

(Consolidated) Non-Financial Report

(CONSOLIDATED) NON-FINANCIAL REPORT

GENERAL INFORMATION AND REPORTING BOUNDARIES

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With the NaDiVeG (Sustainability and Diversity Improvement Act), the reporting obligations regarding non-financial information (environmental, social and employee issues, respect for human rights and the fight against corruption) in the management report was expanded and specified as of the 2017 financial year in implementation of EU Directive 2014/95/EU.

To meet the statutory requirement of disclosing non-financial information, BAWAG Group has decided to include the (consolidated) non-financial report in its annual report, thus fulfilling its obligations under sections 243b and 267a of the Austrian Commercial Code (UGB). BAWAG Group has drawn up this non-financial report in conformity with the Global Reporting Initiative (GRI standard: core option), including industry-specific indicator sets for financial services – the report was prepared in accordance with the principles of accuracy, balance, clarity, comparability, reliability and timeliness. The CSR Report is accompanied by the GRI Index (starting on page 334) and the UN Global Compact progress reports (page 343). In addition the requirements of disclosing information in accordance with the EU Taxonomy Regulation (Article 8) are fulfilled.

This report describes our concepts, non-financial risks and opportunities and (ongoing) measures, as well as the performance indicators used to manage and steer our key areas of action. In this context, we also explain the innovations and progress in the area of sustainability in 2021 and follow up on the CSR Report 2020.

Unless indicated otherwise, this report covers all operating entities of BAWAG Group as well as their brands. Since the acquisitions of DEPFA BANK plc and Hello bank! Austria only closed recently, respective data is not covered in this report - for Hello bank! Austria, HR related data is included.

Disclaimer:

We have taken the greatest care in collecting and processing all data and information provided in this report. Nevertheless, errors cannot be completely ruled out. If this report contains statements on future developments or expectations, these assumptions were made on the basis of the data and information available at the time of writing. Due to currently unforeseeable events, the statements made may therefore differ from actual events. We use gender-neutral terms such as “customers” and “employees” to refer to both women and men.

SUSTAINABILITY STRATEGY & GOVERNANCE

We strive to be good stewards of capital. We take great pride in our work, doing what is right for our customers and employees, and being good stewards of our shareholders' capital. We are disciplined in our lending, we focus on risk adjusted returns and we believe that ESG underpins sustainable, longterm profitability and capital growth as we look to grow organically in our core markets as well as through M&A.

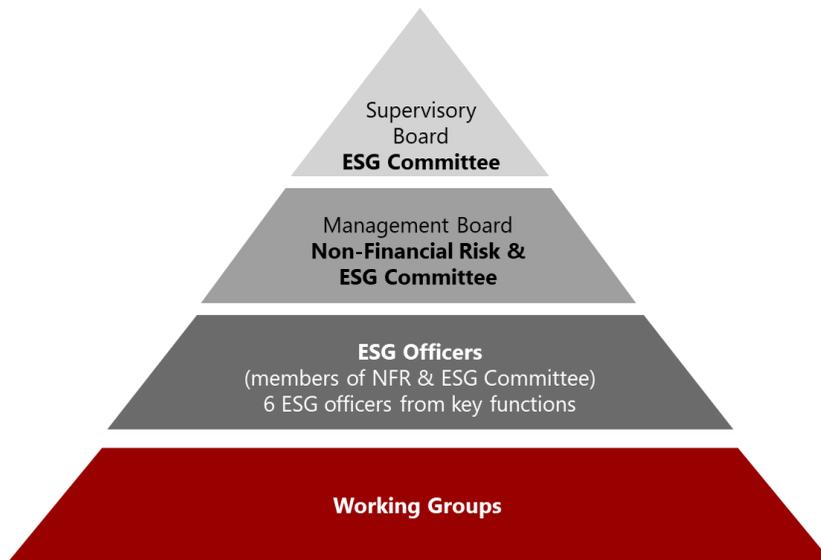
ESG TARGETS

We do not look at ESG as a silo in our organization, as we believe that ESG responsibilities underpin sustainable long term profitability, and is a critical part of managing our risk. We have historically considered environmental and societal impact in our credit decisions, as they will impact our potential borrowers' repayment of loans over time. This supports our continued focus on ESG risk as a strengthening of our current business model.

ESG is a thread that runs through our business strategy and a key part of any prudent risk management framework. Therefore, we have committed ourselves to tangible ESG targets, which we are embedding into our operating plans:

- ▶ We are targeting a **reduction of our own scope 1 and 2 CO2 emissions of >50% by 2025** from a baseline of approximately 3,200 tonnes in 2020.
- ▶ In terms of diversity, we have established a **female gender quota of 33%**, for both the Supervisory Board as well as the Senior Leadership Team, by 2025.
- ▶ To further promote the environmental transition, we are targeting annual new green lending business of over € 1.6 billion, doubling 2020's volume, by 2025.

SUSTAINABILITY GOVERNANCE



To us, it is important that sustainability and ESG-related topics are embedded throughout our organization and to have each employee contributing within his or her own responsibilities. The internal organizational structure was expanded during the recent years to manage and monitor progress in the area of sustainability and ESG. We monitor relevant parameters and initiatives in the Non-Financial Risk and ESG Committee, which is chaired by the CRO and attended by all other Management Board members and selected BAWAG senior staff (including BAWAG's ESG Officers) as well. The Non-Financial Risk & ESG Committee

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is responsible for the operational implementation of BAWAG Group's sustainability programme and Group-wide ESG strategy and meets on a quarterly basis. The Non-Financial Risk & ESG Committee works with experts in various areas and departments to continuously advance BAWAG Group's commitment to sustainability. We have also established other platforms where ESG Officers and specific working groups discuss strategic priorities with representatives of the organization's divisions who also embed the topics within their teams. Due to the emerging importance of sustainability and ESG topics, our Supervisory Board has decided to establish a dedicated ESG Committee at the Supervisory Board level. The ESG Committee will work closely with the Management Board and the ESG Officers to ensure that we continue to drive responsible, sustainable and profitable growth.

STAKEHOLDER ENGAGEMENT AND MATERIALITY PROCESS

Stakeholder groups

During the materiality process 2018, we classified our relevant stakeholders in 10 groups (see CSR Report 2018, p. 9). We are in regular contact with all of these stakeholders via different means of communication. Our stakeholders include various groups of our society. Engaging in dialogue with our stakeholders and receiving their feedback enables us to understand the importance and impact of our actions on our stakeholder groups. For our stakeholders, there are various ways of entering into a dialogue with us: They may visit us at our physical branches or provide feedback via phone or e-mail towards our investor relations department, our press office, our call center or during General Meetings.

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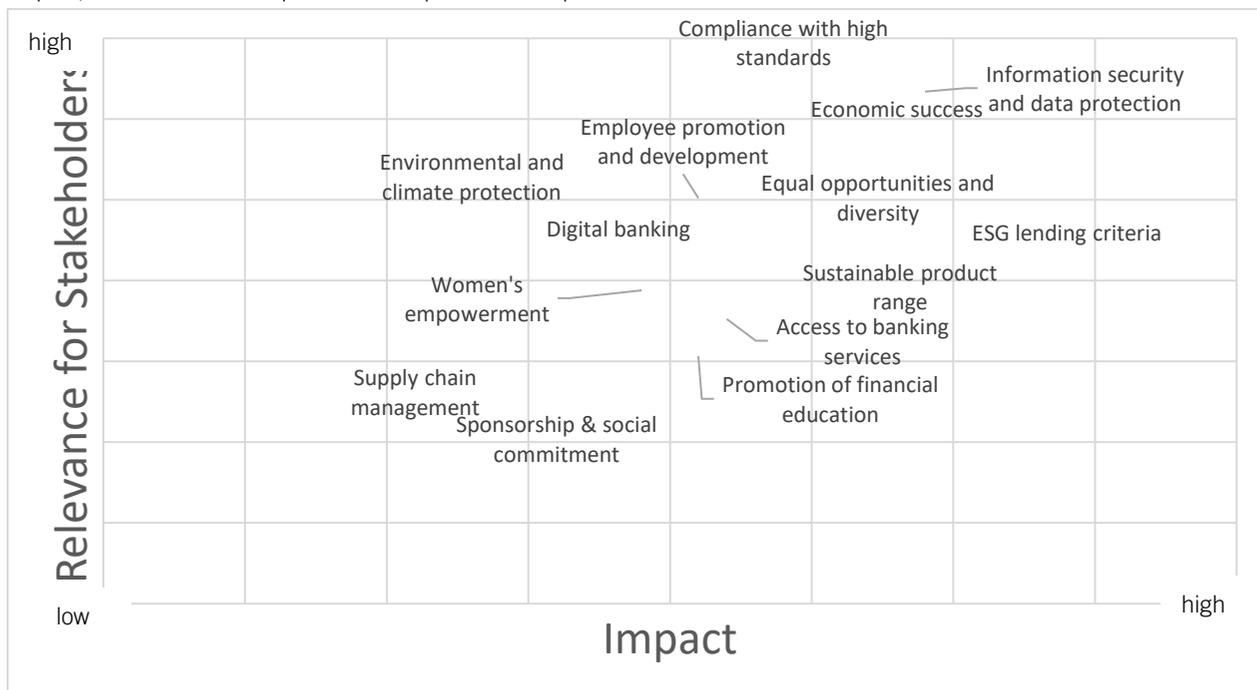
2021: Online stakeholder survey executed

During 2021, our bank conducted an online stakeholder survey. The goal was to evaluate the importance of various sustainability topics of BAWAG Group from the perspective of representatives of our internal and external stakeholders. Stakeholders of the entire BAWAG Group were invited to participate in the online survey. With respect to BAWAG's employee base, the CEO invited all employees during an internal town hall, and employees were given access to the stakeholder survey via respective internal platforms (e.g. intranet). The results show that all stakeholders rank the topics "Information security and data protection", "Compliance with legal and ethical standards" and "Economic success" as the most relevant topics. Regarding the three most important topics, no stakeholder-specific preferences or significant deviations could be identified. We consider the 2021 online stakeholder survey to be representative for evaluating and assessing our material issues for the entire BAWAG Group and for developing future sustainability initiatives.

Materiality matrix

The results of the 2021 stakeholder survey were subsequently presented and reviewed at an internal workshop with the CFO, the members of the Non-Financial Risk & ESG Committee and other sustainability experts of BAWAG. The 2021 materiality process served as a basis for prioritizing individual sustainability measures and identifying potential for improvement in existing initiatives. The 14 topics that can be seen in the graph below were clustered to seven materiality topics, which each correspond to a chapter in this report.

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SUSTAINABILITY PROGRAM

MATERIAL TOPICS AND KEY FIELDS OF ACTION

102-16 BAWAG Group’s seven material topics lay the foundation for its CSR strategy and sustainability reporting: “Economic success”, “Ethics & integrity”, “Responsibility towards customers”, “Sustainability in core business”, “Social responsibility and personal commitment”, “Employee promotion and development, diversity and equal opportunities”
102-47 and “Environmental & climate protection” (see Annex, p. 332 for a detailed overview). The fields of action and BAWAG
103-1 Group’s sustainability programme have been derived from them and are also closely linked to external frameworks such
103-2 as the GRI, the UN SDGs, the principles and goals of the UN Global Compact and the principles of the UN Global
103-3 Compact Women’s Empowerment Program as well as the concerns according to NaDiVeg. The following table shows main topics and the corresponding aspects such as significance, management approach, impact, opportunities, risks and due diligence. Furthermore, GRI codes, SDG, COP and WFP references have been included alongside the text of the CSR chapter to provide better orientation on the various topics. The following table shows a high level overview of key actions that are currently being addressed throughout the organization and the current status of each initiative.

Area of action	Measure	Current status ¹⁾
ESG strategy	Goal: Strengthening ESG/CSR activities and awareness	
	... Evaluation of the existing materiality analysis with BAWAG Group subsidiaries in Germany and Switzerland	Done
	... Redefinition of the internal CSR organization and broadening of responsibilities within the Group	Done
	... Improvement in sustainability rating agency rankings	Ongoing
Ethics & Integrity	Goal: Ensuring compliance with all guidelines and policies	
	... Extension of the whistleblowing tool to German subsidiaries	Done
	... Expansion of the training program for employees on the subject of information security	Ongoing
	... Launch of revised, mandatory anti-corruption self-learning program for employees	Ongoing
	... Conducting annual risk analyses and audits and, based on these, defining Group-wide control priorities	Ongoing
	... Integration of the assessment of potential sustainability risks into the annual risk control self-assessment process for divisions and subsidiaries	Ongoing
	... Establishment of a clear governance to address climate risks, to address supervisory expectations and regulations	Ongoing
Responsibility towards customers	Goal: Appropriate products and services for every life circumstance and every stage of life	
	... Evaluation and implementation of measures to simplify processes for investment products	Ongoing
	... Process evaluations and screenings to support our customers in the shift to digital and the use of digital services	Ongoing
Sustainability in our core business	Goal: Being a reliable financial partner for retail and commercial customers and for the regional economy	
	... Introducing ESG-related lending/exclusion criteria for specific industries	Done
	... Issuance of a green bond (subject to market conditions)	Done
	... Expansion of the sustainable offerings in BAWAG’s residential and consumer lending business	Ongoing
	... Continuation of the “New Chance” account for the financial inclusion of disadvantaged population groups	Ongoing
	... Expansion of the range of ESG-related products	Ongoing
	... Expansion of the range of paperless, purely digital product application processes for customers	Ongoing

Social responsibility and personal commitment	Goal: Further focus on volunteer days, crowdfunding.at and measures to improve financial education and digital literacy	
	... Continuation of commitment to financial education and continuation of measures to increase digital competence among different age/social groups	Ongoing
	... Expanding awareness of volunteering among BAWAG Group employees	Ongoing
	... Development and publication of a Group-wide Social Engagement Strategy	Ongoing
	... Support for financing of regional social projects on crowdfunding.at	Ongoing
Human Resources: Employee promotion and development, diversity and equal opportunity	Goal: Appreciation and advancement of employees	
	... Extension of the feedback process to employees of Südwestbank	Ongoing
	... Increase in the proportion of women in management positions	Ongoing
	... Simplification of application processes through the use of innovative recruiting technologies	Ongoing
	... Expansion of employee offerings for individualized learning through new online platforms	Ongoing
Environmental and climate protection	... Harmonization of employee benefits for all subsidiaries	Ongoing
	Goal: Reducing our environmental impact so as not to endanger the basis of life for future generations	
	... Switch to green energy suppliers at all BAWAG Group locations	Done
	... Implementation of measures to optimize energy consumption during branch conversions in Austria (for example, replacement of lighting with LED lamps and replacement of air conditioning and heating systems)	Ongoing
	... Acquisition of electric cars for internal logistics	Ongoing
	... Digitalization measures to reduce paper use	Ongoing
	... Continuation of the replacement of existing IT equipment with equipment with energy efficiency certification	Ongoing
... Reduction of Scope 1 and Scope 2 CO2 emissions	Ongoing	

1) Explanation of current status:

- Ongoing = measure has been decided and will be updated on a regular basis
- Done = measure has been finalized and successfully executed in 2021

ECONOMIC SUCCESS

201-1 Creating value for various stakeholders of BAWAG Group is a top priority. Economic success enables us to take into account stakeholder interests, such as those of customers, employees, shareholders, the public sector and society in general. It also increases the stability of the economy and the financial sector in particular. Various stakeholders benefit from economic success, such as shareholders through an increase in the value of the company and capital distributions. Employees can be paid in line with the market conditions. Customers benefit from a comprehensive range of products and services, while business partners and suppliers receive orders and the public authorities receive taxes.

Furthermore, our financial stability as a bank positively influences our lending capacity, which contributes to the building and renovation of homes and the implementation of sustainable infrastructure projects, as well as to corporate financing. This contributes to the distribution of wealth and stimulation of the economy.

