Responsible Banking and Sustainability Policy

Erste Bank Polska Group

CONTENTS

1. Introduction 3
2. Definition 3
3. Scope of application 4
4. Principles 5
5. Lines of action 5
   - **5.1. Actions on environmental matters** 6
   - **5.2. Actions on social matters** 8
6. Key processes 9
   - **6.1. Identification of material issues** 9
   - **6.2. Human rights due diligence implementation** 9
   - **6.3. Communication and engagement channels** 10
   - **6.4. Training and skills development** 12
7. Governance 12
8. Ownership, interpretation, entry into force and regular review 13
   - **8.1. Ownership** 13
   - **8.2. Interpretation** 13
   - **8.3. Validity date and periodic review** 13
   - **Appendix I: Main conventions this policy is based on** 14

1. Introduction

This document defines the approach of Erste Bank Polska S.A. (“Erste” or the “Bank”) and the Erste Bank Polska Group (the “Group”) to Responsible Banking and Sustainability.

It includes the principles, lines of action, key processes, and governance of social, environmental and governance[1] issues, associated to our activity with employees, customers, suppliers, shareholders and investors, and communities.

It is consistent with the best practice described in international conventions and protocols, codes of conduct and international guidelines applicable in this matter (see Appendix 1).

This policy is complemented by an internal Responsible Banking Model, which defines key responsibilities and processes supporting the execution of this Policy’s provisions, and other policies[2,] whose scope is systematically reviewed to ensure compliance with international best practices.

2. Definition

Erste Group was founded with a clear purpose: to promote and secure prosperity for all people in the region where it operates. This mission continues to guide the Group’s strategy, which integrates key Environmental, Social, and Governance (ESG) themes as essential drivers of long-term success and inclusive growth. To do this, the impacts, risks and opportunities associated with our activity are identified and managed, promoting the positive impacts and opportunities, and mitigating the negative impacts and risks.

---

[1] Including fiscal responsibility, respect for human rights, prevention of corruption and other illegal conduct.
[2] Main policies: General Code of Conduct; Corporate Culture Policy; Responsible Financing Policy. In addition, we have other policies supporting the strategy of sustainability: Risk management model of conduct with customers; Code of Conduct in the Securities Markets; Policy of 5 Principles of Cybersecurity; Policy on Cooperation with Suppliers and Outsourcing; Tax Policy; Policy on Conflicts of Interest Prevention;; Health, Safety and Wellbeing Policy; Anti-Money Laundering and Countering the Financing of Terrorism Policy; Anti-Bribery and Corruption Policy; Policy for Handling Complaints, Queries and Root Cause Analysis; Training Policy; Remuneration Policy; Policy of commercialisation of product and services; Customer Protection Policy; Donation Policy; Reputational Risk Management Policy; Whistleblowing Channels Policy; Policy on financing of political parties. Selected regulations are available on: esg.erste.pl.

The Bank establishes its ambition in sustainability areas, which are also integrated in its strategy. These ambitions are as follows:

Support the green transition: our strategic priorities include the support for the Erste Group's ambition to achieve a net-zero status of its portfolio by 2050, minimise our own operations footprint, and maintain a strong role in sustainable financing by funding climate action and adaptation.

Promote social inclusion: we aim to foster financial inclusion in the society and financial health among our customers, supporting education, employability, entrepreneurship and digital inclusion; promote diversity, and development of an inclusive culture that promotes meritocracy; all by supporting and respecting human rights.

Foster good corporate governance: embedding behaviours, processes and policies that allow us to act ethically and responsibly, based on robust governance, prudent risk management and compliance. Actions in this field are articulated through various regulatory documents of the Bank[2].

3. Scope of application

This policy is directly applicable to the Bank.

The Erste Bank Polska Group entities:

1. Erste Leasing S.A.,
2. Erste Factoring sp. z o.o.,

are expected to use it as a basis for developing their own regulations, without prejudice to any adaptation that may be required for compliance with regulations, recommendations or requirements of supervisory authorities, among other reasons.

Erste Towarzystwo Funduszy Inwestycyjnych S.A. treats this regulation as a reference document on the basis of which it establishes solutions analogous to those resulting from this policy. It also ensures that the policy provisions are reflected in internal regulations, although its detailed solutions may differ from those used at the Bank.

