

CORPORATE SOCIAL RESPONSIBILITY REPORT  
2020



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.

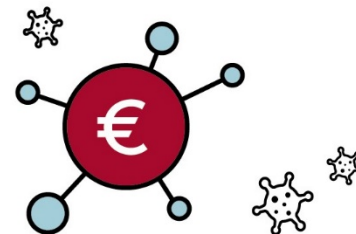
# CONTENTS

<b>4</b>	<b>HIGHLIGHTS</b>	
<b>6</b>	<b>PREFACE</b>	
<b>9</b>	<b>NOTES AND REPORT BOUNDARIES</b>	
<b>10</b>	<b>A PORTRAIT OF BAWAG GROUP</b>	
<b>13</b>	<b>CSR STRATEGY</b>	
<b>15</b>	<b>THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS</b>	
<b>18</b>	<b>SUSTAINABILITY PROGRAM</b>	
<b>21</b>	<b>ECONOMIC SUCCESS</b>	
<b>25</b>	<b>ETHICS AND INTEGRITY</b>	
<b>32</b>	<b>RESPONSIBILITY TOWARDS CUSTOMERS</b>	
<b>41</b>	<b>SUSTAINABILITY IN OUR CORE BUSINESS</b>	
<b>53</b>	<b>SOCIAL RESPONSIBILITY AND PERSONAL COMMITMENT</b>	
<b>58</b>	<b>EMPLOYEE PROMOTION AND DEVELOPMENT, DIVERSITY AND EQUAL OPPORTUNITY</b>	
<b>81</b>	<b>ENVIRONMENTAL AND CLIMATE PROTECTION</b>	
<b>86</b>	<b>APPENDIX</b>	
<b>88</b>	<b>GRI INDEX</b>	
<b>102</b>	<b>INDEPENDENT ASSURANCE REPORT</b>	
<b>105</b>	<b>UN GLOBAL COMPACT COMMUNICATION ON PROGRESS (COP)</b>	
<b>106</b>	<b>UN WOMEN'S EMPOWERMENT PROGRAM (WEP)</b>	
<b>107</b>	<b>PUBLICATION INFORMATION</b>	

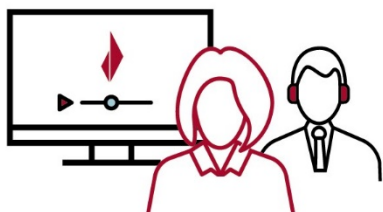
# Highlights 2020



Launch of the  
**Safe&Cool check**  
financial knowledge quiz  
for children



€ **40,000**  
for  
**crowdfunding.at**  
projects  
with a COVID-19 focus



Launch of  
**sustainability**  
self-learning programs  
for employees



**22%**

of new fund business  
went into

**funds with an**  
ESG approach

**All**  
branch  
locations  
remained  
**open**

during the COVID-19  
lockdowns

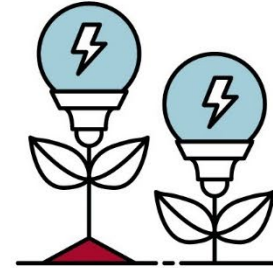


Launch of  
**responsible**  
marketing and  
sales policy

COVID-19-  
bonus payments to  
**employees**



Employee  
survey shows  
**high acceptance**  
rate for remote  
**work from  
home**



**Südwestbank**  
switched to  
**green electricity**  
at all branches



COVID-19 support for  
**SMEs** and  
**retail customers**  
via bridging loans, guarantees  
and deferrals



**Conclusion**  
of two projects with the  
European Investment Bank on  
**urban development** and  
**affordable housing**



**BAWAG P.S.K.**  
**Women's Award**  
goes to female **virologists**  
at **MedUni Vienna**



**Volunteer days**  
**extended**  
to all employees in Austria

# PREFACE



## 102-14 Dear Stakeholders,

We are living in one of the most dynamic and transformative periods of banking. These developments have been at work for some time and the COVID-19 health crisis will only accelerate this transformational change.

The last few years have been characterized by our commitment to responsible, sustainable and profitable growth. With the new challenges stemming from COVID-19, it was important for us to ensure ESG (Environmental, Social and Governance) was embedded into our strategic roadmap. This past year, we demonstrated how BAWAG Group specifically, and banks in general, can play a role in society as a responsible and reliable corporate citizen. We were able to provide critical infrastructure and economic support in the midst of a global pandemic; all while aiming to support our customers, employees and local communities. A few examples of the actions we took this past year:

- ▶ Supporting our SME and retail customers with bridging loans, payment deferrals, providing access to various government guarantee programs and providing timely financial advice
- ▶ Launching “take care calls” throughout the year as a financial health check for our customers
- ▶ Keeping our branches open throughout the year under strict COVID-19 compliance protocols
- ▶ Recognizing our team members across the Group with a special € 300 bonus in recognition for their commitment, dedication and support for our customers and local communities
- ▶ Ensuring the majority of employees in our central functions worked from home, with over 90% of employees having responded positively to a hybrid remote working model, which will be a lasting impact in a post COVID-19 world
- ▶ Staying committed to providing access to development opportunities and training programs (examples include forTalents, traineeship, LEAD and various mentoring programs) through online modules

When turning our attention to sustainability in the financial services industry, we view measures for sustainable growth as a significant opportunity. For BAWAG Group, acting sustainably means finding and maintaining the right balance between economic, ecological and social goals. The fundamental cornerstones of our sustainability strategy include human rights, the ten principles of the UN Global Compact, the seven UN Global Compact Women’s Empowerment Principles and the 17 UN Sustainable Development Goals.

### Sustainability in our core business

Our understanding of sustainability and ESG issues enables BAWAG Group to both mitigate risks and take advantage of various opportunities – be it in underwriting, asset management or managing the company’s assets. An even stronger focus on ESG topics in the coming years will support BAWAG Group’s core business and CSR strategy. Defining core competencies, being laser-focused on a handful of reliable financial products and services and continuously simplifying our operations over the years has allowed us to establish a highly efficient business with a cost-income ratio in the low 40’s generating mid-teen returns pre-COVID-19 and healthy pre-provision profits. We believe sustainable, disciplined and profitable growth is the foundation for long-term economic success. Here are a few examples of sustainability within a commercial framework:

- ▶ Implementing a mandatory review of environmental and social aspects in our product implementation process across our retail, SME and corporate products

- ▶ Greater focus and advisory around ESG-focused funds with 22% of new business in Amundi funds sold by BAWAG P.S.K./easybank having an ESG investment approach and 8% of the total investment portfolio as of December 2020
- ▶ Monitoring of customer satisfaction through touchpoint surveys in 2020 with approximately 91% of customers being “very satisfied” or “satisfied” with the quality of advice we provide
- ▶ easy green energy launching a new e-mobility product named easy laden, giving customers access to a European-wide electric charging network
- ▶ Our Corporate business partnering with the European Investment Bank for over € 50 million to co-finance the construction of affordable housing and energy efficiency upgrades through refurbishing existing buildings

### **Ethics, employee engagement and career development**

Our employees are the foundation of BAWAG Group's success. Our focus on diversity and equal opportunity is paramount to creating performance jobs. These aspects are put into practice by our Human Resources team and are focal points for the Managing Board and managers across the Group. Team members of different nationalities, ages, and ethnic/religious backgrounds from 45 countries work together at BAWAG Group. The following are just a few examples of initiatives we've rolled out:

- ▶ Raising awareness of “unconscious bias” in the recruiting process by conducting specific workshops for both our recruiters and managers
- ▶ Implementing a new recruiting platform as a fast, paperless and professional process that provides greater access and visibility for applicants across various recruitment channels
- ▶ Launching a two-part self-learning module for employees on the topic of sustainability
- ▶ Training our employees on information security and data protection with regular online self-learning modules

### **Environmental and climate protection**

We encourage our employees and our business partners to use natural resources carefully and to actively support measures to protect nature and the environment. In doing so, our goal is to minimize the negative impacts of our business activities wherever possible. Preserving the environment as the basis of life for future generations is one of the fundamental principles of our bank. Being a good and responsible corporate citizen means preserving the environment for future generations. This is one of the fundamental principles of our bank and one that we will continue to strongly advocate for in the years ahead.

### **Role as a good corporate citizen – community activities**

BAWAG Group is a partner to a large number of non-profit and charitable organizations, of which we have been the primary bank for many years. In addition, we value the personal charitable commitment of our employees, which we support through our volunteer days at the bank. In 2020, we underscored the breadth of our CSR commitment through a number of new initiatives. I would like to mention just a few that reflect our commitment to supporting the underprivileged and most in need across our local communities:

- ▶ Donating over € 100,000, of which € 50,000 was earmarked for the Austrian *Licht ins Dunkel* national fundraising initiative held over the Christmas holidays

- ▶ Donating € 10,000 to the BAWAG P.S.K. Women's Initiative earmarked for the *#wirtun* initiative of CARITAS, which supports women in challenging socio-economic circumstances
- ▶ Supporting the financing of social projects via the crowdfunding.at platform. A total of € 200,000 was raised, of which € 40,000 went to projects with a COVID-19 focus.

Additionally, over the 2020 winter break, BAWAG Group and its employees donated € 150,000 to Volkshilfe, a highly reputable Austrian NGO focused on addressing the needs of children suffering from economic hardship and at risk of falling below the poverty line. One of the things I'm most proud of at BAWAG Group is our meritocratic culture, which aims to assess all based on the merit of their work and character. However, this only works when all members of society have access to a solid education at a younger age. Therefore, we decided to support an institution that plants the seeds to give everyone (irrespective of background, race, religion or gender) an equal opportunity through the powerful force of education.

Going forward, our goal is to ensure that we live up to our corporate values by demonstrating responsibility in our decision-making and developing a positive relationship with the various stakeholders in society. By examining our business through an ESG lens, BAWAG Group aims to broaden its understanding of inherent risks while leveraging business opportunities for the benefit of our customers, employees, shareholders and other stakeholders. The Managing Board and the leadership team are committed to embedding sustainability in our daily business, and more importantly, embedding this into the strong culture of the bank. We are committed to prolonging our sustainability initiatives with a number of cross-functional working groups to provide team members with a platform for discussion on strategic priorities across the organization, thus reinforcing the positive impact of our efforts towards corporate responsibility and ensuring that we are delivering meaningful, measurable and tangible results.

I would like to thank everyone whose commitment to sustainable and responsible business practices has enabled us to put our values into practice over the years.

We hope to build on the great work of 2020 and, above all, to continue to be ethically responsible corporate citizens in the years to come.



Anas Abuzaakouk  
CEO and Chairman of the Managing Board of BAWAG Group AG



# NOTES AND REPORT BOUNDARIES

## NOTES

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. In 2020, BAWAG Group is again making use of the option provided for under Section 267a (6) of the Austrian Commercial Code (UGB) to prepare a separate consolidated non-financial report in the present form. **102-46**  
**102-48**  
**102-49**  
**102-50**  
**102-54**

The CSR Report 2020 reports in accordance with the guidelines of the Global Reporting Initiative (GRI Standards, application level “in accordance with: core” option, including industry-specific indicator sets for financial services) and was prepared in accordance with the principles of materiality, transparency and comparability.

The CSR Report is accompanied by the GRI Index (starting on page 88) and the UN Global Compact progress reports (page 105). The report is published exclusively in an online version, which can be accessed at

► <https://www.bawagroup.com/CSR>

---

## REPORT BOUNDARIES

This report describes our concepts, non-financial risks and opportunities, due diligence processes 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 2020 and follow on from the CSR Report 2019. In 2020, we are also reporting on those material topics that were defined in 2018 as results of the materiality process (see the following section).

Unless otherwise indicated, this report includes the following BAWAG Group companies and brands: BAWAG P.S.K., easybank, easyleasing, easy green energy and start:bausparkasse in Austria, Südwestbank, BFL Leasing, Health Coevo AG, start:bausparkasse in Germany and Zahnärztekasse in Switzerland. The key figures presented cover the years 2020 and 2019 for the most part, but also 2018 in a limited number of cases (environmental key figures and HR key figures). The CSR reports of recent years as well as the annual reports and publications on the BAWAG Group website can be used as supplementary sources for the CSR activities of BAWAG Group.

## A PORTRAIT OF BAWAG GROUP

**102-2** BAWAG Group is a banking group, catering mainly for retail, small business, corporate and public sector clients.

**102-5**

**102-6** We offer comprehensive savings, payment, lending, leasing, investment, building society, factoring and insurance products and services through various channels.

We are active in the developed markets of the DACH/NL-region (Germany, Austria, Switzerland, Netherlands), Western Europe and the United States.

Sustainable value creation is at the core of our activities. In 2012, we launched a wholesale transformation of the Group and rank today amongst the most profitable and efficient banks across Europe applying a multi-channel and multi-brand strategy focused on providing simple, straightforward and reliable financial products and services to our customers.

The current ownership structure is available here:

▶ <https://www.bawaggroup.com/Aktionaersstruktur>

## STRATEGY

### GROWING IN OUR CORE MARKETS



- ▶ Our foundation is Austria with focus on DACH/NL region and developed markets
- ▶ Grow profitably into current account market share entitlement in Austria and address significant market opportunity in retail products across DACH/NL region
- ▶ Organic growth drivers ... Partnerships & platforms, enhancing digital engagement and growing share of wallet of 2.3 million customers
- ▶ Inorganic growth drivers ... pursuing earnings-accretive M&A meeting our Group RoTCE targets of at least 15%

### FOCUS ON CUSTOMER CENTRICITY



- ▶ Build multi-channel and multi-brand franchise from branches-to-partners-to-platforms-to-digital products
- ▶ Physical network focused on high-touch and high-quality advisory
- ▶ Leverage technology to simplify processes and reduce complexity
- ▶ Enhance analytical capabilities to improve customer experience
- ▶ New partnerships and lending platforms to provide 24/7 customer access

### DRIVE EFFICIENCY THROUGH OPERATIONAL EXCELLENCE



- ▶ Our DNA is to focus on the things we control through “self-help” management
- ▶ Simplify, standardize, and automate product offerings across all channels
- ▶ Create simple end-to-end processes across the Bank
- ▶ Continuously optimize our processes, footprint, and technology infrastructure
- ▶ Embrace various forms of technological change and invest judiciously in technology

### MAINTAINING A SAFE AND SECURE RISK PROFILE



- ▶ Maintaining strong capital position, stable retail deposits and low risk profile
- ▶ Focus on mature, developed and sustainable markets
- ▶ Applying conservative and disciplined underwriting in markets we understand with focus on secured lending
- ▶ Maintain fortress balance sheet
- ▶ Proactively manage and mitigate non-financial risk

Committed to responsible, sustainable and profitable growth considering ESG

## AWARDS AND RANKINGS

- ▶ The international financial magazine *The Banker* presented BAWAG Group with the Best Bank of the Year in Austria award.
- ▶ BAWAG Group was named Best Retail Bank in Austria 2020 for the second time in a row by *World Finance*, a leading international financial and capital market magazine.
- ▶ For the second time in a row, BAWAG Group received the Best Banking Group Governance – DACH 2020 award from *CFI.co – Capital Finance International*, a magazine focusing on business and finance.
- ▶ BAWAG Group was named Best Bank in Austria for the fourth time in a row by *Global Finance*, a leading magazine for financial and capital market topics.
- ▶ BAWAG Group received several awards in the Branchenmonitor 2020 survey conducted by the Austrian Society for Consumer Studies (ÖGVS). In the Branch Banks category, BAWAG P.S.K. took first place in the price-performance ratio category. In addition, the TOP Customer Service and TOP Customer Satisfaction seals of approval were awarded. easybank took first place in the Online Savings Accounts category for its customer service. easyleasing was awarded the best price-performance ratio in the automobile financing banks category. The ÖGVS ranking is the largest ranking in Austria in the areas of customer satisfaction, customer service and value for money. The customer survey included more than 320,000 ratings of over 1,800 companies.
- ▶ BAWAG P.S.K. was also awarded the equalitA seal of approval, which was introduced in 2020 by the Federal Ministry for Digital and Economic Affairs, for the promotion of women within the company. The seal of approval is awarded to companies that promote women to a particular extent and support professional gender equality.
- ▶ In addition, BAWAG P.S.K. again received the silver seal for Austria in the Best Recruiters ranking. The ranking is the largest study in the DACH region on the recruitment quality of companies and institutions.
- ▶ easy green energy, a subsidiary of BAWAG P.S.K., was recognized as the best bidder in the VKI Energiekosten-Stopp energy cost reduction campaign for the fourth time. For the second time in a row, the company took first place in all three categories (green electricity, ecolabel electricity and gas).
- ▶ For the tenth time in a row, the Recommender Award of the Austrian Financial Marketing Association confirmed that easybank customers are the most satisfied customers of all direct, specialized, and private banks in Austria and show the highest willingness to recommend the bank to others. Furthermore, the seal of approval for excellent customer orientation was awarded for the tenth time.
- ▶ In the ServiceValue ranking, easybank's top position as the best direct bank in Austria was again confirmed in 2020. easybank customers awarded the highest service experience score. In addition, easybank took an excellent second place in the overall ranking of the 408 companies and 43 industries surveyed.
- ▶ In two studies by the renowned German business magazine *Capital*, the online asset manager Savity, in which BAWAG P.S.K. has held a 49% stake since 2019, was awarded top marks. Savity's offering was awarded four of a possible five stars in the ranking of 34 robo advisory providers in the DACH region. In another study, the sustainability offerings of robo-advisors was examined, and Savity Green received the highest rating.

# CSR STRATEGY

## CSR ORGANIZATION

During the reporting period, the topic of CSR was driven forward in BAWAG Group under the responsibility of the Non-Financial Risk & ESG Committee, which was established at the Managing Board level in Q4 2019, meets quarterly and reports progress at the Managing Board level. This committee is chaired by the Chief Risk Officer.

**102-20**  
**102-46**

In addition, five ESG Officers were appointed and have voting rights in the committee. Throughout 2020, they further developed sustainability topics that are aligned with our material topics and which have been divided into workstreams. The workstreams were expanded compared to 2019 and include the following topics:

<b>Products and clients</b>	<b>Suppliers and procurement</b>	<b>Risk management</b>	<b>Employees and training</b>
Sustainability in our core business, including further development of the sustainable product portfolio	Measures regarding procurement processes and facility management	Evaluations on the implementation of ESG criteria in investment strategies and risk analysis	Corporate values and measures to increase employee satisfaction
<b>Reporting and data</b>	<b>Governance</b>	<b>Social engagement</b>	
Further development of sustainability indicators and reporting	Internal company processes and guidelines	Sponsoring projects and volunteering	

The four workstreams from 2019 were partially completed. In workstream 1, the integration of the subsidiaries in Germany and Switzerland into the CSR reporting process was successfully completed. The data quality was partially improved and the topic was further pursued for the CSR Report 2020 by the Reporting & Data ESG office. Two workstreams were transferred to new ESG office responsibilities as part of the sustainability roadmap (workstream 2 from 2019 “Further development of sustainable products in our core business and implementation of ESG criteria in the product implementation process” in the products and clients workstream from 2020; workstream 3 “Evaluation of the implementation of ESG criteria in the investment strategy and risk analysis” from 2019 in the risk management workstream from 2020). The increase in employee engagement in the area of volunteering from workstream 4 could only be partially achieved due to COVID-19 (see the Social responsibility and personal commitment section). Various internal articles on the topic of sustainability were published for employees.