Economic success requires responsible, qualified and transparent management and control geared to long-term value enhancement. The Accounting and Financial Planning & Analysis units perform key tasks in this area. Established processes in Accounting ensure the implementation of changes to Austrian GAAP, IFRS and regulatory guidelines and rules, and the division is thus the point of contact for auditors.

The Financial Planning & Analysis (FP&A) unit runs the processes for reporting requirements in conjunction with the traditional methodological controlling tasks (PCR, FTP, KPI definition, etc.) for the entire BAWAG Group. The controlling units manage the Bank at the individual and Group level through regular reporting. These reports form the core element of the management information system (MIS). The regulatory reporting team prepares and implements existing and new reporting requirements. As in all business areas and key issues, BAWAG Group is committed to openness and transparency here. Extensive information is presented and continuously updated by our Investor Relations department on the website, such as annual and interim reports, investor relations releases, share price data, corporate presentations, ad hoc announcements and press releases to provide transparent information to shareholders and the interested public.

Table: Direct economic value generated and distributed

in € million	2021	2020 ²⁾
Direct economic value generated		
Interest income	1,128.0	1,113.7
Dividend income	17.7	2.8
Fee and commission income	353.0	329.1
Gains and losses on financial assets and liabilities	11.3	-26.7
Other operating income	168.1	127.7
Share of the profit or loss of associates accounted for using the equity method	3.8	1.1
Total direct economic value generated	1,681.9	1,547.7
Economic value distributed		
Operating costs	578.4	677.7
Fee and commission expenses	70.9	74.3
Other operating expenses	218.0	152.5
Operating expenses excl. employee excl. community investment	194.5	226.3
Risk costs	95.0	224.6
Employee wages and benefits	295.4	297.4
Staff costs	295.4	297.4
Payments to providers of capital	691.9	215.2
Interest expense	207.4	201.1
AT1 coupon	24.5	15.0
Dividends ¹⁾	460.0	0.0
Payments to government by country	46.1	35.0
Income taxes paid	46.1	35.0
Community investments	0.2	0.3
Total economic value distributed	1,612.0	1,225.6
Economic value retained	69.9	322.1

1) refers to cash actual dividends paid

2) restated

RATINGS

	2021
BAWAG	
Long-term Senior Unsecured / Issuer Rating	A2 (stable outlook)
Long-term Bank Deposits Rating	A2 (stable outlook)
Short-term Issuer / Bank Deposits Rating	P-1

Our sustainability performance is assessed by ESG rating providers on a regular basis. In 2021, we continued to see an improvement of our ESG ratings and we use their outcomes to identify further areas of improvement. In order to update our stakeholders on the progress of our ESG initiatives on a regular basis, we integrated ESG as an integral part of our communication and also provide updates on our ESG website on bawaggroup.com.

ETHICS AND INTEGRITY

RISK CULTURE AND COMPLIANCE

We operate in a highly regulated environment and are directly supervised by the European Central Bank (ECB) under the Single Supervisory Mechanism (SSM). We are thus subject to and compliant with the regulatory framework which applies to the governance of significant credit institutions. On top of this, we have adopted internal policies which go beyond the regulatory framework and shall ensure that we stay committed to the highest standards with respect to our risk culture and compliance.

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We believe that effective compliance and risk management is a crucial aspect of a bank's success. In addition to the conventional risk types, we appreciate that the management of non-financial risks is becoming increasingly important. Group-wide compliance and non-financial risk management sets the framework under which laws, requirements and standards are observed and aims to provide comprehensive protection for investors, customers and the company. In addition to the management of operational risks, the tasks include the prevention of money laundering, combating terrorist financing, monitoring compliance with sanctions, fraud prevention, data protection, information security, securities compliance and the prevention of insider trading, market abuse and conflicts of interest. The term "compliance" refers to the sum of all measures that obligate a company, its management and employees to adhere to applicable regulatory and legal requirements. Beyond this, the aim is also to ensure that business conduct complies with all social guidelines and values. A modern compliance structure pays attention to suspicious circumstances, takes them seriously, reacts, acts and implements preventive measures through the sound preparation of risk analysis and intensive training of all employees.

All risk units in BAWAG Group report to the Chief Risk Officer. The separation between risk origination and risk management functions is strictly adhered to. The entire Management Board is informed proactively and at least monthly about the relevant risk KPIs. In 2021, BAWAG Group has consolidated and functionally centralized compliance themes under the lead of a designated Management Board Member to foster independence, awareness and support businesses and stakeholders. All compliance units are under joint management responsibility and report to the Chief Administration Officer (CAO). Non-financial risks are discussed in the Non-Financial Risk & ESG Committee and assessed as part of the mandatory product implementation processes. Quarterly risk and compliance reports are submitted to the respective committees of the Supervisory Board. The risk policy guidelines are continuously reviewed with regard to adjustments to the business strategy, changes in regulatory requirements and changing market conditions. Violations of legal requirements and internal rules of conduct can lead to reputational risks and serious consequences such as penalties, fines and negative impacts for BAWAG Group. Individual employees involved in such violations face fines or imprisonment as well as disciplinary measures under labor law, up to and including dismissal. Any attempt to commit a financial crime is considered a serious violation of BAWAG Group's business principles and integrity and is investigated accordingly. BAWAG Group applies a zero tolerance policy with respect to such matters.

Risk control self-assessments

Other non-financial risks associated with effects from business activities or business relationships (as defined in Section 267a [3] UGB) are identified annually in the specialist areas as part of the risk control self-assessments (RCSAs). All divisions and subsidiaries are involved in the process. Operational risk includes various subcategories, such as violation of health and safety regulations, discrimination, violation of guidelines and violation of privacy. All organizational units are asked to identify and assess their respective risk, as well as the effectiveness of controls and measures which are put in place.

In 2021, the assessment was extended to potential sustainability risks. For the first time in the reporting year, all divisions and subsidiaries were required to assess whether potential risks could arise from social change or climate change in their areas of activity and business. In terms of environmental topics, a distinction was made between physical risks (arising directly from the consequences of climate change) and transition risks (arising from the transition to a low-carbon economy). Physical risks included climate change/weather extremes/natural disasters and resource scarcity. Transition risks were differentiated into supply chain changes/disruptions, potential carbon taxation/levies, impact on existing business lines and development of new business lines/industries. With respect to social factors, pandemic/health crisis, aging society, widening gap between rich and poor, lack of access to banking infrastructure/products, lack of skilled labor, high turnover and new work models and discrimination in terms of gender, age and/or other factors were taken into consideration.

Another key area in this year's RCSA questionnaire related to information security: potential security incidents (phishing/hacking attempts etc.) as well as potential effects on data and systems assessed. In the course of 2021, divisions of BAWAG and subsidiaries across Austria, Germany and Switzerland were asked to provide their feedback on CSR issues – in particular, how potential risks related to ecological developments (climate change and renewable energy transition) and socio-economic developments (demographic change or social issues) could potentially affect their area. Regarding ecological developments, extreme weather conditions and natural disasters were considered to be the biggest risks which could have an impact on existing business areas. Regarding social issues, high fluctuation and an extension of the pandemic/health crisis were considered as the biggest risks. The collected risk assessments were reported to the Management Board as part of the RCSA process.

Self-learning programs

Regular and comprehensive training and communication of legal requirements and internal guidelines is key to ensuring that employees are up-to-date with requirements applicable to their area of responsibility. As a part of the onboarding process, all new employees are obliged to successfully complete the key topics through self-learning programs within 30 days as of the start of their employment. These initial self-learning programs are linked to compliance, AML, operational risk, security/data protection and anti-corruption. Other training courses are conducted throughout the year as part of BAWAG's ongoing training programs.

Code of Conduct

BAWAG Group's Code of Conduct sets forth the understanding of banking and conduct ethics that BAWAG Group applies. It is important that employees internalize these rules and values. Therefore, corresponding training on this matter is conducted (bi-)annually. As part of this training, employees are familiarized with aspects of business ethics and anti-corruption rules, all aspects of compliance and the general principles of conduct that apply in day-to-day business. The Code of Conduct also applies to members of the Management Board and the Supervisory Board. In November 2021, a specific self-learning program regarding "Conduct & Securities Compliance" was launched. 95% of employees successfully completed the program. Our Code of Conduct is regularly reviewed to determine any need for revision and is published on the BAWAG Group website in German and English.

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Supplier Code of Conduct

While the Code of Conduct (described above) represents the values BAWAG Group stands for, the Supplier Code of Conduct defines our expectations towards business partners. These expectations cover, in particular, ethically correct and legally compliant behavior, environmental protection and human rights. Counterparties undertake, amongst others, that they:

- ▶ comply with applicable laws of the respective jurisdiction;
- ▶ refrain from actions that could unlawfully influence the decisions of government representatives and public bodies or authorities;
- ▶ prohibit the acceptance of gifts and gratuities from employees in connection with their work and duties in excess of customary gifts or other benefits;
- ▶ respect fundamental rights, health and safety of employees; and
- ▶ respect environmental protection by complying with applicable laws, regulations and international standards

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Each supplier is obliged to commit to these principles before entering into a business relationship with BAWAG Group. The requirement to sign the Supplier Code of Conduct is stipulated in the Group-wide Corporate Procurement Policy and accordingly applies to all entities of BAWAG Group.

Table: Expenditures to local suppliers¹⁾

	2021	2020
Expenditures to local suppliers	74%	74%

1) Suppliers with their main location in Austria, Germany or Switzerland are considered "local". International companies whose branches are located in the aforementioned countries and act as billers to BAWAG Group are also classified as "local" in the presentation. Due to the data situation, it was only possible to report the expenses of BAWAG P.S.K. (incl. easybank, SÜDWESTBANK). An expansion of the presentation to include other subsidiaries is planned.

Prevention of money laundering and terrorism financing (AML / CTF)

BAWAG Group’s focus is on low-risk business in its core markets Austria, Germany, Switzerland, Netherlands (DACH/NL region), Western Europe and United States. BAWAG Group is committed to combating financial crime and ensuring that accounts held at its organization are not misused for illegal activities like money laundering or terrorism financing. Accordingly, BAWAG Group has implemented Group-wide policies, processes and controls with respect to anti-money laundering (“AML”) and counter terrorism financing (“CTF”) which, combined with other comprehensive measures and procedures, aim at applying a risk-based approach. These policies implemented the applicable legal framework, such as the Austrian Financial Market Money Laundering Act (FM-GwG) and applicable EU regulations. In terms of AML and CTF, the following principles apply:

- ▶ BAWAG Group’s AML/CTF strategy is closely aligned with the defined ESG risk appetite of BAWAG Group and aims for customers with a low AML/CTF risk profile. Accordingly, prohibited and restricted countries, customers, industries and products have been defined.
- ▶ BAWAG’s AML/CTF Group strategy defines minimum standards in respect of know your customer (“KYC”), customer due diligence (“CDD”) and enhanced due diligence (“EDD”) requirements. The defined KYC processes ask for proof of origin, usage, domicile and residence, and industry risk and define regular risk-based customer updates. The onboarding processes of new customers demand the identification and verification of private customers, corporates, trustees and trustors, and their ultimate beneficial owner before account opening or executing a single transaction outside a permanent business relationship in a risk-based manner and following defined CDD or EDD requirements.
- ▶ AML/CTF prevention is technically supported by various applications which ensure risk classification and customer as well as transaction screening. During the onboarding process, customer screening is performed on a regular basis to identify PEPs (weekly), sanctioned persons and terrorists (daily). This is supported by an automated monitoring system which screens customers against internationally recognized lists. Transactions are monitored in real-time (sanctions and CTF) and ex post via specific AML/CTF scenarios and defined thresholds depending on the risk class of customers.
- ▶ Additionally, BAWAG Group has defined, implemented and documented internal control systems (“ICS”) in line with applicable laws. The ICS shall ensure efficient and high-quality processes. Findings are reported on a regular basis, with out-of-the-ordinary findings being reported immediately. The ICS comprises, among others, KYC onboarding processes, transaction screenings and various business field reviews. They are continuously updated, especially in case of implementation of new products, sales channels, lines of business or business sectors.
- ▶ BAWAG Group reports to and supports international and national authorities in combating illicit activities (including terrorism financing, tax fraud and other illegal activities).
- ▶ BAWAG’s AML/CTF Group policies have clear guidance for its employees and define mandatory, designated AML/CTF training sessions (AML/CTF module, KYC module, Ultimate beneficial ownership module, Cash module) for all employees which are conducted via computer-based self-learning programs and via face-to-face training by Compliance Officers or external firms. These trainings must be completed at the beginning of the employment by every employee regardless of position or area. Mandatory follow-up trainings are provided at least every 18 months.

Further details on BAWAG Group's approach towards AML and CTF can be found in the Anti-Money Laundering Policy, which is published on our ESG website (<https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>).

Securities compliance

Group-wide guidelines govern employees' personal securities transactions as well as the handling of compliance-relevant information and the avoidance of conflicts of interest. Employee training on securities compliance is conducted annually, based on an assessment of the individual risk associated with relevant employees. The mandatory "Securities Compliance" self-learning program covers aspects of the *Compliance Policy* and the *Conflicts of Interest Policy*. Adherence to the guidelines is reviewed by the Compliance Office in so-called compliance reviews, which are conducted in line with an annual plan as signed off by the Audit and Compliance Committee of the Supervisory Board. This also includes reviews at selected subsidiaries of BAWAG Group.

Anti-corruption and ethics

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BAWAG Group does not tolerate any financial crime and applies a zero tolerance policy in this respect. Any abuse of power, position or resources to gain a personal advantage or an advantage for third parties and to influence the behavior of the recipient in a certain way is prohibited. We therefore expressly prohibit any form of bribery or corruption. Any attempt to bribe or gain other unlawful advantages must be rejected and reported immediately to the Compliance Office, and the relevant department must be informed. We take decisive action against attempts at corruption in all our business areas. The Anti-Corruption Policy defines the terms benefits/gratuities, corruption and public officials and regulates the handling of gifts. The Anti-Corruption Guideline provides for a broad definition of benefits to cover all types of gratuities. The policy is available in German and English to all employees in addition to a compact guide that summarizes employees' key anti-corruption obligations in an easy-to-understand manner. The policy provides for levels of specific benefits that can be accepted up to certain thresholds and are subject to documentation/approval requirements, while at the same time defining benefits that are prohibited under all circumstances (e.g. benefits that violate applicable law, ethical principles and/or are discriminatory in nature). All business areas of BAWAG Group are monitored within a very narrow framework as part of a risk assessment. The monitoring processes take place on a regular, individual basis and are structured according to the size of a business unit, its tasks, its relationship with external parties, its self-assessment of operational risks and, if applicable, previous incidents. Depending on the individual classification, certain preventive measures are implemented. These measures include a higher frequency of training and compliance audits for high-risk units.

All employees (including part-time) of BAWAG Group receive training on ethics and anti-corruption. For training purposes, a mandatory e-self-learning program has been established that covers all topics related to the Code of Conduct and the Anti-Corruption Policy. New employees must complete such self-learning program at the beginning of their employment. The program is constantly updated in line with evolving legal requirements and current incidents and is rolled out to all employees on a regular basis, at least every two years (most recently in fall 2021). Each training session ends with a mandatory test in which a minimum score must be achieved in order to complete the training. In addition to these regular training initiatives, ad hoc training measures are also conducted following specific incidents and the results of the regular anti-corruption risk assessment. These ad hoc training measures can take the form of specific training for individual employees, training for specific departments or information for the entire organization via an article on the company's intranet.

Departments that are particularly at risk are regularly informed of obligations during compliance audits. In addition, compliance SPOCs (Single Point of Contacts) across the organization help to raise awareness of the need to handle benefits in accordance with the rules. Based on the training that every employee receives, BAWAG Group expects its employees to act responsibly with regard to anti-corruption and bribery. For this purpose, a self-assessment is carried out by the respective employee in the first control level. In addition to the self-assessment, a control and, if necessary, approval process takes place for the receipt and granting of benefits, which essentially depends on the type and value of the benefit. All benefits are recorded in a gift register to enable retrospective review. The Compliance Office reviews the gift register annually and evaluates individual cases as part of the grant approval process. Regular audits are conducted in the individual areas at least once a year. These audits address anti-corruption and ethics issues. Subsidiaries in Germany: At BFL Leasing, all employees were required to participate in the mandatory annual money laundering and fraud prevention training. The topic of corruption is also addressed within this framework. All employees took part in the training. At start:bausparkasse Germany, the annual mandatory training on money laundering, initiated by the money laundering officer, took the form of a self-learning program. A total of 24 employees took part in the training.