4. Principles

The following principles set the Group's minimum standards regarding all responsible banking and sustainability activities. These principles must be followed at all times:

- **Customer orientation.** the Group establishes responsible relationships with customers that promote sustainable practices, supporting long-term growth.
- **Contribution to global challenges.** the Group promotes the contribution of its activity to the challenges and needs of the people and societies we serve in accordance with international standards.
- **Coordinated approach to responsible banking and sustainability at the Group.** The management and execution of the Sustainability agenda requires full coordination between the Bank and its subsidiaries. The Group's entities have common tools and methodologies adapted to their business context.
- **Senior Management Implication.** The Management Board and the Supervisory Board are responsible for the supervision and approval of the Group's sustainability strategy, and integrating sustainability criteria into the Group's strategy (in the short, medium and/or long term), commercial and financial plans, and within the risk management framework.
- **Involvement of all employees.** the Group promotes the involvement of all employees in promoting sustainable and inclusive growth.
- **Engagement with stakeholders.** Group activities involve active listening, improved collaboration, and commitment with stakeholders to help society prosper, collaborating and facilitating capacity building in sustainability issues.
- **Measurement and transparency.** The Group has established key performance indicators and objectives aligned with our strategy in relation to social, environmental, and social issues. We apply transparency practices in the disclosure of Erste actions in the field of responsible banking and sustainability.

5. Lines of action

The Group carries out social and environmental actions that are supported by a good governance and are focused on creating long-term value, that goes beyond its legal obligations and that affect both its own operations and of its banking and financial activity.

5.1. Actions on environmental matters

The Group recognizes that creating a future worth living for the next generations requires a wide range of actions: from financing sustainable projects and enabling sustainable investments to measures to reduce our own ecological footprint.

Banking and financial activity:

The Group works to embed environmental aspects across the entire organization, proportionately to the nature, scale and complexity of its activities. For this purpose, the Group considers relevant frameworks[3] and international standards of reference at all times, within existing risk management, product governance and decision-making structures, with the objective of:

- Identify environmental impacts, risks, and opportunities during the analysis process of financing and investment activities, within established business and risk assessment processes.
- Contribute to the protection of the environment by, among others, supporting the expansion of the use of renewable energy and low-carbon technologies, as well as other solutions that facilitate the energy transition, by considering those aspects, where relevant, within the commercial strategy and product scope of respective business units.
- Analyse the impact of climate change, identifying the needs the transition to a low-carbon economy can present, offering, and, where relevant, enabling the development of financial products and services that support sustainability, under the responsibility of the relevant business units.
- Analyse environmental risks and their impact on financial activity, ensuring their gradual integration into corporate policies, management processes and systems, in line with regulatory requirements and within the existing governance framework.
- Provide financings that support our clients' transition toward net zero, in line with the Bank's strategy and product offering, while maintaining the responsibility for client decisions remains with the client, and responsibility for product design and credit approval remains within the respective business and risk functions. We

[3] Such as the Paris Agreement and the Global Biodiversity Framework.

maintain an ongoing dialogue with our customers to understand their evolving needs and to tailor our offerings accordingly.

- Communicate in a transparent way the progress on environmental sustainability, providing reliable information to support informed decision making of stakeholders and fostering environmental awareness.

Internal environmental management:

To facilitate the effectiveness of the management of its direct environmental impact, the Group works on:

- Promoting and improving management systems based on internationally accepted regulatory standards, which involves managing and developing the ISO 14001:2015 environmental management system, including adequate documentation and procedures, and monitoring indicators linked to the system.
- Promote the integration of continuous improvement in the system and environmental performance by establishing environmental objectives.
- Measuring and disclosing its carbon footprint, as well as establishing a plan for its reduction of own emissions [i], on the following levers:
    - The use of renewable energies, including a self-consumption model.
    - striving to keep direct emissions low through sustainable employee mobility.
    - Consequent improving of energy efficiency in own properties through modernisation of heating systems where possible.
    - Optimisation of electricity consumption in own properties, using available technologies, such as efficient lighting systems, building management systems and own renewable energy production and storage.
- Promoting the protection of the environment by applying the principle of pollution prevention with the aim of minimizing, reducing, and ultimately compensating possible negative impacts.
- Promoting the control and responsible consumption of resources, as well as the proper management of waste, minimizing, where possible, its generation.

To facilitate compliance with the aforementioned actions, Erste employees are trained to promote a sense of environmental responsibility in their actions, the dissemination of good practices, and involvement and participation in both the environmental management system and the actions that are developed.