## KEY AREAS OF ACTION

In 2018, around 300 internal and external stakeholders of BAWAG Group were surveyed on the topic of corporate social responsibility in BAWAG Group. The results provided a clear picture of which sustainability topics are important to our stakeholders and should be given increased attention. An internal workshop of the CSR Committee, which was replaced by the CSR organization described above in Q4 2019, then served to present the survey results and define the key areas of action for BAWAG Group. The results of the materiality process were also the basis of the key areas of action that were increasingly pursued in the Group in 2020 and that are covered in this report. Further details can be found on page 9 of the CSR Report 2018.

**102-43**  
**102-44**

Accordingly, the seven key areas of action with their respective impacts, which are closely linked to the UN SDGs, the principles and goals of the UN Global Compact and the principles of the UN Global Compact Women’s Empowerment Program, as well as human rights, form the foundation of the BAWAG Group CSR strategy and the measures derived from it in the sustainability program (page 18).

## CSR MISSION STATEMENT

BAWAG Group’s CSR mission statement is based on the Group’s CSR strategy, which is built on the seven fields of action. This results in the measures of the sustainability program (page 18). A summary presentation of the individual fields of action with a risk and impact analysis as well as the Sustainable Development Goals (SDGs), the principles and goals of the UN Global Compact, the principles of the UN Global Compact Women’s Empowerment Program, the guidelines of the Global Reporting Initiative (GRI Standards) and the concerns according to NaDiVeG can be found in the respective sections of the key areas of action.

In addition, GRI codes, SDG, COP and WFP references have been included in this report alongside the text content to provide better orientation on the various topics.

102-47	Areas of action	What it means for BAWAG Group
	Economic success	... to pursue our simple and transparent business model, which is focused on low risk, efficiency and regionally on Austria, Germany and developed markets.
		... to contribute to the success of our stakeholders by consistently implementing our strategy and driving strategic initiatives.
	Ethics and integrity	... to act in accordance with the ethical values of our code of conduct, the ten principles of the UN Global Compact and the seven principles of the UN Global Compact Women’s Empowerment Program.
		... to be guided by the 17 Sustainable Development Goals of the UN Global Compact as a target framework for sustainable action.
		... to ensure that all employees act ethically and with integrity through appropriate policies and guidelines.
		... to give special priority to the topics of fighting corruption and ensuring data protection in compliance management.
	Responsibility towards customers	... 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 sales channels.
		... to manage successful and long-term business relationships with satisfied customers across all sales channels and platforms.
	Sustainability in our core business	... to promote the development of sustainable business areas and provide a diverse range of products and services geared to ecological, economic and social requirements.
		... to be a reliable partner for companies and the regional economy and to assume ecological and social responsibility.
		... to support products and services with a sustainable focus and financing of projects with added value for the regional economy.
	Social responsibility and personal commitment	... to promote civic engagement and the social commitment of employees.
	Employee promotion and development, diversity and equal opportunity	... 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 put equal opportunity and diversity into practice in the company.
	Environmental and climate protection	... to minimize the direct impact on the environment in everyday work and the indirect impacts through products and services, thus ensuring an environment worth living in for future generations.

# THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda contains 17 Sustainable Development Goals (SDGs), which encompass social, environmental and economic aspects and are in turn divided into 169 sub-goals. BAWAG Group's contribution to nine SDGs is listed below. Based on existing CSR measures and their contribution to individual SDGs, the goals were evaluated by the CSR team and the selection below was made.



Our seven key areas of action (based on our materiality analysis) are closely related to the Sustainable Development Goals (SDGs), the foundation of the BAWAG Group CSR strategy and the measures derived from it in the sustainability program. We are committed to the 2030 Agenda and sustainable business for an intact future.

BAWAG Group's business activities and its contribution to achieving the SDGs also give rise to potential areas of conflict and risks. These are presented in the risk analyses of the material topics in this report.



## **SDG 1: No poverty (key areas of action: sustainability in our core business; responsibility towards customers)**

- ▶ As a bank, we provide access to financial services for different groups in society. Through simple and user-friendly banking products, we support the long-term accumulation of assets and retirement planning. As women tend to set aside less money during their working years and are more likely to be affected by poverty in old age, we are communicating more strongly in this area.
- ▶ As they are important economic drivers and employers in the DACH region, we provide SMEs with access to banking and financing products. In this way, we indirectly contribute to strengthening business locations.
- ▶ We contribute to financial inclusion through the accessibility of our branch locations and our range of banking products and services for disadvantaged groups of people. In addition to the consumer payment account, which is mandatory in the EU, the New Chance Account is an example of our product offerings that promote a financially independent life.
- ▶ As a partner of numerous NGOs, we support their actions and measures and offer preferential fees for donation payments.



## **SDG 4: Quality education (key areas of action: employee promotion and development, diversity and equal opportunity; social responsibility and personal commitment)**

- ▶ Education helps people make self-determined decisions, handle money responsibly and participate in technological change. In sponsorship agreements, we focus on projects to expand financial education and digitalization skills and develop educational offerings ourselves (including the Safe&Cool check).
- ▶ We provide care and education for preschool children at our company daycare center in Vienna, thus contributing to a better work-life balance for our employees.
- ▶ In continuing education programs, we are committed to ensuring an equal number of male and female participants (BAWAG P.S.K. Women's Advancement Plan), thus enabling an inclusive, equal and high-quality continuing education system within the bank.



**SDG 5: Gender equality (key areas of action: employee promotion and development, diversity and equal opportunity)**

- ▶ Female and male employees have equal access to initiatives to promote work-life balance (e.g. part-time work models [including for managers], flexible work location arrangements, and information events).
- ▶ As an employer, we implement support programs to make the male-dominated financial sector attractive to women. The Women's Advancement Plan, as a binding framework for promoting equal opportunity in the company, is designed to raise awareness, enable equal career opportunities, achieve financial equality, and enable a better work-life balance for parents.
- ▶ The BAWAG P.S.K. Women's Award puts the spotlight on projects spearheaded by women.
- ▶ We raise awareness among women about financial education, private pension provision, the pension gap and poverty in old age through information campaigns.



**SDG 7: Affordable and clean energy (key areas of action: sustainability in our core business; environmental and climate protection)**

- ▶ We are increasing the share of renewable energy in the global energy mix on the one hand through the environmentally friendly offerings of our subsidiary easy green energy, an Austrian electricity and gas supplier. On the other hand, we are focusing on energy from renewable sources at all our sites in the long term.



**SDG 8: Decent work and economic growth (key areas of action: sustainability in our core business; environmental and climate protection; economic success; responsibility towards customers)**

- ▶ We promote innovative entrepreneurship by providing access to banking and financing products for business customers and are a reliable partner even in economically difficult times. During the COVID-19 crisis, BAWAG Group supported SME customers with bridging loans, deferrals and guarantees.
- ▶ We strategically focus on countries with stable legal systems. We are committed to fair and humane working conditions in our business relationships. Respect for fundamental rights and for employee health and safety are prerequisites for starting a business relationship with us (supplier code of conduct).



**SDG 9: Industry, innovation and infrastructure (key area of action: sustainability in our core business)**

- ▶ We finance the implementation and modernization of projects that serve, among other things, to expand and improve infrastructure services in rural regions. These include projects in the fields of education, health, water supply and public transport.





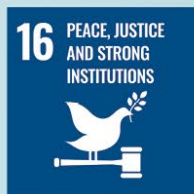
**SDG 12: Sustainable consumption and production (key area of action: sustainability in our core business)**

- ▶ We promote sustainable consumption choices through financing products for energy-efficient construction and refurbishment (KlimaBonus Wohnen) as well as consumption (KlimaBonus Haushalt). We are thus contributing to the ten-year framework for programs for sustainable consumption and production behavior.



**SDG 13: Climate protection measures (key areas of action: sustainability in our core business; environmental and climate protection)**

- ▶ We drive environmental and climate protection at the Group level and raise awareness of the impact of climate change among various stakeholder groups: customers when advising them on sustainable investment opportunities or energy-efficient construction projects; employees when integrating resource-saving initiatives into their day-to-day work (paperless branch); suppliers by requiring them to commit to environmental protection (supplier code of conduct).



**SDG 16: Peace, justice and strong institutions (key areas of action: ethics and integrity; environmental and climate protection).**

- ▶ Clear guidelines and processes are designed to prevent white-collar crime as well as market abuse and corrupt behavior in BAWAG Group. Strict controls and processes are designed to prevent illegal financial flows.
- ▶ The work of a Chief Information Security Office and information campaigns for our customers are intended to help combat organized crime on the Internet.
- ▶ We set an example against corruption and bribery in our business relationships (supplier code of conduct). No actions by business partners are tolerated that could unlawfully influence the decisions of any government representatives, public bodies or authorities.

# SUSTAINABILITY PROGRAM

The entry into force of the EU Disclosure Regulation in 2021/2022 is associated with various additional disclosure and information obligations regarding the handling of sustainability risks. The implementation of these obligations is currently being addressed by a Group-wide project team. Individual measures can be assigned to multiple key areas of action and are not listed in the following sustainability program for the sake of clarity.

## Area of action 1: CSR strategy

Goal: <b>Strengthening the CSR activities and CSR awareness</b>	Current status
Improvement in sustainability rating agency rankings	
Redefinition of the internal CSR organization and broadening of CSR responsibilities within the Group	
Evaluation of the existing materiality analysis with BAWAG Group subsidiaries in Germany and Switzerland	







## Area of action 2: Ethics and integrity (SDG 16)

Goal: <b>Ensuring compliance with all guidelines and policies</b>	
Expansion of the training program for employees on the subject of information security	
Launch of revised, mandatory anti-corruption self-learning program for employees	
Conducting annual risk analyses and audits and, based on these, defining Group-wide control priorities	
Integration of the assessment of potential sustainability risks into the annual risk control self-assessment process for divisions and subsidiaries	
Extension of the whistleblowing tool to German subsidiaries	
Establishment of a clear governance to address climate risks, to address supervisory expectations and regulations	

## Area of action 3: Responsibility towards customers (SDG 1, 8)

Goal: <b>Appropriate products and services for every life circumstance and every stage of life</b>	
Evaluation and implementation of measures to simplify processes for investment products	
Process evaluations and screenings to support our customers in the shift to digital and the use of digital services	

**Area of action 4: Sustainability in our core business (SDG 1, 7, 8, 9, 12, 13)****Goal: Being a reliable financial partner for retail and commercial customers and for the regional economy**

Expansion of the sustainable offerings in BAWAG P.S.K.'s residential and consumer lending business	
Continuation of the New Chance account for the financial inclusion of disadvantaged population groups	
Expansion of the range of ESG-related products	
Introducing of ESG-related lending criteria and/or exclusion criteria for specific industries	
Issuance of a green bond (subject to market conditions)	
Expansion of the range of paperless, purely digital product application processes for retail and corporate customers	

**Area of action 5: Social responsibility and personal commitment (SDG 4)****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 and social groups	
Expanding awareness of volunteering among BAWAG Group employees	
Extension of volunteer days to all BAWAG Group employees in Austria	
Support for financing of regional social projects on crowdfunding.at	
Development and publication of a Group-wide sponsoring policy	

**Area of action 6: Employee promotion and development, diversity and equal opportunity (SDG 4, 5)**

**Goal: Appreciation and advancement of employees**

Increase in the proportion of women in management positions through implementation of the Women's Advancement Plan	...
Simplification of application processes through the use of innovative recruiting technologies	✓
Expansion of employee offerings for individualized learning through new online platforms	✓
Extension of the MbO process to employees of Südwestbank	Not implemented
Revision of and process improvements in the MbO system	→
Harmonization of employee benefits for all subsidiaries	→

**Area of action 7: Environmental and climate protection (SDG 1, 7, 8, 13, 16)**

**Goal: Reducing our environmental impact so as not to endanger the basis of life for future generations**

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)	✓
Acquisition of an electric car for internal logistics	✓
Switch to green energy suppliers at all BAWAG Group locations	...
Digitalization measures to reduce paper use	...
Continuation of the replacement of existing IT equipment with equipment with energy efficiency certification	...
Reduction of Scope 1 and Scope 2 CO <sub>2</sub> emissions	...

 **In implementation/planning**
 **Implemented**
 **Ongoing**

**Business success  
helps us all move  
forward**

**and continuing to  
pull in the same  
direction will  
ensure success  
for all of us.**

## ECONOMIC SUCCESS

### **Significance for BAWAG Group**

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.

**103-1**

**103-2**

**103-3**

### **Opportunities**

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.

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.

### **Risks**

A lack of economic success can jeopardize our business activities, lead to a loss of confidence among relevant stakeholders, cause a declining share price and customer base, lead to employee layoffs due to increasingly limited room for maneuver, and deplete capital reserves. If economic success fails to materialize in the long term, the company's room for maneuver would become ever smaller, with potential direct negative effects on various stakeholders.

### **Due diligence processes and (ongoing) measures**

Economic success requires responsible, qualified and transparent management and control geared to long-term value enhancement.

The Accounting & Participations and Financial Planning & Analysis units perform key tasks in this area.

Established processes in Accounting & Participations 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, CM scheme, 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). FP&A also includes regulatory reporting, which is responsible for preparing and implementing 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 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.

**Area of action 1: Economic success**

Significant effects	...creation of value for stakeholders: shareholders (dividends), employees (remuneration in line with market conditions), suppliers and business partners, customers, public sector (taxes and duties) ...indirect economic effects: stability of the financial sector, functioning economy, jobs, prosperity, distribution effect etc.
Potential risks for BAWAG Group	Economic risk
Approach/significance for BAWAG Group	...follow our simple and transparent business model, which is focused on low risk, efficiency and regionally on Austria, Germany and developed markets ...contribute to the success of our stakeholders by consistently implementing our strategy and driving strategic initiatives
Due diligence processes (ongoing measures) and review	Controlling, auditing
SDGs	SDG 1, SDG 8, SDG 9
UN Global Compact	No reference
UN Global Compact Women’s Empowerment Program	No reference
GRI	201-1, 201-4, 202-2
NaDiVeG reference	No reference



**COVID-19**

The severe impact of the COVID-19 pandemic resulted in depressed economic activity and in a heavy toll on society.

Our focus in 2020 was, first and foremost, supporting our customers, local communities and team members.

Confronted with the COVID-19 pandemic, the merits of our strategy were highlighted. Focusing on stable and mature developed markets, where fiscally conservative governments used their financial strength to support their economies through massive fiscal stimulus programs to mitigate the negative economic impacts of the pandemic, reflected the inherent security and low volatility of our core markets in the DACH/NL-region.

There has been an intensive internal exchange between management and all specialist departments, as well as a structured exchange on EU level, so that all measures relevant to COVID-19 are observed and implemented at national and international level in the best possible way and were subject to ongoing review. These included, for example, ECB calls, calls relating to the review of securities portfolios, loan collateral and payment deferrals, and the review of the retail portfolio.

## LATEST RESULTS

The year 2020 was solid for BAWAG Group. BAWAG Group reported a net profit of € 284 million and a RoTCE of 10.2%. The underlying operating performance of our business remained solid during 2020 with pre-provision profits of € 653 million and a cost-income ratio of 44%. Core operating income advanced by 1% to € 1,171 million despite the effects of the lockdowns and the resulting changed conditions. Our solid operating performance in the significantly challenged macroeconomic environment in 2020 was a true testament to the resilience of BAWAG Group's franchise and strategic focus.

**Table: Group key figures at a glance**

in € million	2020	2019	2018
Core operating income	1,171.1	1,162.5	1,123.3
Net income before taxes	369.9	604.3	572.7
Net profit	284.2	459.1	436.5
Return on common equity	8.5%	13.5%	12.7%
Return on tangible common equity	10.2%	16.1%	14.8%
Cost-income ratio	44.3%	42.7%	44.2%
Risk costs/interest-bearing assets	0.56%	0.18%	0.12%
Balance sheet total	53,128	45,662	44,698
Customer loans	32,004	30,467	30,482
Customer deposits and own issues	38,890	35,827	34,620
Equity (excluding AT1 capital and accrued dividends)	3,423	3,297	3,491
Risk-weighted assets	20,072	20,385	20,465
Common Equity Tier 1 capital ratio (fully loaded)	14.0%	13.3%	14.5%
NPL ratio	1.5%	1.7%	1.7%
NPE ratio	1.6%	2.0%	1.9%

**201-1 Table: Direct economic value generated and distributed**

in € million	2020
<b>Direct economic value generated</b>	
Interest Income	1,113.7
Dividend Income	2.8
Fee and commission income	329.1
Gains and losses on financial assets and liabilities	-28.9
Other operating income	127.7
Share of the profit or loss of associates accounted for using the equity method	1.1
Total direct economic value generated	1,545.5
<b>Economic value distributed</b>	
Operating Costs	677.7
Fee and commission expenses	74.3
Other operating expenses	152.5
Operating expenses excl. Employee excl. Community investment	226.3
Risk costs	224.6
Employees wages and benefits	297.4
Staff costs	297.4
Payments to providers of capital	215.2
Interest expense	200.2
AR1 coupon	15
Dividends	0
Payments to government by country	35
Income taxes paid	35
Community investments	0.3
Total economic value distributed	1,225.6
<b>Economic value retained</b>	<b>319.9</b>

## RATINGS

Moody's Investors Service confirmed the ratings for BAWAG P.S.K. in July 2020. The long-term senior unsecured debt rating as well as the issuer and deposit ratings of the bank remain at A2, the standalone rating (baseline credit assessment) at Baa1 and the rating for subordinated debt at Baa2. BAWAG Group AG's additional Tier 1 capital is rated Ba1.

BAWAG Group/BAWAG P.S.K. also participated in the sustainability rating processes of European and international agencies in 2020, including the ISS-oekom Corporate Rating, the VÖNIX Sustainability Index, the Sustainalitics ESG Rating and the MSCI ESG Rating. In the latter rating, BAWAG Group was able to improve from BB to BBB within one year thanks to transparent reporting.

In 2020, one focus of analysis was on the aforementioned ratings. In order to proactively meet the comprehensive information requirements of the rating agencies in the future and also outside the reporting year, an ESG landing page was set up on [bawaggroup.com](http://bawaggroup.com). Documents and updates on the sustainability commitment and other relevant topics (e.g. information security and data protection) are published there on an ongoing basis.



**If we continue to  
base our actions  
on solid values**

**our actions will  
continue to  
create real value.**

## ETHICS AND INTEGRITY

### Significance for BAWAG Group

BAWAG Group's corporate culture is based on respect and teamwork, customer focus and reputation, and integrity and compliance.

BAWAG Group strives for integrity by internalizing legal and Group regulations. Requirements should not only be known, but also adhered to in every situation.

Compliance with laws and binding regulations that apply to every employee and all bodies, and a commitment to principles that go beyond them, are important to us.

**103-1**  
**103-2**  
**103-3**  
**SDG 16**

### Opportunities

By creating strict standards for our business processes, we provide each employee with clear guidelines for acting in accordance with the law in their daily work and thus also reduce their private liability risk. By managing our business with integrity, we are perceived as a responsible and reliable company and partner by our stakeholders and aim to create a climate of trust. This is the basis for long-term business relationships and can thus also have a positive impact on our corporate success.

