



The Bank Is the People!

ERSTE BANK A. D. NOVI SAD /
CORPORATE SOCIAL RESPONSIBILITY REPORT 2018

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The Bank Is the People!

Erste Bank a. d. Novi Sad

Corporate Social Responsibility Report 2018



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Foreword

— **Slavko Carić** • Chief Executive Officer of the Bank



Dear colleagues and friends,

We have continued to strive towards the realisation of ambitious goals, both in terms of business quality and continuous provision of support to the further development of society. Our efforts to meet client needs, through acquired experience and continuous sensitivity to their needs, have paid off and enabled us to once again record exceptional results and record profit. In order to be better prepared for the new digital future that lies before us, as well as to meet new contemporary client demands, we are ready for a new business concept. That is precisely why we embarked on a project of comprehensive transformation of the Bank, which we launched in 2017, building together with our employees the bank of the future.

We strive to be bank no. 1 in terms of customer experience and the first-choice employer, and to that end, our operation has been founded on four business pillars: continuously creating value for our clients, digitalising the bank based on data, striving for maximum efficiency but with an emphasis on people - our people as the key to success. We are aware that for long-term business sustainability, in addition to constant professional development, the trust of our clients, our employees, as well as our community is of crucial importance. On these foundations, we have built our identity, remaining true to our mission of bringing services closer to society in the broadest sense of the term. We will remain committed to this in the years ahead.

Today we are proud to be the first bank in Serbia with a developed social banking

programme — Step by Step is an innovative and comprehensive programme for the improvement of financial stability and prosperity in our region. In several phases of support development, Step by Step includes education, empowerment in the area of entrepreneurial knowledge and skills, as well as lending itself providing to start ups, social enterprises and civil society organisations — CSOs, equal access to funding available to all micro, small and medium-sized enterprises. The programme is set up to support first-time business owners in creating jobs, empowering CSOs in further developing their missions in order for us to jointly multiply positive impact on our society's development, as well as to support low-income individuals, earning less than the official minimum wage. After the second year of successful implementation of the Step by Step social banking programme, we have cause for pride — so far 145 start-ups, social enterprises and CSOs have been funded, resulting in the creation of 276 new jobs. This programme's excellence was also recognised at the international level - the entire Erste Group won, as a fighter for diversity and inclusion, Euromoney's award "Central and Eastern Europe's Best Bank" in the area of CSR, precisely for the implementation of the social banking programme. In addition, a new agreement worth 50 million euros signed by the European Investment Fund and Erste Group, will enable us, as well as other Erste Group member banks, to provide, in the coming five years, loans at favourable terms to social enterprises and civil society organisations, thereby continuing to contribute systemically to the fight against social and financial exclusion.

Another testament to Erste Group taking its operation in Serbia very seriously, strategically and with a long-term view, is the additional EUR 25 million invested in the second phase of construction of the Sirius business complex (Sirius Offices) in New Belgrade with the aim of making Bulevar Milutina Milankovića one of the capital's most dynamic business zones.

The global framework for our operations and reporting is provided by internationally recognised sustainability standards — United Nations Sustainable Development Goals, which provide our broader context and direction. In the present Report, you can also read about how the Bank contributes to these goals through its long-standing operations in all CSR areas, linking them to its strategic guidelines. The report has been compiled for the eighth time in line with the current version of the GRI sustainability reporting standards, providing relevance and methodological foundation, and it is primarily intended for our clients, employees, partners and the community, with whom we wish to build a common future.

I would like, first of all, to thank our colleagues, clients and partners who have helped us to achieve socially responsible and sustainable goals with their knowledge, experience, ideas and enthusiasm. In the future, we will continue to invest efforts in innovating, pushing back the boundaries and justifying your trust in us.

**Cordially,
Slavko Carić**



Foreword

— **Jasna Terzić** • member of the Executive Board



Dear friends,

The previous year was extremely dynamic for Erste Bank – we defined a new business strategy that presents a new beginning, fundamentally based on the experience and achievements of the first 13 years of business operation. The transformation we have launched on the path to digitalisation is aimed at creating new opportunities, accelerating and facilitating the implementation of innovation and advanced business solutions, resulting in the improvement of the manner and quality of operation and provision of banking products and services. On that path, we have remained firmly committed to developing corporate social responsibility as an integral part of a long-term business strategy, as well as continuing to develop and invest in relations with all key stakeholders.

Regarding plans for the next five years, one of the key goals is for us to be bank number 1 in terms of customer experience — to acquire, with an understanding of their needs, one million satisfied clients whose satisfaction will be a strong incentive for our future development and growth. In line with our corporate culture, we place an emphasis on building personal, stable and long-term partnerships with our clients. Our responsible growth strategy includes, apart from financial success, commitment to the welfare of people and society at large.

Acknowledging that our people are our most valuable resource, we would like Erste Bank to remain, in the future, an attractive place to work for ambitious, committed, innovative people, who believe in themselves and in their ideas. Together

with people who are ready to learn and improve their knowledge, to develop and implement their innovative business solutions, we wish to build the bank of the future. We believe we are on the right path to achieving these goals, taking into consideration our long-standing commitment to promoting sustainable solutions and ethical practices, as one of the leaders in corporate social responsibility.

Recognising the strength that lies in synergy and the exchange of knowledge and experience, we have always paid special attention to supporting the youth, through internships and trainings conducted by the Bank, mentorship programmes through which we transfer our technical know-how and expertise, and support in terms of financing the implementation of their ideas that are useful and focused on further development of society, as well as programmes that we have launched just for them, such as our Superste. Young people are our inspiration for further development and our employees are the driver and strength of the change and improvements for which we are constantly striving. We are most proud of the fact that, faced with the challenges of globalisation and digitalisation, we have stayed true to our culture in which people always come first.

Our strategic commitment to responsible business is demonstrated by the fact that, more than 10 years ago, we integrated into the very core of our business the United Nations Global Compact principles — UNGC, which the Bank actively supports and promotes. The Bank is also one of the first signatories of the UN Global Compact Declaration against

Corruption in Serbia, as well as the Women's Empowerment Principles, which were initiated and defined by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). In 2018, the Bank also supported the UN Standards of Conduct for Business on Tackling Discrimination against LGBTI People, and continued monitoring its activities and results in line with the UN Sustainable Development Goals (SDGs).

Erste Bank integrated the Sustainable Development Goals in its corporate social responsibility strategy, in order to illustrate more clearly its impact and measure its contribution in that regard as well. The extent to which not only Erste Bank in Serbia but Erste Group as a whole is committed to this path and to making its clear contribution to the improvement of society in the communities in which it operates, is illustrated by the fact that 2017 saw the establishment of a Sustainable Development Committee at the Group level. This committee comprises representatives of executive boards of all Group subsidiaries, and is chaired by the Head of the Department for Sustainable Development at Erste Holding in Vienna. The exchange of knowledge, experience and cooperation at the Group level is of importance for further upgrading responsible practices, and we are especially proud of our Bank being a best practice example in the Group. With all our strengths and convictions, we will continue to work and act responsibly and in a sustainable manner, in order to justify the trust placed in us and prove that we can be even better and more innovative.

Cordially,
Jasna Terzić



How to Read This Report?

As the eleventh of its kind, the Bank's Corporate Social Responsibility Report provides all stakeholders with a comprehensive overview of the Bank processes and activities in all relevant CSR areas – corporate governance, customer relations, work environment, investment in the local community, environmental protection, and supply chain management. The publication of this report is in line with our principle which states that transparent communication presents a starting point in fostering mutual understanding and long-term cooperation with all key stakeholders, which promotes the well-being of the entire community, but also leads to the improvement of the Bank's business results.

Together with our partners, we wish to contribute to the promotion of advanced CSR practices in the financial sector, as well as others, but also emphasise the results of which we are proud. To all our readers we recommend viewing the Report as a whole, in order to gain a full insight into our approach to the stated areas and the corresponding activities and results. If you nevertheless decide to devote your time especially to certain parts of the Report, we would like to draw your attention to areas and subjects that may be most important to different stakeholders.

