Code of Conduct of Erste&Steiermärkische bank d.d.

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1 Foreword

Erste Group, with its 46,000 employees and more than 16 million customers in seven countries, is one of the leading financial service providers in Central and Eastern Europe.

As a result of our position and activities, we bear a great measure of responsibility. The way that we – the employees – behave and treat one another is testimony to who we are and what we stand for. What we do also has an impact on our external stakeholders: our investors, governmental authorities, society as a whole, our suppliers and, in particular, our customers. For this reason, we always need to ask ourselves if we are acting responsibly – the pursuit of profit does not justify any breach of the law or of our commitments set out in this Code, which is based on our Statement of Purpose. Erste group relies on every single employee to make a careful and well-considered judgement of what is right and proper in any given situation. The question "Is it the right thing to do?" is one of our key points in our Statement of Purpose and must be a guideline for our activities.

The Bank Code of Conduct provides a reference point for our actions and behaviour and serves as a binding set of rules governing the behaviour for our daily business activities. It describes what is important to us and makes our commitments clear and sets the basis to act as a good corporate citizen. The Code of Conduct shows that we need to act responsibly, respectfully and sustainably in all aspects of our operations, thereby enabling us to protect our good reputation and build trust among our stakeholders.

Much of what is laid down by the Code of Conduct has become a long-standing tradition within Erste group and is an intrinsic part of our daily work. However, we still have a long way to go. The Bank Code of Conduct demands consistent action throughout across the organization and enables Group-wide control. It is therefore an important quality assurance tool both internally and externally, because for us, quality means fostering respectful, trusting relationships with one another and with our external stakeholders.

We will develop the Bank Code of Conduct on an ongoing basis. Compliance is mandatory for us all – including myself and my fellow Board members, of course. Our good reputation and the trust placed in us constitute our most valuable assets, which this Code will help safeguard, preserve and expand.

Christoph Schoefboeck

CEO

2 Governance

Our management and control systems serve two objectives:

a) keep our organization running smoothly and

b) safeguard the interests of all of our stakeholders.

The various elements of governance are thus important tools for implementing the Code of Conduct. All employees, management staff and representatives on corporate bodies of the Bank are committed to the highest standards of corporate governance. Compliance with these standards is constantly evaluated and, if necessary, adjustments are made. We are fully committed to complying with all legal provisions and the regulatory framework applicable to us.

2.1 Compliance practices

Our compliance program is aimed at securing trust in our company. It comprises combating and preventing money laundering & terrorism financing, breaches of financial sanctions as well as fraud and corruption. The program also covers safety, and security issues and meets all regulatory requirements and compliance standards which apply to the Bank.

To ensure this:

- we define standards and regular controls in all relevant processes to identify and prevent potentially illegal or unethical practices and use appropriate technical and management systems to do so,
- we identify, report (competent authorities) and do not execute suspicious transactions for which we have found that they relate to the money laundering, financing of terrorism, breaches of financial sanctions and evasion of sanctions, misuse of sensitive information, market manipulation and insider trading,
- we know our customers; we do business only with clients who have in a legally prescribed way established their identity and which business we understand,
- we identify, resolve and/or disclose any potential conflicts of interest,
- we maintain strict anti-corruption and bribery policies, prevent the payment and acceptance of bribes,
- we are taking necessary measures to ensure adequate safety and security for our personnel, assets, and reputation,
- we provide our customers, business partners and visitors with a safe and healthy environment,
- we encourage all employees to repost any breaches or concerns using the channels outlined in Whistleblowing Policy. This policy allows for anonymous internal reporting and ensures proper follow-up actions if violations of our internal acts or regulations are identified. In compliance with Croatian Whistleblower Protection Act, we are committed to respecting and protecting individual rights.

2.2 Relationship to regulators

We establish and maintain a pro-active and transparent dialogue with regulators and supervisors both on a regular and ad hoc basis.

To ensure this:

- we establish and maintain effective procedures to ensure regulatory compliance, including clear processes for regulatory reporting,
- we support regulators in their efforts to optimize and maintain local and international regulatory standards,
- we permanently update regulatory knowledge and understanding within Bank.

2.3 Protection of competition

We promote free and fair competition.

