



# Investing in a net-zero future

Climate Report | 2024



# Contents

**The way we invest today determines the world we live in tomorrow.**

As one of the leading banking institutions in Central and Eastern Europe (CEE), Erste Group<sup>1</sup> is dedicated to mobilising finance for a climate-resilient, lower-carbon and more equitable society.

This 2024 report<sup>2</sup> outlines our progress towards the ambitious decarbonisation targets set for our banking operations by 2030 and the roadmap to a net-zero portfolio by 2050.

For further details please refer to our Non-Financial Report [here](#).

1. All entities in the scope of consolidation of Erste Group Bank AG.  
2. Released in 2024, outlines the financial year 2023.

1

**Welcome**



8

**Climate action governance**

4

**Transition to a net-zero portfolio**



6

**Transition to net-zero operations**



2

**2023 highlights**



5

**Sustainable asset management**

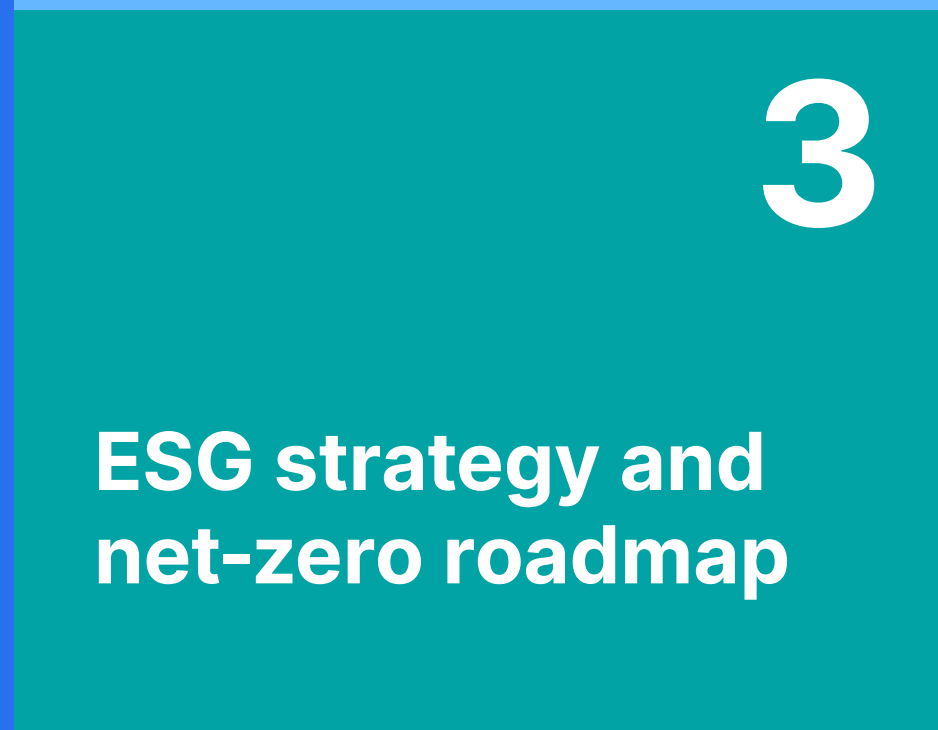


9

**Annex**

3

**ESG strategy and net-zero roadmap**



7

**Integrating climate risks into bank risk management**





# A message from our CEO

In the past year, Erste Group has achieved remarkable milestones across all our markets, reflecting our commitment to sustainability and client-centricity.

As our world undergoes rapid and unpredictable changes, one thing remains steadfast – our commitment to social inclusion and a net-zero transition for Erste Group, our customers and our region.

For more than 200 years, Erste Group has supported financial health, wellbeing and prosperity. We understand, in a more tangible way than ever before, the very real impacts of climate change on the economic and social prospects of our region.

**A rapid and well-managed net-zero transition is vital. Clean technologies must be scaled up and emissions-intensive activities scaled down.**

Europe remains a leader on the global stage. The European Directives for the green transition, the EU's Green Deal and the Fit for 55 Package set the stage for future EU strategy and legislation.

Our shared climate goals require that public funds be supplemented by the private sector, to an amount of about EUR 30 billion each year until 2030.

We remain committed to financing the shift towards a net-zero economy in CEE, and are well-positioned to take advantage of the enormous opportunities created by this transformation.

**A net-zero future requires the combined efforts of all.**

As a member of the Net Zero Banking Alliance (NZBA), we are leveraging the expertise of a global association of more than 130 banks with combined assets of EUR 70 trillion, to accelerate a net-zero financed portfolio by 2050.

We partner closely with our clients to support their decarbonisation plans, by providing sustainable finance and investment, emissions assessment tools, and guidance on their journey. Financial health can co-exist with a net-zero transition. In fact, financial health depends on a well-managed net-zero transition.

We are making strides in embedding a culture of shared ambition and responsibility among our own people. ESG training was rolled out across the entire Erste Group in 2023, and has now become a mandatory training module for all employees.

**There is no slowing down.**

Within the ongoing division and turmoil of the 2020s, we must remain true to our most essential shared goals. This is the most critical decade for global decarbonisation so far. Alongside our industry peers and clients, our next steps will shape the kind of world we live in.

**We understand what we need to do to ensure that the world is a fairer and more prosperous one - for everyone.**

Willi Cernko mp



2

# 2023 highlights

# 2023 highlights

## Portfolio

## Asset management

## Operations

## Risk

## 2023 ESG ratings & partnerships

**4**  
new sector decarbonisation targets set for oil & gas extraction, and production of automotive, iron & steel and cement.

**40.1%**  
of our financed emissions<sup>1</sup> are covered by sector decarbonisation targets.

**EUR 2.9 billion**  
in newly committed corporate sustainable financing.

**EUR 2.25 billion**  
green bonds issued.

**EUR 17.3 billion**  
internally managed assets of investment funds promoting ecological and/or social qualities.

**22.2% share**  
of ESG assets under management. Up from 21.7% in 2022.

**19 funds awarded**  
by the Austrian Ecolabel. Exceeding our goal of 17.

**- 66%**  
reduction of Scope 1 and 2 emissions for Erste Core Group<sup>2</sup> compared to base year 2017.

**93%**  
increase of our total green electricity procured for Erste Core Group. Exceeding the 90% target set for 2023.

**11%**  
of Erste Core Group's car fleet are now electric vehicles.

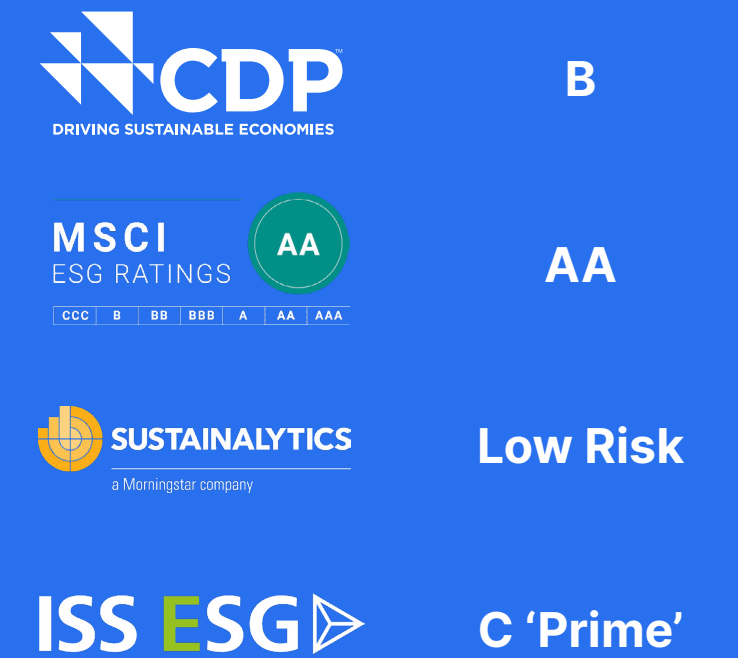
**ESG training**  
made available to all members of Erste Group.

### Enhanced integration of ESG into our broader risk management framework

Including:

- > Additional indicators developed and considered to assess risk materiality of climate and environmental risks
- > Introduction of quantitative indicators in Risk Strategy to track decarbonisation
- > Physical risk scenarios considered in stress testing and real estate valuations
- > Further integration of ESG factors in the lending process

### ESG ratings meet best-in-class standards

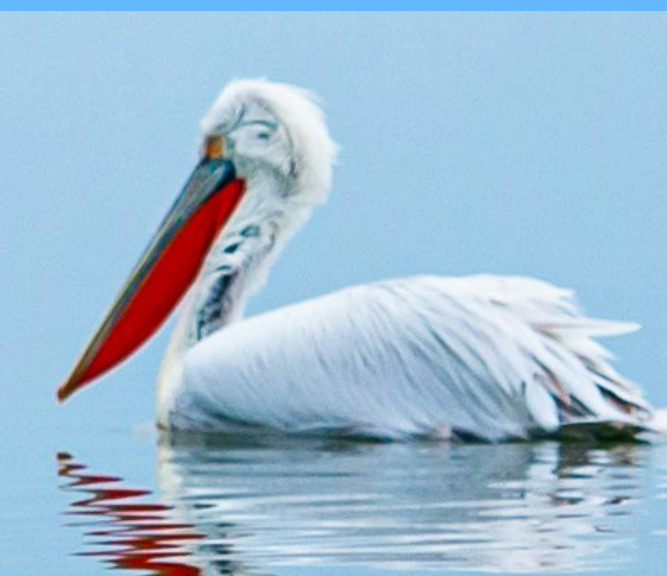


CDP B  
MSCI ESG RATINGS AA  
SUSTAINALYTICS Low Risk  
ISS ESG C 'Prime'

### Partnership with:



ICPDR IKSD  
International Commission for the Protection of the Danube River / Internationale Kommission zum Schutz der Donau



Refer to [Non-Financial Report](#) for details.

1. Scope 1 and 2 emissions  
2. Targets for operational footprint were defined on Core Group level (Erste Group Bank AG, Erste Bank Oesterreich and its subsidiaries and CEE subsidiaries in the core markets)

3

# ESG strategy and net-zero roadmap

# Our materiality assessment

Erste Group's contribution to a liveable future focuses on the most significant impacts that the business activities have on the economy, the environment, and people and how ESG topics impact our operations (risks and opportunities).

For 2023, we conducted a re-evaluation of the actual and potential impacts and prioritised the most material topics for reporting, in accordance with sector-specific standards, and in preparation for the double-materiality assessment required by the Corporate Sustainability Reporting Directive (CSRD).

From this evaluation, we identified and regrouped the most material topics, which now encompass ten areas closely aligned with our ESG strategy. Working on these material topics contributes to our strategic transition planning, accelerating our green transition and promoting social inclusion.



# ESG strategy

## Leading the green transition



### Our strategic priorities

- > **Achieving net-zero status** for our portfolio by 2050
- > Strengthening our **leadership in sustainable finance** by funding climate action and adaptation to climate change
- > Achieving net-zero status in banking operations by 2030 to make a **direct contribution to green transition**

Since 2022, Erste Group has been providing regular and standardised reporting on the United Nations Sustainable Development Goals (SDGs). We are playing our part to help limit global warming to 1.5°C and achieve net-zero by 2050 at the latest. Learn more about the UN SDGs [here](#).