If you are...

A REPRESENTATIVE OF THE BUSINESS SECTOR

Find out more about Erste Bank's strategic approach to corporate social responsibility, about its participation in joint initiatives, and about direct and indirect impacts of our business.

- *Development of corporate social responsibility through joint initiatives*, p. 43.
- *Strategic approach to corporate social responsibility*, p. 21.
- *Sustainability management and contribution of Erste Bank to GDP*, p. 29.

A COLLEAGUE FROM THE BANKING SECTOR

Read more about our social banking programme, work on developing products and services for groups and individuals with difficulties in accessing financial services. In addition, learn about our involvement in business and CSR associations, as well as about our advanced practices in the field of digital services and communication.

- *Responsible financing and communication: "Responsibility to Customers"*, p. 66 and *"Responsibility to the Environment"*, p. 112.
- *Development of corporate social responsibility through joint initiatives*, p. 43.

AN ERSTE BANK EMPLOYEE

See what rights and opportunities Erste Bank guarantees as a responsible employer, what advanced training and career advancement resources are available to you, and through which channels you can turn to the Bank and the Trade Union for the support you need. We particularly draw your attention to the possibility of joining us in our traditional volunteer campaigns, so that we could contribute together to the development of the community in which we live and work.

- *"Our People"*, p. 48.

A CUSTOMER OF THE BANK

Learn more about the broad portfolio of products and services, especially digital ones, enabling simpler and easier access to financing, about our commitment to customer satisfaction and transparent communication. Get informed about the Bank's business results as well, and its contribution to GDP, with its business philosophy, corporate values and good governance practices.

- *Products and services, customer satisfaction and transparent communication: "Responsibility to Customers"*, p. 66.
- *Business results, strategic approach and corporate values: "Company Profile"*, p. 10.
- *Good Corporate Governance: "Good Corporate Governance"*, p. 31.

OUR FELLOW CITIZEN

See how Erste Bank supports local communities and environmental protection, as well as impacts the general socio-economic development.

- *Initiatives conducted in local communities: "Our Fellow Citizens in the Communities in Which We Operate", p. 92.*
- *Environmental initiatives: "Responsibility to the Environment", p. 112.*
- *CSR strategy and key impacts, risks and opportunities in the sustainability context: "Strategic Approach to CSR", p. 21.*

A REPRESENTATIVE OF THE PUBLIC SECTOR

See how Erste Bank contributes to the socio-economic development of the country, providing support to different segments of the economy, with special emphasis on the development of entrepreneurship, promoting common social values.

- *Development of corporate social responsibility through joint initiatives, p. 43.*
- *Strategic approach to corporate social responsibility, p. 21.*
- *Sustainability management and contribution of Erste Bank to GDP, p. 29.*
- *Good Corporate Governance, p. 31.*
- *Support to businesses: "Responsibility to Customers", p. 66.*

A BUSINESS ASSOCIATION

REPRESENTATIVE

See how the Bank contributes to the joint initiatives of which it is a member. In addition, you may obtain further information about the Bank's business results, its responsible conduct in the market and its good governance practices.

- *Financial results: "Company Profile", p. 10.*
- *Development of corporate social responsibility through joint initiatives, p. 43.*
- *Strategic approach to corporate social responsibility, p. 21.*
- *Good Corporate Governance, p. 31.*

OUR SUPPLIER OR A BUSINESS INTERESTED IN BECOMING PART OF OUR SUPPLY CHAIN

Find out more about the selection process, conditions regarding responsible business practices that our suppliers should meet, as well as how the Bank supports them in improving these practices. In addition, find an inspiration or join us in our local community support initiatives.

- *Supplier selection and CSR practices: "Responsibility in Supply Chain", p. 88.*
- *Initiatives conducted in local community: "Our Fellow Citizens in the Communities in Which We Operate", p. 92.*

A MEDIA REPRESENTATIVE

Learn how the Bank aligned its marketing strategy with the principles of responsible business and how it improved its external communication. Additionally, you can find a range of interesting topics of importance for the broader community, such as the Superste platform.

- *Marketing and external communications: "Responsibility to Customers", p. 66.*
- *Initiatives of significance for the community: "Responsibility to Customers", p. 66 and "Our Fellow Citizens in the Communities in Which We Operate", p. 92.*

A REPRESENTATIVE OF THE NON-GOVERNMENTAL SECTOR

Find out what activities the Bank is carrying out with the aim of empowering young people, especially in the area of entrepreneurship and cultural decentralisation, as well as more details about financial inclusion of marginalised groups. Apart from that, you may be interested in the Bank's responsibility in natural resource management, its well-developed practices of responsible financing, as well as the volunteering activities of which the Bank is especially proud.

- *Initiatives conducted in local communities and volunteering activities: "Our Fellow Citizens in the Communities in Which We Operate", p. 92.*
- *Environmental initiatives: "Responsibility to the Environment", p. 112.*
- *Responsible financing: "Responsibility to Customers", p. 66.*

1. Company Profile

— 1.1 Erste Group

Erste Group began to build its tradition long ago, back in 1819, when it was founded as the first savings bank in Austria. It was recognised as an institution that, in addition to providing traditional banking services and products, seeks to develop constantly in accordance with the requirements of the modern market. Erste Group provides its customers with safety and confidence, as well as with top-quality financial products and services.

Today, Erste Group employs 47,700 staff who serve 16.2 million customers in seven Central and Eastern European countries (Austria, Serbia, Czech Republic, Slovakia, Hungary, Romania, and Croatia).

In addition to retail banking, Erste Group provides financing services as well as advisory services to corporate customers related to investment and access to international capital markets, public sector financing and interbank market operations.

Since 1997, when it started its strategic expansion of retail operations to the countries of Central and Eastern Europe (CEE), Erste Group's customer base increased from 600,000 to 16.2 million owing to numerous acquisitions and organic growth. Today it maintains the position of one of the leading financial institutions in Central and Eastern Europe in terms of the number of customers and total assets.

Erste Group in Brief:

- Serves 16.2 million customers
- Employs 47,700 staff
- Operates 2,507 branches in 7 countries

Erste Group's Business Position:

- One of the leading financial service providers in the eastern part of the European Union
- Among the TOP 3 banks in its core markets
- Innovation leader in retail banking in the home market of Austria

Key Business Results in 2018:

- Total assets: EUR 236.8 billion
- Operating profit: EUR 2.73 billion
- Net profit: EUR 1.79 billion
- Return on equity: 13.4%

Detailed financial report of Erste Group is available at www.erstegroup.com



"Our annual net profit, which rose by more than a third to nearly 1.8 billion euros, is not only the best in our history, it is also a telling symbol for our 200 year anniversary and the sustainability of a business model that has greatly changed the region in which we are once again active today.

The fact that this result was underpinned by strong fundamentals — a 7 percent increase in both deposit and loan volumes — further points to the soundness of our model. Our footprint continues to place us in the most economically dynamic region of the EU. Low unemployment rates, rising real wages and increasing economic competitiveness have prompted our region's entrepreneurs to take more risks and to invest — and thus, to create jobs. This positive sentiment is also apparent in the retail sector, where customer demand for housing and consumer loans remained solid. The strong continued growth on the deposit side underscores the confidence our customers place in us as a 200-year-old institution, but it is also reflects the failure of capital markets to provide a compelling alternative to savings books. As far as the challenges that our region presents to us as a company, the past year made clear that political risk outweighs commercial risk — but that phenomenon is not unique to the CEE region," said Andreas Treichl, CEO of Erste Group Bank AG.



Erste Group Winner of the Best Bank in Central and Eastern Europe Award

In 2018 Erste Group, within which Erste Bank Serbia operates, was received the Central and Eastern Europe's Best Bank in the Area of CSR award by Euromoney, one of the leading publications dealing with the financial sector. Euromoney recognised Erste Group for implementing a social banking programme, which is aimed at empowering and financing social enterprises and meets the needs of traditionally unbanked or underbanked groups.