To ensure this:

- we provide training to our employees on the protection of market competition,
- we provide our employees with information on anti-competitive behaviour and prohibit them from entering into agreements which would constitute a violation of the competition law,
- we do not misuse a dominant position in the market, and we ensure that any mergers meet all of the applicable requirements prescribed by antitrust legislation,
- we do not violate third-party trademarks or other intellectual property rights, and we protect our own rights against potential misuse by third parties.

2.4 Dialogue with stakeholders

We maintain an open dialogue with our stakeholders:

To ensure this:

- we openly and proactively communicate with our stakeholders,
- we communicate regularly with all our stakeholders on issues of mutual concern.

2.5 Responsible financing

In the context of our financing operations, we consider social, ecological and ethical criteria as well as economic considerations.

To ensure this:

- we draft and implement “Principles for Responsible Financing” to govern our corporate financing operations in sensitive economic sectors,

- we consider the "Equator Principles"1 in managing environmental and social risks that may arise from project financing activities,
- we assess the environmental, social, and governance (ESG) criteria for the entire spectrum of corporate financing ("ESG Assessment").

2.6 Responsible investment

In the context of our investment operations, we consider the impact on society and the environment as well as the economy and apply criteria that exclude ethically controversial industries, such as nuclear weapons.

2.7 Risk management

Our risk management is designed to sustainably optimize our financial performance and earnings position.

To ensure this:

- we promote a consistent and careful approach to managing risk in the Bank,
- we identify measure and control financial and other risks that affect our operations and take risks in optimum way,
- through the products approval process we make decision on the level of risk which the Bank is prone to take in accordance with the risk appetite and the level of risk which the customer is willing to accept when using banking products.

2.8 Accounting and taxation practices and standards

Our accounting and taxation practices and standards are designed to provide a clear picture of our financial performance and earnings position.

To ensure this:

- we guarantee that our accounting and taxation practices are clearly defined and regularly monitored,
- we use all available legal options to reduce tax burden, with due regard and prudential approach, avoiding any type of tax evasion,
- we comply with the Erste Group Transfer Pricing Policy which is based on the OECD (*Organisation for Economic Cooperation and Development*) Transfer Pricing Guidelines.

2.9 Supply chain management

Our aim is to establish sustainable, long-term relationships with our suppliers, which are based on mutual trust, transparency and adherence to our Procurement Code of Conduct.

[1] Environmental and social impact analysis based on internationally agreed standards.

2.10 Respect for human rights and diversity and prevention of discrimination

We respect and promote human rights in everything we do, and do not tolerate any form of discrimination.

To ensure this:

- we comply with the ten principles enshrined in the UN Global Compact[2] and implement them in all our relevant business processes,
- we do not tolerate public incitement to violence or hatred through the press, radio, television, computer system or network and any other encouraging that calls for violence or hatred directed to a particular social group or a group member on account of race, religion, nationality or ethnicity and origin, skin colour, gender, sexual orientation, gender identity or any other feature,
- employees who use social networks should not compromise reputation of the Bank and Erste group or undermine the values promoted by the Bank and Erste Group.

2 An international alliance between companies and the UN, which aims to shape globalization in a way that is more social and environmentally conscious. This Agreement was signed in 2015.

3 Customers

Through its offering of products and services, the Bank strives, among other goals, to enable its clients to achieve financial independence. We are there to make this possible by providing access to our products and services. Meeting our customers' needs as well as providing added value is the foundation for sustainable business success. We develop products and services on the basis of these needs and meet our obligations towards our customers.

3.1 Accessibility of our products and services

Our products and services are accessible to everyone through a variety of distribution channels.

To ensure this:

- we create an environment in which special needs customers (e.g., those with disabilities) have adequate access to our products and services,
- we provide up-to-date technology and assist our customers in using these access options,
- we align the opening hours of our branches and of our advisory services to customer needs and provide additional self-service zones,
- we foster financial inclusion among those individuals in the regions in which we operate who are socially or financially disadvantaged or excluded,
- we preserve our customer's privacy by observing the provisions of data protection and bank secrecy obligation.

3.2 Comprehensibility and transparency

As legally regulated obligation, we strive to provide understandable and clear information about products and prices. We support our customers in making competent financial decisions.

To ensure this:

- we provide clear and complete information about the terms and conditions of the products and services we offer, along with appropriate explanations, to enable clients to make informed and suitable financial decisions, in accordance with relevant regulations,
- we provide transparent information on pricing, fees and charges,
- we promote our customers' financial literacy.

3.3 Responsible product development and marketing

We foster a culture that is based on treating our customers fairly and with respect, thereby complying with relevant legal provisions.