No cases of corruption were reported in BAWAG Group in 2021. We also observe anti-corruption regulations that are anchored in the Supplier Code of Conduct in our business relationships with suppliers. Adherence to the anti-corruption guideline is checked, for example, during "compliance audits," which include the topic of anti-corruption. Further details on BAWAG Group's approach towards ethics and anti-corruption can be found in the Anti-Corruption Policy and Business Ethics Guidelines, which are published on our ESG website (<https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>).

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All members of the Supervisory Board of BAWAG Group were informed about compliance topics as part of the annual report during the reporting year. No cases of corruption were reported in BAWAG Group in 2021.

CYBERSECURITY

Data protection and information security

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BAWAG Group's Chief Information Security Officer and the IT Security Operations Team are committed to protecting the information, ICT systems and interests of employees, customers and other stakeholders in terms of confidentiality, integrity and availability. BAWAG Group has implemented a set of security policies covering both general and specific security topics such as identification and access management.

The security policy document set was adapted to current challenges (e.g. regarding increasing cloud usage) and comprehensively expanded. State-of-the-art technologies and services are used to achieve the expected high level of internal and external security. In addition, organizational measures are implemented such as regular security awareness training for employees, security information blogs and security alerts for employees and customers (on our public BAWAG security portal). The security measures defined in collaboration between the CISO Office and IT experts are executed by certified security experts – both in the CISO Office and in the IT Security Operations Team. A special security focus has been placed on the development, implementation, operation, use and maintenance of new ICT solutions in order to identify emerging security risks at an early stage and achieve compliance with new regulatory requirements. In addition to dedicated organizational security units, BAWAG Group has established interdisciplinary committees and working groups to ensure comprehensive and consistent implementation of security measures, such as the IT Security Roadmap Workshop, the Cyber Crime Working Group and the Fraud and Information Security Committee (CFIS). BAWAG Group regularly performs penetration tests (security tests) with the help of specialized expert companies, especially for Internet-based systems (such as our digital banking solutions). The regular performance of penetration tests is required in BAWAG Group not only by financial market regulations, but also by the internal Penetration Testing Standard. The results of the penetration tests are used to further improve the security of the tested systems. For internal systems, BAWAG not only performs specific penetration tests, but also ongoing vulnerability scans to identify inadequacies in the internal IT landscape. Detected vulnerabilities are dealt with in a timely manner according to their criticality. To validate our comprehensive cybersecurity approach, we use a renowned cybersecurity rating service, which demonstrates the comparatively good cybersecurity position of BAWAG Group (including our international units) in the financial sector.

Whistleblowing

Open dialog between managers and employees is very important to us. Employees can report information about suspicious circumstances to their managers at any time. If they wish, employees can also submit such reports anonymously and confidentially via a whistleblowing system, because well-founded tips help us improve as a company and as a team. The web-based whistleblowing system is operated by an external, independent provider and is certified in accordance with European data protection law. The whistleblowing system can be accessed by employees 24/7 and is available in German and English. The employee can choose whether the report is made anonymously or not. If the whistleblower wishes to remain anonymous, a protected multi-stage login procedure with a self-selected pseudonym and password is used to ensure the whistleblower's anonymity. With the help of individual encryption, message data, mailbox data and processing data are protected from access by third parties. Only the administrators and selected, authorized and specially trained employees of BAWAG Group as "legitimate recipients" can process the data. The security system denies unauthorized third parties any access. All employees with access rights to the reporting system are bound to a mandatory duty of confidentiality by accepting the authorization. This special duty of confidentiality continues to apply indefinitely after the authorization has been deleted. The whistleblowing process is part of the "Compliance and Conduct" self-learning program for employees.

Detailed information on the process can be found in the Group-wide whistleblowing policy, which is available to employees in German and English on the intranet. It sets out rules for the careful handling of reported cases and provides guidelines on how to protect the reporting person from disadvantages and negative consequences. All whistleblower reports are handled in accordance with the specified matrix, documented in detail and reported to the management board in specific cases.

DATA PROTECTION

Since we manage sensitive data about the financial lives of our customers, a seamless data protection concept is of particular importance to us. BAWAG Group is therefore committed to implementing high data protection standards in accordance with the legal provisions of the General Data Protection Regulation and the data protection laws in the countries where it operates, as well as taking human rights into account. The Group Data Protection Officer advises relevant stakeholders within BAWAG Group. The Data Protection department is integrated into the General Counsel Office and reports to the Chief Administrative Officer. In addition, data protection and information security topics are dealt with in the Non-Financial Risk & ESG Committee. Projects focusing on data privacy were also implemented in the reporting year, including the review of the IT system catalog regarding data privacy compliance (e.g. data deletion routines). In addition, the procedure directory was updated.

Further details on data protection can be found in BAWAG's *Data Protection Guidelines*, which are published on our ESG website (<https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>).

Responsible handling of data

BAWAG Group is obliged to comply with the rights of its customers and employees to information and access to their data as well as to rectification, deletion, restriction of processing, data portability and the right to object. Customers are informed about the collection, use, disclosure and storage of data (including data transfer to third parties). Third parties to whom data is to be transferred must comply with company policies and enter into agreements on commissioned processing and confidentiality. An online inquiry form for customers and detailed information relating to data processing are available on the websites of the Group companies. In addition, customers are informed of the possibility of contacting the data protection team directly via online contact forms on the respective websites or via e-mail.

Procedure in the event of suspected data privacy violations

Data protection violations are reported to the data protection authority in accordance with the General Data Protection Regulation. Any potential breach reported by customers or employees is thoroughly investigated and followed up. Once the results of the analysis are available, measures are taken to prevent a new incident if an actual breach is identified. Measures include changing process flows, introducing another audit measure, making any necessary technical adjustments and retraining employees. Customers are provided with a data protection information document pursuant to Articles 13 and 14 of the GDPR when products are opened, which contains, among other things, the contact options for the data protection authority for suspected cases of data protection violations. The notification is free of charge for customers. After the notification of a customer, the data protection authority examines the suspicion in the company. BAWAG Group is obliged to submit a statement on the individual case to the data protection authority within 14 days.

Employee training

A comprehensive data protection guideline applies to all employees. A mandatory SLP has been introduced for training purposes and is updated on a regular basis. The SLP must be completed by all employees every two years. In addition, contact persons in the Group help raise awareness for the confidential treatment of the personal data of our customers and employees.

RESPONSIBILITY TOWARDS CUSTOMERS

BAWAG Group has always pursued the approach of meeting the needs of its customers and providing as many people as possible with access to banking services and offering products and services that fit their individual circumstances. The needs of our customers are given top priority. Their behavior and needs are in a constant state of flux, due in part to the increasing digitalization of everyday life. Accordingly, customers' expectations of a bank's products and services are also changing rapidly, and BAWAG Group aims to meet these expectations with innovative strength across all sales channels.

PRODUCT IMPLEMENTATION PROCESS

The product implementation process (PIP) plays a central role in the development of new products and services, entering new markets and important changes to existing products, services and markets. All risks, such as credit risk, market risk and operational risk, must be taken into account during product development. Since the beginning of 2020, the inclusion of ESG criteria in the product implementation process has been mandatory.

PIP: Consideration of environmental and social factors

102-11 In 2021, all newly launched products were also reviewed in view of CSR/ESG aspects. Prior to launching new products, **FS 2** responsible product managers were asked to assess and describe positive impacts of product implementation in respect of **FS 11** environmental, social and governance aspects. The impact is queried and presented using a statement on sustainability aspects (CSR/ESG statement), which is an integrated part of the tool for product launches:

- ▶ Environmental: Among other things, the expansion of green energy or electromobility, increased energy efficiency and the reduced use of natural resources such as paper are rated positively.
- ▶ Social: Factors such as the accessibility for people with special needs, the reduction of discrimination, the fight against poverty and the expansion of educational opportunities are rated positively.
- ▶ Governance: Compliance with internal guidelines such as the Code of Conduct, anti-corruption and data protection was defined as a mandatory requirement for a product launch.

PIP guideline and internal training

FS 1

CSR/ESG information is part of the guideline on the product implementation process. It states that every product idea must be evaluated for ESG criteria before the product implementation process is started. In order to promote Group-wide awareness, the importance of CSR/ESG was highlighted during internal training measures presenting and explaining a new tool for performing the PIP. All employees on a Group level who are involved in product launches were invited to the training sessions. Based on this tool, CSR/ESG data related to product implementation are stored automatically in a centrally available database and can be used for reporting.

RESPONSIBLE INTERACTION WITH CUSTOMERS

We strive to achieve the highest customer satisfaction time on all sales channels. A respectful dialog and proactive communication with our customers are particularly important to us, which is why we offer our customers the opportunity to submit inquiries and feedback via various channels. In addition to the employees who work directly with customers at the branches, the customer service center, complaints department and social media are key feedback platforms.

Access to finance

Within the last couple of years, we diversified our Retail & SME originations away from branches, thereby increasing the accessibility of our products and services. Today, over 75% of originations come by way of non-branch channels as we have invested in digital channels, partnerships and platforms. More than 90% of our transactional banking is done digitally, whether it is via our mobile or web banking functions or self-service devices. And today we have over 900,000 online

customers. In addition to the transactional banking, more than 45% of our retail customer loans sales are originated through non-traditional channels.

For all questions about products, services, etc., we have implemented a dedicated section on the website (<https://www.bawagpsk.com/BAWAGPSK/PK/services/276976/faqs-.html>) where customers can acquire knowledge in "self-service". 95% of households in Austria have access to the Internet: Providing the information online increased the number of customers who are able to access the content 24/7 at home. As the Austrian banking market is underpenetrated with securities and investment funds, we held a first webinar for customers to create "low-threshold" access to securities investment knowledge and to increase financial literacy. In addition, customers can get access to virtual training materials and receive a "stock market driving license" – free of charge.

Our infrastructure in the region ensures access to banking services

Within the Austrian market, BAWAG provides its customers with access to banking services via various access points. In addition to its branch network, there are 1,139 ATMs outside the branches. Telephone customer services and 24/7 online offerings round out the service portfolio. By maintaining this infrastructure, we also enable residents in sparsely populated regions to access banking services. In the following provinces, the number of inhabitants per square kilometer is below the Austrian average (106.1*):

FS 13 Table: Access to banking services in sparsely populated provinces in Austria

2021	Inhabitants per square kilometer*	Branches	ATMs (outside of branches)
Lower Austria	88.2	8	215
Salzburg	78.4	4	78
Styria	76.0	12	210
Burgenland	74.7	3	49
Tyrol	60.1	4	95
Carinthia	58.9	5	88

Source: en.statista.com

BAWAG branch network

As a bank, BAWAG helps to provide access to banking services in Austria’s rural regions. As of 31 December 2021, our physical branch network consisted of 77 branches, including self-service zones that are accessible 24/7. The branch network enables 87% of BAWAG P.S.K. customers to reach a branch within a driving distance of 25 km or less, and 90% of customers up to a maximum of 30 km. In 2021, further progress was made on the finalization of BAWAG’s independent branch network.

Barrier-free access to branches and app

As of 31 December 2021, BAWAG had equipped 77 locations with self-service zones. All of these self-service zones are barrier-free for the hearing and visually impaired. The functions required for this were implemented in accordance with the criteria of the Austrian Association for the Blind and Visually Impaired. The visually impaired can operate the devices according to their needs, including increasing the screen contrast, selecting larger fonts and switching off images and animations. Account balance inquiries, withdrawals and PIN management can be completed with the help of the audio function. Barrier-free access to BAWAG locations with self-service zones is possible during opening hours at 96% of the branches, and at 92% of the locations outside opening hours. Barrier-free access to safes is possible during opening hours at 62% of branches. In 39% of the self-service zones, it is also possible for wheelchair users to drive under the ATMs, which makes it much easier for this customer group to operate the machine. All Südwestbank locations offer wheelchair-

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1) "Austrian resident population" is defined as the number of persons with their main place of residence in the country. Data as of 2016. Source: Statistics Austria.

accessible facilities. In addition, the BAWAG P.S.K. klar app and easybank app are taken into consideration for providing access to our services online 24/7.

Cash service

BAWAG customers who find it difficult to get to the nearest branch or ATM can have cash delivered personally to their home on a day of their choosing. Any customer residing in Austria can order a “domestic cash order” for their account. In addition, BAWAG offers the option of withdrawing cash at the checkouts of REWE brands throughout Austria when paying by card.

Retail customers

In 2021, BAWAG's klar and easybank digital banking apps were again continuously expanded and improved. This year, customers were offered several updates with improvements and added functions. Above all, the self-service functions (changes to personal data in the apps) and the card management features (request a new credit card and display the credit card PIN code, SmartCash and 3D Secure) were high on customers' wish lists and were fulfilled. This also applies to features such as custom account names, sales receipts and copying and sharing IBANs/BICs. More than 8.9 million transfers were made in 2021, via the klar and easybank apps.

Business customers

BAWAG further expanded its digital business customer experience in 2021 and offers domestic one-person enterprises the opportunity to open a business account in a purely digital manner, without having to visit a branch. Once the new online application process for the KontoBox XLarge Business product has been successfully completed, the new BAWAG business account can be accessed on the same day.

Complaint management

We are analyzing our customers' feedback on a regular basis and initiate measures to improve products and processes where necessary. BAWAG's complaint management guideline defines how customer complaints are handled and how this is set up in an organizational and legally compliant manner. Our goal is to deal with complaints responsibly and in accordance with the regulations, to restore customer satisfaction and to improve our service quality through in-depth analysis of the issues presented. We strive to handle every customer complaint as quickly and efficiently as possible and to find satisfactory solutions. Complaints can be submitted through various channels (by phone, web forms, in person at the branches or by regular mail). Regardless of the method of submission, all complaints are registered and customers receive written confirmation of receipt with an individual complaint number if the matter is not resolved immediately. Complaint management handles the examination/coordination of the matter and, if necessary, contacts specialist departments to obtain additional documents. The customer will be contacted by complaint management or other qualified departments in order to find a mutually agreeable resolution. If no agreement can be reached with the customer, the customer will be informed in writing of the result of the review. Customers also have the option of contacting arbitration bodies, which are official alternative dispute resolution (ADR) institutions under the Alternative Dispute Resolution Act (AStG). According to this law, businesses and consumers can avail themselves of an alternative dispute resolution procedure to court proceedings. Such a procedure can only be initiated by the consumer. Each of these independent bodies must ensure through its rules of procedure that disputes are resolved in a fair and practicable manner based on an objective assessment of the circumstances of the consumer's complaint and with due regard for the rights of the parties. The law also stipulates that proceedings must be conducted swiftly. The Joint Conciliation Board of the Austrian Banking Industry (bankenschlichtung.at) has been established for the out-of-court settlement of disputes relating to certain customer complaints in the banking industry.

For contracts concluded online, the consumer also has the option of contacting the dispute resolution platform set up by the European Commission (ec.europa.eu/odr). The Internet Ombudsman (ombudsmann.at) is responsible for the out-of-court settlement of disputes relating to contracts concluded over the Internet or other issues of e-commerce, Internet law, data protection, copyright and trademark law in connection with the Internet. Consumer Mediation Austria (www.verbraucherschlichtung.at) is the competent body for complaints relating to foreign currency loans. Consumers are already expressly informed of the possibility of appealing to these arbitration bodies in the contract documents. The Complaint Management department continuously analyzes the data and information received and, on the basis of this, formulates suggestions for improvements to products and internal processes. The evaluation results are submitted to the Non-Financial Risk & ESG Committee and discussed in the meeting.