### Risks

Non-compliance with laws, internal guidelines or requirements may result in a sustained loss of confidence on the part of customers and other stakeholder groups, as well as reputational damage, corruption and liability risks for BAWAG Group.

### Due diligence processes and (ongoing) measures

Special attention is paid in BAWAG Group to regular and comprehensive training in and communication of legal requirements and internal guidelines. This is intended to ensure that employees are provided with the relevant information on guidelines and obligations so that they can act with integrity in their daily work. The internal training program is continuously being expanded and improved in this regard.

Internal control systems are used to verify compliance with legal requirements and internal guidelines. These also include technical testing mechanisms and approval processes. In addition, risk analyses and audits are carried out annually to ensure that legal requirements, policies and processes are properly complied with.

**Area of action 2: Ethics and integrity**

Significant effects	<p>...creating a positive environment for legally compliant behavior, inside and outside the company</p> <p>...strengthening trust among stakeholder groups (customers, employees, business partners, investors)</p> <p>...increasing self-responsibility among employees and business partners</p> <p>...indirect economic effects: prevention of corruption, fair competition, stability of the financial sector, functioning economy etc.</p>
Potential risks for BAWAG Group	Reputational risk, corruption risk, liability risk
Approach/significance for BAWAG Group	<p>...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 Women’s Empowerment Program.</p> <p>...act in line with the 17 SDGs of the UN Global Compact as a target framework for sustainable action</p> <p>...ensure the basis for ethical behavior of all employees through appropriate policies and guidelines</p> <p>...give special priority to the topics of anti-corruption and data protection in compliance management</p>
Due diligence processes (ongoing measures) and review	Employee training on legal regulations and standards, control systems, risk analyses, audits, compliance and data protection organization, whistleblower hotline, data protection and corruption incidents
SDGs	SDG 8, SDG 16
UN Global Compact	Principles 1, 2, 10
UN Global Compact Women’s Empowerment Program	No reference
GRI	205-1, 205-2, 205-3, 206-1, 415-1, 418-1, 419-1
NaDiVeG reference	Respect for human rights, combating corruption and bribery



**COVID-19**

All BAWAG Group companies have worked closely with government authorities and institutions from the very beginning of the health crisis and have fully complied with all laws, regulations and recommendations to protect customers and employees.

In the wake of the COVID-19 pandemic and the associated need for many employees to work remotely from home, the rules of conduct in the acceptable use policy (such as the use of company laptops for personal purposes and the requirements for using private devices to access the company network) were specially revised and communicated.

In March and April 2020, typical phishing attacks decreased, but increased again rapidly after the end of the first lock-down. Warnings were issued of increasing attacks, especially including potential COVID-19 pandemic-related attacks, both on the intranet and on the website, as well as in the e-banking applications.

## RISK CULTURE AND COMPLIANCE

Effective compliance and risk management is a crucial aspect of a bank's success. In addition to the conventional risk types, 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.

**102-11**  
**102-16**

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.

All risk and compliance units in BAWAG Group report to the Chief Risk Officer. The separation between risk origination and risk management functions is strictly adhered to. The full Managing Board is informed proactively and on a monthly basis about the overall risk situation. Non-financial risks are discussed in the NFR & 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.

### 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). As part of the RCSAs, all divisions and subsidiaries assess their specifications and processes according to defined criteria. In operational risk, different subcategories such as violation of health and safety regulations, discrimination, violation of guidelines and violation of privacy are identified and addressed. The divisions and subsidiaries must identify and assess their respective risk, as well as the effectiveness of controls and measures.

In 2020, the focus of the additional questions in the RCSAs was on corporate social responsibility. In this context, the respective CSR responsibilities, the implementation of CSR topics in the individual processes and planned measures on this topic were determined in all areas of BAWAG P.S.K. and in the subsidiaries. The results were then evaluated on an individual basis and reported to the entire Managing Board as part of the RCSA process.

After sustainability topics were the focus of the RCSA process in 2020, the assessment of potential sustainability risks will be integrated as a topic in this process on a permanent basis starting in 2021 (see the sustainability program).

### Code of conduct

BAWAG Group's code of conduct is intended to provide all employees, as well as third parties and customers of BAWAG Group, with an understanding of banking ethics and is an important set of rules that represents the values that we in BAWAG Group consider to be worth protecting at all costs: respect, trust, responsibility and our good reputation.

**COP 1**  
**COP 2**  
**COP 6**

It is important that employees internalize these rules and values, which is why all employees in Austria must complete Compliance and Conduct training every two years. The courses must be completed on an ongoing basis (generally every two years, but also annually for particularly relevant areas such as sales starting in 2021). The last round of training was in 2019, but every new employee in Austria must complete it and subsequently refresh this knowledge every two years. 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 the Managing Board and the Supervisory Board.

Our code of conduct is regularly reviewed to determine any need for revision and is published on the BAWAG Group website and intranet in German and English.

### **Know your customer (KYC)**

BAWAG Group takes measures to prevent money laundering and other illicit activities (including terrorist financing, tax fraud and other illegal activities). In doing so, we support international and national authorities in combating such crimes. BAWAG Group has clear guidelines for its employees (AML/TF – anti money laundering/terrorism financing – and sanctions manual and the anti-fraud policy) and provides training in the form of a self-learning program with a quiz. Training must be completed at the beginning of employment by every employee regardless of position or area. Follow-up training is provided at least every 18 months and is also mandatory.

### **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. BAWAG Group attaches great importance to employee training. The mandatory Compliance and Conduct self-learning program also covers this topic. Adherence to the guideline is reviewed in so-called compliance audits in accordance with an annual plan. This also includes audits at selected subsidiaries of BAWAG Group.

### **Anti-corruption**

**205-2** BAWAG Group does not tolerate financial crime. 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.  
**SDG 16**  
**COP 10**

BAWAG Group's anti-corruption policy regulates the acceptance and giving of gifts and complies with applicable legal requirements. This is available on the BAWAG P.S.K. intranet in addition to a succinct guide that summarizes the key obligations of employees, including in the context of fighting corruption, in an easy-to-understand manner. 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. Compliance with the policy is monitored as part of the aforementioned compliance audits. In addition, all employees are required to complete up-to-date training programs on a regular basis, such as the Compliance and Conduct self-learning program in 2019. This program included all aspects of the Group-wide anti-corruption policy that was updated in 2019, such as relevant legal definitions and provisions on what is considered acceptable behavior, particularly in connection with accepting or awarding benefits and dealing with public officials in accordance with the law.

The Compliance and Conduct SLP, which is mandatory for employees in Austria, also covers anti-corruption topics.

### **Subsidiaries in Germany and Switzerland:**

- ▶ At SWB, the web-based fraud prevention training course was completed by 62 employees in 2020. The topic of corruption is also covered in this training. In the future, the program will be mandatory every two years. An anti-corruption

guideline (similar to that of BAWAG P.S.K.) is being planned. The fraud prevention manual is available to all Südwestbank employees on the information portal. The manual contains basic statements on “other criminal acts,” which includes corruption. In addition, a gift acceptance guideline is included.

- ▶ 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 Deutschland, 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.
- ▶ The BAWAG Group anti-corruption and gift policy were adopted from ZAK, which was integrated in 2019.

No cases of corruption were reported in BAWAG Group in 2020.

**205-3**

We also observe anti-corruption regulations that are anchored in the supplier code of conduct in our business relationships with suppliers.

### **Data protection and information security**

**SDG 16**

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. In 2020, 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 P.S.K. 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 P.S.K. 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.

BAWAG Group has always been committed to high data protection standards, as demonstrated by the timely implementation of the General Data Protection Regulation and the Austrian Data Protection Act. The Group Data Protection Officer advises the relevant stakeholders within BAWAG Group. The Data Protection department is integrated into the Non-Financial Risk & Regulatory Compliance unit and reports to the Chief Risk Officer as required. In addition, data protection and information security topics are dealt with in the NFR & ESG Committee as required.

A comprehensive data privacy policy applies to all employees. A mandatory self-learning program has been introduced for training purposes and is updated on an ongoing basis. The self-learning program must be completed by all employees in Austria every two years. In 2020, around 95% successfully completed it. In addition, contact persons in the Group help to raise awareness of the need to treat the personal data of our customers and employees confidentially.

BAWAG Group is required to comply with the rights of its customers and employees to information and access to their data as well as to rectification, erasure, 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 the company guidelines and enter into agreements on processing and confidentiality.

Data privacy violations are reported to the data protection authority in accordance with the General Data Protection Regulation. An online inquiry form for customers and detailed information relating to data processing are available on the websites of the Group companies. The data subjects are notified in good time in the event of changes to the policies or data privacy violations.

Topics relating to ICT and data privacy risks are regularly discussed in the Managing Board's Non-Financial Risk & ESG Committee.

In 2020, BAWAG Group's focus was on the further implementation and establishment of a Group-wide data protection and information security compliance program.

Web-based training on data privacy is held regularly at SWB. In 2020, the training was completed by 28 employees. Currently, all employees are required to complete the training every two years. The intranet has been used repeatedly to raise awareness of the issue of data privacy, especially in connection with remote working at home. SWB has had an external data protection officer for several years.

A new data protection officer was appointed at BFL Leasing in 2020.

At start:bausparkasse Deutschland, the mandatory annual data protection training, initiated by the data protection officer, took place. The next training will take place in the form of a self-learning program after the training on money laundering has been completed.

ZAK introduced stricter data protection guidelines in dentist's offices regarding medical confidentiality and data protection for patients.

### Whistleblowing

Open dialog between managers and employees is very important to us. Employees can report information about suspicious circumstances to their supervisors at any time. If they wish, employees can also submit such reports anonymously and confidentially via the whistleblowing system, because well-founded tips help us to improve as a company and as a team.

The whistleblowing policy 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. The whistleblowing process is part of the Compliance and Conduct self-learning program.

Detailed information on the process can be found in the Group-wide whistleblowing policy, which is readily available to employees in German and English. All whistleblower reports are handled in accordance with the specified matrix, documented in detail and reported anonymously to management.

---

## CORPORATE GOVERNANCE

The Code of Corporate Governance pursues the goal of responsible management and control of companies and groups with a focus on sustainable and long-term value creation. BAWAG Group has undertaken to comply with the Austrian Code of Corporate Governance. The consolidated corporate governance report is integrated into BAWAG Group's annual report each year. Further information on the topic of governance can be found at the following link:

- ▶ <https://www.bawaggroup.com/BAWAGGROUP/IR/DE/CorporateGovernance/>

# RESPONSIBILITY TOWARDS CUSTOMERS

If we do every-  
thing to help our  
customers move  
forward

we will move  
forward towards  
success together.

## Significance for BAWAG Group

- 103-1** 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
- 103-2** needs of our customers are given top priority. Their behavior and needs are in a constant state of flux, due in part to the
- 103-3** 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.

## Opportunities

Measures to maximize alignment with customer needs and seamless interaction with customers across all sales channels strengthen customer trust and loyalty and create satisfied customers who become repeat buyers, intensive product and service users and referrers. This can lead to an increased customer base and market share.

## Risks

A decline in product quality due to a lack of customer focus could impair the competitiveness of our offerings. This, in turn, could lead to reputational damage, a loss of confidence among customers, and subsequently to a loss of business for BAWAG Group.

Insufficient access to banking services would have various consequences for our customers. The effects range from limited ability to conduct financial transactions to fewer opportunities to use banking products and services. This would, for example, leave customers with fewer places to turn to in order to finance business startups or construction projects, as well as to build up long-term wealth through investment.

The negative impact would also be particularly strong on persons with special needs. A lack of services for the visually impaired or people with limited mobility would severely restrict their access to an active financial life.

## Due diligence processes and (ongoing) measures

Various processes ensure that opportunities for improvement are identified and that responsible action is taken in the interests of our customers. For example, the collection and analysis of customers' feedback by the Customer Experience department and the regular communication of the resulting key figures to decision-makers ensure that customer satisfaction has top priority.



The product implementation process (PIP) is designed to ensure that products are developed in accordance with regulatory requirements, customer needs, our retail strategy, and social, environmental and binding corporate guidelines (such as the code of conduct). The assessment and coordination processes within the PIP ensure that potential risks arising from product launches and the development of new business areas are identified.

Various processes and guidelines in sales ensure that affordability (e.g. in the case of financing), individual investment horizons and personal risk/return profiles (e.g. in the case of investments) are examined in detail and documented before products are concluded. This is also verified by internal control systems. Violations are punished by revocation of authorization, among other things.

A structured complaints process ensures that complaints are recorded, dealt with professionally and, if necessary, process changes and improvements are made.

Regular training and feedback processes as well as controls, especially in sales, ensure that responsible actions in the interests of our customers and in accordance with our values are continuously communicated and passed on to our employees.

**Area of action 3: Responsibility towards customers**

Significant effects	<ul style="list-style-type: none"> <li>...better information and higher competence among customers (e.g. on product risks)</li> <li>...increasing transparency and security for customers</li> <li>...increasing the understanding of and competence in financial products (for example relating to risks)</li> <li>...better understanding of the customers' concerns and wishes (know your customer)</li> <li>...building greater trust among customers</li> <li>...larger customer base increases economic success and indirect economic effects (see area of action above)</li> </ul>
Potential risks for BAWAG Group	Loss of trust and customers, loss of market share, economic and financial risk
Approach/significance for BAWAG Group	<ul style="list-style-type: none"> <li>...enable customers to conduct their banking transactions according to their individual wishes, whenever and wherever they want, via digital and physical sales channels</li> <li>...lead successful and long-term business relationships with satisfied customers across all sales channels and platforms</li> </ul>
Due diligence processes (ongoing measures) and review	Customers' feedback, customer surveys, market shares, customer base, product implementation process, control systems, complaints process, training and feedback offered for sales staff
SDGs	SDG 1
UN Global Compact	Principles 1, 8
UN Global Compact Women's Empowerment Program	No reference
GRI	417-1, 417-2, 417-3, FS 1, FS 2, FS 11, FS 13, FS 14
NaDiVeG reference	No reference



**COVID-19**

As a bank, we were called upon in 2020 in a number of ways to support the real economy, stay in touch with our customers and ensure their liquidity, and keep our branches operating regularly and safely in the face of the COVID-19 crisis.

All branches in Austria and Germany remained open under strict hygiene regulations and safety precautions during the two lockdowns. To protect our employees and customers, face masks were distributed, Plexiglas screens were installed at the counters and in the consultation rooms, disinfectants were made available, and the intensity of cleaning was increased. The work of the mobile retail sales force was severely hampered by the contact restrictions, and home visits to customers were not possible for much of the time. Risk groups in particular were also advised not to visit the branches for their own protection and to use alternative services such as digital banking or telephone banking (for further information, please refer to the Sustainability in our core business section).

Broad-based communication campaigns were launched for customers and employees throughout BAWAG Group and across all subsidiaries and brands. This included BAWAG P.S.K.'s Stay safe! communication campaign. Information and updates were published on the latest COVID-19 restrictions and alternative banking channels through all channels (websites, social media, branches, digital banking platforms). During the first lockdown, the customer service center also conducted take care calls. Our overriding goal was to answer questions as quickly as possible and to ensure that our customers could carry out their daily banking transactions despite the restrictions.

In order to be able to react quickly to changing circumstances and customer needs if necessary, the emergency PIP was also introduced during the first lockdown (further information can be found in the following section).

In addition, two cross-divisional and cross-departmental COVID-19 taskforces were established and held daily 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.

**PRODUCT IMPLEMENTATION PROCESS**

**102-11** 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**

**FS 2**  
**FS 11** In 2020, all newly launched products were reviewed with regard to CSR/ESG aspects. This means that potential positive impacts of the product implementation on environmental, social and governance aspects must be assessed and described by the responsible product managers. The impacts are queried and presented using a statement on sustainability aspects (CSR/ESG statement), which is integrated into the document template 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 opportunity for people with special needs to participate, 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, the anti-corruption guideline and the data protection guideline was defined as a mandatory requirement for a product launch and must be fulfilled in any case. New products were also required to comply with internal guidelines before the introduction of the CSR/ESG statement.

A four-stage escalation process has been set up for the event of any deficiencies in the product implementation process, with the Non-Financial Risk & ESG Committee as the final stage.

In 2020, a total of 26 products were evaluated and launched via the PIP, nine of which were judged to have a positive environmental aspect in any case. Thirteen products fulfilled at least one positive social aspect.

### **Introduction of the emergency PIP**

In order to be able to react quickly to changing circumstances and provide our customers with the necessary services in a timely manner, the emergency PIP was introduced at the beginning of 2020 in response to the COVID-19 crisis. This is an abbreviated version of the standardized PIP that is only applied in emergencies when the bank's failure to act could cause damage to the bank, its customers or its employees. The turnaround time is therefore kept much shorter in order to be able to respond as quickly as possible in exceptional situations.

ESG criteria must also be evaluated in the emergency PIP. Of ten products introduced in the course of emergency PIPs in 2020, more than half (six PIPs) fulfilled at least one positive environmental aspect. Nine fulfilled at least one positive social aspect.

### **PIP guideline and internal training**

**FS 1**

CSR/ESG information was also added to the guideline on the product implementation process. This states that every product idea must be evaluated for ESG criteria before the product implementation process is started.

To promote Group-wide awareness of CSR/ESG issues, internal training on the new principles was held in 2020 for all BAWAG Group employees involved in product launches and also addressed the consideration of CSR/ESG criteria in the product implementation process.

---

## **CUSTOMER ORIENTATION**

We strive to achieve the highest customer satisfaction time on all sales channels. A respectful dialog and proactive communication with our customers is 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.

### **Our infrastructure in the region ensures access to banking services**

BAWAG P.S.K. provides its customers throughout Austria with access to banking services via various access points. In addition to the BAWAG P.S.K. branch network, these include roughly 1,200 ATMs outside the branches and the mobile retail advisors. In addition, cash-in services are available to our SME customers at more than 1,800 post offices throughout Austria. Telephone customer services and 24/7 online offerings round out the service portfolio.

By maintaining this infrastructure, BAWAG P.S.K. also enables 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**

<b>31.12.2020</b>	Inhabitants per square kilometer*	Branches	ATMs (outside of branches)	Mobile advisors
Lower Austria	87.8	8	215	6
Salzburg	78	5	81	3
Styria	76	15	219	5
Burgenland	74.3	3	45	2
Tyrol	59.9	4	102	5
Carinthia	58.9	6	101	2

Source: en.statista.com

### **BAWAG P.S.K. branch network**

As a bank, BAWAG P.S.K. helps to provide access to banking services in Austria's rural regions. The physical branches, of which there were 86 as of 31 December 2020, including self-service zones that are accessible around the clock, play a key role in this.

The branch network enables 77% of the Austrian resident population<sup>1)</sup> and 88% of BAWAG P.S.K. customers to reach a branch within a driving distance of 25 km or less, and 83% of Austrians and 91% of customers up to a maximum of 30 km. Beyond a driving distance of 25 km, we also offer the services of our mobile advisors, thus achieving very broad coverage of the need for banking services in the country overall.