"The Bank has become a lifeline for many in the region", states Euromoney, referring to the "commitment of Erste Group to its communities" as the basis for its award choice. The list also praises Erste Group as "a fighter for diversity and inclusion, within the institution and among clients and communities".

Since the official launch of the social banking programme in 2016, Erste Group has financed about 2,500 new entrepreneurs and almost 400 non-profit and social entrepreneurs focused on making a social impact. Owing to these efforts in the area of social banking, almost 14,000 jobs have been opened across CEE.

Results of Step by Step Programme

Erste Group has developed a methodology for assessing the impact of social banking together with the Institute of the Vienna University of Economics and Business. The Group intends to conduct regular assessments of how the Step by Step programme contributes to its clients' development.

The first impact assessment of Erste Group's activity in the area of social banking in all its markets in Central and Eastern Europe (CEE) shows that more than 2,500 new entrepreneurs, 400 social organisations and 6,500 small farmers have accepted its offer, thus contributing to the creation of almost 14,000 new jobs. Inspired by Erste's roots as a social bank and developed with the support of ERSTE Foundation, Erste Group's social banking promotes the creation of jobs and prosperity by meeting the needs of marginalised groups not only through loans but also sound financial advice, financial literacy trainings, adapted products and business mentorship.

"The lack of financial education is one of the biggest barriers to entrepreneurship in our region. That's why education is as important as financing, and both are at the heart of our approach to social banking. We recognised early on that financing alone does not solve the problem. What's needed is a long-term, systematic and joint commitment to invest time and resources into training these people, giving them the financial skills and confidence they need to improve their livelihood. The results announced today strengthen our determination to expand social banking. We're also going to intensify our engagement with decision-makers and regulators to increase their awareness that more support is needed for the 15 million people in our region who are left behind," stated Andreas Treichl, CEO of Erste Group.

New Agreement Signed as Part of the EU Programme for Employment and Social Innovation (EaSI)

The European Investment Fund and Erste Group have signed an agreement worth EUR 50 million with the aim of financing social enterprises in Austria, Croatia, the Czech Republic, Hungary, Romania and Slovakia.

The European Investment Fund (EIF) and all seven Erste Group member banks have signed a Social Entrepreneurship Guarantee Agreement aimed at financing social organisations as part of the EU Programme for Employment and Social Innovation (EaSI). This new financing agreement was made possible by the European Fund for Strategic Investments (EFSI) as part of the Investment Plan for Europe.

This new guarantee agreement enables Erste Group's network of local banks to secure a total of EUR 50 million in loans for more than 500 social enterprises and non-profit organisation during the next five years in Austria, Serbia, Croatia, the Czech Republic, Hungary, Romania and Slovakia.

Social entrepreneurs and non-profit organisation will be able to receive loans at a lower interest rate and with lower collateral requirements as part of this programme which is supported by the EU. The Group will provide financing to social enterprises, with an emphasis on innovative, socially-oriented organisations operating in education, healthcare and the social services sector or employing marginalised or vulnerable groups.

EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE

**ČESKÁ
SPORITELNA A.S.**

CZECH REPUBLIC
Branches: 501
Customers: 4.6 million
Employees: 10,115

**ERSTE BANK
DER OESTERREICHISCHEN
SPARKASSEN AG,
SPARKASSEN**

AUSTRIA
Branches: 899
Customers: 3.7 million
Employees: 16,137

**ERSTE BANK
CROATIA**

CROATIA
Branches: 149
Customers: 1.2 million
Employees: 3,168

**SLOVENSKÁ
SPORITEL'ŇA, A.S.**

SLOVAKIA
Branches: 250
Customers: 2.2 million
Employees: 4,105

**ERSTE BANK
HUNGARY ZRT.**

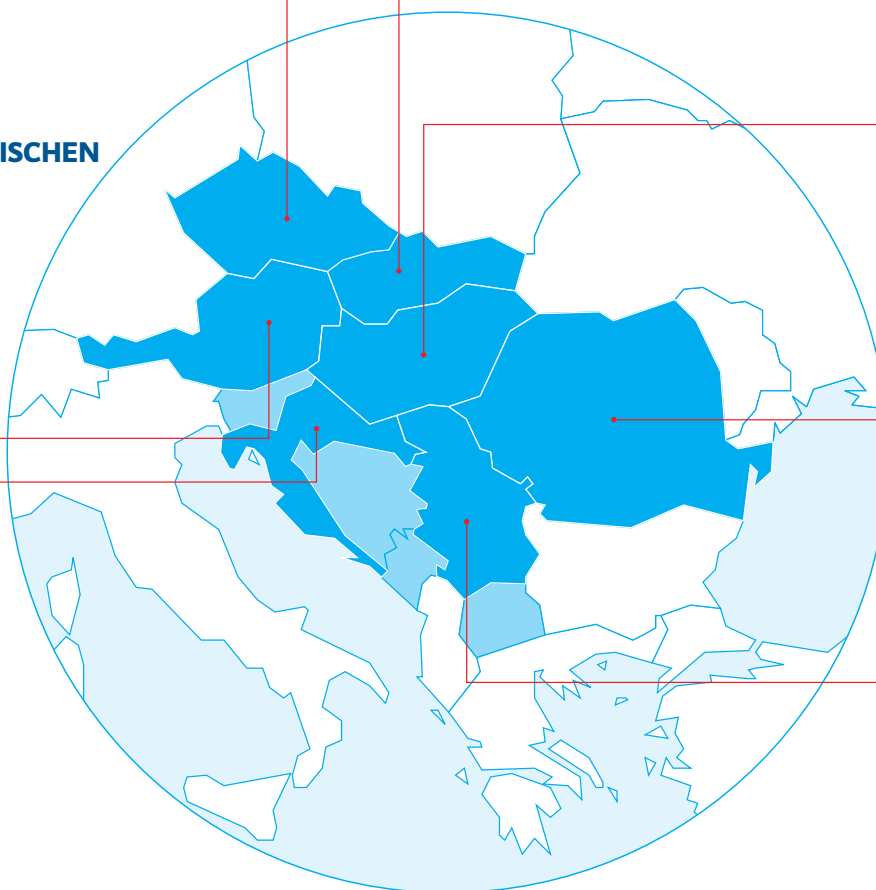
HUNGARY
Branches: 112
Customers: 0.9 million
Employees: 3,124

**BANCA COMERCIALĂ
ROMÂNĂ S.A.**

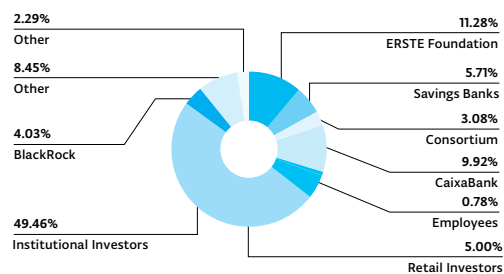
ROMANIA
Branches: 509
Customers: 3.1 million
Employees: 7,237

**ERSTE BANK A. D.
NOVI SAD**

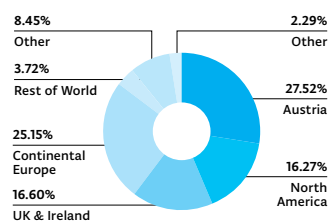
ERSTE BANK a. d. Novi Sad
Branches: 87
Customers: 0.5 million
Employees: 1,117



SHAREHOLDER STRUCTURE
AS OF 31 DECEMBER 2018 BY INVESTORS (IN %)



SHAREHOLDER STRUCTURE
AS OF 31 DECEMBER 2018 BY REGION (IN %)



Sustainability at Erste Campus

In 2016, Erste Group moved to its new headquarters at Erste Campus in the Vienna district of Belvedere, in order to continue to contribute to the development of its employees and the community in a modern office block. With a surface area of 25,000 m² and a gross usable floor space of 165,000 m², for the first time Erste Campus brings together at a single location all 4,500 employees of the Erste Group in Vienna.