Contribution to the UN SDGs



### Our path to net-zero

- 2023**
  - ✓ 93% green electricity in Erste Core Group
  - ✓ 19 Ecolabel funds
- 2026**
  - 🔄 25% of corporate loans to be sustainable financing
- 2027**
  - 🔄 15% of retail mortgage loans to be sustainable financing
- 2030**
  - 🔄 Net-zero operations
- 2050**
  - 🔄 Net-zero portfolio

## Promoting social inclusion



### Our strategic priorities

- > **Boosting financial inclusion** with our social banking efforts, by bringing communities closer and strengthening social cohesion in the civil society
- > Helping our customers gain **financial health and literacy**, with a focus on financial education projects for children and young people
- > Investing in **affordable housing**
- > **Promoting diversity, including gender diversity**, as a significant contributor to a healthy corporate culture and performance

We are committed to good corporate governance, ethical conduct and compliance, which act as fundamental pillars guiding our business operations and strategic pursuits.

Contribution to the UN SDGs



### Our path to societal cohesion

- 2028**
  - 🔄 30% members of the underrepresented gender in board positions
  - 🔄 33% members of the underrepresented gender in board -1 positions
- 2030**
  - 🔄 EUR 1 billion social banking financing
  - 🔄 200,000 jobs created or preserved
  - 🔄 10,000 affordable housing units financed

✓ Achieved

🔄 On track



# Our climate strategy

**We are well positioned to take advantage of green growth opportunities, proactively mitigate climate-related risks, and support the long-term prosperity of Erste Group, our clients and our region.**

The four pillars of our climate strategy aim to mobilise sustainable finance, help our clients realise their own sustainability ambitions, reduce the impacts of our operations, and accelerate the green transition across CEE.



## Transition to a net-zero portfolio

As a banking institution, our most substantial impact comes from our lending activities and investments. We empower our clients to execute their climate transition strategies, seize opportunities presented by the green transition, and navigate climate-related risks, including both physical and transition risks.



## Sustainable asset management

As a leading financial intermediary in CEE, we support the mobilisation of capital for the transition towards a sustainable, low-carbon economy.



## Transition to net-zero operations

We are improving the energy efficiency of our buildings, reducing our transport emissions, integrating climate considerations into procurement, and fostering a culture of sustainability among our employees.



## Integrate climate risks into bank risk management

By integrating climate and other environmental considerations into risk management, we support both our business and clients to become more resilient in a changing world.





4

# Transition to a net-zero portfolio

# A net-zero future requires a net-zero portfolio

We are aiming to align our portfolio to a 1.5°C pathway, in close partnership with our clients. As a leading credit institution, we assume responsibility for actively reducing our financed greenhouse gas (GHG) emissions and raising the funds necessary for an effective net-zero transition in the region.

Key steps along the path to the effective sector decarbonisation of our portfolios include:

- > Measuring financed GHG emissions
- > Setting clear sector decarbonisation targets<sup>1</sup>
- > Implementing and controlling an effective action plan (transition plan) for the portfolio












In developing our transition plan, we focused on attaining our sectoral level targets by 2030 in compliance with the NZBA.

In financing, the strategy prioritises supporting customers in their transformation process by working closely with them and offering bespoke financing solutions.

The proportion of corporate sustainable financing is set to reach 25% by 2026, supporting our pathway towards net-zero GHG emissions. In the retail segment, we aim to attain a share of 15% of mortgage loans serving to finance sustainable buildings by 2027.

1. Methodology based on the Science Based Target initiative (SBTi) and the Paris Aligned Capital Transition Assessment (PACTA).

40.1% of our Scope 1 and 2 financed emissions in the 2023 financial year are covered by sector decarbonisation targets. Erste Group has set the following targets to significantly decarbonise our portfolio over the short and medium term:

Sector	Metric	Emissions Scope	Objective <sup>2</sup>	Baseline		Targets				
				Year	Value	2030	% Reduction	2050	% Reduction	
<b>Excluding savings bank segment</b>										
 Mortgages	kgCO <sub>2</sub> e/m <sup>2</sup>	1 & 2	1.75 °C	2022	53.3	30.5	-43%	0.8	-98%	
 Commercial real estate	kgCO <sub>2</sub> e/m <sup>2</sup>	1 & 2	1.75 °C	2022	50.9	25.7	-50%	1.0	-98%	
 Electricity production	kgCO <sub>2</sub> e/MWh	1 & 2	1.50 °C	2022	421.4	215.6	-49%	24.9	-94%	
 Heat & steam production	thousand tCO <sub>2</sub> e	1 & 2	1.50 °C	2022	1,382.0	801.0	-42%	138.0	-90%	
 <b>NEW</b> Oil & gas extraction	thousand tCO <sub>2</sub> e	1, 2 & 3	1.50 °C	2023	1,020.4	923.7	-9%	368.6	-64%	
 <b>NEW</b> Automotive production	gCO <sub>2</sub> e/km	1, 2 & 3	1.50 °C	2023	170.0	104.0	-39%	31.0	-82%	
 <b>NEW</b> Iron & steel production <sup>3</sup>	tCO <sub>2</sub> e/tonne steel	1 & 2	1.50 °C	2023	1.5	1.1	-24%	-	-	
 <b>NEW</b> Cement production <sup>4</sup>	tCO <sub>2</sub> e/tonne cement	1 & 2	1.50 °C	2023	0.6	0.5	-19%	0.0	-94%	
<b>Including savings bank segment<sup>5</sup></b>										
 Mortgages	kgCO <sub>2</sub> e/m <sup>2</sup>	1 & 2	1.75 °C	2022	48.7	27.1	-44%	0.7	-99%	
 Commercial real estate	kgCO <sub>2</sub> e/m <sup>2</sup>	1 & 2	1.75 °C	2022	45.9	22.2	-52%	0.8	-98%	
 Electricity production	kgCO <sub>2</sub> e/MWh	1 & 2	1.50 °C	2022	357.1	182.7	-49%	21.6	-94%	

2. Emission reduction pathways until 2050 in alignment with the 1.5 or 1.75°C scenario.

3. No long-term targets for 2050 were set for the iron & steel producers sector, as the technological uncertainties – such as the development of alternative fuels like hydrogen to a competitive, industrial scale – are still too great. Work is ongoing to improve the basis for long-term targets to be able to define specific targets up to 2050 in subsequent years.

4. The base year values are based on available input data, such as sustainability reports, some of which only show CO<sub>2</sub> values. If, instead of the CO<sub>2</sub>e intensity, only the CO<sub>2</sub> intensity per tonne of cement was available, this was used.

5. The savings bank segment was only included in the target setting for those sectors where financed emissions were relevant for the savings bank portfolio.



Serbia

# Financed emissions

Financed emissions are the GHG emissions linked to investment and lending activities.

Erste Group's financed emissions reflect the progress of our economic region's push towards net-zero. At present, they account for about 0.7% of the EU's global GHG emissions<sup>1</sup>. By placing the emphasis on sustainable finance, linking lending more strongly to decarbonisation measures and supporting our customers in their transformation process, we contribute to the creation of a sustainable future and the mitigation of the impacts of climate change.

An analysis of financed emissions allows us to identify early on where decarbonisation facilitates significant business opportunities for Erste Group.

Quantifying financed emissions is a tangible first step towards building trust. Erste Group laid the necessary foundations for achieving the target of decarbonisation by joining the Partnership for Carbon Accounting Financials (PCAF) and conducting a first-time evaluation of financed emissions using PCAF methodology in 2021. On this basis, specific sector decarbonisation targets were first announced in 2022 for: mortgages, commercial real estate, electricity, and heat and steam production.

**In 2023, sector decarbonisation targets were added for oil and gas extraction, automotive production, iron and steel production, and cement production.**

## 2023 outcomes

Overall, the calculation of 2023 financed emissions covers 50.7% of the credit exposure and remained stable compared to last year.

The portfolio's financed emissions came to 28.3 million tCO<sub>2</sub>e, compared to the prior year of 29.4 million tCO<sub>2</sub>e, of which Scope 1 and Scope 2 emissions accounted for 15 million tCO<sub>2</sub>e and Scope 3 emissions for 13.2 million tCO<sub>2</sub>e. Financed emission intensity<sup>2</sup> stood at 153 tCO<sub>2</sub>e/EUR million.

Refer to [Annex \(1\)](#) for detail.

**28.3M**  
**tCO<sub>2</sub>e**  
**total financed**  
**emissions**

1. [ourworldindata.org](https://ourworldindata.org)

2. The decline in emission intensity was mainly attributed to improvements in data quality.

## How we define sustainable finance

We make a fundamental distinction between 'sustainable financing', which is provided with targets, and 'EU taxonomy-aligned financing', whereby the latter is always to be understood as a subset of the former. For the purposes of classifying specific financing activities as sustainable or not, Erste Group's [Sustainable Finance Framework \(SFF\)](#) has set out the relevant criteria within the scope of a comprehensive due diligence process that relies on the criteria of the EU taxonomy as a point of reference and aims to identify investments designed to transition existing climate and environmentally impacted activities towards a more climate-resilient economy.

The EU taxonomy have prompted us to define the term 'sustainable financing' in a more portfolio-appropriate way. Essentially, the aim is to ensure that financed economic activities that are not yet recognised as taxonomy-aligned according to the EU criteria can nevertheless make a demonstrable and significant contribution to the green transition and are sustainable in this respect. Customers that are currently not obliged to make disclosures under the EU Taxonomy Regulation can still be included and their limited capacity to provide information is taken into account. We anticipate that the incorporation of small and medium-sized companies into the EU taxonomy component of CSRD reporting obligations, alongside the growing accessibility of customer data required for evaluation, will result in EU taxonomy-aligned finance becoming increasingly significant in our 'sustainable finance' sector.





## Case study

## Erste Bank Croatia hits a green finance milestone with EUR 400 million senior preferred bond

Erste Bank Croatia has successfully re-entered the syndicated bond market for the second time with a EUR 400 million green senior preferred bond issuance in January 2024.

The bond, which is due for maturity in 2029, with an optional redemption a year earlier, carries a fixed annual coupon of 4.875%. This bond was issued under the Erste Group's SFF, in line with the International Capital Market Association (ICMA) Green Bond Principles ("GBP") 2018. The allocation will be towards Green Buildings (Residential), Green Buildings (Commercial), and Renewable Energy projects which substantially contribute to EU Taxonomy objectives.

It garnered substantial investor interest, amassing a final order book of more than EUR 2.9 billion, making it the largest order book ever collected in a CEE senior bond.

## Understanding green bonds

Green bonds enable capital-raising and investment for new and existing projects with environmental benefits. Erste Group saw an increase in green bonds issuance volumes in 2023, a total of EUR 2.25 billion issued. These green bonds offer corporate customers dedicated loans, project finance and sustainable financing instruments that foster a net-zero emissions economy and protect the environment.