To ensure this:

- we research our customers' needs and views on our products and services while respecting regulations on the protection and handling of personal data, as well as banking and business confidentiality,

- when introducing a new product or a new target market, we assess whether the target market can understand relevant product, and we also evaluate market segments to which the product is not intended since it does not meet interests, objectives and features of such a segment,
- we carry out analyses and take actions to avoid possible (direct or indirect) damage to the customer because of the product use,
- we use a product development process which ensures compliance with the applicable quality and security standards as well as relevant regulatory requirements,
- we choose a distribution channel for proper launching of the product based on the required knowledge, expertise and ability to properly launch each product to the designated target market,
- our marketing campaigns are based on respect for the diversity, whereby not including images or messages which are offensive or libellou,
- our marketing materials are clear, balanced, trustworthy and not misleading.

3.4 Responsible lending

We are committed to responsible lending practices.

To ensure this:

- we limit the scope of lending to amounts that, based on our assessment and the information provided by the clients, they are able to repay,
- we market and sell our lending products in a responsible manner,
- we launch only those products which meet requirements of the target market, thereby taking care that the product is not launched to the market segment to which the product is not intended,
- we also analyse whether there are certain product variants which prevent customers to make an informed decision about purchase, and also the level of customers knowledge and understanding of the product complexity and potential creditworthiness, or financial capacity of the customer,
- we work with our customers to find solutions to any financial difficulties which they may encounter.

3.5 Data protection and clients' privacy

We respect our customers' right to privacy and handle customer data confidentially and with the utmost diligence and care in accordance with the provisions regulating protection and handling of the data representing personal data and banking and business secrets.

To ensure this:

- we process, which includes gathering and keeping the data about customers in accordance with the provisions regulating protection and handling of the data representing personal data, banking and business secrets, and guarantee maximum confidentiality while gathering, processing and keeping the data about customers,

- we do not disclose privileged customer information without our customers' consent unless such disclosure is required by binding regulation,
- the employees are acquainted with their obligation to act in accordance with the provisions regulating protection and handling of the data which represent personal data, banking and business secrets and require all our employees to strictly comply with the data protection rules, even after termination of their employment,
- we do not misuse customer data to the detriment of interests of our customers or the Bank,
- we also require that our service providers commit to these privacy and data protection standards and regulations.

3.6 Dealing with complaints

We respond to complaints and feedback quickly, transparently, and responsibly, thus contributing to customer satisfaction.

To ensure this:

- we inform our customers of the procedure for filing a complaint, including their right to refer unresolved issues to the relevant regulator,
- we take responsibility for any mistakes we make and act promptly to resolve complaints in discreet and considerate way,
- we analyse the root causes of complaints on an ongoing basis and address them without delay,
- we offer complaint management training to our employees.

4 Employees

Our corporate culture is based on mutual respect and cooperation, promoting the work and achievement of results and the common sense and ethics as the basis for making all our decisions.

4.1 Working at the Bank

In our business, people provide services to people. Therefore, for us, people are in the first place.

To ensure this:

- we abide by the highest ethical and moral standards and act with the utmost integrity in everything we do,
- we value and respect each other regardless of our position in the hierarchy and the work we do,
- we work together looking at the interest of the whole society and the Erste group and not just our personal work or work of our organizational units,
- we promote teamwork and recognise the importance of each individual's contribution to the achievement of common goals,
- we promote and encourage the work, success and achievement of results, in compliance with all ethical and civil norms,
- we provide a work environment that is free from any form of harassment, intimidation or discrimination,
- we promote diversity and equal opportunities for all employees,

still always making sure that our actions and decisions are based on common sense.

4.2 Leadership

As executives, regarding our behaviour we act as role models to others by doing exactly what we are talking about:

To ensure this:

- we empower others and encourage commitment,
- we are accessible and available to others at all times,
- we take responsibility for the leadership of people, business activities and the consequences of our actions,
- we are an example to others in the implementation of the Code of Conduct requirements as well as other internal and external regulation,
- we give and receive feedback in order to improve the way of performance and communication,
- we encourage each other to be innovative and to improve our business processes,
- we respect each other and treat each other as individuals with unique needs,

- we promote diversity in order to foster learning and innovation, and to encourage a sustainable results-achieving culture based on our values.