The Campus also houses Europe's largest financial education initiative, the Financial Life Park – FLiP, which enhances the financial knowledge and skills of the youth through a playful mix of multimedia and tailored interactive content. The main goal is to raise awareness early on about finances as an integral part of daily life, leading to sound financial decisions and prevention of over-indebtedness in the future, and to provide general education about the banking sector.

- The building is barrier-free and guarantees access to people with disabilities
- Activation of the concrete core for heating and cooling using geothermal pillars in combination with district heating/cooling from the municipality of Vienna
- Double façades with intelligent external protection from the sun and windows that can be opened
- Temperature reduction at night
- Modern LED lighting
- Energy recovery from elevator systems





— 1.2 Erste Bank In Serbia – Tradition and Innovation

Erste Bank a.d. Novi Sad is a part of Erste Bank Group, which has been operating in Serbia since 2005, when it acquired the majority stake in Novosadska Banka, the oldest financial institution in our country, founded in 1864. In December 2005, Novosadska Banka changed its name to Erste Bank a. d. Novi Sad, launching an intensive transformation process.

Our focus is on doing business with individuals, local communities and small and medium-sized enterprises. We insist on the speed and quality of our services, thus contributing to a stable and sound growth of our customers. We continue to expand the satisfied customer base and increase our market share in key segments. Trying to respond to all needs of our customers, we push the boundaries in the areas of e-banking and card business in the financial market of Serbia.

We foster corporate social responsibility and insist on it as an integral part of our long-term business strategy, both locally and at the Group-wide level. We invest in long-term and stable relationships with all key stakeholders, actively contributing to the development and prosperity of the society of which we are an integral part.

Erste Bank a.d. Novi Sad in brief (as of 31 December 2018):

- Serves over 421,000 customers
- Employs 1,117 staff
- Has a network of 87 business outlets

Erste Bank's strategic positioning:

Business approach — We provide a full range of financial solutions and services as part of the "one-stop shop" financial cycle of our clients: savings, investments, lending, consulting and advisory services. Erste Bank's EU Office is the only one of its kind in Serbia and provides support to small and medium-sized enterprises in applying for EU funding.

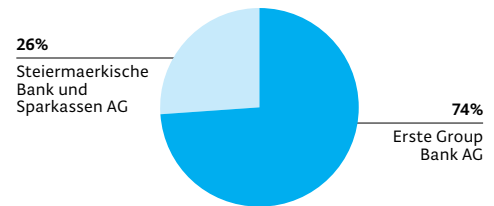
Geographic approach — Erste Bank operates across Serbia - following investments in employees, infrastructure and expanding the branch network, further expansion is planned. In addition, we provide financial and advisory services to clients who are active abroad, through Erste Group subsidiaries across Central and Eastern Europe.

Client approach — Erste Bank Serbia fosters long-term relationships with clients in all segments, offering accessible and transparent products as well as personalised consulting services.

Erste Bank's values:

- **Support** — we listen, understand and help
- **Responsibility** — we assume responsibility for the development of the Bank and of ourselves
- **Trust** — we keep our word and build quality relations
- **Innovation** — we encourage the new and constantly improve the existing
- **Creation** — we create value for our customers, shareholders and ourselves.

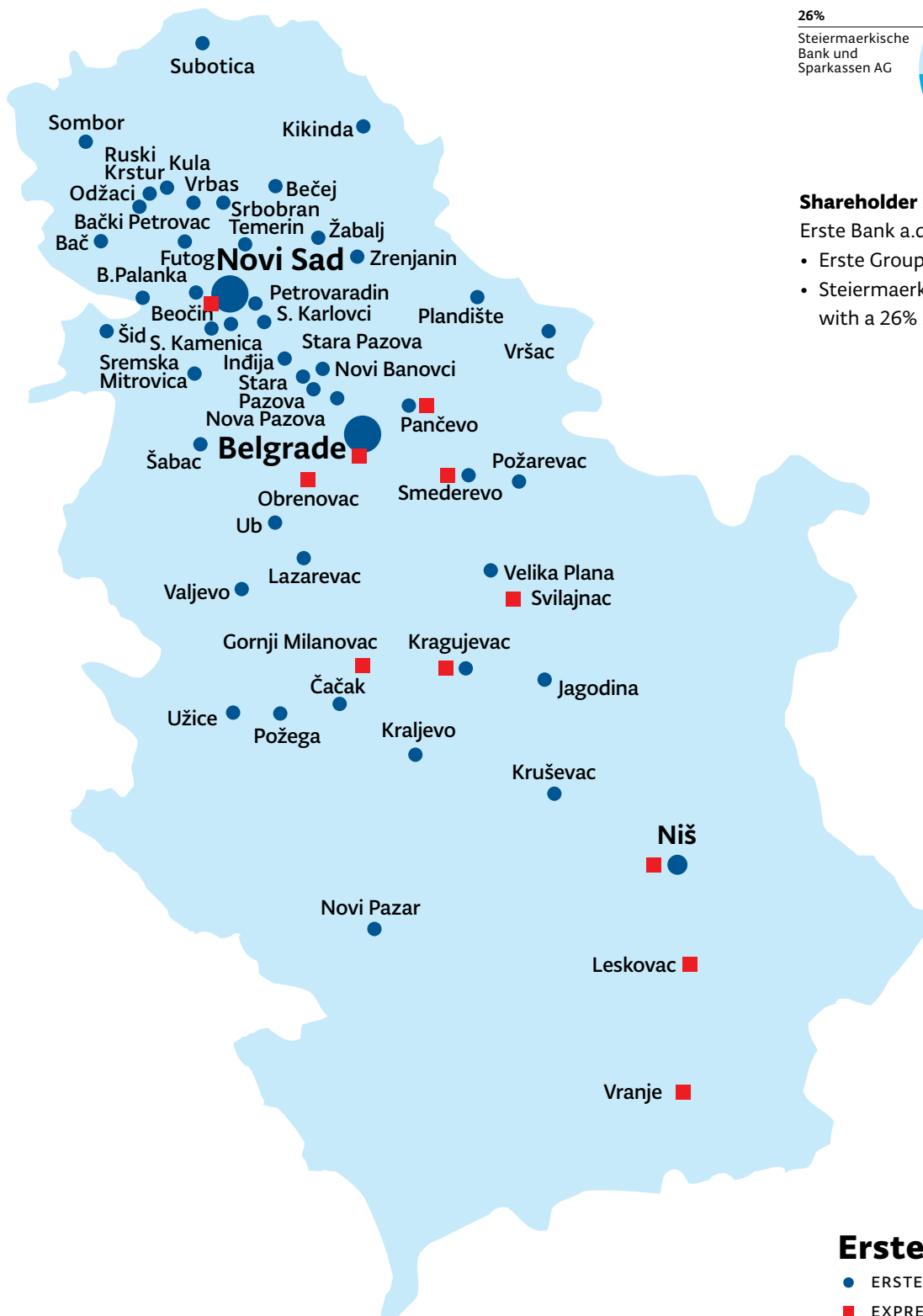
**SHAREHOLDER STRUCTURE AS OF
31 DECEMBER 2018 BY INVESTOR**



Shareholder Structure

Erste Bank a.d. Novi Sad shareholders are:

- Erste Group Bank AG with a 74% stake
- Steiermaerkische Bank und Sparkassen AG with a 26% stake





New 12,500 Square Metres of Business Premises in New Belgrade — the Second Phase of Construction of Sirius Offices Has Begun

After Sirius Offices, a new unique business complex, was opened in Belgrade following a EUR 40 million investment, Erste Group launched the second phase of construction. Erste Group Immobility is investing an additional EUR 25 million to build another 12,500 gross square metres on eight floors, as well as 200 parking spaces. Works will be completed by mid-2020, and the first customers will move into the building in the fall of the same year. The total value of the investment, including the first part of the complex that was built last year, amounts to EUR 65 million.