### Own issuance (Green Bonds) 2023

Date	Entity	Value in EUR million
30.08.2023	Česká spořitelna	500
26.09.2023	Slovenská sporiteľňa	300
11.05.2023	Banca Comercială Română	700
09.01.2023	Erste Group Bank AG	750
<b>Total</b>		<b>2,250</b>

Erste Group's Sustainable Finance Framework defines rules for bond issuances in conformity with the ICMA Green Bond Principles. When it comes to buildings and energy, we look to the EU taxonomy's technical screening criteria for guidance.

Erste Group Bank also acted as bookrunner for a large number of bonds in 2023 and arranged a total volume of EUR 17.5 billion of green bond issuances for corporates, financial institutions, governments and supranational organisations, more than twice as much as in the previous year.

## Case study

## EUR 155 million investment in Serbia's first renewable energy project

Erste Group Bank AG together with Erste Bank Serbia spearheaded and structured the financing for the Krivača wind farm project, a landmark Power Purchase Agreement (PPA) initiative that marks Serbia's transition towards at least 40% of its energy from renewable sources by 2040.

The development of the Krivača 22-turbine wind farm stands as a testament to the power of cross-border collaboration in driving innovation within and beyond Serbia's renewable energy sector. Through concerted team efforts, this project has achieved a significant milestone by introducing a groundbreaking power off-take structure – a first for renewable energy projects in Serbia. This PPA, with a tenor of 10 years, was successfully concluded with IVICOM ENERGY D.O.O. BEOGRAD (MK Green Energy and ALFI renewables as 50:50 contributors) and AXPO, a leading Swiss renewables producer and trader, further enhancing the project's viability and sustainability.

Through participating in the financing of the project, Erste Bank strengthens its exposure to the renewables market in Serbia and advances the transition to sustainable energy solutions in CEE.

Krivača wind farm, Serbia

**22**  
turbines

**310 GWh**  
of green electricity  
each year

Enough to power more  
than **88,000 average**  
**Serbian households**

# How we do it

We are developing sector-specific portfolio decarbonisation roadmaps and a clear implementation plan, with a focus on:

- > Establishing operational teams to implement the strategy
- > Improving data collection capabilities to better tailor client engagements

The following considerations reflect our overall approach, which will be adapted to each sector:

## Assessing

- > Actively identify relevant clients and portfolio of clients to be addressed in client engagement
- > Assess the climate impacts of each financing and communicate the adjustments needed to align with our future expectations

## Engagement & Financing

- > Scale finance for energy-efficiency improvements, renewable electricity and heat generation, and sustainable renovations
- > Facilitate access to subsidies in connection to sustainable financing solutions
- > Support the transition plans of top-emitting clients, with education and assessment tools, sustainable products and advisory services
- > Phase-down fossil-fuels with financing solutions that address renewable intermittency

## Steering & Monitoring

- > Regularly monitor and show progress of designed activities with KPIs

# Supporting the decarbonisation of our priority sectors

To achieve our own sector decarbonisation targets, close collaboration with our customers is key to helping them reach their climate targets and embark on their pathways towards net-zero GHG emissions.

Projects in the fields of renewable energy, the renovation of buildings or parts of buildings, and other forward-looking programs are creating new demand for finance and are necessary for the decarbonisation of the economy.

All sectors show a decrease in corresponding decarbonisation metrics for 2023 compared to baseline values, with measures being taken to drive forward decarbonisation and enable further reductions.

## Building segment: Commercial real estate (CRE) & retail mortgages

A significant part of the buildings stock in our region is not yet 'climate proof', as energy efficiency is below the Western European average due to old age, poor insulation and inadequate ventilation of the buildings, and is, therefore, in great need of improvement.

Erste Group, therefore, strives to take full advantage of the potential for building renovation in its retail business and in the commercial real estate sector by promoting measures to increase energy efficiency and speeding up the transition to heating and cooling systems using renewable energy or electricity generated from renewable sources.

To help CRE clients make informed decisions regarding their real estate investments and effectively manage associated risks, we developed a CRE Financial Health Tool to provide them with a comprehensive assessment of their assets' financial well-being. The tool evaluates assets based on three primary criteria: financial strength, tenancy ratios and property quality, the latter including energy efficiency and CO<sub>2</sub>e values of the particular asset.

By comparing asset performance against benchmark values across these criteria, this tool generates individual scores for each criteria and provides clear

insights into the strengths and weaknesses of their assets. These scores help identify potential areas for improvement and risks, so clients can take proactive measures to mitigate challenges, optimise asset performance and refine their real estate strategies more efficiently.

In the retail segment, sustainable mortgage loans have been developed as well as new products for renovation projects (secured and unsecured) designed to improve the energy efficiency of a building. In Austria, an additional leasing product has been launched to encourage the installation of photovoltaic (PV) systems.



CRE



2022

50.9  
kgCO<sub>2</sub>e/m<sup>2</sup>

**-16%**

reduction compared to 2022 baseline

2023

42.8  
kgCO<sub>2</sub>e/m<sup>2</sup>



2022

53.3  
kgCO<sub>2</sub>e/m<sup>2</sup>

Retail mortgages



**-2%**

reduction compared to 2022 baseline

2023

52.2  
kgCO<sub>2</sub>e/m<sup>2</sup>





Heat & steam production



**-30%**

reduction compared to 2022 baseline

2022

**1,382**

thousand tCO<sub>2</sub>e

2023

**969**

thousand tCO<sub>2</sub>e

**Energy segment: Electricity and heat & steam production**

In our region, the energy sector still relies substantially on coal and gas as primary energy sources. Particularly, the share of coal in electricity generation – as well as in the heat and steam mix – is still high in several countries.

Decarbonising this carbon-intensive sector is critical to a green transition. Our vision involves replacing carbon-intensive processes with renewable technologies, including waste heat recovery, geothermal technologies, and solar and wind for electricity production.

Erste Group will start reviewing our clients' coal transition plans by 2025 in alignment with our Group Responsible Financing Policy, which will see us scaling down our dependence on coal by 2030. We will continue to collaborate closely with our clients in this sector.

**New segment: Oil & gas extraction, automotive production, iron & steel production and cement production**

We started implementing measures in these sectors, for which we have set targets in 2023. In the sectors oil & gas and cement we developed initial plans for customer engagement. We created questionnaires that help us perform an evidence-based assessment of our customers' transformation needs. For this purpose, we seek to obtain quantitative and qualitative information of relevance to the respective sectors from our customers. The questionnaires have already been presented to selected customers.

We are planning to roll out these questionnaires to other sectors as well and, subsequently use them as a basis for a more focused dialogue with customers in industries with high-carbon emissions.

2022

**421.4**

kgCO<sub>2</sub>e/MWh

2023

**349.7**

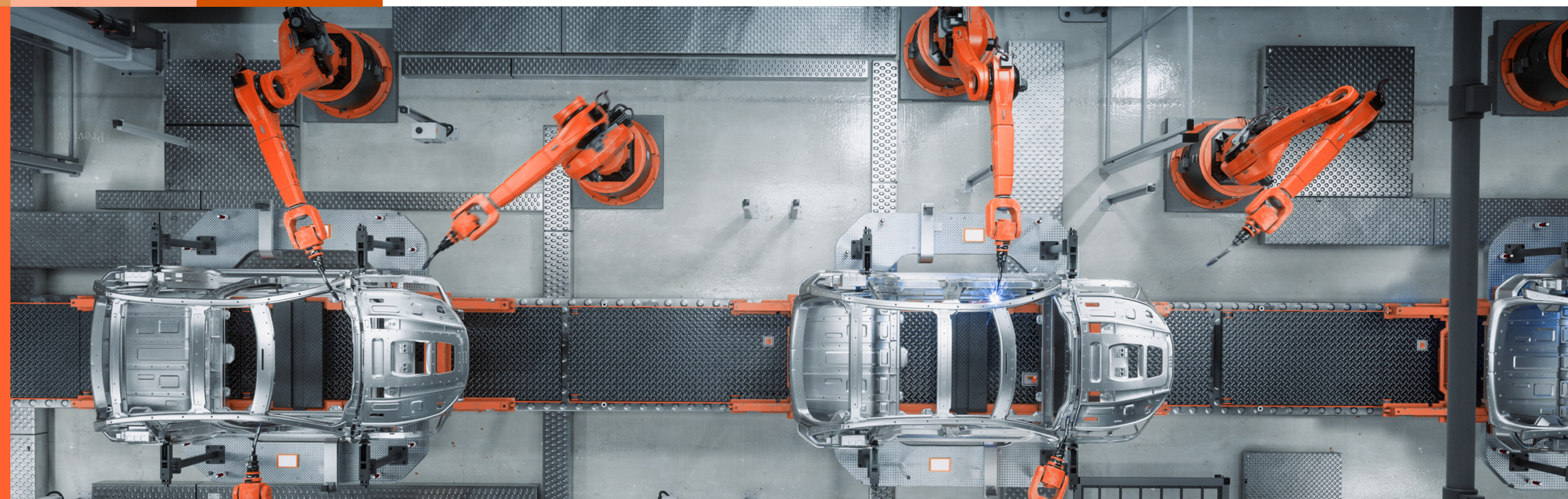
kgCO<sub>2</sub>e/MWh

Electricity production



**-17%**

reduction compared to 2022 baseline



## Case study

## Loans and mortgages for the future

Czechia aims to renovate more than 100 million square metres of older buildings, a legacy that contributes to more than one-fifth of the nation's emissions. To support this goal, Česká spořitelna, Czechia's biggest bank and an entity of Erste Group, has introduced "Loan for the Future" and "Mortgage for the Future".

In line with Erste Group's vision to enhance the financial well-being of customers, Česká spořitelna's initiative to bolster energy efficiency in residential buildings through energy and housing savings is helping reduce the carbon footprint of their mortgage and housing loans portfolio.

Their products offer incentives such as waived fees and rate discounts of up to 0.3% for energy-efficient residential buildings, making sustainable housing more accessible to the customers. They also use an energy calculator to assess and estimate homes' energy demand as part of the mortgage application process.

There has already been a significant increase in the number of clients utilising the bank's specialised advisory services – from 5,650 in 2022 to 8,227 in 2023. By the end of 2024, Česká spořitelna aims to further expand the uptake of "Mortgage for the Future" and "Loans for the Future".



# Empowering our clients' decarbonisation journeys

Decarbonising the economy is both necessary and possible, and this transition holds opportunities and risks that must be managed proactively. We assist our clients to achieve their climate targets while also supporting their growth and resilience.

