



# ANTI-CORRUPTION AND BUSINESS ETHICS

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2023

# ANTI-CORRUPTION POLICY AND BUSINESS ETHICS

## 01 | INTRODUCTION

BAWAG Group is committed to proper business relations, a strict policy to avoid corruption and bribery and the continual improvement of its anti-corruption and anti-bribery management system.

All employees and executives of BAWAG Group are expected to act with integrity and transparency when conducting business activities. The acceptance of incriminating benefits or even seemingly questionable behaviour of BAWAG Group employees is prohibited. This prohibition is also extended to third parties with whom BAWAG Group has established a business relationship.

## 02 | BUSINESS ETHICS: ORGANIZATION, CONTROLS AND PROCESSES

- BAWAG Group has implemented a code of conduct (the "Code of Conduct") which sets forth the values of BAWAG Group in respect of its business conduct. Within the BAWAG Group, the ultimate responsibility for the Code of Conduct lies with the Management Board, who also exemplifies proper conduct as part of a tone from the top. The Compliance Officer is responsible for coordinating activities in connection with the Code of Conduct.

## 03 | ANTI-CORRUPTION AND ANTI-BRIBERY MANAGEMENT

- BAWAG Group has always been fully committed to the implementation and adherence towards high anti-bribery and corruption standards and will continue to ameliorate processes and guidelines to improve its standards on a regular basis. The framework of BAWAG Group's approach towards anti-bribery and corruption is based on mandatory provisions in respect of the business areas and geographies the BAWAG Group operates in (e.g. criminal laws, banking supervision laws) and is accompanied by a set of self-imposed rules to increase the standards beyond applicable mandatory provisions.
- BAWAG Group's standards are ensured by several layers of controls, defined processes and regular risk evaluations/reviews.

### **Governance**

#### *Compliance Office*

The Compliance Office is responsible for the group-wide anti-corruption policy (the "**Anti-Corruption Policy**"), which contains effective and easy to understand measures to prevent corruption.

#### *Management Board and Supervisory board*

The Compliance Office regularly reports directly to the entire Management Board and the responsible committee of the Supervisory Board (i.e. the Audit and Compliance Committee).

#### *Non-Financial Risk and ESG Committee*

The Non Financial Risk and ESG Committee (the "**NFR & ESGC**") is in charge of non-financial risk and ESG related topics, including anti-corruption and business conduct matters. All

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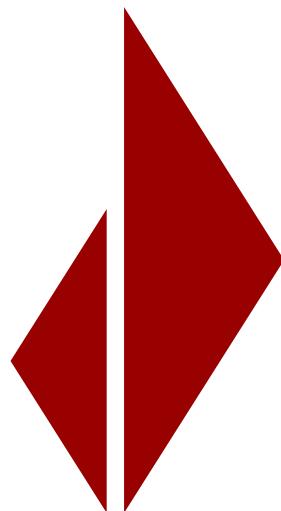
	members of the Management Board are voting members of the NFR & ESGC which is chaired by the CRO.
<b>Anti-Corruption Policy</b>	<p>BAWAG Group's Anti-Corruption Policy applies to all employees and executives of BAWAG Group and sets high standards to prevent corruption in all entities, all relevant business lines, subsidiaries and with respect to contractors.</p> <p>The Anti-Corruption Policy defines the notions of benefits, corruption, public officials and addresses how to deal with gifts.</p> <p>Every employee must acknowledge the policy when starting at BAWAG Group.</p>
<b>Definitions</b> <i>Benefits</i>	<p>The Anti-Corruption Policy provides for a broad definition of benefits to capture any kinds of benefits. This includes a non-exhaustive list of examples:</p> <ul style="list-style-type: none"><li>• Money, monetary-like benefits (e.g. vouchers, savings accounts, securities);</li><li>• gifts</li><li>• invitations, entertainment and hospitality (e.g. invitations to events such as cultural and sporting events);</li><li>• political or charitable donations</li><li>• personal favors</li><li>• confidential and privileged information</li><li>• granting/receipt of discounts (e.g. on services and products);</li><li>• sponsorship.</li></ul>
<i>Corruption</i>	Corruption means the abuse of entrusted power for personal gain and advantages or in exchange for business-related illicit favors.
<i>Public Officials</i>	<p>The term <i>public official</i> can be divided into several categories:</p> <ul style="list-style-type: none"><li>• <b>Persons performing public tasks</b> such as officials, members of federal and state governments, state secretaries, mayors, deputies, members of parliament, employees of supervisory authorities and employees of national banks.</li><li>• <b>Employees of companies operated by regional authorities</b>, in which regional authorities hold a significant stake or which are actually or economically controlled by such authorities.</li><li>• Employees of companies whose management is subject to <b>control by the Court of Auditors</b> ("Rechnungshof"; or foreign equivalent) (e.g. universities, chambers of commerce).</li></ul>