5.2. Actions on social matters

The Group works to support and respect the human rights of its employees, customers, suppliers, shareholders and investors, and/or communities, in accordance with the main international treaties and regulations in force. These actions cover our operations and value chain, guided by the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and International Labour Organization (ILO) Standards, among others[4]:

- Identify social impacts, risks, and opportunities during the analysis process of the financing and investment activities.
- Build long-term trusting relationships with customers, adapting to their needs and improving their satisfaction, helping them gain financial health and literacy, and supporting vulnerable customers through offering products and/or services that fit their circumstances and needs and facilitating access to products and services they can understand.
- Analyse social risks on financial activity and compliance with regulatory requirements, which means a continuous improvement of the identification and management of social risks in the Group's financial and investment operations.
- Aim to create inclusive and diverse workplace where everybody is treated equitably and with respect, feels valued and belonging. People feel safe to speak up, without fear of embarrassment or retaliation.
- Offer decent employment that promotes family and work conciliation that attracts and engages the best professionals, promoting meritocracy, equal opportunities in access to work, professional promotion, and fair and equitable compensation, counteracting discrimination and practices that threaten the dignity of people, rejecting any form of forced labour and child exploitation, respecting the freedom of association and negotiation, protecting the safety and health of professionals.
- Establish environmental and social criteria in the evaluation of suppliers risk and including, where relevant, contract clauses that promote compliance and ethical treatment.
- Contribute to the eradication of corruption in all its forms, including extortion and bribery, to be a reference in the fight against money laundering, fraud, corruption, terrorism, and other serious crimes.

[4] See Appendix 1

- Support society through (1) fostering higher education, employability and entrepreneurship as an engine of growth; (2) financial and cybersecurity education to equip the local communities with tools and knowledge to facilitate their secure financial decision-making; (3) programs to support local specific needs and vulnerable people, including participation of employees in volunteering initiatives.

6. Key processes

The following are the main processes related to responsible banking and sustainability, whose detail is normed in the Responsible Banking Model:

6.1. Identification of material issues

The double materiality exercise that is elaborated periodically, is the process by which the Bank identifies the sustainability issues that present positive and negative material impacts, as well as risks and opportunities (IROs) on the environment, social, and governance field, considering the entire value chain, that is, “upstream”, “downstream” and own operations. This exercise is the basis of our sustainability strategy and disclosures.

The materiality analysis is carried out based on the same methodology and in a coordinated way between the group and its subsidiaries, allowing feedback between the results of the exercises. The exercise uses available information, including the results of adverse impact identification exercises, such as due diligence in social, environmental and governance dimensions. The reference time horizon is short to long term, in line with the European Sustainability Reporting Standards (ESRS) requirements.

The double materiality analysis, the material impacts, risks and opportunities, as well as strategic priorities and annual objectives in the field of sustainability are approved by the ESG Committee which assists the Management Board.

6.2. Human rights due diligence implementation

This process allows the Group to identify, prevent, mitigate, and respond to potential human rights impacts related to its banking and financial activity, which could affect the processes associated to clients, employees, suppliers, and local communities, such as:

- The analysis and management process of risks associated to the financing and investment activities in a consistent manner with international reference standards. It includes the impacts that represent barriers to the use or access of financial products and services.

- The establishment of supplier ESG risk assessment that includes compliance with human rights.

6.3. Communication and engagement channels

The Group maintains an active and constant dialog with the main stakeholders: employees, customers, suppliers, shareholders and investors, and communities whose opinions are taken into account within double materiality and human rights due diligence exercises.

Working with our stakeholders is important to understand their expectations, inform them of our priorities, and identify opportunities and areas for improvement that are integrated into key processes of the bank.

Employees. There are three main listening mechanisms:

- Engagement survey:we use engagement survey as a key listening channel to understand employee sentiment and gather feedback. The process is partnered by an independent third party, with results reported in aggregated form to ensure full confidentiality and anonymity. Insights from the survey are translated into action plans, helping leaders, business, process owners and in general - whole organization - continuously improve employee experience and respond to evolving people needs.

- Whistleblowing channel: It is a confidential channel, allowing for anonymity, whose objective is that employees, can report breaches of law, internal regulations (incl. the General Code of Conduct) and ethical standards.

- Dialogue with employees’ legal representatives: on top of the above mechanisms, we believe that employees’ legal representatives play a key role as a spokesperson for our workforce. That's why we encourage and maintain permanent, fluid, and direct dialogue, engagement and negotiation with them through trade unions.