## Screening and assessment

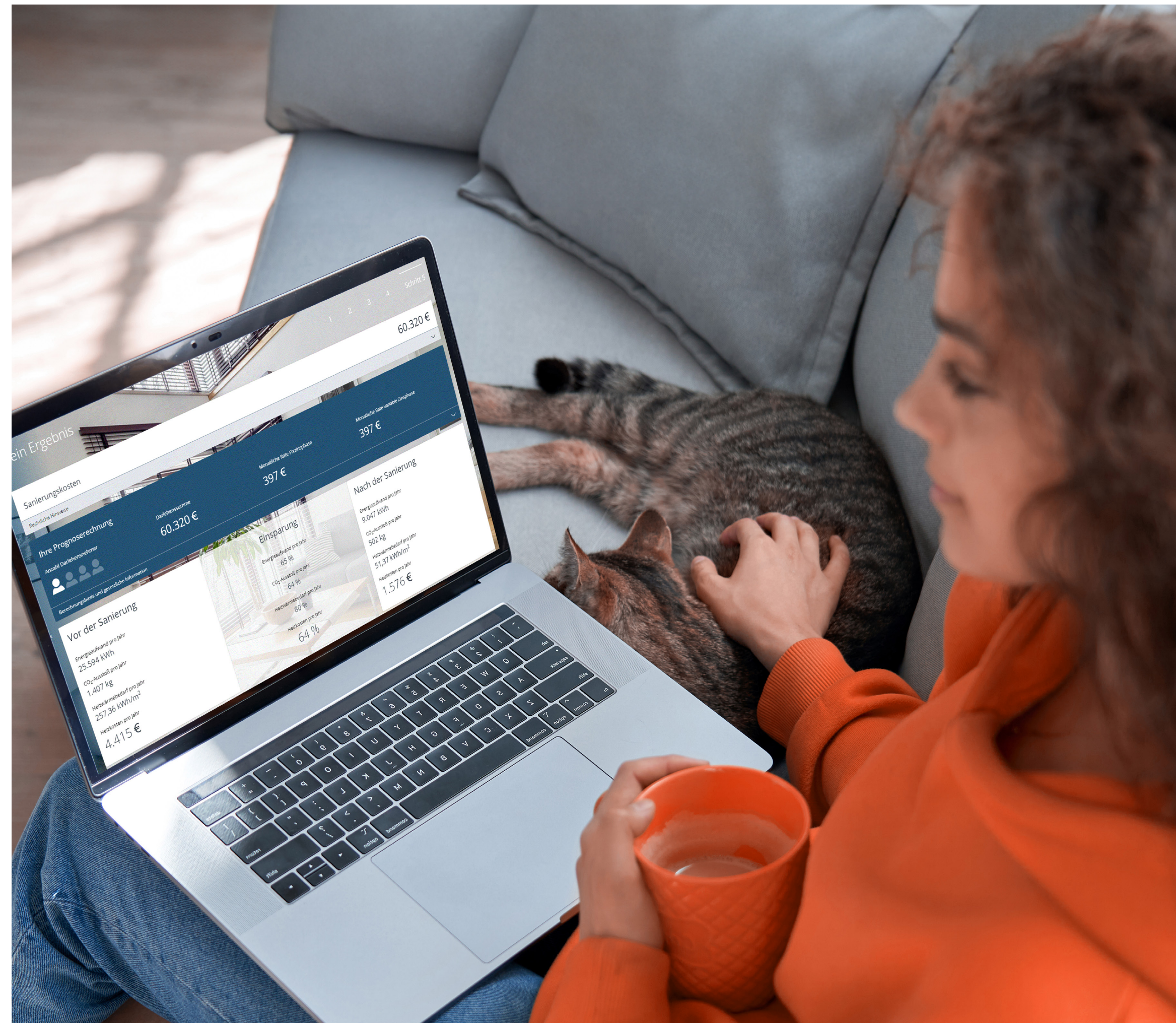
Our internal ESG assessment questionnaire is a vital part of our screening process. It delivers a ESG risk assessment for large corporate and commercial real estate transactions.

As part of our decarbonisation efforts, we are also introducing sector-specific transition questions in our ESG assessment questionnaire for clients in carbon-intensive sectors, such as cement and oil & gas.

## Our digital, interactive finance solution, George, gives customers energy insights

The George platform provides individual and business customers with an overview of their energy usage and costs.

These insights help people make their property more sustainable, cost-effective and energy-efficient, and advise them of their most appropriate financing options.



## Case study

### A calculation tool to simplify sustainable renovations

In Austria, buildings account for 12% of national emissions<sup>1</sup>. With more than 45% of usable living space in Austria built before 1970, there is immense potential to reduce GHG emissions through thermal-energetic refurbishment.

We provide customers with a calculation tool that enables them to assess the refurbishment potential of their private real estate. By offering a comprehensive overview of the total costs for thermal refurbishment, available subsidies, loan installments, anticipated operating cost savings, and resulting CO<sub>2</sub>e emissions reductions, we aim to empower private individuals to make informed decisions about their property investments.

By breaking down costs and highlighting available subsidies, the tool simplifies the options to more sustainable renovations, making it more attractive to a greater number of people. This represents our commitment to empowering customers with the knowledge and resources they need to drive positive change in their real estate investments.

<sup>1</sup> [Klimaschutzbericht 2023, Austrian Federal Ministry for climate action](#)



**7,000**  
community  
members

**12**  
educational  
modules

#### Case study

## Sustainability Academy empowers SMEs across Romania

In 2023, BCR (Banca Comercială Română) launched the Sustainability Academy, a groundbreaking initiative aimed at equipping small and medium-sized enterprises (SMEs) with the knowledge and resources to embrace sustainability. This platform serves as a vital hub for SMEs to access practical information on sustainability best practices, green financing and regulatory requirements. By providing shared resources and expert insights, the Academy empowers SMEs to navigate the dynamic sustainability landscape effectively.

The inception of the Sustainability Academy was rooted in a vision to contribute meaningfully to the achievement of the UN SDGs. Recognising the pivotal role of SMEs in driving economic growth and innovation, the Academy aims to promote sustainability knowledge and foster a culture of sustainability among businesses.

The platform's impact is evident in its wide-reaching user base, which includes SMEs, NGOs, and students from all 41 counties of Romania. With 12 educational modules, contributions from 50 experts, and a membership of 2,700, the Sustainability Academy has emerged as a cornerstone of sustainability education in Romania.

The Academy has more than 7,000 community members and millions of views on its published content. The platform's users comprise of 76% of SMEs, highlighting its effectiveness in reaching businesses that stand to benefit most from sustainable practices.

5

# Sustainable asset management

# Sustainable asset management

As a signatory of the Principles for Responsible Investment (PRI), we have set ourselves ambitious goals not only in sustainable finance but also in asset management. Our ambition is that all investment moves the world towards a more sustainable future. Erste Group’s main asset management subsidiary, Erste Asset Management (Erste AM), plays a key role in directing capital to speed up the green transition in CEE.

The proportion of sustainable funds managed by Erste AM (Article 8/9 funds under the EU’s Sustainable Finance Disclosure Regulation) is scheduled to rise to more than 50% of assets under management by 2025, and to more than 80% by 2030. For retail funds, the target for 2030 is more than 95%. The range of impact investment funds (Article 9) will also be expanded.

**Erste AM manages about EUR 78.2 billion in assets. Of this amount, EUR 17.3 billion is specifically invested in funds that promote ecological and socially responsible causes. These investments are spread across 98 different funds, including a mix of mutual funds, special funds and individual mandates.**

## Our approach

Erste AM’s sustainability strategy focuses on mitigating risks, seizing growth opportunities, adapting to global trends, and targeting investments to achieve environmental and social impact. These priorities ensure the sustainable character of our investments over the long term.

Our sustainable financing activities take guidance from the criteria set out in the EU taxonomy as well as the Sustainable Finance Disclosure Regulation (SFDR) definition of sustainable investments. Refer to [Annex \(2\)](#).

Our broad range of funds and investment services are categorised according to specific ESG criteria, including impact investing funds, responsible investing funds, and integration funds and discretionary portfolio management (DPM).

**22.2%**  
share of ESG assets under management.  
Up from 21.7% in 2022.



Erste AM’s sustainable funds are underpinned by a rigorous approach to ESG:

## Environment

We avoid financing genetically engineered agriculture, coal mining<sup>1</sup>, water wastage or the destruction of habitats.

### Impact fund:

These funds make a direct positive impact on the environment and society.

## Social

We support equality and human rights and exclude outlawed weapons.

### Responsible fund:

These funds have strict selection criteria, to identify the most sustainable companies in the industry using our best-in-class approach.

## Governance

We are committed to anti-corruption, transparency and maintaining an active dialogue with companies in our investment universe.

### Integration fund:

Sustainability has been taken into account when selecting securities.

1. Undertakings deriving more than 5% of their turnover from coal mining.

# Sustainable Investment

## Integrating risk-focused ratings with ethical ESG analysis through ESGenius

ESGenius is Erste AM's proprietary, best-in-class process for analysing sustainable investments. It combines risk considerations with ethically-oriented ESG approaches to provide a holistic assessment for each issuer.

ESGenius assesses companies' exposure to and management of various ESG risks, including considerations around regulations, emissions, energy, water, suppliers, products and society more broadly. It identifies businesses within each sector that manage risks well, and identifies those whose actions reflect the highest ethical standards.

In 2023, Erste Group's sustainable ESG products underwent rigorous ESG rating, adhering to predefined methodologies and exclusion criteria to mitigate social, environmental and financial risks. These products, including structured products meeting the requirements of Commission Delegated Regulation (EU) 2022/1288, achieved a commendable ESG portion of 70%, thus maintaining a high standard in promoting environmental and social characteristics.

## We participate in active ownership through voting and engagement

Erste AM takes a proactive ownership approach with the companies we invest in. By engaging in direct dialogue and voting at shareholder meetings, we aim to promote social responsibility, sustainable operations, environmental protection and improved transparency.

One example of active ownership is our industry partnership through Climate Action 100+, an investor-led initiative with more than 700 members, responsible for USD 68 trillion in assets under management. Together, we aim to ensure that the world's most significant corporate GHG emitters take critical climate action.

Read more about Erste AM's joint Climate 100+ efforts in the [2023 Engagement and Voting Report](#).



Case study

# Top marks, 17 times: sustainable funds awarded FNG Label

The FNG Label by Forum Nachhaltige Geldanlagen is one of the most prestigious and important labels in the German-speaking world and is therefore regarded as a clear quality criterion for sustainable funds.

Sustainable investments are an essential cornerstone for achieving climate goals, as public investments alone are far from sufficient to ensure the needed transformation of the economy. Of all the products that met the minimum criteria and were therefore authorised to bear the FNG Label, 130 funds were awarded the top rating of three stars.

All 17 funds submitted by Erste Group were awarded the quality label for sustainable investment funds, capturing the top rating of three stars. This shows that our funds meet very high quality standards and together with our clients, we are proud to make this positive contribution to changing the world.

The FNG label is only awarded to funds that meet a certain minimum standard. These include transparency criteria and the consideration of labour and human rights, environmental protection, and anti-corruption measures and policies.

## The funds of Erste AM with FNG Label



	Erste Fair Invest	★ ★ ★
	Erste Green Invest	★ ★ ★
<b>Article 9</b>	Erste Responsible Bond Global Impact	★ ★ ★
	Erste Stock Environment	★ ★ ★
	Erste WWF Stock Environment	★ ★ ★
	<hr/>	
	Erste Responsible Bond	★ ★ ★
	Erste Responsible Bond EM Corporate	★ ★ ★
	Erste Responsible Bond Euro Corporate	★ ★ ★
	Erste Responsible Bond Global High Yield	★ ★ ★
	Erste Responsible Reserve	★ ★ ★
<b>Article 8</b>	Erste Responsible Stock America	★ ★ ★
	Erste Responsible Stock Dividend	★ ★ ★
	Erste Responsible Stock Europe	★ ★ ★
	Erste Responsible Stock Global	★ ★ ★
	Erste Responsible Stock Japan	★ ★ ★
	Erste Ethik Aktien Global	★ ★ ★
	Erste Ethik Anleihen	★ ★ ★







6

# Transition to net-zero operations

# Transition to net-zero operations

By 2030, Erste Core Group<sup>1</sup> aims to achieve net-zero status for operational emissions by reducing Scope 1 and 2 emissions by 80% compared to the base year 2017. Our own operations are where we have direct control and can act swiftly to reduce emissions. We aspire to lead our industry by example.