In 2020, further progress was made on the finalization of BAWAG P.S.K.'s independent branch network. Two branches in Vienna and Vorarlberg were renovated and reopened under the new design.

### **BAWAG P.S.K.'s mobile advisors**

In addition to its branches and ATMs, BAWAG P.S.K. has also established a fleet of mobile advisors over the past two years to provide customers in rural areas with access to banking advice and services. In 2020, the focus was placed on further developing the advisors' expertise and defining our core areas.

As of 31 December 2020, BAWAG P.S.K. employed 16 mobile advisors. They provide the usual banking services and act as a link between the branches and the surrounding region. Thanks to their flexibility in terms of time and location, they are also available as contact persons for customers in rural areas outside the normal business hours and on Saturdays.

### Barrier-free access to branches

As of 31 December 2020, BAWAG P.S.K. had equipped 86 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 P.S.K. locations with self-service zones is possible during opening hours at 95% of the branches, and at 91% of the locations outside opening hours. Barrier-free access to safes is possible during opening hours at 59% of branches. In 34% 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-accessible facilities.

### Cash service

BAWAG P.S.K. 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 P.S.K. offers the option of withdrawing cash at the checkouts of BILLA, BIPA, Merkur and Penny throughout Austria when paying by card.

## The 24/7 digital customer experience

### Retail customers

- ▶ In 2020, BAWAG P.S.K.'s klar and easybank digital banking apps were again continuously expanded and improved. This year, customers were offered a total of 14 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 7.6 million transfers have now been made, for a total of nearly € 3 billion, via the klar and easybank apps to date.

- ▶ In April, easybank launched the new easybroker product family and completely restructured its online trading. For the first time in Austria, the easybroker products make it possible to conduct online trading without incurring expenses for your own bank.

### Business customers

- ▶ BAWAG P.S.K. further expanded its digital business customer experience in 2020 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 P.S.K. business account can be accessed on the same day.

**FS 14**  
**SDG 1**

- ▶ BFL Leasing introduced the new customer communication channel BFL on AIR in 2020. In this way, the company wants to stay in close contact with its business partners despite current social distancing and provide information on current developments. In the first video call in August, questions about credit decisions and the processing of contracts were answered, among other things.

---

## CUSTOMER SATISFACTION

The satisfaction of our customers is our top priority. As this depends heavily on the quality of our products, services and processes, the Customer Experience department continuously analyzes customers' feedback and initiates measures to improve products and processes where necessary.

### Customer satisfaction monitoring

The comprehensive touchpoint surveys were continued in 2020. After each customer contact with a BAWAG P.S.K. advisory or service outlet, the customer is asked about the quality of the experience and satisfaction level. The results show a high level of customer satisfaction and improvements in quality:

- ▶ Branch consulting with consistently high satisfaction levels. Around 91% of customers say they are very satisfied or satisfied with the quality of our advice.
- ▶ Brief consultation in a branch with high service satisfaction scores and a slight improvement on the previous year (2020: 77%; 2019: 76%).
- ▶ Good results were also achieved for the teller and transaction areas as highly frequented contact points. Eight out of ten respondents were very satisfied or satisfied with their visit to the teller and transaction area.
- ▶ Satisfaction scores for self-service zone transactions rose over the previous year, with 81% of customers very satisfied or satisfied (2019: 79%).

### Complaint management

BAWAG P.S.K.'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](http://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](http://ec.europa.eu/odr)). The Internet Ombudsman ([ombudsmann.at](http://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](http://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 and Customer Experience Analytics 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 NFR & ESG Committee and discussed in the meeting.

### **Improvement of customer processes**

In cross-divisional and cross-departmental collaboration, processes were again analyzed in 2020 and measures implemented to improve the customer experience at BAWAG P.S.K. This included the analysis of the investment processes from the customer's perspective and the improvement of customer communication in written notifications regarding loan applications and overdraft facilities. The aim was to communicate to our customers the reasons for negative credit decisions or the reduction or discontinuation of overdraft facilities in a more transparent and customer-friendly manner.

### **Product development: introduction of customer experience KPIs**

In order to keep the voice of the customer present from the beginning of a product cycle, a new process was established in 2020 in the newly created Product Operating Groups (POGs), which are responsible for retail product development. The CX department sends the POGs monthly customer experience KPIs from customer surveys on individual products. For example, the POG responsible for current accounts receives the results of customer surveys on the account opening process.

---

## RESPONSIBLE CUSTOMER SERVICE

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.

### **New responsible marketing and sales policy**

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 is intended to serve as a strategic code of conduct for responsible behavior in marketing and sales and to build trust with our customers.

**417-1**

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.

The policy can be viewed at the following link: [www.bawaggroup.com/BAWAGGROUP/IR/DE/ESG](http://www.bawaggroup.com/BAWAGGROUP/IR/DE/ESG)

#### Other cornerstones of responsible customer management

- ▶ Only those BAWAG P.S.K. customers are proactively approached through marketing campaigns for whom we assume that their financial situation allows them to take out the advertised financial services product.
- ▶ The use of overdraft facilities by BAWAG P.S.K. 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 P.S.K. 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 P.S.K. for the benefit of its customers.
- ▶ BAWAG P.S.K. customers are invited to an annual financial check-up at the branches, where they work with personal customer managers 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 P.S.K. 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 be provided once per year.
- ▶ BAWAG P.S.K. invests more time in the insurance training of its advisors. Instead of the prescribed 15 hours, the training comprises a total of 17 hours.
- ▶ As a reliable financial partner, BAWAG P.S.K. 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.



Those who look  
to the future  
move forward

those who move  
forward see the  
future. (Friedrich Löhner)

## SUSTAINABILITY IN OUR CORE BUSINESS

### Significance for BAWAG Group

It is important to us to promote the development of sustainable, resource-conserving and environmentally friendly business areas and technologies. As a bank, we have an important lever at our disposal to shape the sustainable and future-oriented development of our society by granting loans, investing customer funds and providing customers with access to payment transaction services. With the key focus of sustainability in our core business, we are also responding to the changing wishes of customers, who are placing increasing value on the use of sustainable products and services. In addition, BAWAG Group wants to fulfill its responsibility to live sustainability and not to achieve its economic goals at the expense of ecology or without making its fair social and societal contributions.

**103-1**  
**103-2**  
**103-3**

We are increasingly focusing on products and services that generate social, ecological and real economic benefits, and are endeavoring to minimize the range of products that entail risks for society or the environment or that are associated with negative impacts. We are striving to continuously expand our range of products and services that are geared to ecological, economic and social requirements – in the areas of financing and current accounts and in investment and insurance products that we offer together with our cooperation partners (Wüstenrot, BAWAG P.S.K. Versicherung, Amundi Austria, Savity and Generali Versicherung).

### Opportunities

To address the climate crisis, the 2015 Paris Agreement envisages bringing international financial flows in line with climate targets – and thus moving away from CO<sub>2</sub>-intensive investments. The EU Green Deal and the EU action plan on financing sustainable growth will play a crucial role in this transformation for the financial sector, which we intend to leverage in line with our Group strategy. The proposed taxonomy defines the first uniform classification system for sustainable projects.

The climate protection measures bring with them many opportunities. Regulatory framework conditions in connection with the EU's Sustainable Finance Agenda (including the Disclosure and Taxonomy Regulation) require us to analyze our business relationship and product portfolio with regard to sustainability risks and to transparently disclose any negative impact on the company or the return on an investment. We can use this to make our business model fit for the future, minimize negative impacts on investments, and at the same time gain the trust of customers and investors through increased transparency. Furthermore, this can positively influence our business development while supporting the transition of international financial flows into investment opportunities that are in line with climate goals.

## **Risks**

In addition to the physical risks describing the direct consequences of climate change, it is also important for the financial sector to address the accompanying transformation risks associated with political and regulatory measures. Failure to take these risks or environmental and social aspects into account in our core business could lead to us financing CO<sub>2</sub>-intensive projects without taking environmental criteria into account, thus polluting our environment and climate and endangering the living space of future generations. Likewise, we could make investment decisions that benefit countries with human rights violations or industries and companies in controversial fields, or that could in turn have a negative impact on the climate or the environment.

As sustainability requirements will increasingly be the focus of regulatory changes and requirements in the coming years, we would risk violating regulatory requirements in the long term by failing to focus on this issue.

Furthermore, a lack of sustainable product solutions could cause us to fail to meet increased customer demand and thus lose market share.

Failing to provide support for infrastructure projects in the regions would inhibit economic progress, which would in turn impact the entire economic system – and thus also us as a bank conducting business there.

## **Due diligence processes and (ongoing) measures**

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, such as the Disclosure Regulation.

**Area of action 4: Sustainability in our core business**

Significant effects	<ul style="list-style-type: none"> <li>...redirecting financial flows (allocation of capital) towards more relevance for sustainability</li> <li>...increasing sustainability orientation of financial products</li> <li>...stability of the financial sector</li> <li>...impetus for sustainable business</li> <li>...value creation and prosperity without negative impacts on the environment or society</li> </ul>
Potential risks for BAWAG Group	Reputational risk, economic risk (new business areas), risks from climate change
Approach/significance for BAWAG Group	<ul style="list-style-type: none"> <li>...promote the development of sustainable business areas and provide a diverse range of products and services geared to ecological, economic and social requirements</li> <li>...be a reliable partner for companies and the regional economy and assume ecological and social responsibility</li> <li>...support products and services with a sustainable focus and financing of projects with added value for the regional economy</li> </ul>
Due diligence processes (ongoing measures) and review	Product implementation process, corporate strategy, screening of regulatory changes
SDGs	SDG 1, SDG 7–9, SDG 12–13
UN Global Compact	Principles 1–2, 7–9
UN Global Compact Women's Empowerment Program	No reference
GRI	FS 6, FS 7, FS 8, 203-1, 412-3
NaDiVeG reference	Environmental and social concerns, respect for human rights

**COVID-19**

BAWAG Group entered into this health crisis from a position of strength, having transformed its business over the years with strong capital levels, as well as solid funding and liquidity. Despite the challenging environment in the reporting year, BAWAG Group achieved a solid operating performance (Table Group key figures, p. 23), which is a further testament to the resilience of our business model. We will continue to pursue our strategy in our core markets in a consistent and disciplined manner driving profitable growth and being patient without ever chasing blind volume growth.

Our branches were and are open to customers under the required safety measures, and all of our teams – from sales to our customer service center and our colleagues in the specialist departments – are working closely with our customers in these challenging times, in all BAWAG Group companies.

BAWAG Group has been working closely with the government, authorities and institutions from the outset of the pandemic and will continue to try to do its part to support the real economy in Austria, Germany, Switzerland and other markets where we operate, for example by being a reliable financial partner to its retail and corporate customers as they cope with the economic consequences of COVID-19.

We placed the focus of our offerings on solutions aimed at creating or improving services, reducing physical contact between customers and advisors and the need for branch visits, and thus ensuring the best possible protection for employees and customers, as well as on providing customers with rapid and unbureaucratic support in financially difficult situations.

**Financial support**

BAWAG P.S.K. immediately offered business customers (Austrian SMEs) advance financing for AMS short-time working allowances. This was the first important step in enabling companies to preserve their liquidity.

A web application was created and launched for the online processing of deferrals and bridge financing in the wake of the COVID-19 pandemic, eliminating the need for branch visits for such requests.

In the SME segment, loan agreements were deferred and bridging financing extended due to COVID-19. Retail customers were also given the opportunity to defer loan payments. Applications were submitted via the specially created web application and were, of course, free of charge. An automatic term extension of the deferred installments is included.

In the Corporate Banking segment, loan volumes were deferred for COVID-19 reasons.

### **Services enhancements to protect health**

Retail customers can open accounts online, including legitimization by bank transfer of video call so as to eliminate the need for physical contact.

Customers also have the option of opening credit cards online via an application in e-banking or on the website.

The use of debit cards has been promoted and simplified for customers. It is easy to call up the PIN in the klar app. In addition, since the first lockdown, we have sent the PIN home on request to customers who were unable to use this option in the klar app. The PIN is also sent home to customers who have not used their debit card for some time and who request a new PIN. This eliminates the need to pick up the PIN at the branch in all these cases.

By increasing the NFC limit for BAWAG P.S.K. and easybank debit cards from € 25 to € 50, customers were able to make higher contactless payments without entering a PIN.

By increasing the delivery limit of cash orders to € 4,000 for delegated representatives on the high pension payment dates in April and October 2020, we provided special protection to people who are at higher risk, as they could have their pensions collected by a delegated representative rather than going to the bank themselves. In addition, a contactless process was introduced with the cashless pension payment, which makes it possible to instruct the bank to transfer pensions that were previously paid out in cash to an account.

Customers could send orders related to corporate actions on securities in their securities account to the bank by e-mail.

In June 2020, the telephone order and advisory process was introduced to meet changing customer needs. The branch advisory service with 175 advisors can also be used by customers by telephone. This does not require an appointment at the branch.

A Wüstenrot building savings contract can be closed in a contactless process using a form that can be downloaded from the website.

### **Further measures in BAWAG Group**

- ▶ easyleasing supported its customers at a large scale in the first lockdown with simple and quick deferrals for two to three months. In addition, corporate customers were actively informed about the possibility of an AWS loan.
- ▶ During the COVID-19 crisis, easy green energy took deliberate measures to support people in financial distress in particular. Out of consideration for the prevailing exceptional situation, the electricity provider was accommodating in final settlements, for example by concluding installment agreements. Companies were also able to reduce their installment payments by more than the usual amount, and deferrals were agreed.

The grid operators refrained from disconnecting electricity and gas in the event of late payments. This meant that the supply of electricity and heat to financially weaker households was maintained even when payments were outstanding.

- ▶ The entire BFL team has also been working from home since March 2020. External appointments are only made by phone or video call (sales). BFL customers have the option of deferring their leasing installments for a certain period of time if they are unable to pay them due to the current COVID-19 crisis.
- ▶ start:bausparkasse Deutschland is offering customers changes to repayment agreements.
- ▶ SWB has also implemented all the legally required measures such as granting deferrals and KfW Instant Loans.
- ▶ ZAK offered special loans as bridging financing as well as the deferral of loan repayments and charge-backs for dental offices. Patients were able to extend installment agreements.

## RISK-AVERSE INVESTMENT STRATEGY

Liquidity from BAWAG Group's core business is managed in securities portfolios including the liquidity reserve and certain hedging portfolios. The focus of the investment strategy is on secured and unsecured bonds issued by investment grade banks in Western Europe and the U.S.A. as well as on selected government bonds and high-quality CLOs for diversification purposes.

In line with BAWAG Group's risk-averse strategy, most of the loan portfolio is focused on Western economic areas with stable legal systems.

As of 31 December 2020, 69% of the customer loans originated in the DACH region. In terms of total customer loans, 55% come from Austria.

**Table: BAWAG Group exposure by region (percentage of total exposure)**

per 31.12. in %	2020
Europe and Central Asia	93%
Middle East and North Africa	0%
Latin America and Caribbean	0%
East Asia and the Pacific	0%
North America	7%
Sub-Saharan Africa	0%
South Asia	0%

**FS 6**

1) The regions were defined in accordance with the GRI FS 6 recommendation following the regional breakdown of the World Bank.

As of 31 December 2020, BAWAG Group had no exposure to defense industries, nuclear energy or industries for coal extraction and the generation of electricity from coal. In addition, the exposure to industries for the extraction of crude oil and natural gas by means of fracking or tar sands was reduced to 0%.

The Group finances companies and projects with sustainable aspects as their primary purpose, including companies in the field of renewable energy and social enterprises such as daycare centers and nursing and health care facilities in the public sector.

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

per 31.12. in %	2020	2019
<b>Defense industry</b>	<b>0%</b>	<b>0%</b>
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%
<b>Nuclear energy</b>	<b>0%</b>	<b>0%</b>
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%
<b>Other ethical risks</b>	<b>&lt;0.1%</b>	<b>&lt;0.1%</b>
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	0.05%	0.05%
<b>Fossil fuels<sup>1)</sup></b>	<b>0%</b>	<b>0.1%</b>
Total fossil energy sector	0%	<0.1%
Coal mining and power generation	0%	0%
Extraction of crude oil and natural gas by means of fracking or tar sands	0%	<0.05%
<b>Climate change</b>	<b>0.2%</b>	<b>0.3%</b>
Renewable energy	0.2%	0.3%
Sustainable mobility	0%	0%
Sustainable construction	0%	0%
<b>Other ethical opportunities</b>	<b>2.1%</b>	<b>2.8%</b>
Socially oriented companies/projects	0.3%	0.4%
Social housing	1.8%	2.4%
Organic farming	0%	0%

1) Fossil energy sources are shown excluding filling stations.

## FINANCING PRINCIPLES

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.

Retail customers who want to finance a home, for example, are informed about suitable government funding programs (especially including the use of attractive financing options for low-energy houses) and advised accordingly.

## PRODUCTS AND SERVICES

### Financing

**203-1**  
**SDG 1**  
**SDG 8**  
**SDG 9**  
**COP 9**

#### Corporate business – financing with added value for the region

In August 2020, BAWAG P.S.K. concluded a partial refinancing agreement with the EIB (lending period 2020 to 2024) for € 50 million (which can be increased to € 100 million) to co-finance the construction of affordable housing/social housing and the renovation and upgrading of the energy efficiency class of existing buildings.

EIB loan affordable/social housing: <https://www.eib.org/de/projects/loans/all/20190857>

In the public sector segment, an urban development refinancing loan was concluded with the EIB in December (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.

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 P.S.K. 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 € 20 million in 2020 and were used for the following projects:

- Education: BAWAG P.S.K. finances numerous educational institutions in Austria. These include various properties ranging from educational campuses to schools and daycare centers
- The second major area is water management, where both water supply and wastewater disposal (filtration plants, decarbonization) are financed.
- Health care sector: hospital financing and public as well as private nursing facilities
- Social infrastructure: sports halls, indoor swimming pool
- Social housing: partial refinancing agreement with the EIB to co-finance affordable housing
- Public transport: shifting freight transport to rail – financing two companies in the rail and logistics sector
- Waste separation plants and recycling

BAWAG P.S.K.'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 are difficult to place.

#### SME customers – corporate financing

**SDG 1**  
**SDG 8**

The option of microfinancing for SMEs was integrated into the target-group-specific communication on the website. New business in microfinance under € 5,000 for SME customers amounted to over € 270,000 in 2020 (overdraft facilities and one-time loans).

The AWS investment premium (promotion of sustainable and ecological investments) was incorporated into the consulting services – clients were thus informed of the possibilities of the investment premium.

With the implementation of an SME upload function for business documents on the website, branch visits and printouts are no longer necessary – making a major contribution to our paperless branch concept (see the Environmental and climate protection section for further details).

**COP 7 Retail customers – consumer and housing financing**

**SDG 12**

**SDG 13**

- ▶ Consumer and housing financing with the KlimaBonus climate bonus

A two-month pilot promotion campaign for consumer loans was held. Here, BAWAG P.S.K. supports customers with a bonus in the form of Ös (JÖ loyalty program points) for the purchase of an energy-efficient household appliance (A+++)

In addition, a pilot campaign was launched for two months in the area of housing loans. Here, BAWAG P.S.K. supports its customers with a bonus of € 1,000 for the purchase or renovation of a house with a heating energy demand class of A or better in the energy performance certificate. The results of both campaigns will be evaluated and additional pilot runs or inclusion in the permanent product portfolio will be assessed.