Customers. The listening process includes various elements:

- Customer satisfaction surveys for retail and corporate customers. We run regular customer experience benchmark surveys to identify our competitive positioning. We also conduct relationship surveys, which provide further insight into the benchmark results, as well as transactional surveys following customer contact. Based on the results, needs and areas for improvements and are identified and moved for appropriate management action.
- In the retail segment we also conduct service and process quality surveys in the form of mystery shopping. They help to identify the strengths and weaknesses of customer service and processes, and to implement appropriate corrective measures.
- Customer insights gathered through qualitative and quantitative research are used to inform and support decision-making processes, including product design, service improvements and strategic prioritization.

Suppliers. We communicate with suppliers through a dedicated internal IT system throughout the purchasing process, including the ESG risk assessment.

Shareholders and investors. We engage with our shareholders and investors to strengthen ties and offer a value-added proposition that sets us apart. We use surveys, events, direct contact and other channels, including digital ones, to enable close dialogue that helps this group understand the business better and communicate with senior management.

Communities. The aim of the dialogue is to understand the needs and challenges that the communities where we operate face, gathering information from various actors:

- Individuals: we use mass surveys where we collect information about the perception of our actions in the communities in which we operate. When relevant, we also use such surveys when planning new activities / actions to gather perspective and needs of those who may be impacted or simply be exposed to them.

- NGOs (non-governmental organizations): the Group engages in two-way communication with the relevant civil organizations in our markets.
- In the context of our Responsible Financing Policy, we assess the environmental and/or social risks that operations subject to this policy may have in the communities affected by our operation.

6.4. Training and skills development

The Bank promotes training on sustainability for all employees with the aim of achieving the necessary competence to carry out the responsibilities assigned to them, in alignment with the regulatory requirements.

The training has been defined around three levels of experience:

- A first transversal and common level for all employees with materials available on digital platforms and that support the principles, lines of action and key processes contained in this document.
- A second level aimed at all functions related to the sustainability agenda that includes specific programs for each business and function.
- A third level composed of specific certifications to meet the needs of each business.

7. Governance

To provide oversight on the impacts, risks and opportunities related to responsible banking and sustainability, as well as the principles, lines of action and key processes identified in this policy, the Bank relies on:

- The ESG Committee, which supports the Management Board of the Bank in fulfilling their management responsibilities with regards to sustainability and responsible business strategy.
- The ESG Forum, which supports the ESG Committee through coordinating the ongoing implementation of activities related to the development and implementation of ESG solutions in the Bank.
- The Audit and Compliance Committee which, is the governing body for monitoring and evaluating the financial and non-financial reporting process, as well as internal control systems.
- The Risk Management Committee which supports and advises the Management Board in the definition and evaluation of risk policies affecting the Group, and in determining current and future risk appetite, including proposing the necessary modifications in view of the internal or external circumstances affecting the Group, both financial and non-financial risks.

The subsidiary entities, in accordance with the principle of proportionality, have established governance bodies necessary for the management and monitoring of the issues of sustainability and ESG.

Skills and knowledge in Sustainability and ESG, will be considered a factor in the composition of governing bodies, as appropriate.

8. Ownership, interpretation, entry into force and regular review

8.1. Ownership

The development of this policy is the responsibility of the Sustainability and ESG Team in the Public Relations Department.

The policy holder is the Management Board and prior to its approval, the policy has been reviewed by the ESG Committee.

8.2. Interpretation

The interpretation of this policy is the responsibility of the Sustainability and ESG Team. It will be the responsibility of the Sustainability and ESG Team to inform the corresponding units in the Bank's Group subsidiaries of any revision or modification of this Policy for its correct adoption. This function will also be responsible for making the proper follow-up of said adoption.

8.3. Validity date and periodic review

This policy will be effective from the date of its adoption by the Management Board. Its content will be subject to periodic, yearly review, making the changes or modifications that are deemed appropriate.

This policy is published for general knowledge on the corporate intranet and the website esg.erste.pl.

Appendix I: Main conventions this policy is based on

- United Nations: Universal Declaration of Human Rights
- United Nations Global Compact
- United Nations Environment Programme Finance Initiative (UNEP FI) : Principles for Responsible Banking and Principles for Responsible Banking Commitment to Financial Health and Inclusion
- United Nations Sustainable Development Goals
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Fundamental conventions of the International Labour Organization (ILO)
- Paris Agreement
- Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088)
- European Green Deal
- The Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, which introduces European Sustainability Reporting Standards (“ESRS”).