## Our targets:

**Reduce our Scope 1 & Scope 2 emissions** by 80% from 2017 (base year) levels by 2030. Interim goals are a **55% reduction by 2023** and a **60% reduction by 2025**.



Raise the share of power from low carbon sources (green electricity) to **90% of our total electricity consumption by 2023**.



**Transition to 100% electric vehicles** in our fleet by 2030.



## Our 2023 operational emissions

In 2023, Erste Group reduced its Scope 1 and 2 emissions by 24% compared to the previous year, from 39,449 tCO<sub>2</sub>e down to 31,854 tCO<sub>2</sub>e. As the share of green electricity across the Group rose from 82% in 2022 to 91% in 2023, market-based Scope 2 emissions fell by 30%, from 18,742 tCO<sub>2</sub>e to 13,153 tCO<sub>2</sub>e.

In 2023, our Scope 3 emissions totaled 53,740 tCO<sub>2</sub>e, marking a 1.6% decrease from the previous year. This figure encompasses emissions from purchased goods and services, waste generated in operations, business travel and employee commuting.

The three most important sources of emissions are heating, electricity, and transport with the latter primarily due to employee mobility.

Efficiency-enhancing and awareness raising measures cut the total group-wide energy consumption in Erste Group and branch office buildings by 4% or 12,902 MWh. Year on year, electricity consumption declined by 3% and the use of heating energy by 7%. Another sign of the increase in energy efficiency in the office buildings is the reduction in heating energy consumption per square meter by 5%.

Refer to [Annex \(3\)](#) for detail.

# -1.6%

reduction of Scope 3  
emissions from 2022

# -24%

reduction of Scope  
1 and 2 emissions  
from 2022

1. Targets for operational footprint were defined on Core Group level (Erste Group Bank AG, Erste Bank Oesterreich and its subsidiaries and CEE subsidiaries in the core markets)

# Our operational emissions reduction plan

We have a three-pillar strategy to achieve net-zero operations by 2030, with targets and emissions reduction measures across buildings, culture and mobility.



## Buildings

We're improving the energy efficiency of our buildings.

### Areas of action

- > Increase Erste Group's own solar energy generation by 2030
- > Transitioning to alternative heating systems combined with measures aimed at reducing consumption
- > Install smart meters across all locations by 2030

### 2023 progress

- > Exceeded our target of 90% green electricity set for 2023
- > PV systems installed on Erste Group's office buildings, producing 1,655 MWh of electricity, approximately 9,731 homes per year<sup>1</sup>

1. According to the European Commission, the average electricity consumption per EU households in 2021 was 1.7 MWh per capita.



## Culture

We educate our people and foster a sense of shared ambition and responsibility.

### Areas of action

- > Erste Green Communities set up in all countries by 2025 to bring our culture of sustainability to life

### 2023 progress

- > Six Erste Green Communities set up across our core markets, encouraging employee volunteering with a focus on sustainability
- > Sustainability training made available across the entire Erste Group for all employees regardless of their position
- > Sales and risk teams trained in ESG principles, sustainable finance, and evaluating ESG loans



## Mobility

We encourage climate-conscious business travel and commuting.

### Areas of action

- > 25% electric cars in our fleet by 2025 and 100% by 2030
- > Minimise and electrify transportation services
- > Develop incentives for low-carbon commuting
- > Ramp-up our car-sharing program

### 2023 progress

- > 11% electric cars across our total fleet in 2023
- > Electric car sharing offered to all employees for business trips
- > Low-carbon travel policy
- > Employee survey conducted to better identify sustainable travel needs for commuting



Erste Campus, Vienna, Austria

## Case study

## Erste Campus - energy performance certified and EU Taxonomy aligned

Erste Group takes a proactive approach to sustainability, not only in our financing activities but also in our own spaces. Our Erste Campus in Vienna is a sustainable lighthouse project of the Austrian capital. It is powered by 100% green energy and connected to the district heating and cooling network of Wien Energie. In addition, thermal energy is generated by geothermal energy and the in-house photovoltaic system produces around 250,000 kWh of electricity per year, which could supply about 125 households with electricity.

**In 2023, we renewed the energy performance certificate to reflect the improved energy efficiency achieved through the installation of a photovoltaic system on the roof.** The assessment revealed full Taxonomy alignment with a substantial contribution to climate change mitigation, showcasing our commitment to sustainable practices.

With 40,000 square metres of space, the campus embodies Erste Group's new corporate ethos – a hub where employees, clients and collaborators unite to shape the future. Its innovative design fosters teamwork and creates an inviting, nature-inspired atmosphere for all. Through these initiatives, Erste Group is leading by example in sustainability within the financial sector, demonstrating our unwavering commitment to responsible practices across the board.

## Case study

## Sparkasse opens low-carbon branches

The establishment of new low-carbon branches in Carinthia represents a convergence of innovative design, sustainable materials and cutting-edge technology for retail banking – creating spaces that prioritise both environmental responsibility and customer comfort.

With sustainable design elements, natural textures and seamlessly integrated technologies, the branches offer a welcoming atmosphere that resonates with customers and employees alike. Beyond aesthetics, these branches are engineered to minimise their environmental footprint, including the use of lower carbon materials such as timber, clay plaster and paints.

The branches are powered by renewable electricity and incorporate energy-efficient heating systems, including heat pumps and pellet heating, to reduce their carbon footprint. Moreover, the digitisation of operations significantly reduces paper use.

By prioritising sustainability in the design and operation of these branches, we not only enhance the customer experience but also demonstrate our dedication to environmental responsibility.



# -71.9%

reduction of CO<sub>2</sub>e  
over the past  
seven years

Strassburg branch

## Embedding ESG into corporate culture at Erste Group

To achieve long-term change, we must embed sustainability across our business and corporate culture. Our employees' expertise and experience as well as the decisions they take every day are critical to implementing our climate strategy. Employee training is key to incorporating ESG into our overall strategy.

The ESG basic training has been made available across the entire Erste Group, with an overall 79% completion rate recorded for Erste Bank Oesterreich and Erste Group Bank AG. They are provided with a fundamental understanding of the significance of ESG for Erste Group, the targets we have set ourselves, how environmental, social and good governance considerations are integrated into our daily banking operations, and how every employee can contribute towards reducing operational emissions.

Our daily decisions significantly impact the reduction of our own GHG emissions, particularly those stemming from our business travel.

The basic principles for sustainable business trips and business travel at Erste Group are: avoid and reduce. A real reduction in CO<sub>2</sub>e emissions will only be achieved if all travellers and travel organisers implement these principles in the best possible way.

Wherever practical and reasonable, public transport should be used during a business trip for reasons of sustainability. To achieve net-zero emissions on our business trips, framework conditions are continuously optimised and summarised in our Travel Policy.



Case study

## Sustainable mobility insights through active employee engagement

For one of the most significant Scope 3 emission categories from our operations – employee commutes – the quality of calculated emission data was greatly improved in 2023. While in the previous year calculations were based on statistical averages, an employee survey was conducted in the reporting period to determine the average distance travelled, the transport modes used, and help us understand how we can offer better incentives for sustainable mobility in the future.

The mobility survey<sup>1</sup> completed by 3,400 colleagues in Austria revealed that trains were the most utilised mode of transportation, followed by fuel-powered cars, walking and the underground. With the majority already opting for low-carbon modes of transportation (87%), there is a clear inclination towards sustainability. Improving the traffic network emerged as a significant motivation for adopting more sustainable options. This data underscores the importance of our efforts to promote sustainable mobility within the company, contributing to our overall sustainability objectives.

1. Netigate Survey conducted by ESG Office in cooperation with Group Customer Experience, Survey period: Nov. 2023, 3,400 Interviews with employees of Erste Bank/Erste Group and some Savings Banks in Austria

7

# Integrating climate risks into bank risk management

# Integrating climate risks into bank risk management

ESG risks are embedded into the Risk Management Framework of Erste Group. They are considered in our Risk Materiality Assessment, Risk Appetite Framework, Risk Strategy and in our industry strategies and portfolio actions. Within lending and collateral management processes, we conduct ESG assessments, primarily focusing on specific segments and larger transactions, where ESG factors may have a positive or negative impact.

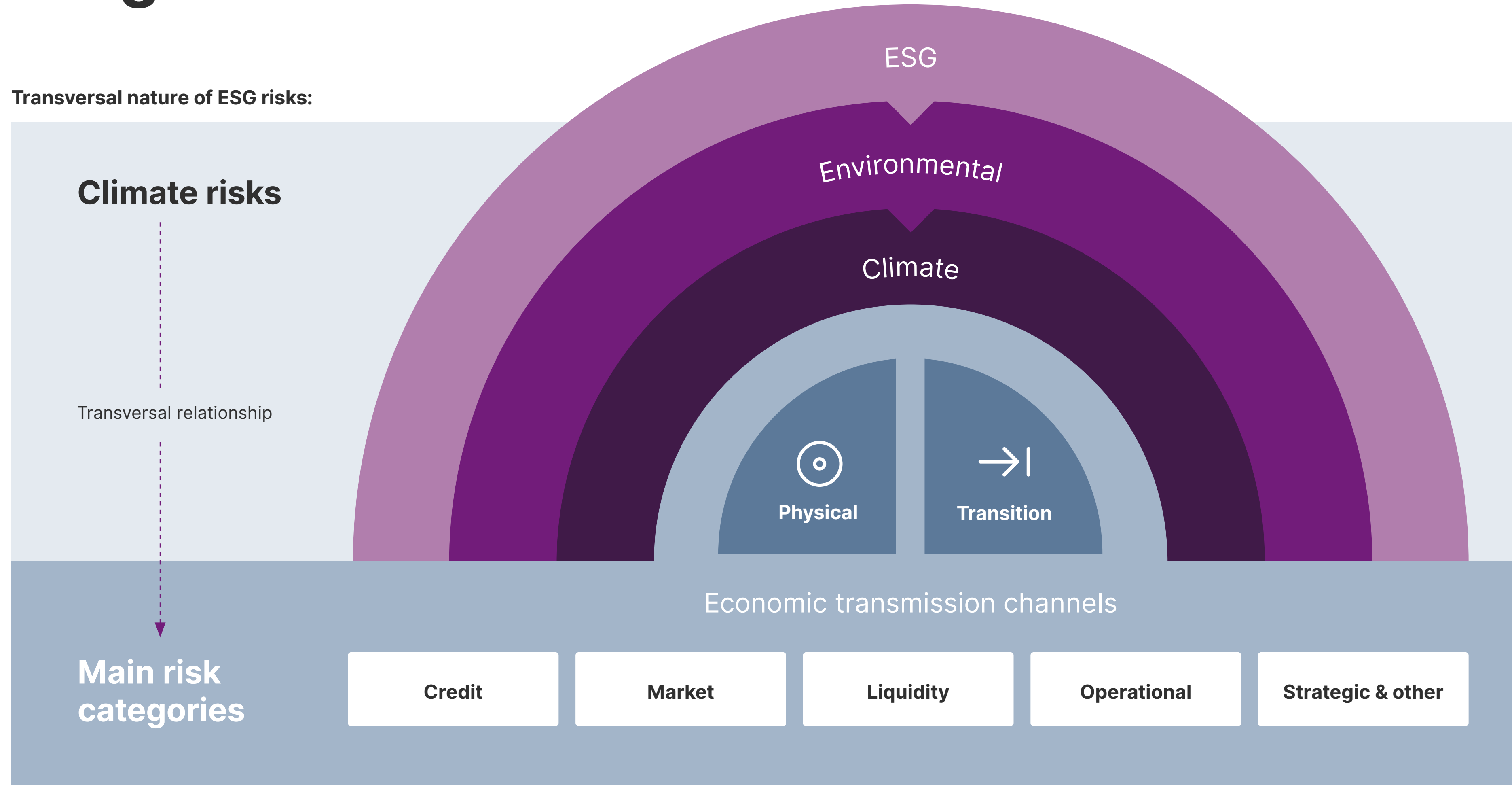
### Risk definition

Erste Group identifies climate risks as either physical or transition, which fall under the wider category of environmental risks within our ESG framework.