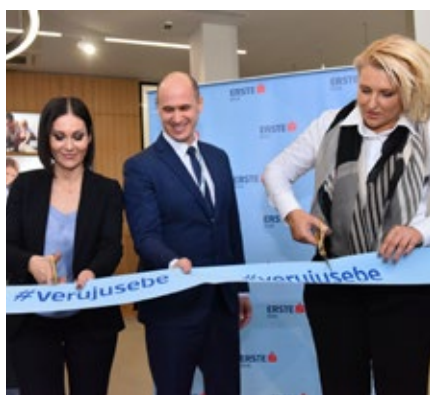
New Business Strategy

A new phase of progress lies before us. The strategy called EBS 2.0 powered by L.I.F.T. presents a story about a new era, a new beginning truly founded on all achievements made, lessons learned and experience gained so far.

We embarked on our journey toward the bank of the future by setting strategic goals, followed by the definition of a business model, i.e. a plan for how to create, deliver and preserve value for our clients. Now comes the phase of developing an operating model that will provide an answer to what our future processes will look like, what our technology will look like and what kinds of skills we all need in order to achieve the defined goal.

The transformation is aimed at promoting greater efficiency and further growth precisely through the implementation of innovations and advanced solutions.

The main idea behind the Sirius project is environmental sustainability, which is why the premises were built according to the highest environmental standards, in order to provide ideal work conditions and optimise user costs. The business complex was built in line with the BREEAM certification and is characterised by the highest environmental standards, high energy efficiency, minimal energy consumption for cooling and heating, and the use of recycled materials during construction.



Accessibility of the Facilities

In line with our commitment to encourage financial inclusion in all aspects, our Bank's office building in Belgrade, as well as 43 business outlets of the Bank, have been adapted to enable autonomous access to persons with disabilities.

Thus, 48.31% of all our business facilities (the total number of business outlets includes express sub-branches as well) are accessible to persons with disabilities.

The accessibility of the facilities is clearly indicated on the Bank's website. In addition, each branch has a possibility of working with persons in wheelchairs at customer desks and in conference rooms.

With the adaptation of ten branches in 2018, now 28 branches in total have tactile surfaces installed on the floor, clearly leading persons with visual impairments to the nearest teller's counter and advisor's desk.

In 2018, in another two branches an access ramp was installed, bringing the total number of branches with wheelchair access to 27.

In 2018, four branches with three or more teller's counters were adapted (branches - Bulevar Cara Lazara in Novi Sad, Šid, Kikinda, Sremska Mitrovica). Now seven branches have a clearly marked part of the teller's counter of an appropriate height for working with persons in wheelchairs, and 17 branches have an induction loop enabling direct unhindered communication of the teller with persons who use new-generation hearing aids.

Key Business Results in 2018:

- **Loans to retail and micro customers** increased by 34.1% relative to the end of 2017 to RSD 68.11 billion; deposits of retail and micro customers rose by 16.9% to RSD 66.02 billion.
- **Corporate loans** increased by 28.1% relative to the end of 2017 to RSD 72.54 billion; corporate deposits increased by 24.7% to RSD 47.08 billion.
- **Interest income** increased by 7.6% relative to the same period of 2017 to RSD 6.69 billion, whereas fee and commission income went up by 6.8% to RSD 1.59 billion.
- **Net profit** at the end of 2018 amounted to RSD 2.92 billion, which is a 10.9% better result relative to the same period of 2017.
- **Total assets** went up by 25.3%, from RSD 161.92 billion at the end of 2017 to RSD 202.93 billion at the end of 2018.
- **The NPL ratio** was 1.6% at the end of 2018.



“In 2018 as well, we achieved excellent results in retail banking. The trust placed in us by our clients has resulted in a 20 percent increase in retail and corporate deposits, while total loans rose by more than 30 percent. In the retail segment we supported 2,500 clients in securing a home for their family and themselves, while corporates benefited from our financial support and advice and leveraged the favourable economic environment to implement their plans and investments.”

“In addition to record results achieved in several consecutive years, we believe that long-term business sustainability requires a new concept adapted to the digital future that lies before us. That is why we have continued our major investments in comprehensive bank transformation, which was launched last year. We wish to meet, in the best way, the needs of coming generations as well. We wish to be partners and the bank of first choice to our current and future clients, to create products and services that anticipate all their needs, and provide them with the best user experience”, said Slavko Carić, CEO of Erste Bank a.d. Novi Sad, when presenting the annual results.

A detailed financial report is available on the Bank’s website: www.erstebank.rs

Other Erste Group Members in Serbia



Erste Bank a.d. Novi Sad is the majority owner of S-Leasing d.o.o. with an equity stake of 75%, while 25% is owned by Steiermaerkische Bank und Sparkassen AG, Graz, Austria.



— 1.3 Strategic Approach to Corporate Social Responsibility

To Erste Bank, corporate social responsibility presents a strategic corporate governance framework based on investment in long-term and stable relationships with all key stakeholders, and on our commitment to contribute actively to the development and prosperity of the society of which we are an integral part.

Since adopting the first CSR Strategy in 2009, Erste Bank has systematically incorporated corporate social responsibility in its business, which makes it one of the first companies in Serbia to approach this topic in a strategic manner. It was this kind of approach that has enabled the Bank, from one year to the next, to upgrade its CSR practices, monitoring actual trends in its environment and stakeholder needs, and in that way upgrade and develop its monitoring and measuring system. It is with great pleasure and commitment that the Bank has for 11 years regularly reported on its non-financial performance and sustainability impacts.

The Strategy has been regularly revised during the previous ten years in accordance with the Bank's business goals, its stakeholders' expectations and changes in the external environment. The Strategy adopted in 2015 for a five-year period is currently applicable. The basic principles of the CSR Strategy include the connection of CSR initiatives with business, as well as balance, a holistic and integrative approach.

Our Achievements in 2018:

- ✓ We merged our existing Corporate Social Responsibility Strategy with UN Sustainable Development Goals in order to improve the planning of activities and monitoring of results and the Bank's contribution in this area
 - ✓ CSR report in conformity with an upgraded version of the GRI methodology, GRI standards and UN Sustainable Development Goals, was published.
 - ✓ The implementation of the Natural and Social Environment Protection Policy and the Responsible Financing Policy was continued
-

10 Years of Sustainability Reporting

CSR reporting is to us much more than a systematic and clear presentation of data and description of activities that marked a given year – it has been for an entire decade an integral part of a broader process to which we have a long-term commitment, constant upgrading of the CSR strategy and socially responsible practices.

Constantly striving to increase transparency, over the years the reporting process has been upgraded in line with the needs of target groups, interest groups and individuals, i.e. all our stakeholders, and the demands of the market and social environment. Our goal is to provide our many shareholders a complete insight into how we have integrated social responsibility in our Bank, as well as announce upcoming plans and programmes. Since 2008, when the Bank's first corporate social responsibility report was published, each subsequent reporting cycle brought new advances that make reporting more complete and improve its quality.

- The first report for 2008 was published in line with the 10 principles of the United Nations Global Compact
- In 2011 reporting was upgraded with the introduction of a global methodology for sustainability reporting — the Global Reporting Initiative (GRI)
- In 2013 the report was also brought in line with the GRI Financial Service Sector Disclosure
- In 2014 a new version of the guidelines was also applied, GRI G4
- Since 2015 reporting has been in line with the UN Women's Empowerment Principles
- Since the 2017 report, reporting has been aligned with the Sustainable Development Goals (SDGs)
- Since the 2018 report, a new version of the GRI methodology has been applied, the GRI Standards

According to the adopted Strategy, the corporate social responsibility framework consists of areas, priority topics and related activities. The areas are permanent elements of the framework and the Strategy of the Bank and, in addition to arising from the definition of the Bank's corporate social responsibility, they arise from a previously conducted state-of-play analysis, especially a CSR trend analysis, evaluation of the results of implementation of the Bank's Strategy so far and an analysis of stakeholders' views and expectations. Topics and related activities within each area may change in the medium term depending on the current internal and external context. Action plans are updated accordingly for each area as well.