4.3 Employees relationship

In our work, we encourage team spirit and mutual cooperation among all employees, regardless of their position in the official hierarchy, job title, years of experience or organizational unit in which we work.

To ensure this:

- we encourage creation of the environment in which our employees treat each other with respect, rejoicing in other's success,
- we continuously use mutual feedback as a basis for improving cooperation and communication,
- in our work we look at the interests of the entire Bank and the Erste group, not just our organizational unit and our personal position.

4.4 Equal opportunity, workforce diversity and inclusion

Equal opportunity and the same treatment of men and women in employment and work matters as well as the absence of discrimination against workers on grounds of gender, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation, diversity and inclusion of the diversity, are among the basic principles of our relationship with employees.

To ensure this:

- we ensure equal opportunities for all our employees in all areas, e.g., career development and succession plans, work-life balance, remuneration, access to internal vacancy advertisements etc.,
- we promote and encourage diversity in leadership positions, especially with respect to gender, age and nationality,
- we use the diversity of our employees as the advantage of the Bank and the Erste group.

4.5 Fair working conditions and remuneration

Employees are entitled to fair working conditions and remuneration for the work they do.

To ensure this:

- we offer fair and competitive remuneration linked to sustainable performance,
- we provide career development and advancement, in horizontal and vertical direction,
- we listen and reply to feedback provided by employees or their representatives,
- we assist our employees in the events of job restructuring,
- regularly, whenever possible, we compare ourselves with the labour market.

4.6 Workforce development, training and learning

We provide our employees with opportunities to grow and develop both professionally and personally in the context of their workplace or in accordance with their career development plan.

To ensure this:

- all employees have access to educational programs which are necessary for their quality work and career development,
- all employees have access to the internal labour market (covering the Bank and the Erste group), the right to apply for internal competitions and the right to change workplace,
- during the career in the Bank, we offer a wide range of programs dedicated to talent development, professional development and training, mentoring, coaching and leadership development.

4.7 Health promotion

In accordance with the "Luxembourg Declaration" of the World Health Organisation (WHO), we are, to the maximum extent possible, committed to Workplace Health Promotion (WHP) in order to improve the health and well-being of people at work.

4.8 Occupational health and safety (OHS)

In our Bank, employees have a right to be safe and healthy.

To ensure this:

- we provide a safe workplace and are actively engaged in elimination of the work-related injuries, health problems and diseases,
- we comply with all regulatory requirements related to OSH and which contribute to the promotion of workplace health and safety.

4.9 Dealing with conflicts

Conflicts are an everyday part of human interaction. When they arise, we address them in a professional, humane, and constructive manner, tackling problems and their causes in a timely manner, while avoiding judgment, blame, or competition. In resolving conflicting situations, we accept situations where people have different opinions and strive, whenever possible, to find a compromise and a solution that is satisfactory for all parties, while not compromising basic ethical standards and integrity.

We are committed to addressing employee grievances in a manner appropriate to the sensitivity of the situation and in a fair and constructive manner.

To ensure this:

- we offer our employees support and provide them with access to various channels of communication if they need assistance,

- we keep our employees informed of the status of their grievance at each step of the process and respond within reasonable time frames,
- we preserve our employees' right to anonymity and protection of the right to anonymity, whenever it is necessary.

4.10 Freedom of association and expression on workplace matters

Our employees have the right to organise and to voice their opinions freely.

To ensure this:

- we respect employees' right to association, freedom of expression and collective action, provided they do not infringe upon the rights of others,
- we do not discriminate against employees on the grounds of their membership in organisations which represent employees,
- we recognise the right of our employees to collective bargaining in accordance with the law.

4.11 Reputation

At workplace and outside of workplace we are aware that we represent the Bank and the Erste group to the outside community. Therefore, at all times we take care that by our actions we do not damage the Bank's reputation and our personal reputation.

To ensure this:

- employees responsibly manage personal finances as well as corporate finances of companies in which they are authorized to participate in financial management,
- employees in the workplace and beyond it promote the reputation and value of the Bank and behave in accordance with the standards of ethical conduct and the Code of Conduct.

4.12 Standards of business conduct

The Bank does business based on the highest ethical standards and applies "the principle of zero tolerance" to unethical, fraudulent or any other illegal activities, violation and/or evasion of the laws and regulations, or internal regulations and procedures of the Bank.