These risks stem from potential financial losses due to environmental changes affecting our clients, including those related to achieving the EU Taxonomy's social and environmental goals.

We view ESG risks, including climate risks, as transversal, meaning they materialise in various types of risk we manage, such as credit-, market-, liquidity-, operational-, strategic- and reputational risks.

### Transversal nature of ESG risks:











# Assessing and managing climate-related risks

Erste Group uses various tools to assess and mitigate climate risks. For example, we utilise Munich Re's Location Risk Intelligence, a data tool for assessing and managing physical risks.



Austria

Business portfolios	Climate risk	Risk assessment and management tools					
<p> <b>Scope</b></p> <p>Corporate business loans, project finance, mortgages, commercial real estate, commercial residential real estate.</p>	<p> <b>Physical</b></p>	<p><b>Client / Assets</b></p> <p> ESG Assessment Questionnaire</p> <p> Physical risk in real estate valuations</p> <p> Non-Financial Risk Decision</p>		<p><b>Portfolio</b></p> <p> Risk materiality assessment</p> <p> ESG Factor Heatmap</p> <p> Risk appetite statement</p> <p> Climate stress testing</p>			
	<p> <b>Transition</b></p>	<p><b>Client / Assets</b></p> <p> ESG Assessment Questionnaire</p> <p> Group Responsible Financing Policy</p> <p> Non-Financial Risk Decision</p>		<p><b>Portfolio</b></p> <p> Climate change house view (Business environment assessment)</p> <p> ESG Factor Heatmap</p> <p> Carbon footprint / financed emissions</p> <p> Climate stress testing</p> <p> Portfolio net-zero transition / decarbonisation</p> <p> Risk materiality assessment</p> <p> Risk strategy</p> <p> Risk appetite statement</p>			

## Risk materiality

Erste Group’s annual Risk Materiality Assessment makes use of selected portfolio tools to determine the materiality of ESG risks, including both physical and transition climate risks. The medium materiality of credit risk (and overall ESG risk) is primarily driven by transition risk, reflecting the potential impact of a disorderly transition on Erste Group’s capital and profitability.

In 2023, we undertook a detailed assessment of physical risks to Erste Group, with guidance from climate experts at the University of Graz, Austria. This evaluation aimed to pinpoint relevant risks to our portfolio and involved analysing Climate Hazards Scores provided by Munich Re.

Key identified risks included river flooding, drought stress, rising sea levels, fire weather stress and heat stress, based on a future scenario in which global temperatures increase by 2-3°C by the year 2100 (for the purpose of risk management). This process follows the Intergovernmental Panel of Climate Change (IPCC)’s

Representative Concentration Pathway (RCP) 4.5 / Shared Socioeconomic Pathway (SSP) 2 - projected and commonly accepted emissions pathways.

### Risk Materiality Assessment 2023

Transversal risks	Annual RMA '23	
	Result	2030 Outlook
<b>ESG risk</b>	Medium	Positive ↘
Credit risk	Medium	Positive ↘
Market risk	Low	Stable ⇨
Liquidity risk	Low	Stable ⇨
Operational risk	Low	Negative ↗
Strategic risk	Low	Stable ⇨

### Climate risk in Credit Risk

⊙ Physical risks		→  Transition risks (GHG emissions and energy efficiency)			
Stress scenario: flood (collateral damage, impact on risk costs)	Share of exposure with high physical risk (based on Munich Re data, focus on key physical hazards)	Stress scenario: short-term disorderly transition (impact on risk costs)	Energy efficiency and data quality (real estate)	Concentration (GHG)	GHG emission intensity (share of loans with very high, high and medium intensity)
Low	Low	Medium	Medium	Medium	High

8

# Climate action governance

# Climate action governance

Rigorous ESG governance ensures successful implementation of our ambitious net-zero strategy, and is embedded within Erste Group's existing governance structure.

### Our approach

Erste Group adopts a comprehensive strategy to reduce emissions from financed activities and aligns with the goals of the Paris Agreement. The management board has the ultimate oversight, incorporating net-zero objectives into board and managerial performance assessments.

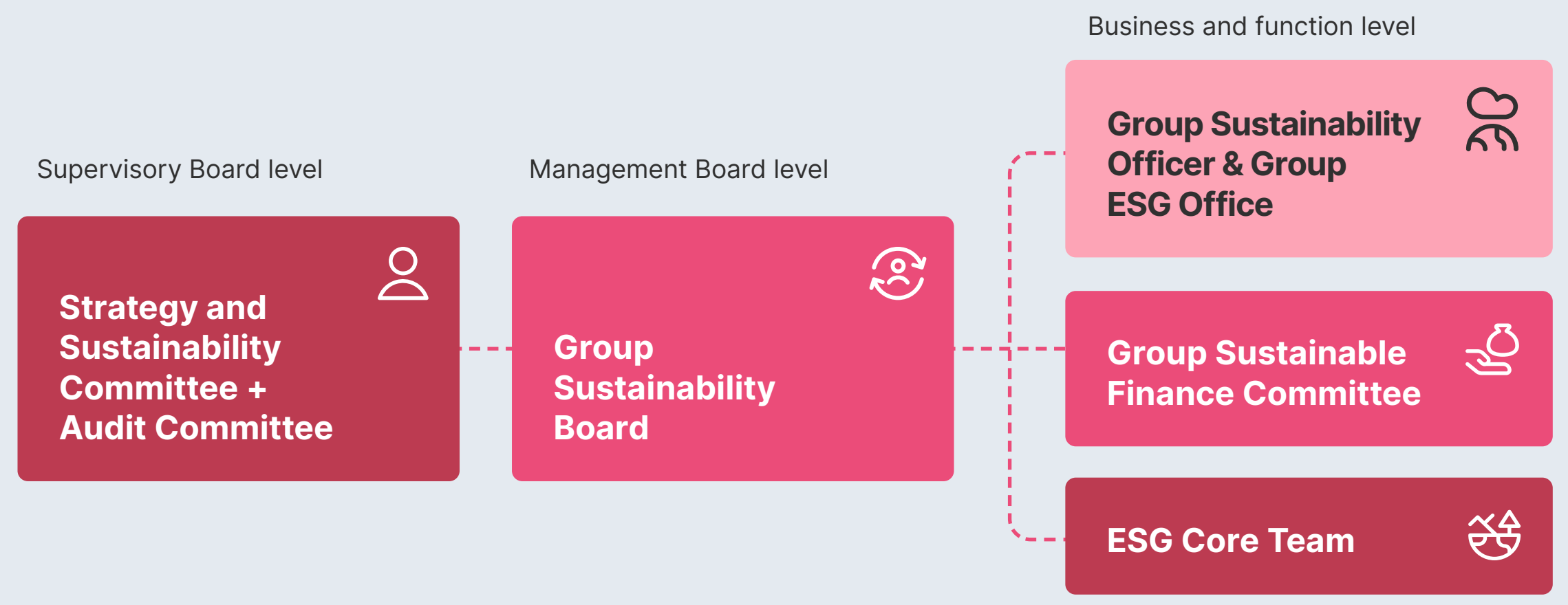
Leading Erste Groups' net-zero strategy is the responsibility of the Group ESG Office, with critical support from the risk management teams and our business colleagues. Headed by the Group Sustainability Officer, the Group develops key ESG policies and ensures transparency on Erste Groups' sustainability impact. Action plans are tailored and executed within specific divisions of Erste Group and its subsidiaries.

Initially, emission reduction targets were set for Erste Group. Meanwhile, the Savings Banks have also established and implemented their targets, following the Group guidelines.

The management board, alongside the Group Sustainability Board and the supervisory board's Strategy and Sustainability Committee, approves these targets. These targets are then woven into the strategic planning of the Erste Group at all levels. Refer to [Annex \(4\)](#) for detail.

## Governance model

Our ESG governance bodies work across the Supervisory Board level, Management Board level and business and function-specific levels. Please refer to [Annex \(4\)](#) for a detailed description of our central governance bodies and the specific responsibilities of management board members.



**Board oversight**

Erste Group’s Supervisory and Management Boards maintain oversight over our ESG strategy, targets and policies, including their implementation. They actively monitor and evaluate the company’s performance in relation to climate risk, financial health, risk management practices and adherence to legal and ethical standards.

In 2023, the management board and the Group Sustainability Board were briefed nine times on climate and environment-related matters as well as on new developments in sustainability reporting by means of presentations and training events held by the Group ESG Office.

**Sustainability-linked remuneration**

Support for climate-related action – particularly the transition to a net-zero portfolio – is a crucial aspect of our remuneration policy. This incentivises Management Board members to promote the sustainable development of the bank.

Fixed remuneration is granted regardless of performance and comprises the basic salary as well as contributions to the company’s pension scheme (pension fund), insurance benefits and other benefits in kind. Variable remuneration is always performance-linked. Variable remuneration is granted and paid based on specific, measurable performance criteria that are aligned with Erste Group’s business strategy and long-term development. The key criterion determining the variable remuneration of management board members is the overall financial performance of Erste Group.

In 2023, the ESG targets of the management board members were as follows:



Montenegro

**10-15%**

of each board member’s variable remuneration depends on ESG criteria.