- ▶ Mortgage loans

BAWAG P.S.K.'s subsidy map provides customers and interested parties with a simple overview of existing national and regional funding opportunities. This draws applicant attention to issues such as lower land use in construction, the use of alternative energy, measures for the disabled and energy-saving measures. The subsidy map is a fixed and indispensable component of our financing advice. In addition, BAWAG P.S.K. reimburses customers for the cost of an energy performance certificate up to € 250.

- ▶ Environmental loans

**start:bausparkasse Austria** offers a special environmental loan without land registry entry for the thermal refurbishment of buildings. This loan can be granted quickly and unbureaucratically for optimal thermal insulation. Energy is thus only used to the extent necessary and energy costs are reduced at the same time.

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.



**Investments**

**Amundi: broad range of investment funds with an ESG approach**

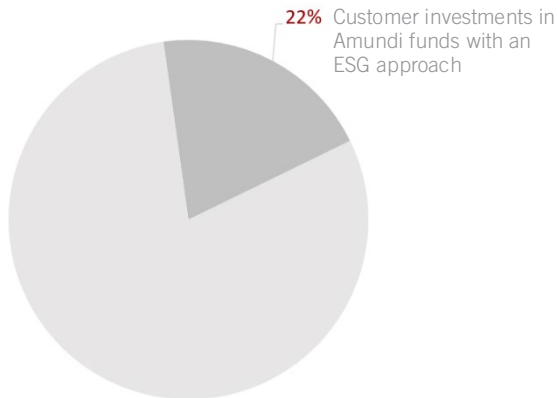
**FS 7**  
**FS 8**  
**SDG 13**

It is particularly important for a bank to assume social and ecological responsibility with regard to investments. With Amundi Ethik Fonds, Amundi Ethik Fonds ausgewogen (since June 2020), Amundi Öko Sozial Rent, Amundi Öko Sozial Stock and Amundi CPR Climate Action (since January 2020) from our cooperation partner Amundi Austria, BAWAG P.S.K. offers five investment funds that place ethical, ecological and social aspects at the forefront.

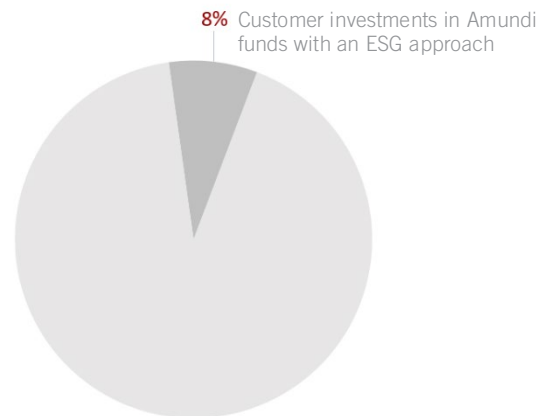
The individual securities and international issuers in the funds are selected according to strict ethical and ecological exclusion criteria so that the sustainable, ecological and social orientation of the investment is ensured. All five funds bear the EUROSIF transparency logo for sustainability funds and have been awarded the Austrian ecolabel for sustainable financial products.

Investments in the five retail funds Amundi Ethik Fonds, Amundi Ethik Fonds ausgewogen, Amundi Öko Sozial Rent, Amundi Öko Sozial Stock and Amundi CPR Climate Action continued to increase significantly among BAWAG P.S.K. customers in 2020. Amundi Ethik Fonds became the first sustainable investment fund to be the best-selling fund in BAWAG P.S.K.'s retail segment in 2020.

**Chart: Percentage of BAWAG P.S.K. and easybank customer investments in Amundi funds with an ESG approach in new business for 2020 (as of 31.12.2020)<sup>1)</sup>**



**Chart: Percentage of BAWAG P.S.K. and easybank customer investments in Amundi funds with an ESG approach in the total investment portfolio (as of 31.12.2020)<sup>1)</sup>**



**Savity Green and Savity Grow: digital asset management with an ESG approach**

By selecting the Savity Green investment strategy, BAWAG P.S.K. and easybank customers have the option of investing their money only in sustainable companies and industries that take ESG principles into account in their digital asset management. Savity Green does not invest in controversial sectors (such as the arms industry, gambling or pornography), the nuclear industry, coal mining, germline cell research, companies that promote child labor, or corrupt states or companies. Instead, investments are made disproportionately in future technologies. Compared to a broadly diversified investment, the CO<sub>2</sub> emissions of the companies in a Savity Green portfolio with the balanced risk/return level are 60% lower.

<sup>1)</sup> Supplement to the reporting for FS7 and FS8: In the case of Amundi funds with an ESG approach, the social and environmental benefits cannot be presented separately because they are treated as an overall concept. Therefore, the share of Amundi fund investment products with social and environmental benefits is presented jointly.

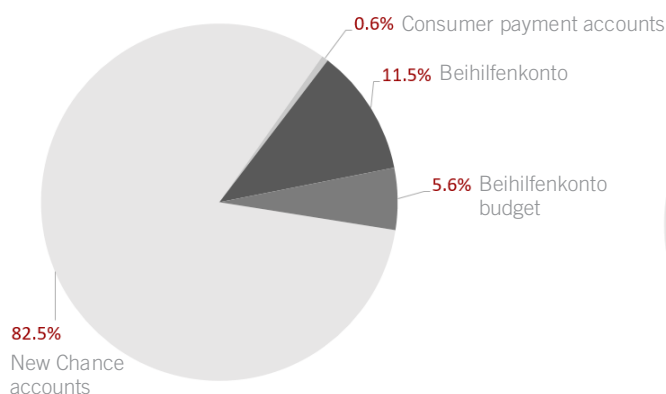
Savity Grow was launched in the fourth quarter of 2020. This strategy pursues long-term asset accumulation with the aim of benefiting from technological progress. The investment focus is on topics that are already relevant today and will become even more important in the future. This naturally includes climate change, which is taken into account holistically in the investment concept. Savity Grow is ecologically sustainable and therefore also good for our planet. For example, Savity Grow invests in ETFs/UCITS that ensure ESG screening for equity investments according to MSCI’s system, which means that controversial practices in the environmental field can be ruled out. Savity Grow is available at an investment of as low as € 3,000, or through a savings plan starting at € 100.

**Accounts and cards**

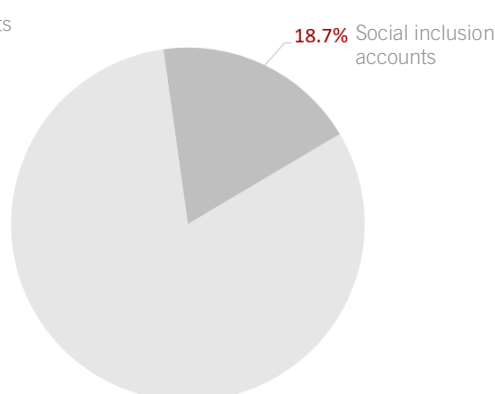
**FS 7** Social inclusion accounts at BAWAG P.S.K.  
**SDG 1**

- ▶ BAWAG P.S.K.’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 this is a credit-based 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** offers all people very affordable access to a bank account. Especially needy people get this flat rate account including an account card for € 40 per year.
- ▶ **“Beihilfenkonten (budget)”** enable specific target groups (such as asylum seekers) to participate in financial life and carry out financial transactions.

**Chart: Allocation of social inclusion accounts (by number of accounts as of 31.12.2020)**



**Chart: Social inclusion accounts as a percentage of total accounts (by number of accounts as of 31.12.2020).**



**Online accounts – simple and paperless****COP 8**

The Einfach Online account offers maximum convenience and ease of use at any time with the advantages of a retail bank. It is ideal for customers whose needs are not covered by our standard BAWAG P.S.K. KontoBox products, who would like to conduct their account transactions online and who rarely need cash. The application process and the opening of the account take place completely online.

The paperless account opening application was also introduced in the corporate customer segment for all new customers with the legal forms of “non-prot. EU,” “prot. EU” and “GmbH” with the aim of offering a fully digital application without printouts or paper. BAWAG P.S.K. is thus the first Austrian full-service bank to offer a fully digitalized account opening process for corporate customers.

The Qlick brand, which offers installment loans, is also exclusively digital and therefore conserves resources. The application process is completely online and no paper is used.

**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 cannot obtain one for 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. This also allows purchases from merchants who previously only accepted credit cards.

**Credit cards**

In the future, all our BAWAG P.S.K., easybank and PayLife credit card customers will 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.

### **easy green energy – a “green” success story in BAWAG Group**

**SDG 7** The electricity and gas supplier easy green energy is a subsidiary founded in 2015. The company is now the second largest alternative provider in Austria and supplies around 160,000 customers with green electricity and gas. The company's future electricity offerings have already been Austrian ecolabel certified since the year of its founding. easy green energy is a show-case example of a company with sustainable and multi-award-winning product offerings within the Group. Employees of BAWAG Group have the opportunity to receive an exclusive employee bonus when switching from their previous energy supplier to easy green energy.

The easy green energy electricity comes entirely from renewable energy sources, is produced in Austrian hydropower plants and is free of fossil and nuclear energy sources. Depending on the selected product, customers can purchase not only green electricity but also environmentally certified green electricity (UZ 46).

The company exclusively offers certified climate-neutral gas, and has offered the option of mixing 10% high quality ecological biogas since the end of 2019. The independent testing institute ÖKOTREND regularly certifies the gas from easy green energy as a climate-neutral product and recommends the offer as an “effective contribution to climate protection.”

#### **New since December 2020: easy laden**

The company also offers a new e-mobility product: easy laden. easy green energy customers not only benefit from green electricity at home, but can also use an app or physical charging card to access the charging network. Customers can charge their electric vehicle without cash at favorable conditions throughout Austria and Europe. With the help of a configurator, customers can put together their own individual e-mobility offer online according to their wishes and needs. easy green energy is thus one of the first providers to make it possible to conclude e-mobility contracts completely online.

To stay true to the green brand message, the use of the app to access the charging points is emphasized. This is intended to minimize the production of plastic cards. Through the app, customers can find the nearest eligible charging station and start the charging process and payment. There is an online bonus with the mobility card in the amount of € 1 per month to promote the elimination of paper. Customers can conveniently access their bills at any time in the online customer portal and are contacted exclusively by e-mail.

The new tariff models are intended to make it easier to switch to an electrically powered vehicle. The aim of the new product is to contribute to electromobility and thus to a sustainable future.

**You can always  
go farther than  
you think**

**and always think  
farther than  
you go.** (Jan Rimmer)

## SOCIAL RESPONSIBILITY AND PERSONAL COMMITMENT

### Significance for BAWAG Group

BAWAG Group accepts its social responsibility and is committed to socio-politically relevant issues. Our commitment should bring benefits and added value to people. Through the crowdfunding.at platform, we enable financing opportunities for regional social projects.

**103-1**  
**103-2**  
**103-3**

In addition, we regularly donate to initiatives and social projects as a company. In 2020, a total of over € 104,000 was donated by BAWAG Group (2019: € 103,000).

### Opportunities

In sponsoring agreements, we focus on the areas of education, culture and social affairs, thereby enhancing the bank's image. This makes BAWAG Group more attractive to employees and customers who attach importance to these areas.

Relationships with NGOs, social institutions and educational institutions can be expanded and deepened for the benefit of disadvantaged groups of people.

In addition, supporting the volunteering activities of our employees has positive effects on the sense of unity within the company.

### Risks

For BAWAG Group, neglecting the above aspects can result not only in reputational risks but also in a decline in its attractiveness as an employer and bank.

Social projects and initiatives that the Group has supported for years as a bank or on a project basis via the crowdfunding.at platform would have to look for new financing partners or opportunities. The realization of social initiatives could thus be delayed.

Lack of support for employee volunteering could reduce awareness of the importance of civic engagement. Without volunteers, many social projects would then only be able to implement their projects to a limited extent or not at all.

**Due diligence processes and (ongoing) measures**

Various processes ensure that the social projects that can be supported via crowdfunding.at comply with our guidelines and principles. For example, each social project published on the platform is checked and evaluated in advance by various departments for its non-profit status.

Donation projects are reviewed by multiple persons before approval.

Precise specifications and the review of each volunteer day application ensure that our employees' commitment benefits charitable and non-profit causes and projects.

**Area of action 5: Social responsibility and personal commitment**

Significant effects	...increased awareness of social issues ...promotion/preservation of positive social values ...reduction of inequality and poverty ...strengthening civil society ...strengthening regional economic cycles and social structures
Potential risks for BAWAG Group	Reputational risk, loss of trust
Approach/significance for BAWAG Group	...promote civic engagement and the social commitment of employees
Due diligence processes (ongoing measures) and review	Review processes for non-profit crowdfunding.at projects, approval process for employee volunteering in the context of volunteer days, review of donation projects by multiple persons
SDGs	SDG 1, SDG 4
UN Global Compact	No reference
UN Global Compact Women's Empowerment Program	No reference
GRI	No reference
NaDiVeG reference	Social issues



**COVID-19**

In 2020, one of the project priorities on our crowdfunding.at platform was initiatives to mitigate the impact of COVID-19, and a total of € 40,000 was raised through various projects. The funding benefited social institutions that support needy people in emergency situations (see the following section for more information).

Due to COVID-19 and the associated contact restrictions, many social institutions had to limit volunteer work. As a result, planned volunteer initiatives could not take place in BAWAG Group either (see the following section for more information). As a result, the number of hours completed for volunteering in 2020 could not be increased compared with the previous year. Nevertheless, information was made available to employees on how they can pursue volunteering on an individual basis.

## INITIATIVES AND MEASURES

### crowdfunding.at

Since 2014, BAWAG P.S.K. 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 almost € 900,000 has been raised, € 200,000 of this in 2020 alone. On the platform, social projects from the areas of work, housing, education, health, culture, environment and technology are put in the spotlight and financing raised.

In 2020, financing was raised via crowdfunding.at for projects including: the Birdhelp project against domestic bird mortality; the Red Noses Clowndoctors project; the DankDir project with treatments and therapeutical aids for severely disabled children; the child-friendly renovation of the Falkencamp Döbriach and the MOMO Kinderhospiz project.

In addition, the presented projects in 2020 focused on COVID-19 mitigation efforts by non-profit organizations. To this end, crowdfunding.at featured various projects by Caritas, the Red Cross, Red Noses, Make-A-Wish and the food bank of the Sozialkaufhaus Wiener Neustadt. A total of € 40,000 was raised for the needy and the special needs of the least advantaged in society arising from the challenges surrounding COVID-19.

As part of a second thematic focus, BAWAG P.S.K. donated € 10 to social projects for every account opened in October and November. Our customers were able to vote for their preferred project on social media. In this way, the projects were communicated to a broad public both in the branch and online, the crowdfunding platform and the possibility of donating with Ös were made a topic of discussion, and the projects were supported by the bank.

### Volunteer days

The expansion of volunteer days to all BAWAG Group employees in Austria was successfully completed in 2020. Employees can use up to two working days per year to volunteer for charitable organizations and projects without having to take vacation days.

In 2020, a Mapathon was organized together with the Red Cross, in which 12 volunteers from BAWAG Group helped by mapping areas not depicted properly in maps. In addition, a team of volunteers helped to set up a so-called bee oasis and thus supported the crowdfunding.at project Bee Heroes.

Due to the second lockdown in November and December, it was not possible to hold a planned volunteer day at the Ute Bock Refugee Home in December. However, an employee initiative was started where contactless donations and Christmas gifts could be delivered to the residents of the home.

**Table: Employee volunteer hours completed for social projects**

	<b>2020</b>	2019	2018
<b>Total hours</b>	<b>200</b>	<b>312</b>	<b>48</b>

### **Better Answers award for Hop In Job**

BAWAG P.S.K.'s Bessere Antworten award is endowed with € 3,000 and went to the ZORO association in 2020 for the Hop In Job project. The project supports socially disadvantaged people, single parents and young people in entering or re-entering the job market.

In order to support this project as an employer, we allow persons selected by ZORO to gain work experience in a ten-week internship and, in the best case, to be taken on as an employee afterwards. We launched this pilot project in the Vienna branches in November 2020.

### **SDG 4 New finance check for children aged 6 and over**

To promote the development of financial literacy at an early age, BAWAG P.S.K. teamed up with the social enterprise Three Coins in 2020 to design a financial quiz for children aged 6 and older to help them get started in their financial lives. Each child can complete the Safe&Cool check on the BAWAG P.S.K. 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. In addition, basic knowledge about general financial topics, simple banking transactions and the allowance account is tested in a fun and entertaining way. The check is also designed as an introductory quiz for all Safe&Cool allowance accounts at BAWAG P.S.K., in order to establish a foundation for the safe handling of money in the digital world.

### **Blood drive**

The Austrian Red Cross blood drive took place at BAWAG Group headquarters again in 2020, but with increased hygiene and safety measures due to COVID-19. A total of 26 units of blood were donated by employees for sick and injured people.

### **Licht ins Dunkel project**

In 2020, BAWAG P.S.K. again supported Licht ins Dunkel with a total of € 50,000. Of this amount, € 20,000 went to the Licht ins Dunkel emergency aid fund. The SOS Children's Village in Moosburg, which offers animal-assisted therapies for children and young people, Caritas St. Pölten and the Children's Village in Pöttsching, which provides a home for children from difficult family backgrounds, each received € 10,000.

### **LERNEN.MÖGLICH.MACHEN project**

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.

### **BAWAG P.S.K. Women's Initiative supports #wirtun**

As part of the BAWAG P.S.K. Women's Award 2020, the BAWAG P.S.K. Women's Initiative supported the Caritas #wirtun project with a donation of € 10,000. The initiative's goal is to help women in acute crises. Shelter, care and counseling are provided for women living in quasi-homelessness or affected by poverty or violence.



**Zoohackathon**

In 2020, BAWAG Group was a sponsor of the Zoohackathon at the U.S. Embassy in Vienna for the second time and was on site with mentors. The event, which was held internationally, took place across Europe and virtually for the first time. Once again, the goal of the event was to develop technology solutions to curb the global trade in wildlife.

**COVID-19: UNICEF support**

BAWAG Group donated € 1,000 to UNICEF to support the containment of COVID-19. The donation was used for hygiene articles as well as important medical supplies such as gloves and masks. Information campaigns on COVID-19 precautions were carried out in villages and schools.

**Partner for non-profit organizations****SDG 1**

BAWAG P.S.K. has been the main bank of numerous charitable organizations in Austria for decades. Around 150 non-profit and non-governmental organizations are among its long-standing customers. BAWAG P.S.K. also offers preferential conditions for the payment of donations. For years, the preferential rate for cash deposits at BAWAG P.S.K. branches has been € 0.55 per transaction for numerous donation purposes.

# EMPLOYEE PROMOTION AND DEVELOPMENT, DIVERSITY AND EQUAL OPPORTUNITY

**When every-  
one has an equal  
opportunity to  
move forward**

**that gives all  
of us the  
opportunity to  
move forward.**

## **103-1 Significance for BAWAG Group**

**103-2**

**103-3**

Our employees are the key to implementing our strategy and building the BAWAG Group of tomorrow. Technology has not only changed customer behavior, but also the way we work together. In addition to traditional banking expertise, the skills and capabilities of financial institution employees have also had to improve in order to adapt to these changes.