The employees shall perform their activities on job with due skill, care and diligence. The activities they perform while at work should be in accordance with their job description, or in other words, they shall not perform private activities or activities that have nothing to do with their job tasks or some other job assigned to them by the supervisor.

During working hours and outside of working hours employees shall not take actions which in any way affect or may affect the reputation of the Bank and the Erste group, including, but not limited to, high-risk activities such as financial speculation, betting, gambling, etc. In addition, the employees shall not take any actions in which they would gain personal financial benefit from the business status and relationship with their customers.

Actions of employees must be based on high ethical standards, reliability, honesty, consistency, courtesy and confidentiality. The employees in their daily work and communication take responsibility

for business decisions in accordance with the responsibilities of their job positions in order to maintain the ethical integrity and good reputation of each employee of the Bank and the Erste group and the Bank and the Erste group themselves. Examples of acceptable and unacceptable behaviour, in particular those relating to financial misreporting and misconduct, economic and financial crimes can be found in Appendix 1 of this document.

The Bank uses mechanisms for the prevention, detection, investigation and mitigation of fraud risks. Any suspected fraud must be registered while the employees should act in accordance with the prescribed procedures of the Bank such as Fraud Management Policy EBC 2.1.2 Employees Responsibilities and Whistleblowing policy.

The Bank will sanction all attempts and cases of fraud if there is reasonable doubt of the occurrence of the offense in accordance with the laws and regulations and intern procedures of the Bank and will take all necessary measures prescribed by law and regulations and internal regulations of the Bank.

The Bank shall define a procedure describing disciplinary actions taken in case of:

- the breach of the obligations under employment contract or
- the breach of any other internal and external regulation,
- misconduct and unacceptable behaviour.

Procedure available to all employees.

4.13 Communication

The Bank encourages open horizontal and vertical communication. When communicating with colleagues and clients we act in accordance with the common sense and established etiquette. In addition to Standards of communication, rules of employees' communication during the crisis, internal communication and communication with media are defined in additional regulations. All documents are available on the Bank's Intranet.

All employees in the context of their job and responsibilities have a duty to respect colleagues and clients, provide quality feedback and communicate in a way that contributes to a healthy and constructive working atmosphere and ensures smooth conduction of business processes.

4.14 Conflicts of interest and Anti-Bribery & Corruption

A conflict of interest is any situation in which the individual or entity has the ability to take advantage of a professional position in a certain way for their personal or corporate benefit.

Bank raises awareness and educates employees about situations in which a conflict of interest may arise and about measures, principles and procedures which should be implemented in everyday activities in order to prevent and manage conflicts of interest.

The mentioned education particularly, but not exclusively, refers to the following areas where the potential conflict of interest may arise:

- Organization
- Treatment of relationships
- Secondary Activities

- Sponsoring, Cooperations and Donations
- Investment Services
- Remuneration
- Treatment of confidential information

To prevent and manage conflicts of interest through the proper identification of the target market during the product approval process, and in compliance with legal provisions and the regulatory framework for consumer protection, the Bank ensures that clear and comprehensive information is provided regarding the terms and conditions of the products and services we offer. Furthermore, appropriate explanations are provided to enable clients to make informed and suitable financial decisions, in accordance with the applicable regulations.

Employees are required to comply with the Policy Conflict of Interest and Anti-Bribery & Corruption which suggests responsibilities and a standardised procedure into business processes for managing the general Conflict of Interest and managing risks arising from Conflict of Interest, bribery and corruption throughout all levels of the Bank business.

The Bank is committed to the highest ethical standards of corporate governance and individual behaviour.

The Bank has zero tolerance towards any form of bribery and corruption with employees, managers, customers and business partners; bribery and corruption is to be understood as both a specific, critical type of Conflict of Interest when doing business within the Bank; and a misconduct leading to a legal breach.

Enforcing Policy rules and principles, the Bank has undertaken measures to implement strict and binding rules and guidelines in preventing corruption and bribery and managing Conflicts of Interest.

4.15 Business gifts

Employees may accept non-cash gifts only when permitted under applicable law and when compliant with the standards and guidelines for treatment of benefits as proscribed in Policy Conflict of Interest and Anti-Bribery & Corruption and other relevant Bank’s internal documents which regulate business gifts.

The general principle is that Bank employees must not offer, accept and award benefits to current or prospective clients, suppliers or other business partners under circumstances in which it could even appear to others that business judgement may be compromised.