AREA	GOAL	PRIORITY TOPICS	GRI STANDARDS – ASPECTS	IMPORTANCE LEVEL OF TOPICS ACCORDING TO THE ERSTE GROUP'S MATRIX
CORPORATE GOVERNANCE	FURTHER GOOD CORPORATE GOVERNANCE PRACTICES	TRANSPARENT GOVERNANCE PRACTICES	GRI 102 GENERAL DISCLOSURES 102-18 – 102-26 102-35, 102-36 GOVERNANCE 102-16 VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR 102-17 MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS	VERY IMPORTANT
		PREVENTION OF CONFLICTS OF INTEREST	GRI 102 GENERAL DISCLOSURES 102-25 CONFLICTS OF INTEREST GRI 205 ANTI-CORRUPTION GRI 205-1 OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION GRI 205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION	VERY IMPORTANT
		CSR DEVELOPMENT THROUGH JOINT INITIATIVES	GRI 102 GENERAL DISCLOSURES 102-12 EXTERNAL INITIATIVES 102-13 MEMBERSHIPS OF ASSOCIATIONS	
RESPONSIBILITY TO CUSTOMERS	EVEN STRONGER INTEGRATION OF CSR IN CORE BUSINESS	RESPONSIBLE FINANCING AND SOCIAL BANKING	GRI FINANCIAL SERVICES SECTOR DISCLOSURES PRODUCTS AND SERVICES PORTFOLIO FS 1-5, FS 9 ENVIRONMENTAL AND SOCIAL POLICIES AND AUDIT FS 7 MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC SOCIAL BENEFIT FS 8 MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT GRI 412 HUMAN RIGHTS ASSESSMENT GRI 412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	IMPORTANT
		FINANCIAL INCLUSION AND LITERACY	GRI FINANCIAL SECTOR DISCLOSURES LOCAL COMMUNITY FS 14 INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE MARKETING AND LABELLING OF PRODUCTS AND SERVICES FS 16 INITIATIVES TO ENHANCE FINANCIAL LITERACY	VERY IMPORTANT
		RESPONSIBLE COMMUNICATION WITH CUSTOMERS	GRI 417 MARKETING AND LABELLING OF PRODUCTS AND SERVICES GRI 417-1 REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING GRI 417-2 INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELLING GRI 418 CUSTOMER PRIVACY GGRI 418-1 SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA	VERY IMPORTANT

AREA	GOAL	PRIORITY TOPICS	GRI STANDARDS – ASPECTS	IMPORTANCE LEVEL OF TOPICS ACCORDING TO THE ERSTE GROUP'S MATRIX
RESPONSIBILITY IN THE WORKING ENVIRONMENT	FURTHER DEVELOPMENT OF MOTIVATING WORK ENVIRONMENT, BASED ON EMPLOYEES' RIGHTS AND NEEDS	EMPLOYEE DEVELOPMENT AND ADVANCED TRAINING	GRI 401 EMPLOYMENT GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER GRI 401-3 PARENTAL LEAVE GRI 404 TRAINING AND EDUCATION GRI 404-1 TOTAL HOURS OF TRAINING GRI 404-2 PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMMES GRI 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	
			GRI 405 DIVERSITY AND EQUAL OPPORTUNITY GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	VERY IMPORTANT
			GRI 412 HUMAN RIGHTS ASSESSMENT GRI 412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	
			GRI 403 OCCUPATIONAL HEALTH AND SAFETY GRI 403-2 RATES OF INJURIES	IMPORTANT
			GRI 102 GENERAL DISCLOSURES 1102-41 COLLECTIVE BARGAINING AGREEMENT GRI 403-4 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS	
RESPONSIBILITY IN SUPPLY CHAIN	MINIMISING THE NEGATIVE IMPACTS AND MAXIMISING THE POSITIVE IMPACTS THE BANK HAS ON SOCIETY AND THE ENVIRONMENT THROUGH ITS SUPPLY CHAIN	APPLYING THE SOCIAL ENVIRONMENT CRITERION IN SUPPLIER ASSESSMENT	GRI 204 PROCUREMENT PRACTICES GRI 201-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS GRI 414 APPLYING THE SOCIAL ENVIRONMENT CRITERION IN SUPPLIER ASSESSMENT GRI 414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA	IMPORTANT
			GRI 308 APPLYING THE ENVIRONMENTAL PROTECTION CRITERION IN SUPPLIER ASSESSMENT GRI 308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA	IMPORTANT
RESPONSIBILITY TO LOCAL COMMUNITIES	FURTHER DEVELOPMENT OF LOCAL COMMUNITIES IN ALL RELEVANT ASPECTS	DEVELOPMENT OF THE POTENTIAL OF THE MEMBERS OF THE COMMUNITIES IN WHICH THE BANK OPERATES	GRI 413 LOCAL COMMUNITIES GRI 413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMMES	IMPORTANT
			GRI 201 ECONOMIC PERFORMANCE GRI 201-1 GENERATED AND DISTRIBUTED ECONOMIC VALUE	

SPONSIBILITY TO ENVIRONMENT	CONTRIBUTION TO PRESERVATION OF THE ENVIRONMENT BY MINIMISING THE NEGATIVE IMPACTS AND MAXIMISING THE POSITIVE IMPACTS OF THE BANK	RESPONSIBLE RESOURCE MANAGEMENT	GRI 302 ENERGY GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION GRI 302-3 ENERGY INTENSITY GRI 302-4 REDUCTION OF ENERGY CONSUMPTION GRI 303 WATER GRI 303-1 WATER WITHDRAWAL BY SOURCE GRI 305 EMISSIONS GRI 305-1 DIRECT EMISSIONS GRI 305-2 INDIRECT EMISSIONS GRI 305-4 EMISSIONS INTENSITY GRI 306 WASTE GRI 306-2 WASTE BY TYPE AND DISPOSAL METHOD	IMPORTANT
		RESPONSIBLE FINANCING	GRI FINANCIAL SECTOR DISCLOSURES PRODUCTS AND SERVICES PORTFOLIO FS 1-5, FS 9 ENVIRONMENTAL AND SOCIAL POLICIES AND AUDIT FS 8 MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT	IMPORTANT
		RAISING EMPLOYEE AWARENESS OF ENVIRONMENTAL PROTECTION	GRI 103 MANAGEMENT APPROACH	



According to the Erste Group's materiality matrix for 2017, priority topics have been classified based on their importance into three categories: very important (anti-corruption and prevention of conflict of interest, customer satisfaction, diversity and equal opportunities, financial literacy), important (security and health at work, commitment to the community, responsibility in the supply chain and environmental impact of operations, social banking, responsible investment and financing), less important (no identified topics). For more details please see the Erste Group Annual Report at:

<https://www.erstegroup.com/en/investors/reports/financial-reports>

In order to determine the successfulness of the Strategy implementation and the degree of achievement of the set goals, Erste Bank monitors the performance indicators defined in the annual action plans for each of the areas. The monitoring and measurement process also significantly contributes to a greater transparency and quality of CSR reporting (About this Report, p. 123).

As in the case of previous strategies, the CSR Strategy 2015–2019 was adopted by the Bank Executive Board.



Our Key Stakeholders

Erste Bank stakeholders are identified in accordance with the principles of the internationally recognised AA1000SE standard (AccountAbility: 2011), which involve assessing the level of dependence on the company activities, types of responsibility, interaction intensity level, impact and different perspectives brought by dialogue.

Communication with stakeholders is continuous and two-way and takes place through appropriate channels for each stakeholder group, as presented in the table.