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<i>Acceptable behavior / prohibited benefits</i>	<p>The definition of public officials is also extended to their <b>immediate family</b> (parents, spouses, registered partners and children).</p> <p>It is generally prohibited to issue, grant, promise, approve or offer benefits to and/or receive or demand benefits from public officials.</p> <p>The Anti-Corruption Policy provides clear guidelines for acceptable behavior. It provides categories of specific benefits which may be accepted up to certain thresholds and subject to documentation/approval requirements, while also defining benefits which are prohibited under any circumstances (e.g. benefits which violate applicable laws, ethical principles and/or which are of a discriminatory nature).</p>
<b>Risk Assessment</b>	All business units across BAWAG Group are being monitored within a risk assessment on a very narrow scale. The monitoring processes occurs regularly, individually and classified based on the size of a business unit, its tasks, its relation to externals, its operational risk self-assessment and former incidents, if any. Depending on the individual classification, certain preventive measures are implemented. These measures include a higher frequency of trainings as well as compliance reviews for high risk units.
<b>Training</b> <i>All employees</i>	Training is provided to all employees (incl. part-time) of BAWAG Group. For training purposes an obligatory e-learning program has been established. New employees must complete the e-learning program at the beginning of their employment relationship. The e-learning program is constantly updated according to developing legal provisions and current incidents and are rolled out on a regular basis to all employees, at least every two years. Each training ends with a test, in which a minimum score must be achieved for the training to be accomplished.
<i>Content of the trainings</i>	<p>Following topics are, amongst others, addressed in the e-learning program:</p> <ul style="list-style-type: none"><li>• Understanding of Business ethics in BAWAG Group</li><li>• Code of Conduct</li><li>• definition of corruption and benefits</li><li>• guidelines regarding accepting and granting benefits</li><li>• prohibited benefits</li><li>• dealing with public officials.</li></ul>
<i>Special trainings</i>	In addition to these regular trainings, ad hoc trainings are also carried out following certain incidents and the outcome of the regular anti-bribery risk assessment. These ad hoc trainings

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	<p>can be in the form of specific trainings to individual employees, trainings for certain departments or information provided to the entire organization via an article on the company's intranet. Especially high-risk departments are informed regularly regarding obligations during compliance reviews.</p>
<i>SPOC Systems</i>	<p>Moreover, Compliance SPOCs (Single Point of Contacts) across the organizations help to raise the awareness for a compliant treatment in connection with benefits.</p>
<b><i>Layers of Control</i></b> <i>Self-Assessment by employees</i>	<p>Based on the training which every employee receives, BAWAG Group expects its employees to act responsible in respect of anti-corruption and bribery matters. To that end, the first layer of control involves a self-assessment by the respective employee.</p>
<i>Approval System</i>	<p>In addition to the self-assessment, a monitoring and, if applicable, approval process is put in place regarding the receipt and granting of benefits, which mainly depends on the kind and the value of the benefit.</p>
<i>Gift log</i>	<p>All benefits are recorded in a gift log to facilitate an <i>ex-post</i> review. The Compliance Office annually reviews the gift log and evaluates individual cases within the approval process of benefits.</p>
<i>Compliance Reviews</i>	<p>Regular reviews are conducted in individual divisions. High risk divisions are being audited at least once a year. These reviews address anti-corruption and anti-bribery topics.</p>



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