Responsible customer management

Responsible and respectful dealings with our customers are important to us and are laid down in various guidelines (including the code of conduct). We comply with the pertinent legal regulations and also set strict internal guidelines for ourselves. In this way, we want to ensure that at every point in the company, the needs of our customers are put at the forefront. In 2020, we introduced the Group-wide responsible marketing and sales policy and communicated it to the employees who are directly responsible for its implementation. The policy serves as a strategic code of conduct for responsible behavior in marketing and sales and to build trust with our customers. The guideline's fundamental principles include a commitment to legally compliant, respectful and ethical behavior, confidential handling of information, no discrimination, expanding analytical capabilities, removing barriers and profitable and responsible growth. The guidelines in marketing include a commitment to transparent and clear language in communication measures, fair pricing, diversity in advertising and a respectful approach to all customer groups. In sales, we are committed to appropriate recommendations for our customers, ongoing training for our sales staff, continuous quality controls and a focus on our core competencies.

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The policy can be viewed at the following link: www.bawaggroup.com/BAWAGGROUP/IR/DE/ESG

Other cornerstones of responsible customer management

- ▶ Only those BAWAG customers are proactively approached through marketing campaigns for whom we assume that their financial situation allows them to use the advertised financial services product.
- ▶ The use of overdraft facilities by BAWAG customers is subject to ongoing monitoring. If we notice that a customer is approaching the upper purchase limit and also remains there for a longer period of time, we contact the customer and, if necessary, offer an alternative to the overdraft. In this way, customers not only save debit interest, but also get the opportunity for clear, structured debt reduction. This service goes beyond the legal requirements, as eligible customers are proactively addressed and the criteria BAWAG uses to define the relevant customer group are more comprehensive than required by law.
- ▶ To counter long-term credit risk for customers, we offer special insurance packages in the event of illness and unemployment when a loan is taken out. This service is not required by law, but is provided by BAWAG for the benefit of its customers.
- ▶ BAWAG customers are invited to an annual financial check-up at the branches, where they work with personal advisors to define their short- and long-term financial goals. An individual financial plan is drawn up on this basis.
- ▶ Depending on the account model, BAWAG proactively notifies its current account customers of new fee statements via ePostbox message on a monthly or quarterly basis. In this way, the Bank strives to ensure that customers are always informed of the current terms. The law only requires that this information is provided once per year.
- ▶ In 2021, BAWAG invested more time in the insurance training of its advisors. Instead of the mandatory 15 hours, the training comprised a total of 17 hours.
- ▶ As a reliable financial partner, BAWAG aims to provide its customers with transparent information about all advantages and disadvantages. Customer information in advertising materials that used to be shown in small-print footnotes is now printed under the heading "Fair to know" and in the same size as the rest of the text, especially in advertising materials for credit and investment products. This is intended to create more transparency for important customer information.

SUSTAINABILITY IN OUR CORE BUSINESS

By embedding responsible and profitable growth in consideration of ESG factors into our Group strategy, we ensure that the further development of our business activities is in line with environmental and social concerns. The work of the Regulatory Office ensures that EU-wide and national regulations and amendments are continuously monitored and forwarded to the relevant units for the adaptation of processes and guidelines. This also applies to statutory regulations relating to sustainable finance.

RISK-AVERSE INVESTMENT STRATEGY

Table: BAWAG Group sector exposure (% of total exposure) ¹⁾

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as of 31.12. in %	2021	2020
Defense industry	0%	0%
Production and distribution of NBC weapons	0%	0%
Production and distribution of conventional weapons	0%	0%
Production and distribution of other military services	0%	0%
Nuclear energy	0%	0%
Production of electricity in nuclear power plants	0%	0%
Construction of nuclear technologies for nuclear power plants	0%	0%
Uranium mining and trading	0%	0%
Other ethical risks	<0.1%	<0.1%
Production of and trade in addictive substances (tobacco, alcohol >20% by volume)	0%	0%
Production, trade and application of green gene technology	0%	0%
Gambling and related services/facilities	0,02%	0,05%
Fossil fuels	<0.1%	0%
Total fossil energy sector	0,01%	0%
Coal mining and power generation	0%	0%
Extraction of crude oil and natural gas by means of fracking or tar sands	0%	0%
Climate change	0.1%	0.2%
Renewable energy	0,1%	0,2%
Sustainable mobility	0%	0%
Sustainable construction	0%	0%
Other ethical opportunities	1.5%	2.1%
Socially oriented companies/projects	0,0%	0,3%
Social housing	1,5%	1,8%
Organic farming	0%	0%

1) excl. Leasing and Credit Cards

PRODUCTS AND SERVICES

BAWAG Group's corporate strategy provides for an increased focus on ESG issues in the coming years. By broadly considering the value chain from an ESG perspective, BAWAG Group aims to expand its understanding of risk and seize business opportunities for the benefit of its shareholders, customers and other stakeholders. In addition to the ESG risk management approach, BAWAG Group also sees specific ESG-related trends as business opportunities. We aim to take advantage of specific growth opportunities associated with environmental and social developments. Examples include the transition to a resource-efficient economy and the need for greater environmental protection and social inclusion.

Taxonomy Ratio

Table: Taxonomy ratios

Taxonomy Ratios

A1: Exposure to taxonomy-eligible activities / Total assets	21.74%
A2: Exposure to non-taxable economic activities / Total assets	2.69%
B: Exposure to central governments, central banks, supranational issuers and derivatives / Total assets	22.81%
C: Share of risk exposures to corporates not subject to NFRD / Total assets	16.42%
Interbank loans	19.39%

Tabelle: Taxonomy Ratios and contextual information

Taxonomy Ratio	Contextual information
A1	In general, the data used for the calculation of A1 is based on NFRD eligible companies and taxonomy eligible NACE codes as well as financing purposes that are eligible according to the taxonomy regulation.
<i>Private mortgage loans</i>	Mortgage loans were identified by product classification and real estate collateral amount. Private individuals were selected based on the relevant NACE code for private households in EU countries.
<i>NFRD Companies</i>	EU companies subject to the NFRD were identified and assessed whether these companies are within the taxonomy eligible NACE classification. None of the relevant companies are in taxonomy eligible sectors, therefore the amount is 0.
<i>Special financing of commercial real estate</i>	Specialized lending real estate projects were identified. Since none of the relevant customers are subject to the NFRD, the amount is 0.
A2	Ratio A2 includes the NFRD eligible companies within EU that are not considered in ratio A1.
B	Risk positions to central banks, central states and supranational issuers were identified according to their asset class segment were identified as well as derivatives (incl. hedge accounting).
C	Ratio C includes companies that are not subject to the NFRD and not considered in ratio B. The following legal forms were selected: limited liability company (<i>GmbH</i>), stock corporation (<i>AG</i>), limited partnership with a limited liability company as general partner (<i>GmbH & Co. KG</i>), limited partnership with a stock corporation as general partner (<i>AG & Co. KG</i>)
Interbank loans	This ratio considers on-demand interbank loans based on the relevant balance sheet positions.

In general, our ESG related measures are resonating well with the conclusions of the Paris Agreement of 2015: One of the conclusions of the Paris Agreement has been to aim for strengthening the response to climate change by making finance flows consistent with a pathway towards lower greenhouse gas emissions and climate-resilient development, among other means. Sustainability has been important to us for a very long time: As a financial services provider, BAWAG is fully committed to playing a major role in supporting the economies of those markets we are operating in to enable governments, enterprises and customers to take key steps towards the objective of creating a safe, climate-neutral, climate-resilient, more resource-efficient and circular economy. As a bank, we have the opportunity to contribute to all environmental objectives which are outlined in the EU taxonomy regulation:

- ▶ climate change mitigation;
- ▶ climate change adaptation;
- ▶ the sustainable use and protection of water and marine resources;
- ▶ the transition to a circular economy;
- ▶ pollution prevention and control;
- ▶ the protection and restoration of biodiversity and ecosystems.

As a bank, we contribute substantially to those environmental objectives – basically, the contributions of our core business activities serve two main targets, channeling capital flows towards sustainable investments:

- ▶ increase the positive impact by “enabling activities” to support environmental objectives
- ▶ decrease the negative impact by reducing or cutting activities that do significant harm to environmental objectives

By increasing funding for environmental and climate-related expenditures, we can support achieving sustainable development goals. We are absolutely sure that it is key to fully exploit the potential of the markets we are operating in to achieve those goals. In that context, it is crucial to remove obstacles to the efficient movement of capital into sustainable investments in our markets and to prevent new obstacles from emerging.

To ensure that investments are channeled towards economic activities that make the greatest positive impact on the environmental objectives, we have committed ourselves to straightforward ESG targets. One example is our ESG target in green financing: The credit dynamics of green financing are positive: We expect green financing to reach at least € 1.6 billion of our new business annually by 2025, compared to € 0.8 billion in 2020.

On the investment side, we have made sure to make financial products available to our customers which pursue environmentally sustainable objectives. We see this as an effective way of channeling private investments into sustainable activities. It is particularly important for a bank to assume ecological responsibility with regards to investments. Within the offered funds with an environmental focus from our cooperation partner Amundi Austria, BAWAG offers several mutual investment funds and ETFs that focus on environmental aspects.

Furthermore, the assessment of sustainability goals is a vital part of our internal processes: The product implementation process (PIP) plays a central role in the development of new products and services, entering new markets, and important changes to existing products, services and markets. All risks, such as credit risk, market risk and operational risk, must be taken into account during product development. Since the beginning of 2020, the inclusion of ESG criteria in the product implementation process has been mandatory.

In 2021, all newly launched products were reviewed also in view of CSR/ESG aspects. Prior to launching new products, responsible product managers were requested to assess and describe positive impacts of product implementation in respect of environmental, social and governance aspects. The impact is queried and presented using a statement on sustainability aspects (CSR/ESG statement) which is an integrated part of the tool for product launches – regarding ecological targets, among other things, the expansion of green energy or electromobility, increased energy efficiency and the reduced use of natural resources are rated positively.

An economic activity should qualify as contributing substantially to one or more of the environmental objectives where it directly enables other activities to make a substantial contribution to one or more of those objectives. Where this is not the case, we have set up our processes in a way to make sure to contribute to decreasing activities that do significant harm to environmental objectives. One example of that are our lending criteria, consisting of industry exclusions and restrictions in lending. It is accessible via <https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>.

Lending criteria

In the reporting period, BAWAG Group published lending criteria, consisting of industry exclusions and restrictions in lending. They are accessible via <https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>.

ESG target

We see the opportunity in green financing: The credit dynamics of green financing are positive: We expect green financing to reach at least € 1.6 billion of our new business annually by 2025 (compared to € 0.8 billion in 2020).

Financing

Corporate business – financing with added value for the region

In the public sector segment, a refinancing loan was concluded with the EIB in December 2020 (volume: € 100 million). The focus is on investment projects by municipalities, municipal associations etc. in the areas of climate, energy, education, water/waste recycling and health care. The first tranche of this urban development refinancing EIB loan has already been successfully deployed in 2021 by supporting mainly investments in the educational and water supply/wastewater disposal segment. EIB urban development loan: <https://www.eib.org/de/projects/loans/all/20200238>

In addition, numerous companies, municipalities and the public sector place their trust in BAWAG when it comes to financing and implementing projects. Of the infrastructure projects that the Bank has (co-)financed in recent years, the majority were projects that accelerated the expansion and improvement of infrastructure in rural regions throughout Austria. The individual facilities ranged from € 0.5 million to € 14 million in 2021 and were used for the following projects:

- ▶ Education: BAWAG finances numerous educational institutions in Austria. These include various properties, ranging from educational campuses to schools and day care centers
- ▶ Water management: Both water supply and wastewater disposal (filtration plants, decarbonization) are financed
- ▶ Health care sector: hospital financing and public as well as private nursing facilities
- ▶ Utilities: financing of green projects of energy suppliers
- ▶ Grocery retailer: financing of a project of the recycling division

Beyond this, BAWAG is constantly working on broadening funding for German affordable/social housing companies. BAWAG's corporate customers also include companies that promote the expansion of alternative energy generation facilities, build important health care facilities, contribute to the preservation of Austria's flora and fauna, drive the progress of electromobility and provide further education and training for people with disabilities or who have difficulties in getting access to the labor market.

SME customers – corporate financing

The SME unit retained its ability to support companies with microfinancing. New business in microfinance under € 5,000 for SME customers amounted to over € 122,000 in 2021 (overdraft facilities and one-time loans). The coronavirus financial aid program, launched in 2020 for SME customers, was kept in 2021. This year, coronavirus financial aid in the amount of about € 3,403,800 were granted (one-time loans). The SME upload function that was implemented in 2020 (i.e. business documents can be uploaded and branch visits or printouts can be reduced) was rolled out for the rollover process for working capital lines, making it accessible to even more customers.

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SDG 9
COP 9

SDG 1
SDG 8

Retail customers – consumer and housing financing

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- ▶ Mortgage loans: BAWAG has implemented the data item from the energy performance certificate which has to be created for every new building and every existing property in case of sale (legal obligation). The energy performance

certificate enables the customer to take measures on energy efficiency. In addition, BAWAG reimburses the costs of an energy performance certificate (up to € 250) to the customer.

- ▶ Environmental loans: The website of start:bausparkasse Germany (start-bsk.de) is barrier-free and customers and sales partners have the option of requesting services online or placing orders by e-mail. Construction financing products are offered almost exclusively via the Europace and ehyp sales platforms, which enable a very high degree of digital and thus paperless application filing and processing.
- ▶ Debt collection policy: In 2021, BAWAG Group implemented its debt collection policy. We strive to provide sustainable financial assistance solutions, tailored to customers' individual circumstances, that consistently deliver the right outcomes. The solution offered is always based on an individual customer circumstances assessment, in which we look to ascertain (a) the reasons for and nature of financial difficulties, and (b) current and future affordability levels. The debt collection policy is accessible via <https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>.
- ▶ Building society loan: start:bausparkasse is the only building society in Austria offering a building society loan for financing housing measures with a 30-year fixed interest rate.
- ▶ Dutch mortgages with state guarantees: In the Netherlands, we offer access to state-guaranteed mortgages, thereby offering a broader range of customers access to affordable mortgage loans.

Investments

Amundi: broad range of investment funds with an ESG approach

It is particularly important for a bank to assume social and ecological responsibility with regard to investments. Within the offered funds, "Amundi Ethik Fonds", "Amundi Ethik Fonds ausgewogen", "Amundi Ethik Fonds Evolution", "Amundi Öko Sozial Euro Short Term Bond", "Amundi Öko Sozial Euro Aggregate Bond", "Amundi Öko Sozial Dollar Bond", "Amundi Öko Sozial Stock" and "Amundi CPR Climate Action" and 8 Amundi ETFs from our cooperation partner Amundi Austria, BAWAG offers eight mutual investment funds and eight ETFs that focus on ESG aspects. The individual securities and international issuers of funds are selected according to strict ethical and ecological exclusion criteria (decided by Amundi) so that the sustainable, ecological and social orientation of the investment is ensured. All of them have been awarded the "EUROSIF" transparency logo for sustainability funds, and the Amundi funds from Austria also have been awarded the Austrian ecolabel for sustainable financial products. During the course of 2021, customers further increased their demand in sustainable investing: Amundi Ethik Fonds was once again the best-selling fund in BAWAG's retail segment in 2021. Both the new business and the total assets of ESG funds in BAWAG and easybank business increased significantly compared to 2020: 31% of the new business in the securities area (vs. 22% in 2020) was related to ESG funds of Amundi, of the share of ESG funds in the total fund assets increased to 14% (from 8% in 2020).

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Accounts and cards

Social inclusion accounts at BAWAG

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BAWAG's **New Chance account**, which was introduced in 2009, is designed for people who would otherwise be excluded from payment transactions. Neither the account number nor the sort code indicate that a customer has such an account. This prevents customers from being directly or indirectly stigmatized in the course of carrying out their financial transactions. In addition, our **consumer payment account**, which is in line with the Consumer Payment Account Act, offers all people very affordable access to a bank account. Especially people experiencing financial difficulty can get this flat rate account including an account card for € 40 per year.