STAKEHOLDER	SUBGROUP	COMMUNICATION CHANNEL
EMPLOYEE	BANK EXECUTIVE BOARD	OFFICIAL EB DECISIONS, THE BULLETIN, OPEN DOOR DAY AND MEETINGS
	MANAGEMENT (L2 AND L3)	MEETINGS AND CONSULTATIONS
	SALES NETWORK EMPLOYEES	INTRANET, INTERNAL MAGAZINE, CSR REPORT, TRAININGS
	TRADE UNION	REGULAR MEETINGS
	VOLUNTEERS	INTRANET, INTERNAL MAGAZINE, CSR REPORT, MEETINGS, SOCIAL NETWORKS
	OTHER EMPLOYEES	INTRANET, INTERNAL MAGAZINE, CSR REPORT, TRAININGS
SHAREHOLDERS	/	FINANCIAL REPORTS, CSR REPORTS, BANK WEBSITE
ERSTE GROUP	ERSTE HOLDING	CSR REPORTS, MEETINGS AS NEEDED, EMAIL COMMUNICATION
	ERSTE FOUNDATION	CSR REPORTS, MEETINGS AS NEEDED, EMAIL COMMUNICATION
	ERSTE GROUP MEMBERS	CSR REPORTS, EMAIL COMMUNICATION
BUSINESS COMMUNITY	ERSTE BANK SALES NETWORK IN SERBIA AND ERSTE GROUP SUBSIDIARIES FOUNDED IN SERBIA	CONFERENCES, EVENTS, MEETINGS, CSR REPORT, BANK WEBSITE
	BUSINESS ASSOCIATIONS PROMOTING CSR	CONFERENCES, EVENTS, MEETINGS, CSR REPORT, BANK WEBSITE
	OTHER BUSINESS ASSOCIATIONS	CSR REPORT, BANK WEBSITE
	OTHERS	CSR REPORT, BANK WEBSITE

CLIENTS	INDIVIDUALS	BRANCHES, BANK WEBSITE, CSR REPORT, SOCIAL NETWORKS
	CORPORATES - SMALL ENTERPRISES AND ENTREPRENEURS	BRANCHES, BANK WEBSITE, CSR REPORT, SOCIAL NETWORKS
	CORPORATES - SMALL AND MEDIUM-SIZED ENTERPRISES, LARGE CORPORATES AND PUBLIC SECTOR	BRANCHES, BANK WEBSITE, CSR REPORT, MEETINGS, SOCIAL NETWORKS
ENVIRONMENT	/	N/A
COMMUNITY	LOCAL LEVEL (LOCALITIES IN WHICH THE BANK OPERATES)	BRANCHES, BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
	NATIONAL LEVEL	MEDIA, BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
NON-PROFIT ORGANISATIONS	CONSUMER ASSOCIATIONS	BANK WEBSITE, SOCIAL NETWORKS
	PARTNERS	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT, MEETINGS, EMAIL COMMUNICATION
	OTHERS	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
MEDIA	SPECIALISED (ECONOMICS, FINANCE AND BANKING)	INTERVIEWS, ARTICLES
	NATIONAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
	LOCAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
GOVERNMENT INSTITUTIONS	REGULATORY BODIES	BANK WEBSITE, CONFERENCES
	PUBLIC ADMINISTRATION INSTITUTIONS	BANK WEBSITE, CONFERENCES
	PROJECT PARTNERS	BANK WEBSITE, CSR REPORT, MEETINGS, EMAIL COMMUNICATION
	LOCAL SELF-GOVERNMENT UNITS (LOCALITIES IN WHICH THE BANK OPERATES)	BANK WEBSITE, CONFERENCES

Stakeholder engagement and listening to their views and expectations is of key importance for the strategic approach to corporate social responsibility, but also for the long-term sustainability and success of any company. When preparing the new 2015 CSR Strategy, Erste Bank conducted a comprehensive survey of the views of external and internal stakeholders, whose findings were taken into account in defining priorities. The following topics stood out as the most relevant to the stakeholders: responsible communication towards customers, promotion of CSR in the business sector, employee development and advanced training, anti-corruption and competition protection, and occupational health and safety.



Sustainability Management

Engagement of the top management is of key importance for successful CSR integration in all business aspects. The Executive Board of the Bank proposes new strategic directions, gets involved in strategy review, but also in the strategy preparation process itself by giving suggestions and proposals. Executive directors are directly involved in this process, including at least one person from the specific organisational unit who is responsible for further activities and implementation. The Senior CSR Expert reports to the Director of the Communications Department and the Executive Director of the Marketing and Communication Division, who report to the CEO of the Bank.

With the aim of comprehensive management of all impacts of our business, when assessing customers and selecting projects the Bank will finance, special attention is paid to the principles and objectives of natural and social environment protection management. In addition to principles and goals, the **Natural and Social Environment Protection Policy** adopted in 2012, whose implementation involves several divisions, also provides for the actions to be taken with the aim of analysing and mitigating possible negative impacts. In June 2013, the **Responsible Financing Policy** was also adopted, with the intention of defining, based on Erste Group's Principles of Responsible Financing, the principles of responsible financing in relation to socially, environmentally and ethically sensitive sectors. The Policy regulates credit and reputational risks that may arise due to inappropriate choice of customers from the viewpoint of the business activity in which they operate and potential impacts of such financing on society, regardless of the type of customer.

In addition to striving for constant reduction of negative impacts, the Bank supports projects that have positive social and environmental impacts on the community and offers products that contribute to social inclusion. In this way, Erste Bank has once again reaffirmed its commitment to contributing to sustainability in a broader social context, while anticipating and preventing potential adverse impacts of its operation on the social and natural environment. Adequate identification of direct and indirect impacts is the crucial first step in sustainability management in accordance with the precautionary principle.*

More details about our approach to this area in chapters "Responsibility to Customers" and "Responsibility to the Environment", pages 66 and 112.

* The precautionary principle is Principle 15 of the Rio Declaration of the United Nations defined at the Rio de Janeiro Earth Summit in 1992.

Erste Bank's contribution to GDP:

GENERATED AND DISTRIBUTED VALUE IN 000 RSD	2011	2012	2013	2014	2015	2016	2017	2018
TOTAL INCOME	5,321,896	6,075,753	6,353,428	6,388,259	7,171,866	7,599,931	8,104,819	8,720,250
TOTAL EXPENSES	3,440,896	3,796,541	3,982,980	4,154,856	4,300,167	4,525,707	4,964,644	5,261,708
OPERATING EXPENSES	1,478,896	1,632,128	1,644,087	1,849,970	1,957,845	2,028,211	2,235,060	2,291,712
PERSONNEL EXPENSES	1,762,104	1,930,708	2,009,291	1,980,511	2,011,837	2,175,774	2,379,779	2,585,215
EXPENSES RELATED TO CAPITAL PROVISION	/	/	/	/	/	/	/	/
EXPENSES RELATED TO LIABILITIES TO GOVERNMENT	/	/	68,858	43,948	61,743	50,737	54,635	60,069
DEPRECIATION COSTS	172,440	211,830	245,825	268,051	257,266	263,278	290,092	320,581
EXPENSES RELATED TO THE COMMUNITY	27,456	21,875	14,918	12,376	11,476	7,707	5,078	4,131



2. Good Corporate Governance

Good corporate governance is the basis of successful sustainability management, as well as of the building and continuous improvement of the relationship of trust with all stakeholders. Our governance and control system has two goals. On the one hand, the goal is to maintain smooth operation of our Bank and, on the other hand, to protect the interests of all our stakeholders. Therefore, all employees, managers, as well as members of the highest management bodies of Erste Bank are committed to the highest corporate governance standards. Compliance with these standards is constantly assessed, followed by adjustments as needed. We are fully committed to compliance with all legal provisions and the regulatory framework relating to our business.