4.16 Secondary Activities

Secondary Activity refers to additional employment, an additional role, or participation in supplementary activities in which an employee engages outside of their position at the Bank. Employees are required to report any Secondary Activity to Compliance Group. Based on the application, the Compliance makes assessment of the risk of the secondary activity and makes recommendation which is submitted to the responsible person/body for procurement of the consent for the secondary activity. Application for assessment of the risk arising from the secondary activities to be requested before the secondary activity starts. However, if at time of employment the employee

has already been carrying out secondary activity then the application for risk assessment will be requested after the activity has started.

Compliance Group performs risk assessment, Standards and guidance for how to treat and to decide on secondary activities which are described in Policy Conflict of Interest and Anti-Bribery & Corruption.

4.17 Handling of digital systems and IT equipment by employees

The Bank's goal is safe and effective use of digital technology for the sake of smooth functioning of the business in order to achieve vision, mission and set business objectives of the Bank.

Any use of digital technology must respect the established principles of conduct and/or strictly separate private, commercial or non-Bank-business use from the Bank's operations in a way that neither identities, facilities or systems are interfered nor data, processes or business systems safety is reduced.

In order to enable secure use of digital systems and IT equipment by employees, the Bank does the following:

- individual employee authentication on digital systems,
- access to documents and information that must be allowed, verified and monitored,
- education of employees when introducing new digital technologies,
- prohibition of unauthorized changes to the settings on systems, applications and channels of communications or unauthorized installation of software, connection of devices or the use of digital services that the Bank has not approved,
- according to the estimated risks, requirements and limitations on work with digital technologies and systems may be set for employees,
- Bank seeks to provide employees objective feedback in case of employee’s notification that there are possible risks of usage of digital technology.

It is unacceptable to distribute illegal, offensive, unethical, and other content that could be considered inappropriate, and could affect the reputation of the Bank.

In communication employees are required to separate expression of personal opinions and attitudes from the Bank’s views and opinions in order it can be clearly established on whose behalf they communicate.

5 Investors

We place utmost value on transparency and regularly provide comprehensive information to both the public and regulators.

To ensure this:

- we disclose information in a full, fair, accurate, timely and clear manner,
- we comply with the applicable industry standards in our financial and non-financial reporting.

6 Society

We support the development of civil society as one of the fundamental tenets underlying the foundation of the Bank. It is part of our tradition and philosophy and still determines our business today.

6.1 Financial literacy

Financial literacy is important to us, so people can use their knowledge to make competent financial decisions in all areas of life thus improving the financial situation of individuals and society as a whole.

To ensure this:

- we meet our quality criteria for all projects concerning financial literacy,
- we convey the knowledge necessary to make competent decisions on financial matters.

6.2 Community involvement

We support projects that address the needs of society.

To ensure this we support institutions, initiatives and projects in the areas of social affairs, sports, culture, education and the environment protection.

6.3 Corporate volunteering

Bank’s volunteering programmes enable our employees to contribute to the development of society.

To ensure this:

- we build relationships between the Bank and society organisations,
- we provide our employees with specified time to engage in voluntary activities.

7 Environment

We place great importance on a responsible and sustainable approach to managing natural resources. It is our firm conviction that commercial activities and environmental responsibility are not mutually exclusive.

7.1 Environmental awareness

We monitor the impact of our operations on the environment and raise awareness of it.

To ensure this:

- we develop an environment protection policy and management system,
- we incorporate environment protection criteria into our banking products and services,
- in our business activities we strive to optimise the use of natural resources (e.g., water, energy, fuel and paper consumption),
- we raise awareness among our employees and stakeholders by proactively communicating Bank's environment protection policy.

7.2 Climate change governance

We place great importance on raising awareness about the impact of Bank's business activities on the climate.

To ensure this:

- we annually measure and report our greenhouse gas emissions,
- we strive to substantially reduce our greenhouse gas emissions over the next years.

8 Monitoring the implementation and violations of the Code of Conduct

Ethics Committee, which consists of Director of Non-financial Risk Division, Director of Internal Audit Division, Director of Legal Division and Director of Human Resources Division, is responsible for controlling and monitoring of the implementation of the Code of Conduct.

Acting contrary to the rules of the Code of Conduct constitutes a breach of employment obligations.

Ethics Committee will notify the direct manager of the employee about any established violation of the Code of Conduct and will act in accordance with Instruction on the procedure of establishing the responsibility of the employee and sanctioning violations of employment obligations.