**Focus areas**

- ☆ Green transition
- ☆ ESG strategy & progress
- ☆ Green IT, products and services



**5% shared targets**

**5% individual targets**

**5% common target**

**CEO**

ESG vision and strategy

Positioning, proactive communication and business solutions

**CRO**

ESG risk management and development

**CFO**

Net-zero operations

**C&M**

Net-zero portfolio transition

Corporate sustainable financing in new business

**Retail**

Sustainable retail mortgages in new business

**COO**

Digital ESG solutions

**CPO**

Net-zero products and services

ESG Ratings



9

**Annex**

## Annex 1 - Financed emissions 2023

	Credit exposure	Credit exposure covered by emissions calculation	Financed emissions, thousand tCO <sub>2</sub> e <sup>1,2</sup>		Emission intensity	Weighted data quality (High=1, Low=5)	
	in EUR million	in EUR million	Scope 1 + Scope 2	Scope 3 <sup>3</sup>	tCO <sub>2</sub> e/ in EUR million	Scope 1 + Scope 2	Scope 3
<b>2022</b>	<b>349,166</b>	<b>178,319</b>	<b>14,329</b>	<b>15,116</b>	<b>165</b>	<b>3.9</b>	<b>4</b>
<b>2023</b>							
<b>by PCAF asset class</b>							
Corporate bonds		2,275	346	431	342	3.9	3.7
Business loans		79,176	10,445	12,759	293	4	3.9
Project finance		2,720	411	33	163	3	3.6
Mortgages		73,260	3,213	0	44	3.9	4.4
Commercial real estate		27,260	628	0	23	3.8	4.1
<b>Total</b>	<b>364,450</b>	<b>184,690</b>	<b>15,044</b>	<b>13,223</b>	<b>153</b>	<b>3.9</b>	<b>3.9</b>
<b>by sector</b>							
Natural resources & commodities	14,064	9,358	3,013	1,833	518	3.9	3.7
Energy	17,077	8,184	4,009	983	610	3	3.3
Construction	17,481	7,963	1,341	2,225	448	4	4.2
Automotive	8,227	5,803	230	1,033	218	3.8	3.7
Cyclical consumer goods	9,336	5,689	443	596	183	3.8	3.8
Non-cyclical consumer goods	10,891	7,026	645	2,276	416	3.6	3.6
Machinery	7,018	3,802	390	2,353	721	3.9	3.9
Transport	8,632	4,493	327	1,233	347	4	4
TMT	7,873	4,265	149	223	87	4	3.8
Healthcare & Services	10,645	8,122	348	111	57	4.2	4.2
Hotels and Leisure	9,784	7,741	261	47	40	4	4.1
Real estate <sup>3</sup>	45,089	39,908	979	312	32	4.2	4.1
Public sector	72,182	339	5	0	15	3.6	-
Financial institutions	27,599	2,584	21	0	8	4.3	-
Private customers	98,173	69,388	2,882	0	42	3.9	-
Other sectors	380	25	1	0	34	3.3	-
<b>Total</b>	<b>364,450</b>	<b>184,690</b>	<b>15,044</b>	<b>13,223</b>	<b>153</b>	<b>3.9</b>	<b>3.9</b>

1. For details on the calculation of financed emissions see Methodology in the [Non-Financial Report](#).

2. Financed emissions also include Category 13 'Downstream Leased Assets' of Erste Group Scope 3 emissions, which are shown separately as a sub-category.

3. Where we use reported emissions for calculating Scope 3 emissions, this includes – if both are reported – both upstream and downstream emissions. Where we use emissions with national emission factors from the PCAF database, only Scope 3 upstream emissions are accounted for due to data availability. The data quality score for Scope 3 emissions is therefore reported separately.

## Financed emissions 2023 (continuation)

	Credit exposure	Credit exposure covered by emissions calculation	Financed emissions, thousand tCO <sub>2</sub> e <sup>1,2</sup>		Emission intensity	Weighted data quality (High=1, Low=5)	
	in EUR million	in EUR million	Scope 1 + Scope 2	Scope 3 <sup>3</sup>	tCO <sub>2</sub> e/ in EUR million	Scope 1 + Scope 2	Scope 3
thereof Category 13 (Downstream Leased Assets)		3,794	1,405	704	701	4.7	4.7
<b>by country</b>							
Austria		90,562	4,279	4,086	92	4.1	3.9
Czechia		35,318	3,790	2,258	171	3.9	3.9
Slovakia		17,006	1,849	1,064	171	3.8	3.9
Germany		4,935	528	1,903	493	3.8	3.7
Romania		10,753	1,197	796	185	3.6	4.1
Croatia		6,011	1,132	543	279	3.7	3.9
Hungary		5,112	505	762	248	3.6	3.4
United states		1,796	501	246	416	4.9	4.9
Poland		2,259	302	194	220	3.3	2.8
Serbia		2,170	304	188	227	3.7	4
Other countries		8,768	658	1,183	210	4.4	4.6
<b>Total</b>	<b>364,450</b>	<b>184,690</b>	<b>15,044</b>	<b>13,223</b>	<b>153</b>	<b>3.9</b>	<b>3.9</b>
<b>by carbon intensity of corporate clients</b>							
High (1 - 6 kgCO <sub>2</sub> e/EUR revenue)		5,431	3,986	3,020	1,290	3.1	2.7
Critical (>6 kgCO <sub>2</sub> e/EUR revenue)		541	1,600	1,298	5,362	2.8	3.2

- For details on the calculation of financed emissions see Methodology in the [Non-Financial Report](#).
- Financed emissions also include Category 13 'Downstream Leased Assets' of Erste Group Scope 3 emissions, which are shown separately as a sub-category.
- Where we use reported emissions for calculating Scope 3 emissions, this includes – if both are reported – both upstream and downstream emissions. Where we use emissions with national emission factors from the PCAF database, only Scope 3 upstream emissions are accounted for due to data availability. The data quality score for Scope 3 emissions is therefore reported separately.



## Annex 2 - EU Taxonomy disclosure

A business or economic activity is Taxonomy-eligible, if it is listed in the EU Taxonomy, a classification system for environmentally sustainable economic activities. To be considered taxonomy aligned, financings of economic activities need to make a substantial contribution ('SC') to one of the six EU environmental objectives, do no significant harm to the other environmental objectives ('DNSH') and must be compliant with minimum social safeguard standards ('MSS').

As part of the review of the DNSH-criterion for private residential properties, Erste Group was carrying out an extensive climate risk analysis regarding physical risks using an in-house methodology.

However, there is currently a lack of standardised evidence of the mitigation measures that may be necessary for private households.

The Green Asset Ratio ('GAR') represents the ratio of the taxonomy aligned assets or economic activities financed by Erste Group in relation to the total 'covered assets'. The covered assets are the total assets of the Group, except for assets with respect to central governments and supranational issuers, as well as exposures towards central banks and the trading book.

Of the covered assets, the following are currently taxonomy eligible, i.e., can potentially be classified as taxonomy aligned:

- > Assets from financial and non-financial undertakings subject to the Non-Financial Reporting Directive ('NFRD') reporting requirements, provided they carry out economic activities for which the taxonomy currently specifies alignment criteria
- > Financing of residential properties and motor vehicles for private households
- > Financing of housing and other special financing to local governments
- > Repossession of real estate collateral

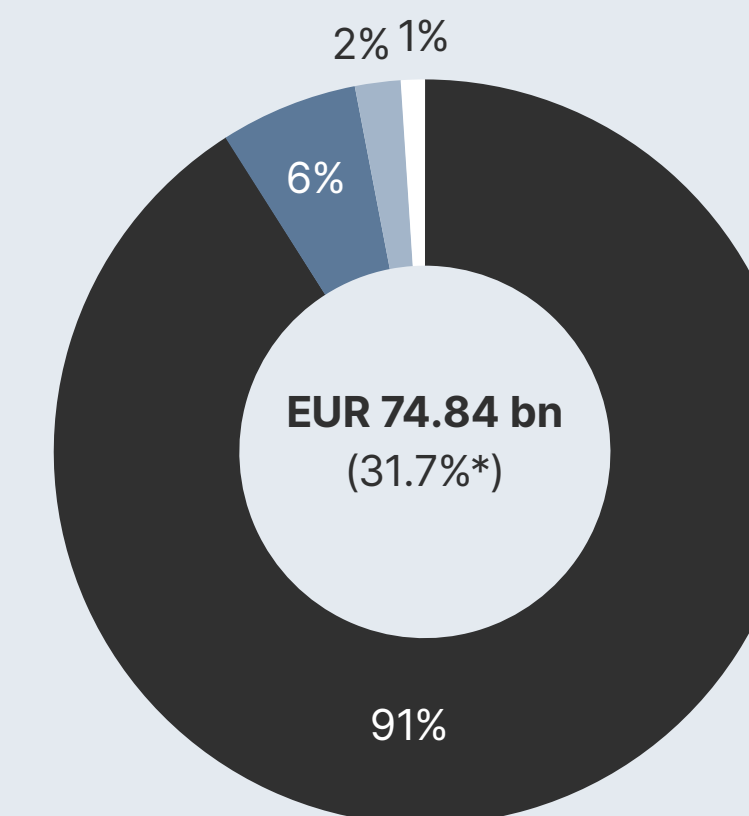
As of December 31, 2023, EUR 74.84 billion, or 31.7%, of covered assets are Taxonomy eligible and EUR 1.25 billion, or 0.53%, of covered assets are taxonomy aligned in the turnover-based view. Based on the applicable SC criteria, taxonomy aligned assets from private households would have amounted to EUR 4.7 billion. This would have resulted in an overall GAR of 2.6% (instead of the disclosed 0.53%).

Refer to [Non-Financial Report](#) for detail.

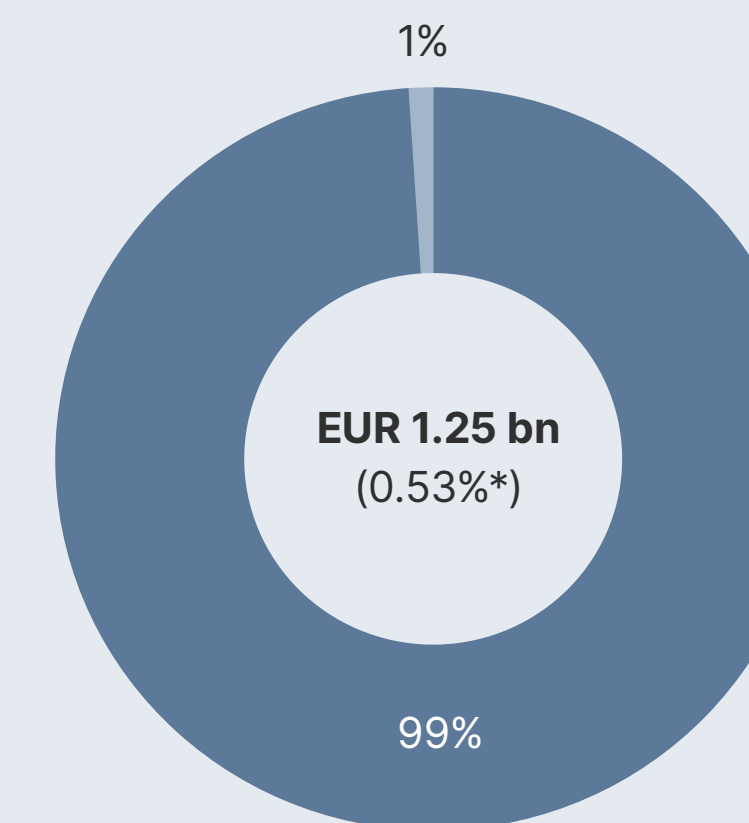
The six relevant environmental targets of the 2020 EU Taxonomy Regulation are:



Taxonomy eligible



Taxonomy aligned



\* Covered Assets

● Households ● Non-financial undertakings  
● Financial undertakings ● Local governments financing

## Annex 3 - Operational emissions 2023

Metrics	Measure	EGB Group	Austria	Czechia	Slovakia	Romania	Hungary	Croatia	Serbia
<b>Scope 1 &amp; 2 - TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>31,854</b>	<b>7,029</b>	<b>6,948</b>	<b>3,003</b>	<b>6,662</b>	<b>1,570</b>	<b>1,739</b>	<b>972</b>
Scope 1 & 2 - total change YOY	tCO <sub>2</sub> e	-7,595	-1,857	-2,006	-32	-1,135	-195	7	-1,386
<b>Scope 1 - TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>18,701</b>	<b>4,887</b>	<b>2,474</b>	<b>2,663</b>	<b>5,714</b>	<b>1,084</b>	<b>1,217</b>	<b>259</b>
Heating	tCO <sub>2</sub> e	10,461	3,392	442	1,898	3,819	352	493	44
Carpool	tCO <sub>2</sub> e	6,735	1,345	1,743	654	1,316	671	527	183
Cooling agents and fuel for emergency generators	tCO <sub>2</sub> e	1,505	151	290	111	579	61	197	32
<b>Scope 2 (location based) - TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>43,360</b>	<b>11,514</b>	<b>15,373</b>	<b>1,467</b>	<b>5,532</b>	<b>1,701</b>	<b>1,994</b>	<b>2,002</b>
<b>Scope 2 (market based) - TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>13,153</b>	<b>2,142</b>	<b>4,474</b>	<b>339</b>	<b>948</b>	<b>486</b>	<b>522</b>	<b>713</b>
Electricity	tCO <sub>2</sub> e	4,667	215	19	220	354	6	289	365
District heating and cooling	tCO <sub>2</sub> e	8,485	1,927	4,455	120	594	480	233	348
<b>Scope 3 - TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>53,740</b>	<b>17,656</b>	<b>11,863</b>	<b>4,030</b>	<b>7,378</b>	<b>4,391</b>	<b>3,593</b>	<b>1,945</b>
3.1. Purchased goods and services	tCO <sub>2</sub> e	4,455	1,072	1,638	382	824	105	138	122
3.2. Capital goods	tCO <sub>2</sub> e	545	166	101	92	85	22	44	13
3.3. Fuel- and energy related activities	tCO <sub>2</sub> e	8,093	2,351	1,800	584	1,502	386	425	197
3.4. Upstream transportation and distribution	tCO <sub>2</sub> e	11,129	2,979	2,538	787	293	2,274	1,124	707
3.5. Waste generated in operations	tCO <sub>2</sub> e	895	52	198	78	319	29	86	45
3.6. Business travel	tCO <sub>2</sub> e	9,647	4,597	1,886	389	1,725	234	246	220
3.7. Employee commuting	tCO <sub>2</sub> e	18,976	6,440	3,702	1,718	2,631	1,341	1,530	640
<b>Scope 1, 2 &amp; 3 - TOTAL</b>	<b>tCO<sub>2</sub>e</b>	<b>85,594</b>	<b>24,685</b>	<b>18,810</b>	<b>7,033</b>	<b>14,040</b>	<b>5,960</b>	<b>5,332</b>	<b>2,917</b>
<b>Scope 1, 2 &amp; 3 pro employee</b>	<b>tCO<sub>2</sub>e/RMA</b>	<b>1.9</b>	<b>1.5</b>	<b>1.9</b>	<b>2.0</b>	<b>2.6</b>	<b>1.7</b>	<b>1.7</b>	<b>2.2</b>

CO<sub>2</sub> equivalents (CO<sub>2</sub>e) are the sum of all greenhouse gas emissions, i.e. carbon dioxide, methane and nitrogen oxide.

## Annex 4 - Governance bodies & management roles

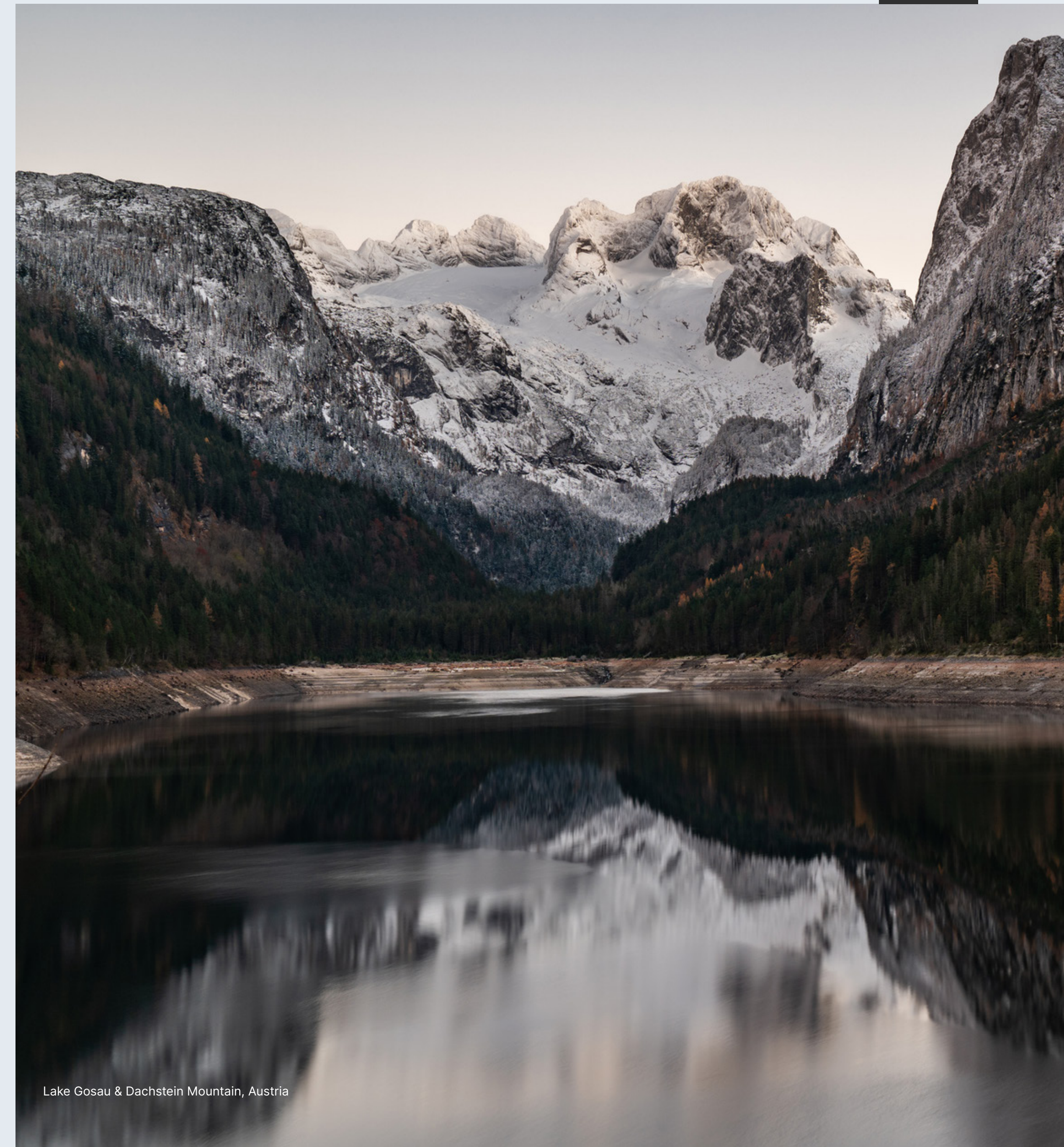
The management board is responsible for managing the organisation as required for the benefit of the company, taking into account the interests of multiple stakeholders, shareholders, employees and the public. It describes the company's values and goals in concrete terms and lays down the corporate strategy with due regard to sustainability aspects and the associated opportunities and risks in respect of the environment, social concerns and corporate governance. It defines the ESG strategy and is responsible for the ESG framework, goals and priorities. The Management Board is also responsible for advising and approving the consolidated Non-Financial Report.

In addition, the management board ensures implementation of the ESG strategy by allocating adequate resources and controls and is periodically informed on the current status and milestones achieved. These tasks are implemented through the Group Sustainability Board which consists of members of the Management Board of Erste Group. The Group Sustainability Board monitors progress made under the ESG strategy at least two times per year and evaluates the ESG-based performance indicators for the management board of Erste Group and local management board members.

Responsibilities within the Management Board for the development and implementation of the individual sustainability topics are distributed as follows:

- > The CEO is responsible for Erste Group's ESG strategy and ensures that sustainability considerations are integrated smoothly into the corporate culture and governance framework
- > The CRO integrates environmental risks, including physical and transition climate risks, into Erste Group's risk management framework and ensures that governance and remuneration principles adequately account for these risks
- > The CFO is responsible for sustainability reporting and also ensures that Erste Group aligns its own operations towards net-zero status
- > The Chief Corporates and Markets Officer (CCMO) ensures that the strategy for Corporates and Markets as well as relevant targets and portfolio measures are consistent with Erste Group's strategic goal of contributing to the green transition in the region

Refer to [Non-Financial Report](#) for detail.



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## Glossary

<b>BCR</b>	Banca Comercială Română	<b>MSCI</b>	Morgan Stanley Capital International
<b>CCMO</b>	Chief Corporates and Markets Officer	<b>MSS</b>	Minimum Social Safeguard
<b>CDP</b>	Carbon Disclosure Project	<b>NECPs</b>	National energy and climate plans
<b>CEE</b>	Central and Eastern Europe	<b>NGOs</b>	Non-governmental organization
<b>CRE</b>	Commercial Real Estate	<b>NZBA</b>	Net Zero Banking Alliance
<b>DNSH</b>	Do No Significant Harm	<b>NZE2050</b>	Net Zero Energy 2050
<b>EM</b>	Emerging Markets	<b>RCP</b>	Representative Concentration Pathway
<b>Erste AM</b>	Erste Asset Management	<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>ESG</b>	Environmental, Social, and Governance	<b>PPA</b>	Power Purchase Agreement
<b>EPC</b>	Energy Performance Certificate	<b>PET</b>	Polyethylene Terephthalate
<b>FNG</b>	Forum Nachhaltige Geldanlagen	<b>PRI</b>	Principles for Responsible Investment
<b>GAR</b>	Green Asset Ratio	<b>PV</b>	Photovoltaic
<b>GHG</b>	Greenhouse Gas	<b>SC</b>	Substantial Contribution
<b>GRI</b>	Global Reporting Initiative	<b>SDGs</b>	Sustainable Development Goal
<b>IEA</b>	International Energy Agency	<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>ICPDR</b>	International Commission for the Protection of the Danube River	<b>SME</b>	Small and medium-sized enterprise
<b>IPCC</b>	Intergovernmental Panel on Climate Change	<b>SSP</b>	Shared Socioeconomic Pathway
<b>ISS</b>	Institutional Shareholder Services	<b>TCFD</b>	Task Force on Climate Related Financial Disclosures
<b>KPI</b>	Key Performance Indicator	<b>WWF</b>	World Wildlife Fund for Nature



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[↩ Back to top](#)