (e.g. those with disabilities) have adequate access to products and services, where it is possible and in accordance with local authorities;
- Local Erste banks shall foster financial inclusion and literacy among those individuals in the regions in which they operate who are socially or financially disadvantaged or excluded.

**Marketing and Communication**

- Erste Group’s marketing campaigns and client communication are based on respect and shall not include images or messages which are offensive or degrading to individuals or groups based on gender, age, heritage, sexual orientation and/or physical ability.

3.1.3 Guidelines for employees

Erste Group strives to ensure equal opportunities for all our employees in all areas, e.g. career development, work-life balance, remuneration, etc.
Anti-discrimination and harassment

- Each entity shall have a focal person (such as ombudsperson, anti-discrimination officer..) who mediates or takes actions in case of discrimination or harassment complaints, as well as tracks frequency and type of complaint related to discrimination;

- Each entity shall have a transparent and clearly defined policy or process in place for dealing with discrimination and harassment. This shall be made available to all employees via the intranet and induction days;

- Training and awareness raising measures on preventing discrimination and harassment shall be provided on an on-going basis to managers and employees. Diversity Management shall define the content of such trainings and Group and Local Human Resources are responsible for organizing and implementing the trainings.

Leadership / Targets

- In accordance with CRD IV, the Management Board of Erste Group Bank AG has set a Group-wide target of having 35% women in top management (Boards and B-1) by 2019 and 35% women in supervisory boards by 2019.

  - This target concerns banks only as it is relevant for EU financial institutions. Local Erste banks are encouraged to align with the Erste Group target;

  - For candidates to supervisory boards, nominating committees of supervisory boards (Holding and local banks) shall keep short lists of suitable female candidates.

Recruitment, training and promotion

- In order to ensure transparency and equal opportunity, all positions, including managerial positions, shall be advertised on the internal job market (unless there are succession pool candidates in line for that position). Selection process and criteria must be transparent and gender-neutral language must be used in job advertisements;

- Talent pools and programs shall be open to qualified employees of all ages, genders and backgrounds;

- Short lists of candidates for top management positions shall include at least one of each gender;

- Training on diversity issues, including diversity management concepts such as inclusive leadership, unconscious bias, cross-cultural and multi-generational issues shall be managed and organized in the framework of Group and Local Human Resources;

- Additional development tools such as mentoring for women and the support of multi-generational dialog through reverse mentoring and other suitable instruments shall be offered by Group and Local Human Resources.

Fair working conditions and remuneration

- All employees are entitled to fair and favorable working conditions with special focus on remuneration. In order to monitor and eliminate gender specific remuneration gaps, HR shall conduct an internal analysis on an annual basis and implement corrective measures to narrow gaps where they exist. Results and measures shall be shared and discussed with social partners and employee representatives;

- Flexible work arrangements such as part-time, transition period part-time, job sharing, home office and teleworking working shall be strongly supported when feasible.
3.2 Roles and responsibilities

3.2.1 Group Diversity Management (GDM)

Group Diversity Management is organized as a “Group function” and is located in Erste Holding as a part of the Group Sustainability Office. The function holder acts as a senior manager/expert.

The main responsibilities of the Group Diversity Manager are:

- Development of a diversity strategy for Erste Group and aligning it with the Group Sustainability strategy and targets;
- Identification of areas within Erste Group where diversity issues are to be taken into account;
- Implementation of an appropriate monitoring system for diversity data (gender, position, age, nationality, part-time/full time, maternity/paternity leave, etc) in all parts of Erste Group;
- Collecting diversity data for annual reports, Global Reporting Initiative (GRI) reporting, rating agencies and communication on a Group level;
- Setting diversity targets for the Group and annual reporting of progress to the Holding management board and the Nomination Committee of the Erste Group Supervisory Board, and other relevant committees;
- Providing leadership and guidance to diversity-related employee resource groups, (e.g. Erste Women’s Hub);
- Serving as an advisor to local diversity managers, managers and employees on diversity issues.

The GDM will be involved in discussions and development of measures to increase diversity and inclusion in Erste Group and ensure that diversity and inclusion are in integral part of Erste corporate culture.

3.2.2 Responsibilities of the Management Board

The Management Board of each entity shall in particular:

- Designate a Board member responsible for diversity issues.
- Support and implement activities promoting diversity and inclusion.

3.2.3 Local Diversity Managers (LDM):

Each local Erste bank shall establish the function of a “Local Diversity Manager” (LDM) who will act as a focal point for all diversity-related issues of the respective bank. The LDM can either be a full-time or part time function and / or a part of an existing function. It is also up to the local Erste bank to determine where this function should be placed (ie HR, CSR/Sustainability, Legal, Compliance or in a business line).

While GDM defines the general rules and principles for diversity strategy, the LDM’s shall adopt these rules according to local requirements and – if necessary – to be compliant with local law. Regular (at least quarterly) communication between GDM and LDM shall ensure that a common understanding of diversity issues across Erste Group exists.

