

Policy on Cooperation with Suppliers and Outsourcing

Document purpose and scope

The objective of the Policy is to set supplier management standards, rules for contracts with suppliers, guidelines for an on-going monitoring of services and periodic evaluation of both suppliers and provided services. The Policy also regulates outsourcing processes. The Policy applies to all units and employees who initiate and maintain business relationships with suppliers.

Which ESG-related issues does the Policy address?

The Policy addresses:

- identification and management of risk associated with procurement (including reputational risk),
- supplier qualification process intended to ensure that all suppliers have the capability to deliver services at a defined level,
- third-party agreements,
- requirements related to the monitoring and control of suppliers and purchased services.

At the Bank, the Policy introduces the Supplier and Outsourcing Management Procedure as well as a methodology for evaluating suppliers with regard to ESG criteria. It sets out the rules and processes for verifying suppliers, taking ESG aspects into account. This methodology (using questionnaires or external ratings) assesses the ESG risk associated with each supplier.

Due to the nature of outsourcing and the provisions of the Banking Law, the Policy places particular emphasis on cooperation with third parties in this specific form. Engaging third-party providers through outsourcing does not relieve the Bank of its accountability to customers or regulators.

The highest management level responsible for the Policy

The Head of Contracts and Procurement Management Department reports to the Management Board as a person responsible for managing the risks related to outsourcing contracts, including internal control and supervision of documentation related to outsourcing contracts. The Management Board periodically presents outsourcing reports to the Supervisory Board.

Application across the Bank's subsidiaries

The Policy is applied at the Bank. Erste TFI and Erste Leasing subsidiaries have adopted their own regulations covering the subject matter.