Attracting, developing and retaining highly qualified employees is a key factor in the success of BAWAG Group. We also see our responsibility in creating a working environment in which employees are given room for their development. Therefore, promoting the professional and personal development of employees through an appreciative and career-enhancing work environment as well as through programs tailored to target groups and individual development measures is particularly important.

We see employee health, employee safety, diversity and equal opportunity as further important pillars of successful HR management. As a family-friendly company, we implement concrete measures for our employees.

## **Opportunities**

Actually putting diversity and equal opportunity into practice has a positive impact on business processes and thus on the Group's corporate success. In BAWAG Group, people from 45 nations, from all age groups, who are engaged in careers, with different sexual orientations, with limitations and different beliefs work together every day.

Training and development measures and long-term human resources management increase the attractiveness of BAWAG Group as an employer and boost employee satisfaction.

## **Risks**

Neglecting the above aspects can reduce the attractiveness of BAWAG Group among active and potential employees and thus increase fluctuation.

Reputational damage can make it more difficult to recruit new, qualified employees.

A lack of motivation, for example due to unequal treatment of employees, could have a negative impact on work processes and procedures. This can also influence our customer offerings.

Failure to employ measures to preclude or mitigate health risks arising from everyday work among our employees could lead to physical and mental stress and illness among our employees.

**Due diligence processes and (ongoing) measures**

Structured feedback processes, the targeted dissemination of leadership skills and a wide range of training opportunities are designed to ensure that our employees are supported in their personal and professional development. In this way, we want to ensure that employees perceive their working environment as motivating and appreciative.

By offering a wide range of training courses, we aim to ensure that employees have the knowledge they need to successfully manage their day-to-day work in times of increasing digitalization and changes to their working environment, and are able to put it to effective use.

After training and development programs, participants have the opportunity to provide feedback to Human Resources on the course and design of the program using a standardized format. This is to ensure that opportunities for improvement in the programs are identified and implemented where necessary.

The clear commitment to equal opportunity and diversity, the offerings designed to promote a good work-life balance and the implementation of the Women's Advancement Plan are designed to ensure that we support employees with different personalities and in different life situations in their career paths and that no inequalities are created.

The workplace health promotion offerings and measures are intended to prevent potential mental and physical stress in the workplace or to counteract it at an early stage.

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

Significant effects	...employee satisfaction ...motivation and meaning ...physical and mental health ...influence on diversity (especially gender equality) ...opportunities by increasing the level of education ...job creation ...increasing economic success and indirect economic effects (see the area of action above)
Potential risks for BAWAG Group	High fluctuation rate, increased sick leave, loss of trust, shortage of skilled workers, recruiting, problems in doing business
Approach/significance for BAWAG Group	...provide employees with a healthy and career-enhancing work environment ...maintain an open, appreciative relationship with employees and promote their potential ...put equal opportunity and diversity into practice in the company
Due diligence processes (ongoing measures) and review	Evaluation platforms, sustainability ratings, employee feedback on talent and training and development programs, Women’s Advancement Plan, health promotion
SDGs	SDG 4, SDG 5, SDG 8
UN Global Compact	Principles 3–6
UN Global Compact Women’s Empowerment Program	Principles 1–7
GRI	401-1, 401-2, 401-3, 404-1, 404-3, 405-1, 406-1, FS 4
NaDiVeG reference	Social and employee concerns, respect for human rights



**COVID-19**

The COVID-19 pandemic did not directly affect employment patterns (e.g. layoffs or short-time work enrollments). However, there were special care periods and leaves of absence for at-risk patients.

Various opportunities and risks have arisen for employees as a result of COVID-19 and the changes in their daily work routine. For example, there is a higher risk of infection for employees in sales, who have customer contact, than for headquarters employees, who work largely from home. Due to the changes in everyday work and the greater use of digital tools when working from home, there is the risk of excessive demands due to new work processes, but also the increased blurring of the boundaries between private and professional life. For employees working from home, however, the elimination of the commute to work also makes it easier to balance private and professional life, and allows them to organize their work location and time more individually.

Since the outset of the COVID-19 pandemic, a dedicated taskforce has been coordinating BAWAG Group’s measures to protect employees and serving as a central interface between employees, managers and decision-makers.

This working group, which is made up of members from different areas, regularly communicates appropriate updates and information on the intranet or directly to employees and managers.

When the COVID-19 measures came into force, BAWAG Group drew up a corresponding safety concept with a reduced number of employees in the open-plan offices and promptly communicated the requirements and provided disinfectants and two fabric masks per employee.

Plexiglas barriers were installed in the branches, security personnel ensured that not too many people were in the branches at the same time, and shift operation was introduced.

Due to the COVID-19-related additional workloads for single parents and full-time parents with children to care for, the individual services offered by the occupational psychologists were expanded. Personalized counseling from company physicians and advice on proper ergonomics at home were also increasingly offered and carried out online in coordination with Human Resources.

For rapid changeover to virtual working, video training on the use of Microsoft Teams was offered in addition to the appropriate provision of IT equipment, and planned classroom training was converted to online training where possible in terms of content.

COVID-19-related special leave for childcare: A three-week special childcare leave for children up to the age of 14 was offered to all employees in BAWAG Group in Austria. A three-step model was used in BAWAG Group to support implementation.

In December, BAWAG Group supported employees who wanted to participate in the mass tests conducted throughout Austria. Employees were given up to two hours during working hours to participate if needed.

At the end of the year, BAWAG Group paid out a special COVID-19 bonus of € 300 to all active employees in recognition of their special commitment during the challenging months of the COVID-19 measures. Employees in branch sales who had worked during the first lockdown already received a bonus in the summer.

COVID-19 also had an impact on the activities of the BAWAG P.S.K. Sportklub association, as sports activities were postponed or canceled due to the contact restrictions. Outdoor sessions were possible in part under the observance of distance rules (e.g. running meetings). Indoor workouts could be held by switching to online units (e.g. yoga, Pilates).

## DIVERSITY FIGURES

102-8

405-1

**Table: Change in the number of employees**

	31.12.2020	31.12.2019	31.12.2018	401-1
Number of employees	4,073	4,353	4,046	
Fluctuation rate (in %) <sup>1)</sup>	9%	8%	8%	

1) Not including terminations by the employer, employee departures under the social plan and retirements. The calculation was made on the basis of full-time equivalents.

The key figures for exits and new entries can be found in the appendix.

**Table: Extent of employment**

	31.12.2020	31.12.2019	31.12.2018
<b>Full time</b>	<b>2,590</b>	<b>2,712</b>	<b>2,470</b>
Women	1,178	1,266	1,144
Men	1,412	1,446	1,326
<b>Part time</b>	<b>1,483</b>	<b>1,641</b>	<b>1,576</b>
Women	1,129	1,221	1,147
Men	354	420	429

**Table: Type of employment relationship by gender**

	31.12.2020	31.12.2019
<b>Unlimited term</b>	<b>3,996</b>	<b>4,235</b>
Women	2,259	2,409
Men	1,737	1,826
<b>Temporary</b>	<b>77</b>	<b>118</b>
Women	48	78
Men	29	40

**Table: Type of employment relationship by country**

	31.12.2020	31.12.2019
<b>Unlimited term</b>	<b>3,996</b>	<b>4,235</b>
Austria	3,400	3,575
Germany	538	626
Other	58	34
<b>Temporary</b>	<b>77</b>	<b>118</b>
Austria	63	94
Germany	13	24
Other		

**WEP 1** **Table: Gender breakdown (in %)**  
**WEP 7**

	31.12.2020	31.12.2019	31.12.2018
Women	57%	57%	57%
Men	43%	43%	43%
Proportion of women in management positions	33%	34%	28%

**Tables: Workforce/governing bodies by age group and gender**

		Age group			Number
		<30	30-50	>50	
<b>31.12.2020</b>					
Men	Managing Board		6		6
	Division management / senior management		30	11	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
<b>Total (men)</b>	<b>324</b>	<b>773</b>	<b>669</b>	<b>1,766</b>	
Women	Managing Board				
	Division management / 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
<b>Total (women)</b>	<b>516</b>	<b>1,119</b>	<b>672</b>	<b>2,307</b>	
<b>Total</b>	<b>840</b>	<b>1,892</b>	<b>1,341</b>	<b>4,073</b>	

		Age group			Number
		<30	30-50	>50	
<b>31.12.2019</b>					
Men	Managing Board		6		6
	Division management / senior management		31	11	42
	Regional division or sales management/ sales management/ department management		66	34	100
	Branch management/ group management/ team management	12	114	43	169
	No managerial function	309	610	630	1,549
<b>Total (men)</b>	<b>321</b>	<b>827</b>	<b>718</b>	<b>1,866</b>	
Women	Managing Board				
	Division management / senior management		6	1	7
	Regional division or sales management/ sales management/ department management	2	46	7	55
	Branch management/ group management/ team management	6	69	22	97
	No managerial function	560	1,087	681	2,328

31.12.2019	Age group			Number
	<30	30-50	>50	
<b>Total (women)</b>	<b>568</b>	<b>1,208</b>	<b>711</b>	<b>2,487</b>
<b>Total</b>	<b>889</b>	<b>2,035</b>	<b>1,429</b>	<b>4,353</b>

405-1

	31.12.2020	31.12.2019	31.12.2018
Supervisory Board <sup>1)</sup> (number of members)	6	6	9
thereof men	4	4	6
thereof women	2	2	3

1) Supervisory Board age group in 2020: 6 Supervisory Board members male/female >50 years (100%); proportion of women on the Supervisory Board in 2020: 33%

### Tables: Workforce by nationality

31.12.2020	Austria	Germany	Other
Managing Board	1	1	4
Division management/management	30	10	8
Regional area or sales management/sales management/department management	97	20	14
Branch management/group management/team management	181	47	11
No managerial function	2,822	524	303
<b>Total</b>	<b>3,131</b>	<b>602</b>	<b>340</b>

31.12.2019	Austria	Germany	Other
Managing Board	1	1	4
Division management/management	28	13	8
Regional area or sales management/sales management/department management	105	37	13
Branch management/group management/team management	216	41	9
No managerial function	2,988	606	283
<b>Total</b>	<b>3,338</b>	<b>698</b>	<b>317</b>

## RECRUITING

**COP 6** In 2020, BAWAG Group's recruiting tool for Austria was replaced by a workflow tool. The newly revised recruiting policy defines the key principles and rules of the internal and external recruiting process and is aligned with the strategic and cost-related corporate objectives.

The main advantages of this new solution are:

- a fast, intuitive and professional process for applicants;
- improved service from Human Resources in finding the best employees;
- a paperless and thus environmentally conscious recruiting process;
- strengthening the employer brand as an innovative and modern company;
- simple single sign on;
- appointments are automatically entered in the Outlook calendar;



- availability via an app.

BAWAG Group stands for equal opportunity and diverse teams. The recruiters are sensitized to this topic. In addition, a special workshop on the topic of unconscious bias was held this year by an expert from Diversity Think Tank Austria. As multipliers, our recruiters passed on this knowledge to the managers of BAWAG Group Austria in the introductory workshops on the new recruiting tool. By the end of 2020, 88 hiring managers had been trained on this topic in this way.

**WEP 2**

BAWAG Group generally promotes open-ended employment relationships. Leasing personnel are only taken on in exceptional cases. With new employees, we conclude a fixed-term employment relationship of six months, with the first month as a probationary month.

---

## EMPLOYEE DEVELOPMENT AT HEADQUARTERS

### Programs for new employees

#### Come & Learn internship

BAWAG Group offers students interesting and varied 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 are ideal entry-level opportunities for a successful career in the company later on.

#### 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 through workshops on interpersonal skills.

Of the total 15 participants in 2020, eight were women.

A new trainee program started in BAWAG Group in September 2020.

### Programs for existing employees

When selecting program participants and specific training opportunities for employees, attention is paid to a balanced ratio of women and men.

#### Talent program

To promote managers and experts, BAWAG Group offers the one-year talent program for Talents. The focus is on expanding social, professional and methodological skills. Participants are supported in their professional and personal development and can expand their network within the bank. This program is open to talents identified as part of BAWAG Group talent process. Human Resources takes diversity aspects into account when selecting the specific group of participants, including gender equality. Twelve women and nine men benefited from this program in 2020.

### **Data analyst academy**

A new training academy for data analysts was launched in September 2020, targeting new employees with a technical university background. This program provides graduates with in-depth external and internal hands-on training (e.g. banking expertise, technical and programming skills), including the opportunity for job rotation in multiple areas and active work on use cases. Of the seven participants, two were women.

### **Risk center of excellence program**

A new risk-related program supported talented specialists and high potentials in their development in 2020. Accompanied by a mentor, the five participants, two of whom were women, were prepared for future management or project tasks at BAWAG Group.

The program included job rotation, an internal knowledge academy, regular meetings with senior management, and responsibility for a major risk project.

### **Program for managers**

The six-month LEAD Program for young executives serves to enable new managers to develop their leadership style in key areas. Participation includes a potential analysis of one's own communication behavior, one-on-one meetings with external coaches, mentoring sessions, and exchanges with sparring partners at the bank. The focus is on overcoming leadership challenges. This program is open to all newly appointed managers (team leaders, group leaders, department heads). Of the total of 18 participants in 2020, nine were women.

Experienced managers and management teams are supported through individual (management) coaching, leadership training for managers and team workshops to meet specific needs. The focus is on individual coaching and team sessions with support from Human Resources and external trainers.

### **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.

The results of these assessments are discussed in talent reviews between Human Resources and senior management. Career opportunities and career paths are defined in line with strategic succession planning.

A Group-wide leadership goal for the senior leadership team was introduced in 2019 and adopted in 2020 that makes leadership development, succession planning, talent development and talent improvement a top priority.

Since 2019, a so-called Extended Board has been in place to provide senior managers with a broader platform for strategic discussions and know-how transfer with the Managing Board. The Managing Board appointed selected divisional managers from this as deputies in 2020.

## EMPLOYEE DEVELOPMENT IN SALES

### Apprentices

Giving young people goals and prospects for the future is very important to BAWAG Group. The bank has therefore been training apprentices for years and has already received several awards, including the State Award for the Best Training Companies – Fit for Future certificate.

With its banking apprenticeship program, the bank offers high-quality training designed to enable apprentices to hit the ground running after completing their apprenticeship with sound training in advisory services and sales. With a well-structured training plan, school attendance and support from the branches, the apprentices are optimally prepared for their later professional life. As of September 2020, 24 first-year apprentices have again started at BAWAG P.S.K. in seven provinces – 12 of them young women.

### Future leaders

The leadership role is a permanent development process. Accordingly, training for retail managers at BAWAG P.S.K. includes a diverse range of elements with a clear focus on managing the branch, target attainment responsibility and employee development.

The Leader's Basics course is offered for talented sales staff and is a leadership skill building program aimed at filling future management positions from within the company. This ensures the development of future managers and facilitates the rapid and targeted internal filling of management positions.

Talents with leadership potential in sales are proposed for this course every year. If they are then nominated by sales management, they go through an assessment center and complete a potential analysis. This makes it possible to push the development of the participants in a tailored manner.

As part of the course, the talents build leadership capabilities, learn to use sales management tools and recognize connections and contexts. The main focus is on practical skill transfer, accompanied by the direct managers. The course concludes with a final examination before a board.

### New entrants to management functions

The cornerstone of this training is the Sales Camp. In the first 13 months, it offers a structured, professional development plan. Depending on previous experience, the modules are either mandatory or optional. The new manager also has the option of completing the Leader's Basics foundational course in consultation with the regional director depending on prior management experience.

What else a new manager can expect in the first six months:

- an analysis of potential: The results are analyzed in a feedback meeting. The aim is to define and subsequently implement concrete development measures
- practice days at a different branch with a buddy system
- intensive training in the internal control system with a quiz

## **WEP 1 Management development**

Various influencing factors have to be taken into account in order to provide existing managers with optimum training. 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 in BAWAG Group a diverse and tailored range of personal development, leadership and specialist topics to give them the tools they need to lead their teams to success.

On the one hand, topics for leadership and personality development are offered as elective modules. When selecting the topics, the wishes and suggestions of the sales managers and trends in the banking industry were taken into account. Each manager is responsible for finding the optimum training measure to be well equipped for day-to-day management.

On the other hand, we offer the Leader's Premium course for experienced managers. This course promotes collegial learning, offers the opportunity to expand one's own network and to reflect on one's own leadership behavior. In the four modules, special emphasis is placed on a balanced mix of different learning methods.

### **Personality analyses for managers**

In order to tailor the further development of managers to the individual in addition to the standard programs on offer, managers in sales receive personal profiles from two personality analyses that complement each other well.

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.

### **Succession planning**

The sales talent management process ensures structured succession planning in sales. The goals of STM are:

- Assessment of skills along defined criteria for all sales employees and managers
- Offer of training and further education measures
- Structured succession planning – talent management (nominations for Leader's Basics)
- Training for employees

## TRAINING FOR ALL EMPLOYEES

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. The mandatory training and self-learning programs are tailored to the leased employees' area of activity<sup>1)</sup>.

The newly 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.

With the increasing importance of sustainability issues, BAWAG Group decided this year to train its employees on this topic. The training sessions were coordinated with the ESG officers. The ESG officers from the areas of communications and sales, investor relations, risk, governance, human resources and diversity management direct corresponding projects and processes as a decentralized body. **FS 4**

As a first step, risk officers held 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 the workshop.

In a second step, all employees received an overview of sustainability topics in a mandatory self-learning program. The program summarizes the topic of sustainable action for BAWAG Group and highlights the bank's current initiatives on this topic. Around 92% successfully completed the 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 will be 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. By the end of the year, more than 50% had already successfully completed the program.

The following topics were covered:

- EU legal framework (sustainable finance etc.)
- Sustainable investments/financing
- Market situation and demand
- Opportunities and customer benefits
- ESG criteria and
- ESG risks

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 the 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. For example, an individually designed coaching and training program for all agents was introduced in the Customer Service Center in 2020 to further develop their communication skills. 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).

1) There were no leasing personnel in 2020.

In addition, since the beginning of 2020, the goodhabitz online learning library has been offering all employees training in personal and professional development with more than 80 courses that are methodologically diverse. A total of 595 participants had visited the new platform by the end of the year, completing 267 hours of studying time.

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 31.12.2020 <sup>1)</sup>	Total days	Average days
Women	6,152	3.2
Men	6,944	4.5
<b>Total</b>	<b>13,096</b>	<b>3.8</b>

1) A training day is defined as eight hours.

31.12.2019 <sup>2)</sup>	Total days	Average days
Women	8,850	4.4
Men	10,242	6.5
<b>Total</b>	<b>19,092</b>	<b>5.4</b>

1) A training day is defined as eight hours. The figures include the number of training days of active employees of BAWAG P.S.K., easybank, start:bausparkasse Austria, Südwestbank, start:bausparkasse Germany, BFL Leasing and Health Coevo AG. The training days of Zahnärztekasse were not recorded in 2019.