KontoBoxes – simple and paperless

The KontoBoxes S and L offer maximum convenience and are focused on customers who would like to conduct their account transactions online and offline. The application process and the opening of the account take place completely online. The paperless account opening application was rolled out to more channels in 2021. We went live with our full online application on the easybank and BAWAG website: As a result, we can offer a fully digital and paperless application

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process from home to all new customers with the legal forms of "non-prot. EU," "prot. EU" and "GmbH.". Especially during the lockdowns, no branch visits were needed to open a current account.

Qlick – installment loans

Installment loans under the Qlick brand are offered exclusively digitally as well.

Debit Mastercard

Customers can use the new debit Mastercard to make online purchases without a credit card. This makes it possible for customers who do not want a credit card or who are not eligible (e.g. due to creditworthiness reasons) to make purchases from online merchants without being disadvantaged by lower security standards. It uses the internationally standardized 3D-Secure for Mastercard products procedure which simply requires free registration.

Credit cards

All our BAWAG, easybank and PayLife credit card customers have the option of retrieving their PIN for payment approval directly in klar, the easybank app or myPayLife, thus eliminating the sending of a PIN letter by regular mail.

SOCIAL RESPONSIBILITY AND PERSONAL COMMITMENT

We see education as one of the most important cornerstones to keep the partnership of our industry with society at eye level. With a higher level of (financial) education and accessibility of education opportunities, we strive to help people to increase their knowledge and well-being, where we play an active role in creating partnerships and developing projects. Education should never be a question of the origin or education level of one's parents.

We believe in supporting projects with a social purpose across all age groups, mainly in the markets we are operating in. We focus on projects on a long-term basis and give our commitment to initiatives for many years. Therefore, many of our campaigns and measures have a long tradition, which is important for the financial structure of projects with a social purpose. Moreover, we see contributions to a good cause as an important factor to help people in need.

We're proud of our team members for their community involvement and will continue to support this outreach through both financial support and volunteerism. Therefore, we are committed to intensifying our measures: One exemplary target area will be focused on increasing corporate volunteering activities.

BAWAG Group accepts its social responsibility and is committed to socio-politically relevant issues. Our commitment should bring benefits and added value to people. We regularly donate to initiatives and social projects as a company. In 2021, we increased our amount of donations: A total of over € 200,000 was donated by BAWAG Group (2020: € 104,000).

Since 2014, BAWAG has been using the crowdfunding.at platform to support social projects and ecologically sustainable projects by individuals or private organizations in presenting their undertakings to the public and raising funds through crowdfunding contributions from private individuals. So far, funding of nearly € 1,000,000 has been raised. On the platform, social projects from the areas of work, housing, education, health, culture, environment and technology are put in the spotlight. In 2021, financing was raised for projects focusing mainly on less privileged members of our society, including the Caritas projects "a spark of heat" and "a sleeping bag as lifesaver" for homeless people and "place to sleep for mother & child". Furthermore, attention was drawn to severely disabled and ill children including initiatives by MOMO Kinderhospiz and the Red Noses Clowndoctors. In addition to that, projects were launched by Austrian Red Cross in order to support children in their school education.

Furthermore, BAWAG intensified its social commitment to financial education by donating € 80,000 to the University of Vienna. The Children's Office at the University of Vienna brings together children from all social backgrounds and motivates them to be curious and inquisitive throughout their lives. In doing so, it conveys a very important message to the next generation, which is also close to our hearts as a bank: Education is the best investment for the future! Education helps people to make self-determined decisions and also has a positive influence on the way they handle money, for example. As a bank, it is important to us to support outstanding projects in the field of education. In 2021, employees again could use up to two working days per year to volunteer for charitable organizations and projects without having to take vacation days. In December 2021 – due to the lockdown in Austria – the first virtual corporate volunteering day was organized together with KinderUni Wien: 13 volunteers (65 hours in total) from BAWAG Group enrolled: The representatives of KinderUni facilitated a workshop in which our employees contributed their brainpower during a couple of brainstorming sessions (i.e. how to make financial literacy more tangible to children) – the results of this workshop build the foundation for the development of lectures that will be done at KinderUni in 2022 and beyond.

SDG 4 To promote the development of financial literacy at an early age, BAWAG continued to use a financial quiz for children aged 6 and older to help them get started in their financial lives which was developed by "Three Coins" in 2020: Each child can complete the Safe&Cool check on the BAWAG website free of charge, either independently or together with their parents. The check with its ten questions teaches the fundamentals of sensible consumption and saving, and also how to handle personal bank data safely. The check is also designed as an introductory quiz for all Safe&Cool allowance accounts at BAWAG, in order to establish a foundation for the safe handling of money in the digital world.

In 2021, BAWAG once again supported "Licht ins Dunkel" with a total donation of € 50,000. Of this amount, € 20,000 were allocated to the "Licht ins Dunkel" emergency aid fund. The organizations "Caritas St. Pölten" (for a project that supports young adults with mental illnesses), "Gesellschaft Österreichischer Kinderdörfer" (for vacation day care for children and young people with disabilities) and "Debra Salzburg" (for children suffering from epidermolysis bullosa), each received donations of € 10,000.

In December 2020, BAWAG Group launched an internal appeal for donations for Volkshilfe Österreich's LERNEN.MÖGLICH.MACHEN aid fund. The aid fund enables children and young people living in households at risk of poverty in Austria to access educational opportunities. A total of € 150,000 was donated, and in December 2021, Volkshilfe reported that 100 children were supported throughout the year until the end of November and announced that it would double the number by year end. As part of the BAWAG P.S.K. Women's Award 2021, the BAWAG P.S.K. Women's Initiative supported ZARA with a donation of € 10,000. The initiative's goal is to help people who have been the victims of hatred or racism.

At the end of 2021 and beginning of 2022, BAWAG employees, the Works Council, the Management Board and the Bank continued their social commitment in the area of children's and youth work by donating € 55,875 to the RAINBOWS association. RAINBOWS supports children and young people in challenging times - in the event of the separation, divorce or death of close caregivers. Children and young people are at the center of their work - they are accompanied in perceiving and understanding their own feelings. This enables children and young people to adapt to new life circumstances with courage and confidence, even in difficult times. In the case of divorce or separation, RAINBOWS actively supports both parents so that even after the separation both can fulfill their role as parents. Single parents and parents after death receive special counseling and gentle accompaniment. All RAINBOWS staff have completed RAINBOWS-specific training and receive ongoing training.

BAWAG P.S.K. has been the main bank of numerous charitable organizations in Austria for decades.

SDG 1

HUMAN RESOURCES: EMPLOYEE PROMOTION AND DEVELOPMENT, DIVERSITY AND EQUAL OPPORTUNITY

Our employees are the foundation for delivering on our strategy and building the BAWAG Group of tomorrow. Technology has not only changed customer behavior, but also the way we work together. Besides the traditional banking expertise, the capabilities and skillset of financial institutions' employees have and will continue to be enhanced to adapt to these changes. Attracting, developing and retaining excellent employees is key and therefore our responsibility is to create a working environment where people are given the space for their development. An active equality policy and the promotion of diversity among employees are synonymous with being a modern employer and a customer-oriented company.

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Our culture and values are defined by accountability, humility and embracing change. We value leaders who are dynamic, lead with uncompromising integrity, have a strong work ethic and do not shy away from taking hard decisions. Our Senior Leadership Team, which has led our transformation over the past decade, have an average of 12 years of working experience at BAWAG. We do our best to maintain a simple Group structure and flat organization. We encourage all team members to focus on the work at hand, cut out the noise and always challenge the status quo for the betterment of the team.

We believe our diversity, inclusivity and meritocratic culture are a real source of strength. We are fully committed to gender equality and diversity. Our diversity and gender equality will be a byproduct of merit, integrity and work ethic. Our greatest asset is our human capital, so we are focused on developing and mentoring our team members across the ranks.

At BAWAG Group, people from 47 nations, from all age groups, with different sexual orientations, with limitations and different faiths, work together every day. Diversity and equal opportunity for all employees are key success factors for the Group and are the responsibility of the management, implemented operationally by Human Resources and put into practice by all managers and employees of the company. All BAWAG Group employees, whether full-time or part-time, are to be treated equally and fairly. BAWAG Group does not tolerate any discrimination based on age, gender, disability, sexual orientation, origin or religion. BAWAG Group also firmly rejects any form of bullying, sexual harassment, threats and violence.

We support our employees in developing their talents and skills at different levels of their career. While offering specific programs, we also provide a wide range of training opportunities to help develop their personal as well as professional skills. During COVID-19 restrictions, all training sessions and workshops were held online. Thus, training plans could be successfully completed in 2021.

PROMOTING DIVERSITY AND EQUAL OPPORTUNITY

ESG targets

Promoting and embracing a true culture of meritocracy enables us to attract, develop and motivate our team members, which underpins our success. Most importantly, our meritocracy allows us to guard against complacency. In 2021, we embedded HR-related ESG targets into our operating plans: In terms of diversity, we have established a female gender quota of 33%, for both the Supervisory Board as well as the Senior Leadership Team, by 2025.

Attracting and retaining the right mix of employees is challenging. We have made great progress over the last years with the initiatives set. One key aspect of our women's promotion plan has been to encourage women to participate in personnel development programs. We encourage women to take on leadership roles, in particular after maternity leaves.

Women’s Advancement Plan

The Women’s Advancement Plan, which has been in place since 2012, serves as a binding framework for promoting equality and ensuring equal opportunity for women and men in the company. The plan is based on four principles and concrete measures: sensitization, equal career opportunities, financial equality and promoting a better work-life balance for women and men.

Women’s Initiative

The BAWAG Women’s Initiative is a network of female experts and female managers from all areas of the Bank supported by the Management Board of BAWAG Group. The goal of the initiative is to promote equality for women in BAWAG Group in the form of achieving career goals in management or expert positions, monetary equality and the compatibility of family and career.

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Women’s Mentoring Program

The Women’s Mentoring Program is aimed at female employees with longer management experience who would like to benefit from external top managers from the business world as mentees and broaden their horizons as well as at all female colleagues who would like to develop themselves further, have already gained initial leadership experience or would like to move in this direction. The goal of the Women’s Mentoring Program is to give female employees the opportunity to deal intensively with the topic of women and careers, to have an in-depth personal exchange with their mentors and to build a network within the Bank. In this program, top executives from BAWAG Group make themselves available to the female mentors to share their experience in joint discussions and to provide advice to the mentees.

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During the mentoring year, the mentees are offered professional and personal development content in workshops, networking events and extensive further training as part of the BAWAG Group Business Academy. Participants have the opportunity to talk to internal experts on the topics of finance, risk and retail, as well as to exchange ideas with members of the BAWAG Group’s Management Board in a very personal setting during business talks. The 7th BAWAG Group Women’s Mentoring Program was successfully completed in Q3 2021.

Women’s Award

In December, the 9th BAWAG Women’s Award was presented to Barbara Liegl, managing director of ZARA. The € 5,000 award recognizes outstanding achievements by women and special commitment to positioning women in society. The association ZARA has been working for equal rights for all people since 1999, regardless of ethnic and social affiliation, skin color, gender, language, religion, sexual orientation, age or disability. Since 1999, ZARA has been supporting people who are confronted with racist discrimination and/or hatred on the Internet through psychosocial and legal counseling, systematic documentation, active public relations and project work and intensive monitoring phases.

Barbara Liegl, one of the two directors of ZARA and also active in the Ludwig Boltzmann Institute for Fundamental and Human Rights, is a committed and competent expert in this field, which contributed to her selection by the BAWAG Women’s Initiative.

DIVERSITY FIGURES

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Table: Change in the number of employees

	2021	2020
Number of employees	3,671	4,073
Fluctuation rate (in %) ¹⁾	13%	10%

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1) Not including employee departures under the social plan. The calculation was performed on the basis of headcount.

Table: Extent of employment

	2021	2020
Full-time	2,364	2,590
Female	1,088	1,178
Male	1,276	1,412
Part-time	1,307	1,483
Female	1,025	1,129
Male	282	354

Table: Type of employment relationship by gender

	2021	2020
Permanent	3,557	3,996
Female	2,056	2,259
Male	1,521	1,737
Temporary	94	77
Female	57	48
Male	37	29

Table: Type of employment relationship by country

	2021	2020
Permanent	3,577	3,996
Austria	3,098	3,400
Germany	428	538
Other	51	58
Temporary	94	77
Austria	79	63
Germany	15	13
Other	0	0

WEP 1 Table: Gender breakdown (in %)
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	2021	2020
Female	58%	57%
Male	42%	43%
Proportion of women in management positions	36%	33%

Tables: Workforce/governing bodies by age group and gender¹⁾

2021		<30	30–50	Age group >50	Number
Male	Senior Leadership Team (SLT) (incl. Management Board) ¹⁾	0	48	9	57
	Employees outside the SLT	268	627	606	1,501
Total (male)		268	675	615	1,558
Female	Senior Leadership Team (SLT) (incl. Management Board) ¹⁾	0	16	6	22
	Employees outside the SLT	461	1,008	624	2,093
Total (female)		461	1,024	630	2,115
Total		729	1,699	1,245	3,673

1) We reconstituted our Senior Leadership Team (SLT), which is made up of 79 team members, including our core markets (DACH, Western Europe & the US).

2020		<30	30–50	Age group >50	Number
Male	Management Board			6	6
	Division management/senior management			30	41
	Regional division or sales management/ sales management/department management	1	55	31	87
	Branch management/group management/ team management	6	104	42	152
	No managerial function	317	578	585	1,480
Total (male)		324	773	669	1,766
Female	Management Board				
	Division management/senior management			7	7
	Regional division or sales management/ sales management/department management	2	34	8	44
	Branch management/group management/ team management	8	60	19	87
	No managerial function	506	1,018	645	2,169
Total (female)		516	1,119	672	2,307
Total		840	1,892	1,341	4,073

405-1

	2021	2020
Supervisory Board (number of members)	9	6
thereof male	5	4
thereof female	4	2

	2021	2020
Supervisory Board by age group	9	6
30-50	2	1
>50	7	5

RECRUITING

BAWAG Group has introduced a workflow tool which continued to support the recruiting process and has been rolled out throughout the organization. The recruiting policy defines key principles and rules of the internal and external recruiting process and is aligned with the strategic and cost-related corporate objectives.

BAWAG Group stands for equal opportunity and diversity. All employees of BAWAG Group, whether in full-time or part-time employment, shall be treated fairly and equally, regardless of age, gender, disability, sexual orientation, origin (national and ethnic), religion or belief. As multipliers, our recruiters have transferred this knowledge to the managers of BAWAG Group Austria in the introductory workshops on the recruiting tool. BAWAG Group generally promotes open-ended employment relationships. Leasing personnel are only taken on in exceptional cases.

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WEP 2

EMPLOYEE DEVELOPMENT (CENTRAL FUNCTIONS)

Programs for new hires

Come & Learn internship

BAWAG Group offers students interesting insights into professional life in six-month internships. The interns can further develop the knowledge they have acquired during their studies. They actively work on bank-specific projects and tasks and not only gain valuable practical experience in various specialist areas, but also learn about the Bank's processes. Internships at BAWAG Group offer ideal entry-level opportunities for a successful career in the company.

Start & Move trainee program

The Start & Move trainee program is targeted at university graduates. As part of the one-year program, trainees gain comprehensive insight into the company, work on bank-related projects and can build up an initial internal network. In addition, they receive in-depth training in their assigned area and can continuously expand their capabilities.

Programs for existing employees

When selecting program participants and specific training opportunities for employees, a balanced ratio of women and men is considered. Promoting talents, (new) managers and experts is a key pillar of our people development strategy at BAWAG Group. When assessing and creating individual development programs for employees, we partner with external educational institutions to develop or deliver joint training programs for our staff: In the fall of 2021, existing programs were revised and adapted to work requirements, such as teamwork/leading in remote working situations; and the targeted Group-specific use of the wide range of online training courses offered by the goodhabitz learning platform was incorporated. A total of 768 employees actively used the offerings of the GoodHabitz learning library this year.