Anyone who is familiar with any violation of the rules of this Code of Conduct may report such violations on the e-mail kodeksponasanja@erstebank.com.

9 Definitions

1. **Corporate Governance**

There is no uniform international definition. Generally speaking, corporate governance can be understood as all international and national rules, regulations, values and principles aimed at managing and controlling businesses and corporations in such a way as to guide them towards responsible, sustainable and long-term value creation.

2. **Environmental, Social, Governance (ESG) Assessment:**

This evaluation covers all Environmental, Social and Governance matters related to any financing activity of the Bank and ensures, through environmental and social appraisal and monitoring processes, that:

- projects financed by the Bank are socially and environmentally sustainable;
- the rights of affected workers and communities are respected;
- the financing activity is in compliance with applicable regulatory requirements and good international practices.

- **Examples for "Environmental":**

Protection and conservation of biodiversity, sustainable management and use of renewable natural resources, use and management of dangerous substances, pollution prevention, and waste minimization.

- **Examples for "Social":**

Abolition of child labour, elimination of all forms of forced and compulsory labour, elimination of discrimination with respect to employment, provision of a safe work environment, health promotion.

- **Examples for "Governance":**

Compliance practices, prevention of bribery and corruption, avoidance of conflicts of interest.

3. **Equator Principles (EPs):**

A voluntary set of standards followed by financial institutions for determining, assessing and managing social and environmental risk in project financing. Banks that adopt the EPs pledge not to provide loans to projects in which the borrower does not or is unable to comply with the social and environmental standards prescribed by the EPs.

www.equator-principles.com

4. **Financial literacy**

Financial literacy refers to the knowledge and understanding of financial concepts and risks, and includes the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.

Pisa 2012, Financial Literacy Framework, OECD.

5. **Luxembourg Declaration on Workplace Health Promotion (initiative of the World Health Organisation, WHO**

Workplace Health Promotion (WHP) involves the combined efforts of employers, employees and society to improve the health and well-being of people at work. This goal can be achieved through a combination of measures aimed at improving work organisation and work environment, promoting active participation, and encouraging personal development. Erste Group signed the Luxembourg Declaration in 2007.

https://www.enwhp.org/resources/toolip/doc/2018/05/04/luxembourg_declaration.pdf

6. **UN Global Compact:**

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The aim is to promote the sustainable development of markets and encourage social commitment to a better world. This compact was signed in 2015.

www.unglobalcompact.org

7. **UN PRI:**

The UN PRI is a strategic policy initiative for businesses that consists of a network of investors working together, on a voluntary basis, to put the six Principles for Responsible Investment (PRI) into practice. Its goal is to raise investors' awareness of the implications of sustainability for their investment decisions and support signatories to incorporate these issues into their investment decision making and ownership practices. By implementing the Principles for Responsible Investment, signatories contribute to the development of a more sustainable global financial system. The UN PRI was signed in 2012.

www.unpri.org

8. **Whistleblowing program**

Whistleblowing program refers to a system established within a company (prescribed by a Whistleblowing policy) that provides employees procedures for internal reporting of breaches without fear of reprisal or retaliation or any other disadvantage due to report.

9. **Guidelines on the system of oversight and governance of products intended for consumers**

The guidelines relate to the established system of oversight and governance of the products intended for manufacturers and distributors, as an integral part of the general organisational requirements as regards the internal control system of the company. The guidelines relate to internal procedures and strategies directed to product design, launching of products to market and periodic control during product lifetime. The guidelines are used to establish procedures relating to ensuring the fulfilment of interests, targets and features of the target market.

Guidelines 44 (EBA Guidelines on Internal Governance – GL 44)

(Guidelines on product oversight and Governance EBA-GL-2015-18).