**Tables: Training days by position**

31.12.2020 <sup>3)</sup>	Total days	Average days
<b>Managers</b>		
Women	602	4.7
Men	1,079	3.8
<b>Sales employees</b>		
Women	5,538	5.7
Men	4,330	10.5
<b>Headquarters employees</b>		
Women	1,220	1.2
Men	327	0.4

3) A training day is defined as eight hours.

31.12.2019 <sup>1)</sup>	Total days	Average days
<b>Managers</b>		
Women	830	6.8
Men	1,707	5.4
<b>Sales employees</b>		
Women	5,301	8.4
Men	6,403	14.2
<b>Headquarters employees</b>		
Women	2,719	2.2
Men	2,132	2.6

1) A training day is defined as eight hours. The figures include the number of training days of active employees of BAWAG P.S.K., easybank, start:bausparkasse Austria, Südwestbank, start:bausparkasse Germany, BFL Leasing and Health Coevo AG. The training days of Zahnärztekasse were not recorded in 2019.

### Special training for headquarters employees

New employees start their banking career with a welcome day. This workshop provides initial insight into the bank and its strategy, followed by a second round covering the topics of risk management, information security and internal auditing.

In the follow-up for new employees, the Risk department with its units and their core tasks is presented to all new employees. The risk strategy and risk governance are explained and what role the topic of risk plays throughout the company. Another focus is a look at the Group Data Warehouse and the importance of data for the company.

In the presentation on information security, practical examples are used to sensitize new employees to the importance of this topic and share guidelines and advice on personal caution in daily work. Clear guidelines for action in the event of any suspicion help the new employees to act correctly.

The Internal Audit presentation discusses the tasks and role of Internal Audit in a bank. Among other things, new employees learn who they can contact in the event of suspicious cases.

Regular Risk & Finance Days keep employees from these areas up to date on current topics.

As of March 2020, most of the training and workshops were conducted online due to COVID-19. The new form of distance learning was very well received and enabled employees to participate.

### Special training for sales staff

#### Sales Camp: training new sales employees

New employees start off their branch assignment with a welcome day, which has been changed to on-site at each branch due to COVID-19. The sales staff then start their basic training, the Sales Camp. The training is differentiated based on the roles of floor manager, customer manager and mobile advisor.

All new employees are supported and guided by their own supervisor. Employee development is documented using an employee appraisal sheet (which also depends on the role) at the so-called checkpoints.

### **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
- Examination/certification

After the training, we offer employees the chance to take part in a practical workshop. This allows them to discuss their initial experiences, clarify any questions they may have and consolidate the knowledge they have gained.

We also employ a mentoring system for professional training. Every new employee is assigned an experienced mentor/buddy who accompanies them throughout their training.

Several self-learning programs and 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 also 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**

### **WEP 2 Flexible work**

In most organizational units, there are variable working hours with defined function times.

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.

The Group offers 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 in BAWAG Group in the future. The experience of the past few months 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 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 addition to the flex-office guide for employees and managers, a separate module on data privacy when working from home was included as part of the self-learning program on data privacy in order to train employees accordingly. The completion of this online training was mandatory for all employees in 2020.

### **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 maternity leave. This model is intended to make it easier for those on maternity leave to return to work. The Group also offers employees flexible working hours and part-time models after maternity 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**

	<b>31.12.2020</b>	31.12.2019 <sup>1)</sup>
<b>Total number of employees who took parental leave in the reporting period</b>	<b>249</b>	<b>265</b>
Women	211	239
Men	38	26
<b>Total number of employees who returned to work after taking parental leave in the reporting period</b>	<b>85</b>	<b>86</b>
Women	57	69
Men	28	17
<b>Total number of employees who returned after parental leave and were still employed 12 months later</b>	<b>94</b>	<b>89</b>
Women	81	75
Men	13	14
<b>Return rate</b>		
Women	86%	82%
Men	97%	81%
<b>Retention rate</b>		
Women	80%	
Men	62%	

1) The retention rate could not be calculated in 2019 due to insufficient data.

**Certification**

In 2013, BAWAG P.S.K. 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. In the fall of 2020, BAWAG P.S.K. completed the auditing process again and successfully received the work and family audit certificate for the second time.

**Dad month and special leave days**

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

**Company daycare center at central locations**

BAWAG Group offers parents childcare places for their children at the company daycare center at two central locations in Vienna. Part-time employees, single parents and employees with special working time arrangements are given priority in the allocation of these places. The facility at headquarters has around 750 m<sup>2</sup> of spacious, bright group rooms and child-friendly sanitary facilities. The children receive fresh meals every day.

**Information event for expectant parents**

All expectant mothers and fathers at BAWAG Group in Austria are invited to an information event held twice a year on the topic of maternity leave management and re-entry into the bank. In 2020, a total of ten employees participated in an online version of the event.

### **Welcome back event**

Since 2009, Human Resources and the BAWAG P.S.K. Works Council have organized a welcome back event. All BAWAG Group employees in Austria who return from maternity leave after the date of the last welcome back event up to and including December 31 of the following year are invited to find out about innovations and developments in the Group. In 2020, 38 employees took part in the online information event.

### **Employee feedback and ideas**

Employee feedback and ideas on current issues are important factors in improving employee satisfaction.

In July 2020, we conducted a survey on the topic of working from home among the employees of the Austrian BAWAG Group companies. The participation rate of over 78% showed the great interest and commitment of our employees. The survey revealed that our employees had many positive experiences working from home. Of all survey participants, 94% wanted to continue remote working, with the majority wanting to work from home for up to three days. Employees most appreciated the time saved by not having to commute, the increased flexibility and higher productivity.

In the fall, a second survey on the topic of remote working was conducted among managers in order to learn from the experiences and best practices of the individual units and to pass these on to all employees in the form of the flex-office guide.

There are plans to continue employee surveys on current topics as well as a broader survey on employee satisfaction in BAWAG Group.

BAWAG Group employees also 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.

### **Communication platforms**

Information is disseminated to employees via communication platforms. A newly designed SharePoint platform has been implemented to cover the additional information requirements in sales.

In the second half of 2020, Group-wide Managing Board town hall meetings were held online. All employees were invited to participate in this event. The live event was recorded via Microsoft Teams and subsequently made available to all employees. Individual Managing Board members also use this form of online meeting to pass on updates and important information directly to the units under their responsibility.

Misunderstandings can occur when people work together. BAWAG Group promotes open dialog between managers and employees. Employees can address concerns or complaints directly to their supervisor. If a complaint cannot be resolved in this way, Human Resources is available to help.

Human Resources follows a structured procedure to investigate justified complaints and takes appropriate action when an employee grievance is substantiated:

- Reports may be addressed to the Head of Human Resources. Human Resources will obtain a written statement on the subject of the report from the employee submitting the report and the employee concerned within a reasonable period of time.
- The Head of Human Resources clarifies legal issues with Human Resources Legal or outside counsel as needed.

- In the event of a justified complaint, Human Resources and Human Resources Legal will decide on further action (e.g. training, warning, up to and including termination in serious cases).
- Complaints are always treated confidentially, or Human Resources obtains the prior consent of the reporting employee to pass on information.
- Employees may also contact the Works Council.

**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 management by objectives (MbO) process continues to be an important management tool for supporting the business strategy.

At the start of the annual employee appraisal process, corporate goals are defined that are important for the development of the bank and each individual employee. The assessment of each employee’s performance reflects the professional and social competence of each individual as well as the achievement of personal and defined Group objectives. The MbO discussions are conducted from the top down, which ensures that all set targets are discussed consistently at all functional levels.

In 2020, 90% of employees in BAWAG Group received a performance appraisal.

**404-3 Table: Performance appraisals by position and gender (in percent)**

	<b>31.12.2020</b>	31.12.2019
<b>Managers</b>		
Women	91%	87%
Men	83%	82%
<b>Sales employees</b>		
Women	91%	95%
Men	94%	95%
<b>Headquarters employees</b>		
Women	87%	87%
Men	88%	89%

The originally planned expansion of the MbO process to include Südwestbank employees could not be implemented due to local regulatory requirements as revealed by an in-depth evaluation. Two parallel processes are more effective in this case.

**WEP 3 Workplace health promotion**

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
- Vaccination campaigns
- First aid
- Free annual preventive medical checkup
- Company psychologist
- Healing masseuse at the health offices

BAWAG P.S.K. 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.

**Evaluation of mental stress 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. Due to the lockdown in 2020, the spring evaluation took place in the fall, starting in the new branches.













**Other company social benefits****401-2****Table: Other company social benefits**

In € thousand	31.12.2020	31.12.2019 <sup>1)</sup>
Travel allowances	451	424
Pension fund contributions	7,834	7,903
Anniversary bonus payments	462	2,812
Allowances (especially for marriage/birth/death, WAFF)	125	201
Accident insurance	283	230
Subsidy for supplementary health insurance	135	235
Company cafeteria (menus/staff/vouchers)	669	1,143
Company physician and health programs	104	167
Company daycare center	388	350
Employee events (especially Christmas vouchers/Christmas dinner/excursions)	229	373
Subsidy for the Works Council (vaccination campaigns, vacation rooms, sports club etc.)	320	300
<b>Total</b>	<b>11,000</b>	<b>14,138</b>

**401-2 Benefits**

The benefits offered by BAWAG Group are available to all employees.

**BENEFITS AT BAWAG GROUP**

 <p><b>Flexible work</b> where bank operations allow, we offer flexibility in working hours and location</p>	 <p><b>Company daycare center</b> for infants and preschoolers from 6.30 a.m. – 5.30 p.m.</p>	 <p><b>Company health office</b> for employees in case of acute illness, health services (vaccinations) are also provided</p>	 <p><b>Fitness offerings</b> Own sports club and discounts in many fitness studios</p>
<p><b>Life-long learning</b> Tailor-made for our employees at headquarters and in sales</p> 	<p><b>Women's mentoring programs</b> Promote the professional development of our female employees</p> 	<p><b>Sabbaticals</b> are available to our employees on request and by arrangement</p> 	<p><b>Events and gifts</b> for our employees for special occasions</p> 
<p><b>Employee conditions</b> for our employees for banking products (e.g. accounts, loans)</p> 	<p><b>Meal vouchers</b> Benefits for all employees</p> 	<p><b>Employee discounts</b> in many stores and service providers (e.g. OMV, Rewe, H&amp;M, Thermo Wien)</p> 	<p><b>Company pension plan</b> in addition to the legally provided pension benefits</p> 

**BAWAG P.S.K. Sportklub**

The non-profit association BAWAG P.S.K. Sportklub was founded in 1978 with the purpose of promoting athletic activities among BAWAG P.S.K. employees and enabling them to engage in sports, games and other recreational opportunities. To this end, regular practice sessions, tournaments and (multi-day) excursions (e.g. ski weeks) are organized.

All employees of BAWAG P.S.K. and subsidiaries in Austria, retired employees and relatives of employees can become sports club members. Members of the BAWAG P.S.K. sports club and BAWAG P.S.K. employees receive discounted prices on sports offers.

In recent years, the sports program that originally focused heavily on employees in Vienna and the surrounding area has been increasingly extended to include employees in the provinces. This was done through larger events (such as the business run), as well as through the switch to online courses in the wake of the COVID-19 pandemic.

## PROMOTING DIVERSITY AND EQUAL OPPORTUNITY

An active equality policy and the promotion of diversity among employees are tantamount with being a modern employer and a customer-oriented company.

In BAWAG Group, people from 45 nations, from all age groups, who are in professional life, 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.

**COP 6**  
**WEP 1**  
**WEP 2**  
**WEP 4**

### 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
- Promoting a better work-life balance for women and men

**SDG 4**  
**SDG 5**

### Women's Initiative

The BAWAG P.S.K. Women's Initiative is a network of female experts and female managers from all areas of the bank supported by the Managing 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.

**WEP 6**  
**WEP 7**

### Women's Mentoring Program

The application process for the BAWAG Group Women's Mentoring Program will start for the seventh time in October 2020.

External and internal women's mentoring programs alternate annually.

The external 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.

The internal women's mentoring program is suitable for 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. During the mentoring year, the mentees are offered professional and personality-building 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 Managing Board in a very personal setting during business talks.

**SDG 5**  
**WEP 5**  
**WEP 6**

**Women's Award**

In December, the 8th BAWAG P.S.K. Women's Award was presented to Professor Elisabeth Puchhammer-Stöckl and Professor Judith Aberle, virologists at the Medical University of Vienna. The € 5,000 award recognizes outstanding achievements by women and special commitment to positioning women in society.

The female researchers, Professor Elisabeth Puchhammer-Stöckl and Professor Judith Aberle, stood out with their current commitment in the field of virology. In addition, the Center for Virology at the Medical University of Vienna has been pursuing gender equality through targeted measures for quite some time. Six out of eight professors are female – a ratio that is rare by international standards, which contributed to the selection by BAWAG P.S.K. Women's Initiative.



**What counts  
now is how we  
move forward  
from here**

**because the next  
generation is  
counting on us.**

## ENVIRONMENTAL AND CLIMATE PROTECTION

### Significance for BAWAG Group

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.

**103-1  
103-2  
103-3**

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.

### Opportunities

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 CO<sub>2</sub> 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.

### Risks

Failure to take environmental and climate protection into account could jeopardize the future foundations of the next generations and thus also our business model. Rising temperatures could increase the energy required for air conditioning at the sites and thus lead to higher operating costs. Changing environmental conditions could negatively impact business locations (e.g. due to weather damage).

If we were not to promote local suppliers, this could lead to a reduced volume of business and a reduction in sources of income for companies in the region. This could then lead to less willingness to invest on the part of local companies, which in turn could mean reduced demand for financing from BAWAG Group.

### Due diligence processes and (ongoing) measures

Ongoing environmental and resource management in Austria is handled by the Purchasing, Real Estate and Facility Management unit. Through various processes and standards (e.g. supplier code of conduct, corporate procurement policy),

which also apply to the responsible staff and units in the Group subsidiaries, we ensure that business relationships comply with our values and principles and that we use resources at our sites efficiently and as sparingly as possible.

**Area of action 7: Environmental and climate protection**

Significant effects	...good role model for employees and other companies ...preserving the natural basis of human life ...promoting an intact environment and nature ...mitigating climate change, contribution to the Paris goals. ...promoting the circular economy
Potential risks for BAWAG Group	Climate change risks, financial risks, reputational risks
Approach/significance for BAWAG Group	...minimize the direct impact on the environment in everyday work and the indirect impact through products and services, thus ensuring an environment worth living in for future generations
Due diligence processes (ongoing measures) and review	Environmental and resource management, Group-wide processes and standards for business relationships
SDGs	SDG 7-8, SDG 13
UN Global Compact	Principles 1-8
UN Global Compact Women's Empowerment Program	No reference
GRI	204-1, 302-1, 302-2, 305-1, 305-2, 305-3
NaDiVeG reference	Environmental concerns



**COVID-19**

Due to the COVID-19 crisis, employees at central locations have worked from home for the majority of the year. A reduced staff level was mandated for working at headquarters. The reduced number of employees working at headquarters also significantly reduced the operating expenses (electricity, heating, paper) for this location in 2020.

The switch to virtual meetings has also reduced the number of kilometers driven or flown by BAWAG Group.

As a result of COVID-19, there was only a slight impact in supplier management in the form of delivery delays. For the most part, there was no major impact on the supply chains.

## ENVIRONMENTAL FIGURES

Table: Environmental indicators<sup>1)</sup>

	Unit	31.12.2020	31.12.2019 <sup>2)</sup>	31.12.2018 <sup>3)</sup>
<b>Material consumption</b>				
Paper use	kg	164,564	840,643	161,847
Bank statement envelopes	Piece	9,049,198	11,008,672	7,034,210
<b>Energy consumption<sup>4)</sup></b>				
Total electricity consumption	kWh	12,831,686	16,413,990	19,768,857
Space heating				
Gas	kWh	3,205,619	2,487,469	3,273,929
District heating	kWh	7,740,654	6,275,751	8,138,831
Total space heating	kWh	11,135,205	8,763,220	11,412,760
District cooling <sup>5)</sup>	kWh	870,957	968,059	
Heating oil <sup>6)</sup>	kWh	188,933		
Fleet/mobility				
Fleet gasoline	kWh	239,815	381,316	167,044
Fleet diesel	kWh	1,433,704	1,906,333	889,966
Air travel	kWh	550,731	4,410,288	2,473,922
Total energy consumption	kWh	27,062,097	32,843,206	29,303,848
<b>CO<sub>2</sub> emissions<sup>7)</sup></b>				
Scope 1 – direct emissions				
Vehicle fleet	t CO <sub>2</sub> -e	289	731	275
Space heating (gas)	t CO <sub>2</sub> -e	869	674	614
Subtotal Scope 1	t CO <sub>2</sub> -e	1,158	1,405	889
Scope 2 – indirect emissions from energy purchases (market based)				
Electricity	t CO <sub>2</sub> -e	147	332	
District heating/cooling <sup>8)</sup>	t CO <sub>2</sub> -e	1,578	1,320	
Subtotal Scope 2	t CO <sub>2</sub> -e	1,725	1,652	
Scope 2 – indirect emissions from energy purchases (location based)				
Electricity	t CO <sub>2</sub> -e	3,627		5,674
District heating/cooling	t CO <sub>2</sub> -e	1,578		1,781
Subtotal Scope 2	t CO <sub>2</sub> -e	5,205		7,456
Scope 3 – other indirect emissions				
Air travel	t CO <sub>2</sub> -e	378	3,086	1,718
Subtotal Scope 3	t CO <sub>2</sub> -e	378	3,086	1,718
Total CO <sub>2</sub> emissions (Scope 1–3, market based)	t CO <sub>2</sub> -e	3,261	6,143	
Total CO <sub>2</sub> emissions (Scope 1–3, location based)	t CO <sub>2</sub> -e	6,741		10,063

SDG 13

302-1  
302-2305-1  
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. The values presented from 2018 cannot be directly compared with the values from 2019 or 2020, as the companies included are different.
- 2) Reporting period 2019: Electricity consumption: The data for start:bausparkasse in Germany and BFL Leasing could not be included in the reporting year due to a move. At BAWAG P.S.K., 23% of the branches are not included in the calculation because no data was available. The space heating consumption of start:bausparkasse in Germany, BFL Leasing, Zahnärztekasse AG and Südwestbank branch Reichenau could not be included. BAWAG P.S.K. does not include new branches and branches whose consumption is charged on the basis of operating costs (coverage rate: 39% of all branches).
- 3) Reporting period 2018: The environmental indicators relate to BAWAG P.S.K., easybank and start:bausparkasse in Austria. The electricity consumption, space heating consumption and Scope 2 were additionally supplemented by the data of Südwestbank.
- 4) 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. The reporting is planned for 2021.
- 5) District cooling consumption applies exclusively to BAWAG Group headquarters and has been presented since 2019.
- 6) Heating oil has only been reported since 2020 and just for BAWAG P.S.K.
- 7) Minor deviations may occur due to rounding of decimal places. The calculation method of the CO<sub>2</sub> 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 CO<sub>2</sub>, 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.
- 8) For district heating, the conversion factor of location-based was used.