The focus continues to be on expanding social, professional and methodological skills. The new BAWAG Academy (founded in 2020), with its webinars and online training courses, offers enhancement of professional knowledge: The competences of our own experts are passed on to employees in a structured manner, thus actively stimulating knowledge transfer. Experienced executives and management teams are supported through individual (management) coaching and strategic team workshops to meet specific needs. A training academy (BAWAG Academy Technical Training) for data analysts was executed successfully in 2021, broadening new content (Python & Data Stack Training, Data Scientist Training with focus on predictive models, data pipelines and model lifecycle management). The target group of this program were new employees with a technological background. This program provides in-depth internal hands-on training (e.g. banking expertise, technical and programming skills). From the start of the BAWAG Academy in June until fall, 40 online webinars took place, with a total of 573 participants. Each webinar lasted between 1.5 to 3 hours.

In addition, BAWAG Group cooperates with a third-party institution which acts as our educational partner for innovative online training courses. These training courses promote continuing education for every employee across the entire Group. With over 100 online training courses, this tool enables employees to develop a wide range of personal, leadership, teamwork and technical skills.

Succession planning

BAWAG Group is proud to be an organization that makes promotions based on merit. Employees' potential, career progression and the corresponding promotion opportunities are determined based on talent, ambition and performance. Career opportunities and career paths are defined in line with strategic succession planning. A Group-wide leadership goal for the senior leadership team made leadership development, succession planning, talent development and talent improvement a top priority of leadership. Therefore, an integrated strategic workforce planning is in place: One part of an integrated bundle of measures is related to our recruiting strategy: In 2021, 58% of new hires were female. Furthermore, all

of our training and development programs are assessed and re-calibrated on a regular basis in order to ensure we are on track to meet our target of a female gender quota of 33% in our Senior Leadership team by the end of 2025.

The Extended Management Board has been in place since 2019 to provide senior managers with a broader platform for strategic discussions and know-how transfer with the Management Board.

WEP 1 Leadership development - Leader's Choice

In order to provide existing managers with the best possible training, various influencing factors have to be taken into account. On the one hand, there are different role profiles in sales, differentiated requirements and the strategic orientation of branch sales. On the other hand, input from the results of potential analyses, current performance and sales surveys must be taken into account. The aim is to offer sales managers a diverse and tailored range of courses in personal development, leadership and specialist topics to give them the tools they need to lead their teams to success. As the title also describes, topics for leadership and personality development are offered as elective modules. In selecting the topics, the wishes and suggestions of the sales executives as well as trends in the banking industry were taken into account. Each manager will find the optimum training measures for him or her in order to be well equipped for day-to-day management.

Personality analysis for managers

In order to tailor the further development of managers to the individual in addition to the standard programs, managers in sales receive personal profiles from two personality analyses that complement each other: TMA (Talent and Motivation Analysis) is an online-based tool for analyzing people's talents and motives. The TMA measures talents and competencies relevant to the work context. PCM (Process Communication Model) is an online-based analysis that describes human personality and communication. This profile helps to better understand communication, motivation and stress triggers. Training is available to active BAWAG Group employees in Austria regardless of whether they work full or part time. BAWAG Group uses leased staff only in exceptional cases.

Training for all employees: Tailor-made approaches to mitigate retention risks

In general, training measures are accessible to all employees (full-time or part-time) of the entire Group. As there are **FS 4** regular performance appraisals as a part of the Group-wide feedback process, specific areas for further development of employees are identified and corresponding measures can be agreed. The executed training measures vary between a tailor-made concept (e.g. individual coaching), broadening of bank know-how (e.g. job-specific development) and individual development programs, especially targeted at talents and high performers.

The continuously revised onboarding pages on the Bank's intranet serve as support for new employees during their first days at BAWAG Group. In the first few weeks, employees get to know the Bank through mandatory self-learning programs (see the Ethics and integrity section) and individual training sessions in their teams. The increasing importance of sustainability issues is a topic of high importance for us: ESG Officers steer projects and processes as a decentralized body. Example: After a first step (risk officers attended a special workshop on ESG risk management with an external expert), in particular, ESG risks, instruments and methods as well as related challenges were discussed. In a second step, all employees received an overview of sustainability topics in a mandatory self-learning program. In a third step, all employees in the Retail and Business Customers division, employees who offer securities advice, employees in the Corporate Banking division and employees in the Risk division were given in-depth training on the topics of sustainable business and ESG and their application in day-to-day business in a mandatory self-learning program by the end of February 2021.

With these measures, BAWAG Group is pursuing the goal of creating company-wide awareness of sustainability, promoting product innovations in the long term and integrating ESG considerations into the Bank's business processes. In addition to self-learning programs and training offered by BAWAG Group, employees also have the opportunity to develop their professional skills through external training and workshops. The specific requirements and prerequisites are determined in

regular personal discussions with the direct supervisor. The content and scope of training is tailored to the needs of our employees and the business requirements. BAWAG Group also supports specific training needs (e.g. CFA, MBA, external training) through additional study time, reimbursement of costs or annual membership coverage (e.g. CEFA, CRM, CIIA, CISSP, CISA). BAWAG Group in Austria supports employees in their professional reorientation through a work foundation in cooperation with WAFF. The work foundation helps employees plan their return to work, provides for financial security during this time and arranges training and further education as well as internships. If desired, the work foundation also provides support in the active search for a job.

Table: Training days by gender

404-1	2021 ¹⁾	Total days	Average days
	Female	5,086	3.0
	Male	5,042	3.7
	Total	10,128	3.3
	2020 ¹⁾	Total days	Average days
	Female	6,152	3.2
	Male	6,944	4.5
	Total	13,096	3.8

Tables: Training days by position

2021 ¹⁾	Total days	Average days
Managers		
Female	487	3.4
Male	760	2.9
Sales employees		
Female	2,549	3.99
Male	2,689	6.7
Employees in central functions		
Female	2,050	2.2
Male	1,593	2.3
2020 ¹⁾	Total days	Average days
Managers		
Female	602	4.7
Male	1,079	3.8
Sales employees		
Female	5,538	5.7
Male	4,330	10.5
Headquarters employees		
Female	1,220	1.2
Male	327	0.4

1) A training day is defined as eight hours

The decrease in training days is primarily due to the ongoing COVID 19 pandemic and related lockdowns. Classroom events were reduced, while at the same time there was an increased focus on virtual training and self-learning programs.

Special training for headquarters employees

New employees start their banking career with a “welcome day” workshop. This workshop provides initial insights into the Bank and its strategy, followed by presentations related to risk management, information security and internal audit. In addition, the risk department is presented to all new employees, with a focus on the risk strategy and risk governance. New hires also receive insights on the Group Data Warehouse and the importance of data for our operations. In the presentation on information security, practical examples are used to sensitize new employees and to share guidelines and advice on individual precaution measures.

Special training for sales staff**Sales Camp: training new sales employees**

New employees start off their branch assignment with a welcome day. The sales staff then start their basic training, the Sales Camp. All new employees are supported and guided by their own supervisor.

Professional development in sales

After the Sales Camp, employees can continue their professional training in securities or housing loans. For both specializations, the training courses are structured similarly and consist of four modules: Preparation tasks, Training, Follow-up tasks and Examination/certification

After the training, we offer employees the chance to take part in a workshop. This allows them to discuss their initial experiences, clarify any questions and consolidate the knowledge they have gained. We also employ a mentoring system: Every new employee is assigned to an experienced mentor. Several self-learning programs, online and face-to-face training are available for all sales staff to keep their knowledge up to date while meeting the legal further training requirements.

Competencies and sales training

Special topics are offered annually for the further development of competencies, customer orientation or sales techniques - depending on the current strategy and focus. The training methods are varied and range from on-the-job training in the branches to online courses and classroom training over several days. At Südwesbank, employees have the opportunity to complete internal and external seminars on a variety of topics such as personality training, technical training and specialist and sales seminars. Satisfaction with the respective training measure is evaluated after the sessions. Südwesbank attaches great importance to needs-oriented personnel development. The Personnel Development department plans measures for the personal and professional development of employees in close coordination with management and the department heads. In addition to internal Bank opportunities for further training, there are also external courses and bachelor's and master's programs in which Südwesbank participates through targeted support measures.

EMPLOYEE EXPERIENCE

COVID-19

Health and safety of our employees are paramount to us: In the second year of the pandemic, the internal COVID-19 taskforce – established in 2020 – continued to hold regular virtual meetings to discuss national and international COVID-19 developments and their impact on our sites and business, coordinate measures with management and communicate actions to employees and customers through our channels. Broad-based communication campaigns were launched for employees throughout BAWAG Group and across all subsidiaries and brands. This included BAWAG P.S.K.'s Stay safe! communication campaign. During Q1, “home office first” was the motto for the central functions, meaning that it was recommended to work from home if possible. In Q2, BAWAG Group offered employees the possibility to register via the intranet to get an appointment for a COVID-19 vaccination. During the entire year, the COVID-19 task force did regular updates due to changing legislations to inform employees about updated health protocols in fighting the pandemic. The COVID-19 pandemic had no impact on agreed working-time models of employees or termination of employment.

WEP 2 Flexible work

At BAWAG Group, there are a lot of benefits available that are accessible to full- and part-time employees, across all entities and countries. Working in a flexible environment with hybrid teams will remain an important pillar of the culture at BAWAG Group in the future. The experience of the past two years has shown that working flexibly from different locations functions well for many areas and brings benefits for employees and the Bank. The employee survey conducted in the summer of 2020 showed that the vast majority of our employees would like to continue using flexible working. BAWAG Group has worked with the BAWAG P.S.K. Works Council to develop appropriate regulations and recommendations. In addition, we have created a flex-office guide for employees and managers.

In most organizational units, variable working hours with defined function times apply. Individual time models can be agreed upon, including a daily reduced working time or an aggregate number of hours during a certain number of days per week. We offer a variety of models and options for employees who wish to take time off from work or reduce their working hours due to personal commitments. These include:

- ▶ Educational leave for 2–12 months
- ▶ Part-time work for education for 4–24 months
- ▶ Sabbatical: a combination of a savings phase in which the employee receives only a portion of the usual monthly salary, and a time-off phase
- ▶ Part-time reintegration: reintegration on a part-time basis after a long period of sick leave for an agreed period of 1–6 months, with the additional option of extending for three months.
- ▶ Family hospice leave for three months with extension options and special conditions for seriously ill children
- ▶ Caregiver leave for one week per year, a second week for the necessary care of a sick child under 12 years of age
- ▶ Nursing leave/part-time care leave for 1–3 months
- ▶ Flex-office – flexible working locations

Working in a flexible environment with hybrid teams will remain an important pillar of the culture at BAWAG Group. The experience of the past few months has shown that working flexibly from different locations works well for many areas and brings benefits for employees and the Bank. The employee survey conducted last year showed that the vast majority of our employees would like to continue using flexible working. BAWAG Group has worked with the BAWAG Works Council to develop appropriate regulations and recommendations and created a flex-office guide for employees and managers.

Balance between work and family

BAWAG Group works continuously to offer its employees a flexible and family-friendly working environment. As a responsible employer, it is important to BAWAG Group that the various phases of its employees' lives can be reconciled with their work, their families and their free time. At the employee's request, BAWAG Group in Austria offers the option of remaining in marginal employment during parental leave. This model is intended to make it easier for those on parental leave to return to work. The Group also offers employees flexible working hours and part-time models after parental leave. Depending on the management position, this option is also offered to executives. Human Resources supports them in agreeing individual part-time models, clearly defined structures and responsibilities.

SDG 4
SDG 5
WEP 2
WEP 3

401-3 Table: Parental part-time work

	2021	2020
Total number of employees who took parental leave in the reporting period	270	249
Female	240	211
Male	30	38
Total number of employees who returned to work after taking parental leave in the reporting period	77	85
Female	60	57
Male	17	28
Total number of employees who returned after parental leave and were still employed 12 months later	104	94
Female	82	81
Male	22	13
Return rate		
Female	92%	86%
Male	80%	97%
Retention rate		
Female	73%	80%
Male	91%	62%

Certification

In 2013, BAWAG committed itself to the compatibility of work and family as part of a structured auditing process and received certification as a family-friendly company, which is valid for three years. BAWAG most recently received the certificate in 2020 and this is still valid.

Dad month and special leave days

We are pleased to support fathers at BAWAG in taking parental leave or taking advantage of the so-called dad month. Since 2014, all fathers at BAWAG have also received two additional special leave days immediately after the birth of their child on top of the two special leave days to which they are entitled under the collective agreement. This gives fathers an additional four days to spend with their family.

Company day care center at central location

BAWAG Group offers childcare at the company day care center at the central location in Vienna. Part-time employees, single parents and employees with special working time arrangements are given priority in the allocation of open slots.

Support for the care of family members

BAWAG Group offers employees the opportunity to emergency care and/or elderly care. The access is given upon request and dealt with on the basis of special situations. Since 1 January 2014, it has been possible to take caregiver leave or part-time caregiver leave after prior agreement with the respective manager. Employees can take care leave for one month up to a maximum of three months or reduce the working hours to a minimum of ten hours per week. The entire process is handled by the Federal Ministry of Social Affairs.

Information event for expectant parents and welcome back event

All expectant mothers and fathers at BAWAG Group are invited to online information events held twice a year on the topic of parental leave management and re-entry into the Bank. Since 2009, Human Resources and the Works Council have organized a welcome back event which allows a smooth transition for employees returning from parental leave.

Employee feedback and ideas

BAWAG Group employees have the opportunity to submit innovative ideas through a defined process. The ideas are evaluated by an assessment committee and subsequently awarded prizes. This is intended to promote the further development of products and processes by employees. In the new anonymous Retail Feedback Corner, sales employees have the opportunity to share ideas, ask questions about sales topics and provide feedback.

Employee engagement and engagement surveys

Based on the ongoing feedback between employees and managers in 2021, the decision was made by the Management Board to further improve feedback opportunities for employees across the entire Group: Starting in 2022, employees will have the opportunity to submit their feedback through an employee survey (“pulse check”) on a quarterly basis. We are interested in obtaining opinions and reviews and evaluating employee mood and morale, a degree of engagement and also monitoring employee achievements. It is our target to establish employee surveys as an integral part of our culture, to receive employee feedback regularly and to get perspective on factors such as work culture, “FlexOffice” and elements that motivate or demotivate employees in the workplace. We will make sure that the planned employee surveys will bear productive results as we are committed to acknowledging employees’ feedback for their submitted responses.

Communication platforms and grievances

Information is disseminated to employees via communication platforms. A special SharePoint platform has been implemented to cover the additional information requirements in sales. In 2021, Group-wide town hall meetings with the Management Board were held online. All employees were invited to participate in this event. Management Board members also used this form of online meetings to pass on updates and important information directly to their teams.

BAWAG Group promotes open dialog between managers and employees. Employees can address concerns or complaints directly to their supervisor. Human Resources follows a structured procedure to investigate justified complaints and takes appropriate action when an employee grievance is substantiated. Further details on grievance procedures can be found in BAWAG’s Grievance Procedure Principles, which are published on our ESG website (<https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG>).

Performance management – employee feedback process

BAWAG Group’s remuneration policy is designed to strike a balance between rewarding performance, competence and the degree of responsibility. The new and simplified employee feedback process continues to be an important management tool for supporting the business strategy. The goal of this process is to strengthen the feedback culture in the company, increase employee motivation and thus contribute to BAWAG Group’s success.