10 Annex

Annex 1 Examples of acceptable and unacceptable behaviour 25

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Provision	Example of acceptable and unacceptable behaviour
Financial misreporting and misconduct	**Example:** Compliance of the report with the regulatory framework and accounting standards, and the internal methodology for calculating profitability **Acceptable**: Financial and regulatory statements should comply with relevant regulations and standards in the field of financial and regulatory reporting (Law, EU Regulation, ITS, RTS, IFRS, MRS, controlling methodology, etc.) **Unacceptable**: Reports deviate from the prescribed reporting framework
	Example: Clearly defined roles and responsibilities when creating reports **Acceptable**: For each report, roles and responsibilities that are documented through an internal act are defined **Unacceptable**: There is no internal act that defines roles and responsibilities
	Example: Accuracy **Acceptable**: All relevant information within the report must be precise and accurate. The figures reported should be correctly methodologically defined, harmonised and verified before being sent to external users or made public. **Unacceptable**: There is no document about the "data source" for the information that has been reported. There are a significant number of objections from regulators about the accuracy of the report.
	Example: Timeliness **Acceptable**: Reports are sent to relevant external recipients on time, according to defined legal and/or other relevant regulations on frequency and timeliness of transmission (including internal deadlines according to the Profitability Reporting Group). Records of deadlines and date of submission/publication are documented. **Unacceptable**: There is an evident delay in the report delivery and there is no record of deadlines and timeliness of transmission.
	Example: Comprehensiveness, clarity and usefulness of information **Acceptable**: The information in the financial statements must be comprehensive, clear and useful. It should be ensured that the report contains all the information requested and prescribed by the standards and regulatory framework. **Unacceptable**: The information does not contain all relevant data required by reporting standards and in accordance with regulatory regulations.
Fraud	The Bank applies the principle of 'zero tolerance' to fraud and fraudulent activity so that there is no acceptable fraudulent behaviour. Unacceptable fraudulent conduct includes any deliberate and illegal act of deception,

	misrepresentation, or concealment that targets the Bank's activities or services and is committed by an applicant, customer, employee, or any third party to obtain a personal or third-party benefit (such as money, services, or information). Fraud may also include some forms of corruption.
Money laundering and terrorist financing	The Bank applies zero tolerance to attempts to launder money or terrorist financing and with the aim of preventing them applies models of money laundering risk management and terrorist financing that comply with the current EU Regulations and positive regulations of the Republic of Croatia as well as the Bank's internal acts governing the specified area (Anti-Money Laundering, Know Your Customer, Counter Terrorist Financing, Foreign Account Tax Compliance Act and Common Reporting Standard Policy).
Antitrust practices	**Unacceptable**: Any agreement and action which purpose or result is the prevention, restriction or endangerment of competition, abuse of the dominant or significant position in the market or other conduct contrary to competition regulations. Examples of unacceptable behaviour: Pricing agreements with competition, market or client division agreements, exchange of information with competition that may lead to restrictions on competition (e.g., price changes, future business plans and other confidential information). **Acceptable**: Comply with competition law and the Bank's Competition Policy.
Financial sanctions	The Bank does not conduct business with sanctioned individuals and maintains a zero-tolerance policy for any attempts to violate sanctions and embargo regulations or to circumvent them. As a result, the bank implements risk management models that are aligned with the current EU regulations, the relevant laws of the Republic of Croatia, and the bank's internal policies governing this area (Sanctions and Embargo Policy).
Bribery and corruption	The Bank has zero tolerance for any form of corruption and bribery, regardless of whether the bribe is given or received, and whether it occurs within or outside the Bank.
Market manipulation	**Acceptable**: The Bank has effective measures, systems and procedures in place aimed at preventing market manipulation and attempts to manipulate the market to ensure: (a) efficient and continuous monitoring of all received and transferred orders and any executed transaction with the purpose of detecting and identifying orders and transactions that could constitute market manipulation or attempted market manipulation; (b) submitting reports on suspicious transactions and orders with the competent authorities. **Unacceptable**: The Bank does not have effective measures, systems and procedures in place aimed at preventing market manipulation and attempts to manipulate the market.

Mis - selling and other violations of consumer protection law	**Unacceptable**: unfair, misleading and aggressive business practices and conduct contrary to consumer protection regulations **Example:** introduction and modification of products **Acceptable**: introducing and amending products in accordance with regulations, in particular taking into account consumer protection regulations and applicable standards **Unacceptable**: introducing and modifying products that do not comply with regulations, in particular consumer regulations and applicable consumer protection standards **Example:** review, preparation and modification of contractual documentation **Acceptable**: review, preparation and amendments to the contractual documentation in accordance with the regulations and so that it is clear and transparent **Unacceptable**: drafting and amending the contract documentation with ambiguous and misleading provisions
Tax offences	**Acceptable**: Contact the Group's Tax Office for advice and instructions on bank tax matters. **Unacceptable**: the Bank's participation in a transaction that would facilitate or encourage any form of tax evasion.

Table 1: Examples of acceptable and unacceptable behaviour