The main responsibilities of the LDM are:

- Identifying local diversity priorities (based on local Board approval) in cooperation with the GDM, and ensure implementation/concrete actions;
- Implementing Group diversity initiatives and adjusting them to local reality (local priorities);
• Collecting diversity data, conducting diversity audits, identifying gaps, aligning and consulting with the GDM (semi-annually);
• Reporting on progress and providing updates to the local Board member responsible for diversity (and/or sustainability issues), as well as to the GDM;
• Reporting on annual targets and progress to the local Management Board and local Supervisory Board;
• Collecting diversity data for annual reports, GRI reporting, rating agencies and communication on the local level;
• The LDM shall be a member of local committees or working groups dealing with sustainability-related issues, if they exist.

3.2.4 Responsibilities of the Nomination Committee of the Supervisory Board

Respective Nomination Committees for bank subsidiaries of Erste Group Bank AG are established based on the Erste Group principles and in accordance with local law.

In accordance with Article 88 (2) (a) of Directive 2013/36/EU (CRD IV), the Nomination Committee of the Supervisory Board of an entity and shall in particular:

• “Decide on a target for the representation of the underrepresented gender in the collective of Supervisory Board, Management Body and senior management (Board -1), prepare a policy on how to increase the number of the underrepresented gender in the aforementioned bodies and monitor the activities for meeting that target”. The target, policy and its implementation will be made public in accordance with Article 435(2) c of the Regulation (EU) No 575/2013 - http://eur-lex.europa.eu.

3.3 Selection and Assessment Criteria of Key Function Holders (see Annex 1, Ref 6)

In addition to professional diversity criteria, Erste Group looks at international/cultural and gender diversity criteria during the selection process. Several guidelines are put in place to facilitate the latter process:

• Facilitate the process of gathering independent opinions, avoid “group think” and contribute to improved risk oversight. Supervisory and Management bodies are to be sufficiently diverse as regards age, gender, culture, educational and professional background to present a variety of views and experiences;
• Diversity should be addressed in the selection process and candidates from both genders should be considered.

4. Disclosure

Each entity discloses, in accordance with the provisions of Article 435(2) c of the Regulation (EU) No 575/2013 and EU Directive on Non-Financial and Diversity Information Disclosure (Directive 2014/95/EU) information on its diversity policy, targets and measures. The information is included in the corporate governance statement and contains the objectives of such a policy, its implementation and the results obtained.
The GDM and LDM will ensure that Group and local diversity targets, policies and measures are published in Group, as well as Local Annual Reports (if there are any), as well as on Group and local websites and intranets (external and internal).

5. National and International Commitments and Cooperation

In line with the commitments that Erste Group Bank AG has already signed, local entities are encouraged to engage in equivalent local initiatives such as:

- UN Global Compact (https://www.unglobalcompact.org) – signed by Erste Group Bank AG (Holding) and Erste Bank Serbia
- UN Women’s Empowerment Principles (www.weprinciples.org) signed by Erste Bank Serbia
- Local Diversity Charters:
  - Czech Diversity Charter, signed by Ceska sporitelna
  - European Diversity Charter Hungary, signed by Erste Bank Hungary
- NGOs / partnerships:
  - Equilibrium Cross-Business Mentoring for Women: partnership between Ceska sporitelna
    and the British Chamber of Commerce
    https://www.britishchamber.cz/programmes/equilibrium
  - Unternehmen für Familien (initiative of the Austrian Federal Ministry for Family and Youth),
  - Global Diversity Forum, European Forum Diversity Management, etc.

6. Definitions

**European Diversity Charters** – an EU level exchange platform for organizations promoting and implementing national diversity charters in member states. National diversity charters encourage companies to implement and develop diversity policies.

**Management Body**: governing body/bodies of a credit institution, comprising the supervisory and the management functions, which has/have the ultimate decision-making authority and is/are empowered to set the institutions strategy, objectives and overall direction.

**Nomination Committee**: (in relation to this policy) a part of the Supervisory Board with a focus on assessing the skills, knowledge and experience of the Members of the Management Board and Supervisory Board. If no Nomination Committee is established in an institute, the Supervisory Board is in charge of the tasks and responsibilities of the Nomination Committee.

**Supervisory Board**: Management Body in its supervisory function responsible for overseeing and monitoring management decision-making.

UN Global Compact - a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.  [www.unglobalcompact.org](http://www.unglobalcompact.org)
## 7. Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Text</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
<td></td>
</tr>
<tr>
<td>CRDIV</td>
<td>Capital Requirement Directive</td>
<td></td>
</tr>
<tr>
<td>GDM</td>
<td>Erste Group Diversity Management</td>
<td>“Group function” located within the Holding OU 01960337 “Group Sustainability”</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
<td>one of the world’s most prevalent standards for sustainability reporting (<a href="https://www.globalreporting.org/Pages/default.aspx">https://www.globalreporting.org/Pages/default.aspx</a>)</td>
</tr>
<tr>
<td>LDM</td>
<td>Local Diversity Manager</td>
<td></td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
<td></td>
</tr>
<tr>
<td>SMS</td>
<td>Sustainability Management System</td>
<td>A toolbox to create a Group-wide aligned opinion on “sustainability” and its impact on Erste Group’s business, client service and internal processes</td>
</tr>
<tr>
<td>EBOe</td>
<td>Erste Bank der österreichischen Sparkassen AG</td>
<td></td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
<td>On September 25th 2015, UN member states adopted a set of 17 goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. <a href="http://www.un.org/sustainabledevelopment/sustainable-development-goals">http://www.un.org/sustainabledevelopment/sustainable-development-goals</a></td>
</tr>
</tbody>
</table>