Table: Participation in feedback process by position and gender (in percent)

	2021	2020
Managers		
Female	94%	91%
Male	94%	83%
Sales employees		
Female	87%	91%
Male	97%	94%
Employees in central functions		
Female	97%	87%
Male	95%	88%

404-3

WEP 3

Workplace health promotion and health management

A cornerstone of workplace health promotion is the range of services offered by the company health offices: examinations and assessments by a company physician, treatment of acute illnesses and vaccination campaigns, COVID-19 antigen tests, first aid, free annual preventive medical checkup, company psychologists and physical therapists at the health offices. BAWAG has also been offering its employees support and advice in the area of occupational psychology since 2010. This offer can be taken advantage of in the form of individual counseling sessions, among other things. In fall 2021, webinars by occupational psychologists were offered dealing with mental stress prevention in the workplace. The prevention of work-related mental stress is carried out per subsidiary or division in the form of an online survey by the external occupational psychologist from the Occupational Health Service. The benefits offered by BAWAG Group are available to all employees (both part- and full-time employees are eligible).

Other company social benefits**Table: Other company social benefits**

in € thousand	2021	2020
Travel allowances	592	451
Pension fund contributions	7,547	7,834
Anniversary bonus payments	708	462
Allowances (especially for marriage/birth/death, WAFF)	113	125
Accident insurance	402	283
Subsidy for supplementary health insurance	193	135
Corporate food allowance	1,430	669
Company physician and health programs	138	104
Company daycare center	215	388
Employee events (especially Christmas vouchers/Christmas dinner/excursions)	56	229
Subsidy for the Works Council (vaccination campaigns, vacation rooms, sports club etc.)	295	320
Total	11,689	11,000

401-2

Benefits

The benefits offered by BAWAG Group are available to all employees across all regions, both full-time and part-time. Some benefits are, in general, granted from the first day of employment, some benefits apply only after being taken over into an unlimited employment relationship or fulfilling the respective waiting period.

Employee stock program

Additionally, we will be sharing details of an employee stock program in the first half of 2022. It is important to the Management Board, Supervisory Board and Workers Council that all team members are also owners of the company as well.

ENVIRONMENTAL AND CLIMATE PROTECTION

ENVIRONMENTAL FIGURES

Table: Environmental indicators¹⁾

	Unit	2021	2020
Material consumption			
Paper use	kg	160,445	164,564
Bank statement envelopes	Piece	7,703,280	9,049,198
Energy consumption²⁾			
Total electricity consumption	kWh	8,093,078	12,831,686
Space heating			
Gas	kWh	3,915,356	3,205,619
District heating	kWh	5,327,975	7,740,654
Total space heating	kWh	9,419,040	11,135,205
District cooling ³⁾	kWh	1,515,610	870,957
Heating oil ⁴⁾	kWh	175,710	188,933
Fleet/mobility			
Fleet gasoline	kWh	289,360	239,815
Fleet diesel	kWh	1,336,681	1,433,704
Air travel	kWh	353,476	550,731
Total energy consumption	kWh	21,007,244	27,062,098
CO₂ emissions⁵⁾			
Scope 1 – direct emissions			
Vehicle fleet	t CO ₂ -e	528	534
Space heating (gas)	t CO ₂ -e	1,049	869
Heating oil	t CO ₂ -e	58	64
Subtotal Scope 1	t CO ₂ -e	1,636	1,467
Scope 2 – indirect emissions from energy purchases (market-based)			
Electricity	t CO ₂ -e	0	147
District heating/cooling ⁶⁾	t CO ₂ -e	1,163	1,578
Subtotal Scope 2	t CO ₂ -e	1,163	1,725
Scope 2 – indirect emissions from energy purchases (location-based)			
Electricity	t CO ₂ -e	2,079	3,627
District heating/cooling	t CO ₂ -e	1,163	1,578
Subtotal Scope 2	t CO ₂ -e	3,241	5,205
Scope 3 – other indirect emissions			
Air travel	t CO ₂ -e	245	378
Subtotal Scope 3	t CO ₂ -e	245	378
Total CO ₂ emissions (Scope 1–3, market-based)	t CO ₂ -e	3,044	3,570
Total CO ₂ emissions (Scope 1–3, location-based)	t CO ₂ -e	5,123	7,050

SDG 13

302-1
302-2

305-1
305-2
305-3

1) The energy consumption data is shown on the basis of current billing information. Due to different billing periods, it is not possible to present the data as of the reporting date.

2) Reporting period 2020: The electricity consumption figures of BFL Leasing, 2 BAWAG P.S.K. branches and 3 easyleasing locations are not included. The space heating consumption figures of BFL Leasing, 3 BAWAG P.S.K. branches and 3 easyleasing locations are not included. In both cases, no data was available.

3) District cooling consumption applies exclusively to BAWAG Group headquarters.

4) Heating oil has only been reported since 2020 and just for BAWAG P.S.K.

5) Minor deviations may occur due to rounding of decimal places. The calculation method of the CO₂ balance is carried out in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and refers each year to the currently published emission factors of the Austrian and German Federal Environment Agency, the German Agency for Renewable Energies and electricity labels of various energy providers. In addition to CO₂, all other gases with GHG potential - including methane and nitrous oxide - are taken into account in the greenhouse gas (GHG) balance according to their impact on the climate. District cooling was not included in the Scope 2 calculation, because no emission factors were available.

6) For district heating, the conversion factor of location-based was used. District cooling not converted due to missing factor.

MEASURES AND INITIATIVES

Even though the environmental impact caused directly by banks is very limited, BAWAG Group is aware of its indirect responsibility and pays attention to the environmental hazards that may arise from its financing business. We aim to minimize impacts on the environment with products, services and in the daily work of all employees. By regularly optimizing energy consumption at our sites and in our IT infrastructure and by focusing on local suppliers, we aim to contribute to reducing the environmental impact of our business activities. Environmental and climate protection create the foundations for the long-term existence of our company. Through our commitment, we position ourselves as a responsible partner and employer that helps create a future worth living in. As a bank, we contribute to sustainable change by providing loans for innovative, resource-conserving business activities. By cooperating with local suppliers and service providers in the DACH region, we contribute to short transport routes and CO₂ savings, as well as to increasing value creation in the countries where we do business. Furthermore, we support the protection and continued existence of our sites through climate protection measures.

ESG targets

ESG is a thread that runs through our business strategy – therefore, we have committed ourselves to tangible ESG targets, which we are embedding into our operating plans: To further reduce our carbon footprint, we are planning to reduce our CO₂ emissions (Scope 1 and Scope 2) by >50% by 2025.

Supplier management

- 102-9** The Supplier Code of Conduct defines our expectations towards suppliers with regard to environmental protection. As
- 204-1** already mentioned, each supplier is obliged to commit to these principles before entering into a business relationship with
- SDG 8** BAWAG Group. In the course of the supplier onboarding process, commercial, professional/technical, legal and general
- SDG 13** parameters surrounding the future cooperation are comprehensively examined and evaluated. As part of the harmonization
- SDG 16** of procurement processes, a single policy is used across the entire Group, which ensures a uniform approach towards
- COP 1** purchasing. Additional internal guidelines govern all topics relating to the organization, procedures and systems in the
- COP 2** procurement process. These processes foresee that, in the case of multiple offers with the same price/performance ratio,
- COP 4** the more sustainable company shall be preferred.
- COP 5**
- COP 6** Around 74% of all spending by BAWAG (incl. easybank and SÜDWESTBANK) went to local suppliers¹⁾ in 2021.
- COP 8** Procurement consists primarily of software and information services, marketing, rent, insurance and facility
- COP 10** management/business equipment.

Operations management

- SDG 7** **100% green energy and energy efficiency**
- SDG 13** BAWAG Group supplies all of its sites with green energy. This had already been achieved in 2020 to a large extent and was also driven forward in 2021. THE ICON VIENNA building continues to strive for the highest Leadership in Energy and Environmental Design certification of “Platinum” and the Building Research Establishment Environmental Assessment Method certification of “Excellent”. Work continued on the submissions for certification in 2021. In addition, BAWAG Group employs energy-efficient and resource-saving devices for its IT infrastructure. More than 6,000 laptop and desktop computers, tablets, monitors and workstations in use at BAWAG Group in Austria have Energy Star certification and are thus more resource-efficient than standard devices.

Green postal and courier services

In 2020, an electric vehicle was purchased for the internal logistics of BAWAG Group’s central locations in Austria. Südwesbank has already been using an electric vehicle to carry out inner-city courier services for several years. Österreichische Post AG continued to deliver all BAWAG items in a CO₂-neutral manner in 2021. Südwesbank sent letters and parcels in a climate-neutral manner using GOGREEN. With the help of an independent measurement system, the CO₂

emissions of all shipments are precisely assessed. Greenhouse gases are offset by supporting various climate protection projects.

Digitization of processes

Various initiatives to digitalize our processes have been helping to reduce paper use throughout BAWAG Group for years. As a result of COVID-19, sales processes were also increasingly digitalized this year, thus further reducing paper consumption (for more information, see the Sustainability in our core business section). The paperless branch project has been one of the most important paper reduction initiatives since the switch to an independent BAWAG network. Unless customers specifically request it, payment transaction slips and documents for product closings are not printed out but transmitted electronically. The signing of contracts is also handled electronically.

APPENDIX

Additional tables on employee promotion and development, diversity and equal opportunity

401-1

Table: Exits

	2021	2020
By country		
Austria	369	320
Germany	113	69
Other	12	12
By age group		
<30	203	165
30–50	192	166
>50	99	70
By gender		
Female	255	204
Male	239	197

Table: Exits

in %	2021	2020
By country		
Austria	75%	80%
Germany	23%	17%
Other	2%	3%
By age group		
<30	41%	41%
30–50	39%	41%
>50	20%	17%
By gender		
Women	52%	51%
Men	49%	49%

Table: New hires

	2021	2020
By country		
Austria	205	315
Germany	34	35
Other	8	8
By age group		
<30	155	219
30–50	65	124
>50	27	15
By gender		
Women	143	156
Men	104	202

401-1

Table: New hires

in %	2021	2020
By country		
Austria	83%	88%
Germany	14%	10%
Other	3%	2%
By age group		
<30	63%	61%
30–50	26%	35%
>50	11%	4%
By gender		
Female	58%	44%
Male	42%	56%

Table: Material topics

Material topic	Significance, approach, impact, opportunities & risks	GRI	SDGs	COP, WEP	NaDiVeG
Economic success	<p>... to pursue our simple and transparent business model, which is focused on low risk, efficiency and regionally oriented on Austria, Germany and developed markets.</p> <p>... create value for stakeholders across the value chain, leading to a favorable impact on the economy.</p> <p>... contribute to the success of our stakeholders by consistently driving strategic initiatives.</p> <p>... risks: economic risks, negative effects on various stakeholders, loss of confidence among relevant stakeholders, declining share price and customer base, depletion of capital reserves. ... due diligence: auditing, controlling</p>	201-1, 201-4, 202-2	1, 8, 9	No assignment	No assignment
Ethics and integrity	<p>... create a positive environment for legally compliant behavior, inside and outside of the company.</p> <p>... to act in accordance with the ethical values of the Code of Conduct, the ten principles of the UN Global Compact and the seven principles of the UN Global Compact Women's Empowerment Program.</p> <p>... to be guided by the 17 Sustainable Development Goals of the UN Global Compact as a target framework for sustainable action.</p> <p>... to ensure that all employees act ethically and with integrity through appropriate policies and guidelines.</p> <p>... to give special priority to the topics of anti-corruption and data protection in compliance management.</p> <p>... risks: non-compliance with laws and requirements may result in a sustained loss of confidence and reputation.</p> <p>... due diligence: employee training, control systems</p>	205-1, 205-2, 205-3, 206-1, 415-1, 418-1, 419-1	8, 16	COP 1, COP 2, COP 10	Respect for human rights, fight against corruption and bribery
Responsibility towards customers	<p>... to give our customers the opportunity to conduct their banking transactions according to their individual wishes, whenever and wherever they want, via our digital and physical distribution channels.</p> <p>... to give access to finance, easy to understand, accessible 24/7 via digital devices.</p> <p>... successful and long-term business relationships with customers across all sales channels and platforms.</p> <p>... risks: loss of trust and customers, loss of market share, economic and financial risk</p> <p>... due diligence: customers' feedback, surveys, market shares, product implementation process, control systems, complaints process</p>	417-1, 417-2, 417-3, FS 1, FS 2, FS 11, FS 13, FS 14	1, 8	COP 1, COP 8	No assignment
Sustainability in core business	<p>... to promote the development of sustainable business areas and to provide a diverse range of products and services that are geared towards ecological, economic and social requirements.</p> <p>... to be a reliable partner for companies and the regional economy and to assume ecological and social responsibility.</p> <p>... to support products and services with a sustainable focus and financing of projects with added value for the regional economy.</p> <p>... promote the development of sustainable business areas and provide a diverse range of products and services</p>	FS 6, FS 7, 203-1, 412-3	1, 7, 8, 9, 12, 13	COP 1, COP 2, COP 7-9	Environmental and social concerns, respect for human rights

	geared towards ecological, economic and social requirements. ... risks: reputational, economic risk, climate change ... due diligence: product implementation process, screening of regulatory changes				
Social responsibility and personal commitment	... to promote civic engagement and the social commitment of employees ... increased awareness of social issues ... reduction of inequality and poverty ... strengthening civil society ... risks: reputational risk, loss of trust ... due diligence: review process for non-profit crowdfunding.at projects, approval process for employee volunteering, review of donation projects by multiple people	No assignment	1, 4	No assignment	Social issues
Employee promotion and development, diversity and equal opportunities	... to provide employees with a healthy and career-enhancing work environment. ... to maintain an open, appreciative relationship with employees and to promote their potential. ... to actively put equal opportunities and diversity into practice in the company. ... to create opportunities by increasing the level of education. ... risks: high fluctuation rate, increased sick leave, loss of trust, shortage of skilled workers, problems in doing business ... due diligence: evaluation platforms, sustainability ratings, employee feedback on various programs, Women's Advancement Plan	401-1, 401-2, 401-3, 404-3, 405-1, 406-1, FS 4	4, 5, 8	COP 3-6, WEP 1-7	Social and labor issues, respect for human rights
Environmental & climate protection	... to preserve the natural basis of human life. ... to keep the direct impact on the environment in everyday work and the indirect impact through products and services as low as possible, thus ensuring an environment worth living in for future generations. ... to mitigate climate change, promote circular economy. ... risks: climate change risks, financial risks and reputational risks ... due diligence: environmental and resource management, Group-wide processes and standards for business relationships	204-1, 302-1, 302-2, 305-1, 305-2, 305-3	1, 7, 8, 13, 16	COP 1-8	Environmental

GRI INDEX

This GRI Index was prepared in accordance with the Global Reporting Initiative 2016 guidelines (GRI Standards, application level “in accordance: core” option, industry-specific indicator set for financial services). Unless otherwise stated, all data refer to the year 2021 or 31 December 2021. In the course of the materiality process, BAWAG Group identified its key areas for action. These were assigned to the individual GRI topics. The following table provides an overview of the material topics and the corresponding GRI indicators according to the GRI Standards. In addition, GRI codes have been provided alongside the text content in the sections of this report.