## COP 8 MEASURES AND INITIATIVES

### Supplier management

- 102-9** The supplier code of conduct defines our expectations towards suppliers with regard to environmental protection. The policy must be signed by every supplier of BAWAG P.S.K. before a business relationship can be started. This obligates our suppliers to respect the fundamental rights, health and safety of their employees and refers to anti-corruption regulations. In the course of the supplier evaluation, commercial, professional/technical, legal and general parameters surrounding the future cooperation are comprehensively examined and evaluated.
- SDG 8**
- SDG 13**
- SDG 16**
- COP 1**
- COP 2**
- COP 4** As part of the harmonization of procurement processes, a single policy was introduced for the subsidiaries E2E Kreditmanagement, E2E Transaktionsmanagement, start:bausparkasse Österreich, start:bausparkasse Deutschland, BFL Leasing, Health Coevo and Zahnärztekasse AG on the basis of the central corporate procurement policy. This ensures a uniform approach to purchasing.
- COP 5**
- COP 6**
- COP 10**

In addition, there is procurement governance, which is aimed at all employees involved in the purchasing process. The guideline regulates all topics relating to the organization, procedures and systems in the procurement process. When awarding contracts for external services, it stipulates that when multiple tenders are received with the same price/performance ratio, preference shall be given to sustainable companies.

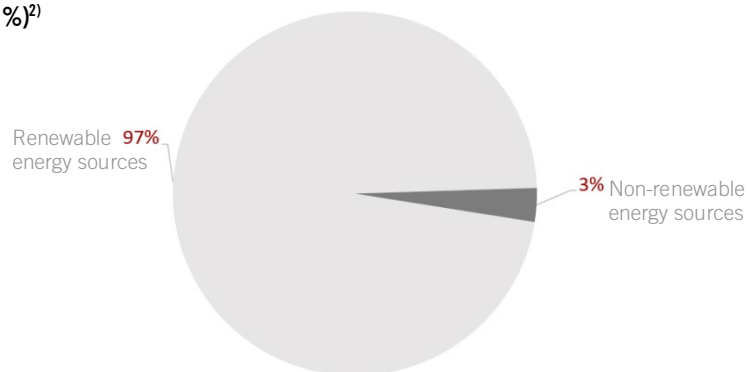
- 204-1** Around 74% of all spending by BAWAG P.S.K. and easybank went to local suppliers<sup>1)</sup> in 2020. Procurement consists primarily of software and information services, marketing, rent, insurance and facility management/business equipment.
- COP 4**

### Operations management

#### SDG 7 Our goal: 100% green energy

BAWAG Group has set itself the goal of supplying all of its sites with green energy as quickly as possible. This has already been achieved to a large extent and was also driven forward in 2020.

**Chart: Share of renewable energy in total electricity consumption in 2020 (in %)<sup>2)</sup>**



- All BAWAG Group locations in Austria and Switzerland are supplied with green energy. In Austria, energy is procured through easy green energy (see the details in the Sustainability in our core business section). The electricity is certified with the UZ46 ecolabel, is generated in Austria and comes entirely from hydropower and renewable energy sources.

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 who submit invoices to BAWAG Group are also classified as "local" in the presentation.  
 2) The electricity consumption figures of BFL Leasing, 2 BAWAG P.S.K. branches and 3 easyleasing locations are not included in the calculation.

- ▶ Health AG's locations in Hamburg and Berlin and start:bausparkasse Deutschland have also been supplied entirely with green electricity since 2020.
- ▶ As of 1 January 2021, all Südwestbank locations will switch to green energy suppliers. Südwestbank's head office is already supplied with green electricity.
- ▶ BFL Leasing's office building still lacks the technical infrastructure to switch to green energy; this has yet to be provided by the building's owner. As soon as this is completed, BFL Leasing will also switch to green energy.

### Energy efficiency at headquarters

SDG 13

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 2020.

### Energy-efficient IT infrastructure

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. Südwestbank 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 P.S.K. items in a CO<sub>2</sub>-neutral manner in 2020. Südwestbank sent letters and parcels in a climate-neutral manner using GOGREEN. With the help of an independent measurement system, the CO<sub>2</sub> emissions of all shipments are precisely assessed. Greenhouse gases are offset by supporting various climate protection projects.

### Digitalization 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 P.S.K. 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. In 2020, these measures alone saved over 2.1 million A4 pages.

SDG 13

# APPENDIX

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

**401-1 Table: Exits**

	31.12.2020	31.12.2019	31.12.2018
<b>By country</b>			
Austria	513	305	449
Germany	120	127	251
Other	12	16	2
<b>By age group</b>			
<30	174	170	185
30–50	228	233	300
>50	243	45	217
<b>By gender</b>			
Women	173	224	360
Men	186	224	342

**Table: Exits**

in %	31.12.2020	31.12.2019	31.12.2018
<b>By country</b>			
Austria	79%	68%	64%
Germany	18%	28%	35%
Other	3%	4%	1%
<b>By age group</b>			
<30	46%	38%	26%
30–50	46%	52%	43%
>50	8%	10%	31%
<b>By gender</b>			
Women	48%	50%	51%
Men	52%	50%	49%

**Table: New hires****401-1**

	<b>31.12.2020</b>	31.12.2019	31.12.2018
<b>By country</b>			
Austria	315	543	581
Germany	35	77	22
Other	8	15	10
<b>By age group</b>			
<30	219	380	374
30–50	124	219	198
>50	15	36	41
<b>By gender</b>			
Women	156	312	331
Men	202	323	282

**Table: New hires**

<b>in %</b>	<b>31.12.2020</b>	31.12.2019	31.12.2018
<b>By country</b>			
Austria	88%	86%	95%
Germany	10%	12%	4%
Other	2%	2%	1%
<b>By age group</b>			
<30	61%	60%	61%
30–50	35%	34%	32%
>50	4%	6%	7%
<b>By gender</b>			
Women	44%	49%	54%
Men	56%	51%	46%

# 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 2020 or 31 December 2020.

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.

<b>Areas of action</b>	<b>GRI codes</b>
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, FS 8
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, 301-1, 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	p. 107	
	102-2	Activities, brands, products, and services	p. 10 et seq.	
	102-3	Location of headquarters	p. 107	
	102-4	Location of operations	p. 10	
	102-5	Ownership and legal form	p. 10	
	102-6	Markets served	p. 10 et seq.	<a href="https://www.bawag-group.com">https://www.bawag-group.com</a>
	102-7	Scale of the organization		As of 31 December 2020, BAWAG Group had one headquarters location, six other locations and 94 branches in the DACH region.
	102-8	Information on employees and other workers	p. 61 et seq.	d. No significant proportion of non-employed workers.
	102-9	Supply chain	p. 10	
	102-10	Significant changes to the organization and its supply chain		No significant changes in the reporting period.
	102-11	Precautionary principle or approach	p. 27 et seq.	
	102-12	External initiatives		Transparency International (Austrian Chapter); work and family audit; equalitA; Austrian Leading Companies; UN Global Compact; UN Global Women's Empowerment Program; 2030 Agenda Sustainable Development Goals

GRI code		Content according to GRI Standards (core)	Reference	Notes
Organizational profile	102-13	Memberships of associations		Transparency International (Austrian Chapter), UN Global Compact, UN Global Compact WEP
Strategy	102-14	Statement from senior decision-maker	p. 6	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	p. 27 et seq.	
Governance	102-18	Governance structure		<a href="https://www.bawag-group.com/BAWAG-GROUP/IR/DE/ES">https://www.bawag-group.com/BAWAG-GROUP/IR/DE/ES</a> at "Our Governance Structure"
	102-20	Executive-level responsibility for economic, environmental, and social topics		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.
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.

GRI code		Content according to GRI standards (core)	Reference	Notes
Stakeholder engagement	102-42	Identifying and selecting stakeholders		Twelve 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 the reporting year. 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 2018 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.

GRI code		Content according to GRI Standards (core)	Reference	Notes
Reporting practice	102-45	Entities included in the consolidated financial statements		The list can be found in the Notes to the Consolidated Financial Statements 2020 (Note 50), available at <a href="https://www.bawag-group.com/financial-results">https://www.bawag-group.com/financial-results</a>
	102-46	Defining report content and topic boundaries	p. 9	
	102-47	List of material topics	p. 14	
	102-48	Restatements of information		The figures for temporary employees in the tables "Type of employment relationship by gender and country" for 2019 (page 62) have been restated in this report. For 2019 and 2020, they also include the number of employees in partial retirement, which is also a fixed-term employment relationship.
	102-49	Changes in reporting	p. 9	
	102-50	Reporting period	p. 9	
	102-51	Date of most recent report		March 2020
	102-52	Reporting cycle		Annual
	102-53	Contact point for questions regarding the report	p. 107	
	102-54	Claims of reporting in accordance with the GRI Standards	p. 9, 88	
	102-55	GRI content index	p. 88	
	102-56	External assurance	p. 102 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. 21 et seq.	
	103-2	The management approach and its components	p. 21 et seq.	
	103-3	Evaluation of the management approach	p. 21 et seq.	
Economic Performance	201-1	Direct economic value generated and distributed	p. 24	
	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 91% of the employees with managerial functions in BAWAG Group (table "Workforce by nationality") is Austria and Germany, i.e. the Group's main business locations.

### 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. 25 et seq.	
	103-2	The management approach and its components	p. 25 et seq.	
	103-3	Evaluation of the management approach	p. 25 et seq.	

GRI code		Content according to GRI Standards (core)	Reference	Remarks
Anti-corruption	205-1	Operations assessed for risks related to corruption		Adherence to the anti-corruption guidelines is reviewed during “compliance audits,” which include the topic of anti-corruption. In 2020, ten audits were carried out at units of BAWAG Group in Austria. In addition, five further audits took place at BAWAG Group units in Germany and Switzerland.
	205-2	Communication and training about anti-corruption policies and procedures		a. In 2020, 100% of the Supervisory Board members were informed about and sensitized to compliance issues, including anti-corruption, as part of the annual report, and were notified of changes in relevant guidelines. b. The Compliance and Conduct SLP is mandatory every two years for all employees in Austria. The last round took place in 2019. The SLP in 2019 was successfully completed by 99%. All new employees are required to complete the SLP. The fraud prevention manual is available to Südwestbank employees. The web-based fraud prevention training is to be completed by employees (including the Managing Board) every three years. In 2020, 62 Südwestbank employees completed the training. c. For business partners, the supplier code of conduct includes anti-corruption provisions.
	205-3	Confirmed incidents of corruption and actions taken	p. 29	

GRI code		Content according to GRI Standards (core)	Reference	Remarks
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.
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No incidents in the reporting period.
Public Policy	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 substantiated complaints: In one case, cookies were set without consent. The cookies were deleted. In the second case, the customer received incomplete data disclosure. This was supplemented. In total, 102 data breaches occurred, which were all clarified.
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area		No incidents during the reporting period.

### 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 Bound-ary	p. 32 et seq.	
	103-2	The management approach and its components	p. 32 et seq.	
	103-3	Evaluation of the management approach	p. 32 et seq.	

GRI code		Content according to GRI Standards (core)	Reference	Remarks
Marketing and Labeling	417-1	Requirements for product and service information and labelling	p. 39 et seq.	
	417-2	Incidents of non-compliance concerning product and service information and labelling		In a case brought by an association, the Austrian Supreme Court qualified individual clauses used by BAWAG P.S.K. in its terms and conditions, price sheets and credit card terms and conditions as non-transparent within the meaning of the Consumer Protection Act. The clauses are now being amended to comply with the requirements of the case law.
	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. 35	
	FS 2	Procedures for assessing and screening environmental and social risks in our core business	p. 34 et seq.	
Sector-specific disclosure: Active Ownership	FS 11	Percentage of assets subject to positive and negative environmental or social screening	p. 34 et seq.	
Community	FS 13	Access points in low-populated or economically disadvantaged areas by type	p. 36	
	FS 14	Initiatives to improve access to financial services for disadvantaged people	p. 37	



**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 Bound-ary	p. 41 et seq.	
	103-2	The management ap-proach and its compo-nents	p. 41 et seq.	
	103-3	Evaluation of the man-agement approach	p. 41 et seq.	
Sector-specific disclo-sure: Product Portfolio	FS 6	Percentage of the port-folio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	p. 45 et seq.	In addition to the table on overall sector expo-sure in the CSR Report, the risk concentration by sector for Corporates & Public is also pre-sented in the Group An-nual Report (p. 224). The distribution of the credit portfolio by size cannot be applied in ac-cordance with GRI re-quirements based on the available data.
	FS 7	Monetary value of prod-ucts and services de-signed to deliver a specific social benefit for each business line broken down by pur-pose	p. 49 et seq.	
	FS 8	Monetary value of prod-ucts and services de-signed to deliver a specific environmental benefit for each busi-ness line broken down by purpose	p. 49	
Indirect Economic Impacts	203-1	Infrastructure invest-ments and services sup-ported	p. 47 et seq.	

GRI code		Content according to GRI Standards (core)	Reference	Remarks
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. 53 et seq.	
	103-2	The management approach and its components	p. 53 et seq.	
	103-3	Evaluation of the management approach	p. 53 et seq.	
		Volunteer hours completed by employees	p. 55	

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

<b>GRI code</b>		<b>Content according to GRI Standards (core)</b>	<b>Reference</b>	<b>Remarks</b>
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 58 et seq.	
	103-2	The management approach and its components	p. 58 et seq.	
	103-3	Evaluation of the management approach	p. 58 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. 69	
Employment	401-1	New employee hires and employee turnover	p. 61, 86 et seq.	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 78	
	401-3	Parental leave	p. 74	
Training and Education	404-1	Average hours of training per year per employee	p. 70 et seq.	
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 76	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p. 61 et seq, 64	
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**

<b>GRI code</b>		<b>Content according to GRI Standards (core)</b>	<b>Reference</b>	<b>Remarks</b>
Management Approach	103-1	Explanation of the material topic and its Boundary	p. 81 et seq.	
	103-2	The management approach and its components	p. 81 et seq.	
	103-3	Evaluation of the management approach	p. 81 et seq.	
Procurement Practices	204-1	Proportion of spending on local suppliers	p. 84	Due to the data situation, it was only possible to report the spendings of BAWAG P.S.K. and easybank. It is planned to expand the presentation to include other subsidiaries.
Energy	302-1	Energy consumption within the organization	p. 83	
	302-2	Energy consumption outside of the organization	p. 83	
Emissions	305-1	Direct (Scope 1) GHG emissions	p. 83	
	305-2	Energy indirect (Scope 2) GHG emissions	p. 83	
	305-3	Other indirect (Scope 3) GHG emissions	p. 83	

23 February 2021



Anas Abuzaakouk  
CEO and Chairman of the Managing Board



David O'Leary  
Member of the Board



Enver Sirucic  
Member of the Board



Andrew Wise  
Member of the Board



Sat Shah  
Member of the Board

# INDEPENDENT ASSURANCE REPORT

**102-56** We have performed an independent limited assurance engagement on the consolidated nonfinancial report according to § 267a UGB (“NFI report”) for the financial year 2020, which has been published as BAWAG Group Corporate Social Responsibility Report 2020 of

## **BAWAG Group AG, Vienna**

(referred to as “BAWAG Group” or “the Company”).

### **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.

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.

### **Auditors' 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) 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 local data collection, validation and reporting processes as well as the reliability of the reported data through a sample survey of Health Coevo AG.
- ▶ 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) 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 futurerelated disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company. Disclosures audited within the scope of the annual financial statement were assessed for correct presentation (no content examination).

## **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

**Restriction of 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 audit certificate together with the NFI report.

**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 2021

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Peter Ertl

Certified Public 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 2020 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
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence. (COP 1)	p. 27, 84 General/principles/guidelines: Code of conduct, supplier code of conduct
<b>Principle 2:</b> Businesses should make sure that they are not complicit in human rights abuses. (COP 2)	p. 27, 84 General/principles/guidelines: Code of conduct, supplier code of conduct
<b>Principle 3:</b> 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. p. 84
<b>Principle 4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labor. (COP 4)	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."
<b>Principle 5:</b> Businesses should uphold the effective abolition of child labor. (COP 5)	p. 84 General/principles/guidelines: Supplier code of conduct
<b>Principle 6:</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation. (COP 6)	p. 27, 64, 79, 84 General/principles/guidelines: Code of conduct, supplier code of conduct, recruiting policies, Women's Advancement Plan, Women's Mentoring Program
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges. (COP 7)	p. 48 et seq. Energy efficiency products and services
<b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility. (COP 8)	p. 51, 84 et seq. Energy-efficient sites, paperless branches, digitalization of processes, expansion of online offerings
<b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies. (COP 9)	p. 47 et seq. Financing of sustainable projects

<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery. (COP 10)</p>	<p>p. 27, 84 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.</p>
---	--

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

<p><b>The seven principles</b></p>	<p><b>Examples of implementation</b></p>
<p><b>Principle 1:</b> Establish high-level corporate leadership for gender equality (WEP 1)</p>	<p>p. 62, 68, 79 et seq. Women’s Advancement Plan, Women’s Mentoring Program, flexible working time models, focus topic in management programs</p>
<p><b>Principle 2:</b> Treat all women and men fairly at work – respect and support human rights and nondiscrimination (WEP 2)</p>	<p>p. 65, 72 et seq., Recruiting policy, code of conduct, flexible working time models, supplier code of conduct, Women’s Advancement Plan, part-time parental leave, dad month</p>
<p><b>Principle 3:</b> Ensure the health, safety and well-being of all women and men workers (WEP 3)</p>	<p>p. 74 et seq., 76 et seq. Work and family audit, information events for expectant parents, welcome back events for parents returning from parental leave, company daycare centers, workplace health promotion</p>
<p><b>Principle 4:</b> Promote education, training and professional development for women (WEP 4)</p>	<p>p. 79 et seq. Women’s Advancement Plan, Women’s Mentoring Program</p>
<p><b>Principle 5:</b> Implement enterprise development, supply chain and marketing practices that empower women (WEP 5)</p>	<p>p. 80 Women’s Award</p>
<p><b>Principle 6:</b> Promote equality through community initiatives and advocacy (WEP 6)</p>	<p>p. 79 et seq. Women’s Award, Women’s Initiative</p>
<p><b>Principle 7:</b> Measure and publicly report on progress to achieve gender equality (WEP 7)</p>	<p>p. 62, 70 et seq., 106 Report on measures, objectives and target achievement as part of the annual CSR report and the Communication on Progress (COP); proportion of female managers</p>

**For questions about the report:**

**102-53**

BAWAG Group CSR Team  
E-mail: [csr@bawaggroup.com](mailto:csr@bawaggroup.com)

---

## PUBLICATION DETAILS

BAWAG Group AG  
Wiedner Gürtel 11, A-1100 Vienna  
FN: 269842b  
EU VAT: ATU72252867  
Phone: +43 (0)5 99 05-0  
Internet: [www.bawaggroup.com](http://www.bawaggroup.com)

**102-1**  
**102-3**

For questions about the CSR Report 2020:  
[csr@bawaggroup.com](mailto:csr@bawaggroup.com)

Investor Relations:  
[investor.relations@bawaggroup.com](mailto:investor.relations@bawaggroup.com)

Typesetting:  
Produced in house with firesys