Areas of action	GRI codes
Economic success	201-1, 201-4, 202-2
Ethics and integrity	205-1, 205-2, 205-3, 206-1, 415-1, 418-1, 419-1
Responsibility towards customers	417-1, 417-2, 417-3, FS 1, FS 2, FS 11, FS 13, FS 14
Sustainability in our core business	203-1, 412-3, FS 6, FS 7
Social responsibility and personal commitment	
Employee promotion and development, diversity and equal opportunity	401-1, 401-2, 401-3, 404-1, 404-3, 405-1, 406-1, FS 4
Environmental and climate protection	204-1, 302-1, 302-2, 305-1, 305-2, 305-3

GENERAL DISCLOSURES

GRI code	Content according to GRI Standards (core)	Reference	Notes
Organizational profile	102-1		Name of the organization Consolidated Annual Report 2021, p. 5.
	102-2		Activities, brands, products, and services Consolidated Annual Report 2021, p. 5 et seq.
	102-3		Location of headquarters BAWAG Group's headquarters are located in Vienna, Austria.
	102-4		Location of operations Consolidated Annual Report 2021, p. 16 et seq.
	102-5		Ownership and legal form Consolidated Annual Report 2021, p. 25.
	102-6		Markets served Consolidated Annual Report 2021, p. 5 et seq.
	102-7		Scale of the organization As of 31 December 2021, BAWAG Group had one headquarters location, three other locations and 88 branches in the DACH region.
	102-8		Information on employees and other workers No significant proportion of non-employed workers.
	102-9		Supply chain Consolidated Annual Report 2021, p. 5.
	102-10		Significant changes to the organization and its supply chain No significant changes in the reporting period.
	102-11	p. 294	Precautionary principle or approach
	102-12		External initiatives Work and family audit; equalitA; Austrian Leading Companies; UN Global Compact; UN Global Women's Empowerment Program; 2030 Agenda Sustainable Development Goals
	102-13		Memberships of associations UN Global Compact, UN Global Compact WEP
Strategy	102-14		Statement from senior decision-maker Consolidated Annual Report 2021, p. 10.
Ethics and integrity	102-16	p. 290 p. 294	Values, principles, standards, and norms of behavior
Governance	102-18		Governance structure https://www.bawaggroup.com/BAWAGGROUP/IR/EN/ESG/494430/esg-article.html at “Our Governance Structure”
	102-20		Executive-level responsibility for economic, The NFR & ESG Committee is chaired by the Chief Risk Officer (deputy: Chief Executive Officer; deputy: Chief Financial Officer). He reports directly to the BAWAG Group Supervisory Board.

		environmental, and social topics		
Stakeholder engagement	102-40	List of stakeholder groups		CSR Report 2018, p. 9
	102-41	Collective bargaining agreements		Around 92% of BAWAG Group's employees are covered by collective bargaining agreements.
	102-42	Identifying and selecting stakeholders		Ten stakeholder groups were defined in 2018 as part of the materiality process through an analysis by the CSR team and external consultants (CSR Report 2018, p. 9). This selection was also used for discussions in this reporting year when the materiality matrix was redefined. The stakeholders are a compilation of all material internal and external stakeholder groups and were determined in consultation with sustainability experts who were entrusted with implementing the stakeholder analysis.
	102-43	Approach to stakeholder engagement		CSR Report 2018, p. 9
	102-44	Key topics and concerns raised		In the 2021 materiality analysis, the topics of data protection, anti-corruption/compliance and economic success were rated as the three most important topics by BAWAG Group's stakeholder groups. Data protection and anti-corruption/compliance were rated as very important across all stakeholder groups (- no stakeholder group preferences discernible). Economic success was rated as particularly important by employees and suppliers.
Reporting practice	102-45	Entities included in the consolidated financial statements		Consolidated Annual Report 2021, p. 202.
	102-46	Defining report content and topic boundaries	p. 287	
	102-47	List of material topics	p. 289 et seq.	
	102-48	Restatements of information		The numbers for the year 2020 (table "Economic value distributed" (p. 293)), the numbers for the year 2020 (table "Environmental indicators" (p. 327)) and the numbers for year 2020 (table "Exits", p. 330) have been restated in this report.
	102-49	Changes in reporting	p. 287	
	102-50	Reporting period	p. 287	
	102-51	Date of most recent report		March 2021
	102-52	Reporting cycle		Annual
	102-53	Contact point for questions regarding the report		Contact point for questions regarding the report: csr@bawaggroup.com
	102-54	Claims of reporting in accordance with the GRI Standards	p. 287	
	102-55	GRI content index	p. 334	
102-56	External assurance	p. 341 et seq.		

MANAGEMENT APPROACHES AND PERFORMANCE INDICATORS

Area of action 1: Economic success

GRI code	Content according to GRI Standards (core)	Reference	Remarks
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 292 et seq.
	103-2	The management approach and its components	p. 292 et seq.
	103-3	Evaluation of the management approach	p. 292 et seq.
Economic Performance	201-1	Direct economic value generated and distributed	p. 293
	201-4	Financial assistance received from government	No support during the reporting period.
Market Presence	202-2	Proportion of senior management hired from the local community	The origin of 100% of the members of the Senior Leadership Team (table "Workforce/Governing Bodies by age group and gender") is our core markets (DACH, Western Europe & the US).

Area of action 2: Ethics and integrity

GRI code	Content according to GRI Standards (core)	Reference	Remarks
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 294 et seq.
	103-2	The management approach and its components	p. 294 et seq.
	103-3	Evaluation of the management approach	p. 294 et seq.
Anti-corruption	205-1	Operations assessed for risks related to corruption	During the risk assessment, there have been no significant risks identified.
	205-2	Communication and training about anti-corruption policies and procedures	p. 297
	205-3	Confirmed incidents of corruption and actions taken	p. 298
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents in the reporting period.
	415-1	Political contributions	Political donations are prohibited throughout the Group by the anti-corruption policy.
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were two complaints, one is substantiated and one open (to be clarified whether the complaint is justified: In one case, a customer was wrongly registered in KSV. The customer complained to the Bank and the data protection authority. When the data protection authority asked us to comment, we had already deleted the entry. The case was closed. In one case, cookies were set. The customer complained about the cookie banner. The cookies were deleted. We changed the banner. It is not clear whether we actually should have changed the cookie banner. The proceedings are still ongoing. Beside the two complaints, we had 33 data breaches, all of which were solved.
Socio-economic Compliance	419-1	Non-compliance with laws and regulations in	No incidents during the reporting period.

	the social and economic area		
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Area of action 3: Responsibility towards customers

GRI code	Content according to GRI Standards (core)	Reference	Remarks	
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 301 et seq.	
	103-2	The management approach and its components	p. 301 et seq.	
	103-3	Evaluation of the management approach	p. 301 et seq.	
Marketing and Labeling	417-1	Requirements for product and service information and labelling	p. 304 et seq.	
	417-2	Incidents of non-compliance concerning product and service information and labeling		There were no violations during the reporting period.
	417-3	Incidents of non-compliance concerning marketing communications		There were no violations during the reporting period.
Sector-specific disclosure: Product Portfolio	FS 1	Policies with specific environmental and social components applied to our core business	p. 301 et seq.	
	FS 2	Procedures for assessing and screening environmental and social risks in our core business	p. 301 et seq.	
Sector-specific disclosure: Active Ownership	FS 11	Percentage of assets subject to positive and negative environmental or social screening	p. 301 et seq.	
Community	FS 13	Access points in low-populated or economically disadvantaged areas by type	p. 302 et seq.	
	FS 14	Initiatives to improve access to financial services for disadvantaged people	p. 302 et seq.	

Area of action 4: Sustainability in our core business

GRI code	Content according to GRI Standards (core)	Reference	Remarks
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 305 et seq.
	103-2	The management approach and its components	p. 305 et seq.

				https://www.bawaggroup.com/linkableblob/BAWAGGROUP/530114/f8aec564d09ae29d917fe8536a0b47bf/green-finance-framework-2021-data.pdf
	103-3	Evaluation of the management approach	p. 305 et seq.	
Sector-specific disclosure: Product Portfolio	FS 6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	p. 305 et seq.	In addition to the table on overall sector exposure in the CSR Report, the risk concentration by sector for Corporates, Real Estate & Public Sector is also presented in the Consolidated Annual Report 2021 (p. 242). The distribution of the credit portfolio by size cannot be applied in accordance with GRI requirements based on the available data.
	FS 7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	p. 309 et seq.	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p. 308 et seq.	
Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		The Code of Conduct sets out the standards for compliance with human rights that are binding for all business activities. This also includes the conclusion of contracts or the launch of products (PIP). Beyond this, there are currently no human rights clauses in investment agreements/contracts. The Supplier Code of Conduct, which is mandatory for suppliers, covers human rights aspects such as equal treatment, child labor, forced labor etc.

Area of action 5: Social responsibility and personal commitment

GRI code		Content according to GRI Standards (core)	Reference	Remarks
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 311 et seq.	
	103-2	The management approach and its components	p. 311 et seq.	
	103-3	Evaluation of the management approach	p. 311 et seq.	
		Volunteer hours completed by employees	p. 311	

Area of action 6: Employee promotion and development, diversity and equal opportunity

GRI code		Content according to GRI Standards (core)	Reference	Remarks
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 313 et seq.	
	103-2	The management approach and its components	p. 313 et seq.	
	103-3	Evaluation of the management approach	p. 313 et seq.	
Sector-specific disclosure: Product Portfolio	FS 4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to our core business	p. 319 et seq.	
Employment	401-1	New employee hires and employee turnover	p. 315, 329 et seq.	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 325	

	401-3	Parental leave	p. 323 et seq.	
Training and Education	404-1	Average hours of training per year per employee	p. 320 et seq.	
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 325	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p. 315 et seq.	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken		No incidents during the reporting period.

Area of action 7: Environmental and climate protection

GRI code	Content according to GRI Standards (core)	Reference	Remarks
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 327 et seq.
	103-2	The management approach and its components	p. 327 et seq.
	103-3	Evaluation of the management approach	p. 327 et seq.
Procurement Practices	204-1	Proportion of spending on local suppliers	p. 328 Due to the data situation, it was only possible to report the spendings of BAWAG (incl. easybank and SÜDWESTBANK). It is planned to expand the presentation to include other subsidiaries in future disclosures.
Energy	302-1	Energy consumption within the organization	p. 327
	302-2	Energy consumption outside of the organization	p. 327
Emissions	305-1	Direct (Scope 1) GHG emissions	p. 327
	305-2	Energy indirect (Scope 2) GHG emissions	p. 327
	305-3	Other indirect (Scope 3) GHG emissions	p. 327

23 February 2022



Anas Abuzaakouk
Chief Executive Officer



Enver Sirucic
Member of the Management Board



Sat Shah
Member of the Management Board



David O'Leary
Member of the Management Board



Andrew Wise
Member of the Management Board



Guido Jestädt
Member of the Management Board

INDEPENDENT ASSURANCE REPORT

102-56 We have performed an independent limited assurance engagement on the combined consolidated non-financial report according to § 267a UGB ("NFI report") for the financial year 2021, which has been published as (consolidated) Non-Financial Report of **BAWAG Group AG, Vienna** (referred to as "BAWAG Group" or "the Company").

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the provisions of Article 8 of the Regulation (EU) 2020/852 as amended and the supplementing delegated Regulation (EU) 2021/2178 (hereafter "EU Taxonomy Regulation") and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "Core" in all material respects.

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "Core" as reporting criteria. In addition, the company prepares disclosures in accordance with the EU Taxonomy Regulation, which are published as part of sustainability reporting. The Company's management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

Emphasis of Matter

We refer to the disclosures in section "Sustainability in our core business" of the non-financial statement, related to Article 8 of the EU Taxonomy Regulation, in which the legal representatives have set out their understanding of the regulations and the delegated legislation adopted in this regard. Both the disclosures as well as the delegated legislation issued in this regard are based on wordings and terms that are subject to significant uncertainties in their interpretation and for which there are no authoritative sources available for clarification. The legal representatives are responsible for the selection of these interpretations as well as their reasonability. Due to the inherent risk that ambiguous legal terms may be interpreted differently, an assessment of legal conformity with regulations is subject to uncertainties. Our conclusion is not modified in respect of this matter.

Auditor's Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company's NFI report is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the legal requirements of the EU Taxonomy Regulation and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "Core" in all material respects. Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality. An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance engagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- ▶ Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting thresholds of the Company;
- ▶ A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;
- ▶ Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- ▶ Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- ▶ Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- ▶ Assessment of the processes for local data collection, validation and reporting, as well as the reliability of the reported data through a (remotely conducted) survey performed on a sample basis at easyleasing GmbH, Vienna.
- ▶ Analytical evaluation of the data and trend of quantitative disclosures regarding the GRI Standards listed in the GRI-Index, submitted by all locations for consolidation at the group level;
- ▶ Evaluation of the consistency of the of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the EU Taxonomy Regulation and the GRI Standards, Option "Core" to disclosures and indicators of the NFI report, which apply to the Company;
- ▶ Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company.

Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third party claims. We agree to the publication of our assurance certificate and NFI report. However, publication may only be performed in its entirety and as a version that has been certified by us.

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Vienna, 23 February 2022

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Peter Ertl

Wirtschaftsprüfer (Austrian Chartered Accountant)

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS (COP)

COMMUNICATION ON PROGRESS (COP)

As a signatory to the UN Global Compact, BAWAG Group is committed to complying with the ten principles focusing on labor rights, human rights, environmental protection and anti-corruption and, since signing the UN Global Compact Women's Empowerment Principles (WEP) in 2015, to complying with the seven WEP. This CSR Report 2021 is thus also a report in the sense of the annual "Communication on Progress" (COP). For each principle, examples have been given of how they have been and are being implemented in BAWAG Group.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT AND EXAMPLES OF IMPLEMENTATION

The ten principles	Examples of implementation
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence. (COP 1)	p. 295, 328 General/principles/guidelines: Code of Conduct, Supplier Code of Conduct
Principle 2: Businesses should make sure that they are not complicit in human rights abuses. (COP 2)	p. 295, 328 General/principles/guidelines: Code of conduct, supplier code of conduct
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. (COP 3)	General/principles/guidelines: Freedom of association and the registration of trade unions are enshrined in law in our core markets. There is an ongoing exchange of information between management and the Works Council, and new works agreements are concluded regularly.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor. (COP 4)	p. 295, 296, 328 General/principles/guidelines: Supplier Code of Conduct; the majority of our suppliers come from the DACH region. The topics of freedom of negotiation, forced labor, working hours and wages are part of the Supplier Code of Conduct item 3 "Respect for fundamental rights, health and safety of employees."
Principle 5: Businesses should uphold the effective abolition of child labor. (COP 5)	p. 295, 328 General/principles/guidelines: Supplier code of conduct
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation. (COP 6)	p. 295, 313, 317, 327 General/principles/guidelines: Code of Conduct, Supplier Code of Conduct, recruiting policies, Women's Advancement Plan, Women's Mentoring Program
Principle 7: Businesses should support a precautionary approach to environmental challenges. (COP 7)	p. 308 et seq. Energy efficiency products and services
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. (COP 8)	p. 309, 328 Energy-efficient sites, paperless branches, digitalization of processes, expansion of online offerings
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. (COP 9)	p. 308 et seq. Financing of sustainable projects
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. (COP 10)	p. 295, 297, 328 General/principles/guidelines: Code of Conduct, Supplier Code of Conduct, anti-corruption and gift acceptance policy, conflict of interests policy. New entrants in Austria must successfully complete training on the prevention of money laundering. Employees must complete training on topics such as anti-corruption and fraud prevention.

WEP 7 THE SEVEN PRINCIPLES OF THE UN GLOBAL COMPACT WOMEN'S EMPOWERMENT PROGRAM AND EXAMPLES OF IMPLEMENTATION

The seven principles	Examples of implementation
Principle 1: Establish high-level corporate leadership for gender equality (WEP 1)	p. 313, 316, 319 Women's Advancement Plan, Women's Mentoring Program, flexible working time models, focus topic in management programs
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination (WEP 2)	p. 314, 317, 322, 323 Recruiting policy, Code of Conduct, flexible working time models, Supplier Code of Conduct, Women's Advancement Plan, part-time parental leave, dad month
Principle 3: Ensure the health, safety and well-being of all women and men workers (WEP 3)	p. 323, 325 et seq. Work and family audit, information events for expectant parents, welcome back events for parents returning from parental leave, company day care centers, workplace health promotion
Principle 4: Promote education, training and professional development for women (WEP 4)	p. 313 et seq. Women's Advancement Plan, Women's Mentoring Program
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women (WEP 5)	p. 314 Women's Award
Principle 6: Promote equality through community initiatives and advocacy (WEP 6)	p. 314 Women's Award, Women's Initiative
Principle 7: Measure and publicly report on progress to achieve gender equality (WEP 7)	p. 314, 316 Report on measures, objectives and target achievement as part of the annual CSR Report and the Communication on Progress (COP); proportion of female managers