The CSR Strategy of Erste Bank also recognises corporate governance as an area of special importance, with the aim of improving the existing good corporate governance practices and promoting their application in the business community. In realising these goals, we are focused on the following priority areas:

- Transparent governance practices
- Anti-corruption and protection of competition
- CSR development through joint initiatives

In addition to the CSR Strategy, good corporate governance practices are also defined and guaranteed by a number of other strategic documents adopted by the Bank:

- General Terms of Business
- Code of Business Conduct
- Articles of Association of Erste Bank a.d. Novi Sad
- Procedure for Preventing Conflicts of Interest in Erste Bank a.d. Novi Sad
- Gift Policy
- Policy for Managing Conflicts of Interest
- Compliance regulations
- Anti-corruption Policy
- AML/TF Programme
- Programme for Compliance with Anti-monopoly Regulations
- Financial Crime Risk Management Policy
- Whistle-blower Protection Rulebook
- Whistleblowing Procedure
- Procedures for Establishing Employee Responsibility
- Remuneration Policy



Relationship with Regulatory Bodies

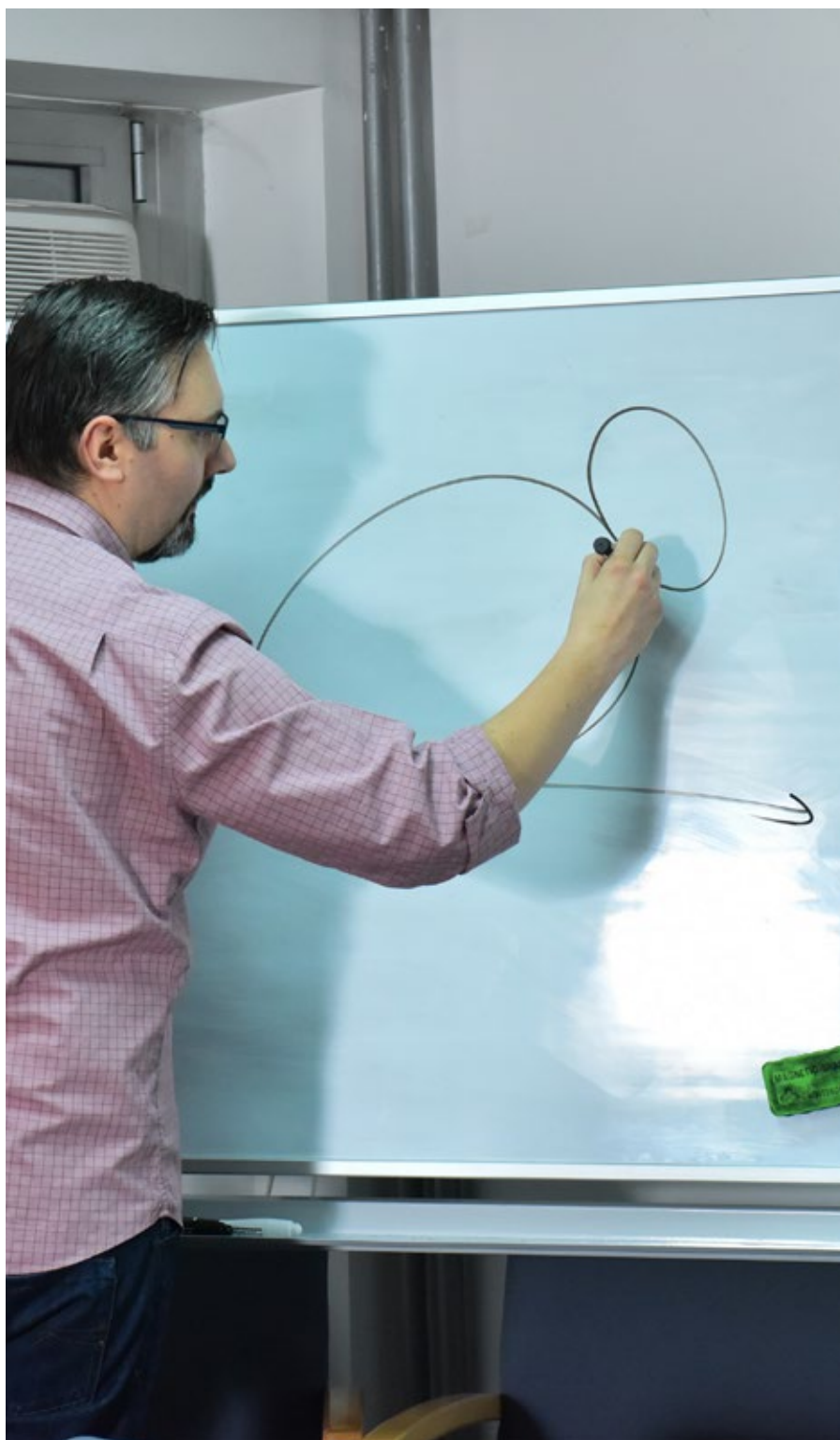
We establish and maintain a proactive and transparent dialogue with regulatory bodies and supervisory authorities on a regular as well as ad hoc basis. In order to ensure this, we:

- Define and implement effective procedures for ensuring compliance with regulations, including clear regulatory reporting processes;
 - Support regulatory bodies in their efforts to optimise and maintain local and international regulatory standards;
 - Continuously refresh and improve our knowledge and understanding of regulations within Erste Bank.
-

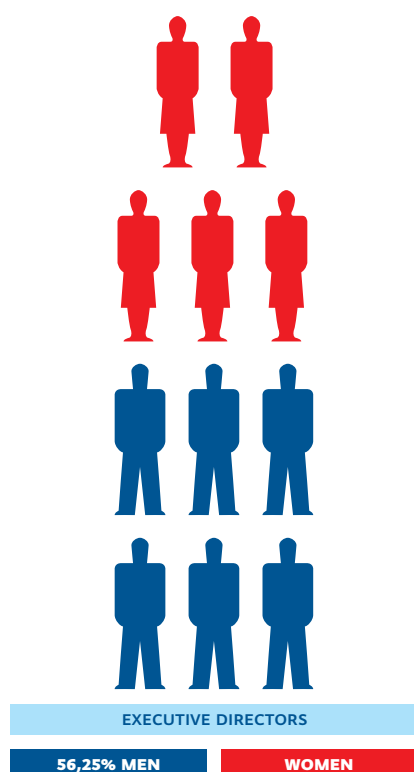
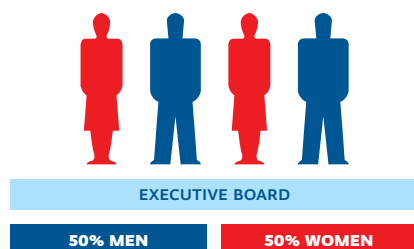
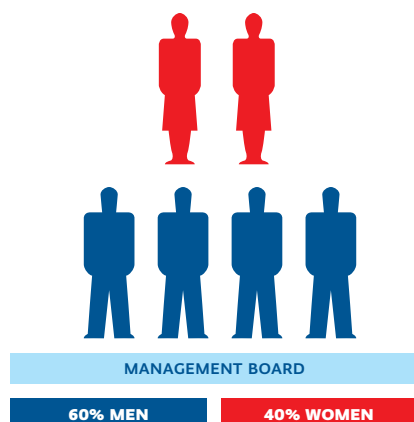
Code of Business Conduct

In October 2016, the Bank Executive Board adopted a new code of business conduct, in order to encourage and promote a certain set of values and manners of conduct of Erste Bank employees. The Code further underlines what the Bank as an employer and provider of financial services and products appreciates and values, clearly defines obligations and provides the basis for all employees acting together to present the company as a good corporate citizen. It is a guide for all employees, regardless of the management level.

The Code builds upon the Bank's vision, mission and corporate values: support, responsibility, trust, innovation and creation. The Code of Business Conduct of Erste Bank is based on the basic principles adhered to by our Group and all its members, and the document itself is based on the Code of Conduct of Erste Group. The Code of Business Conduct directs us to protect and further strengthen our good reputation and build trust among our stakeholders, acting responsibly, respectfully and sustainably in all aspects of our business.



Transparent Governance Practices



Erste Bank Management Board comprises six members:

- Gernot Mittendorfer, Chairman of the Management Board
- Aleksandar Vlahović, non-executive member of the Management Board
- Hannes Frotzbacher, member of the Management Board
- Georg Bucher, member of the Management Board
- Suzan Tanriyar, member of the Management Board
- Dragana Plavšić, non-executive member of the Management Board

The Executive Board comprises four members:

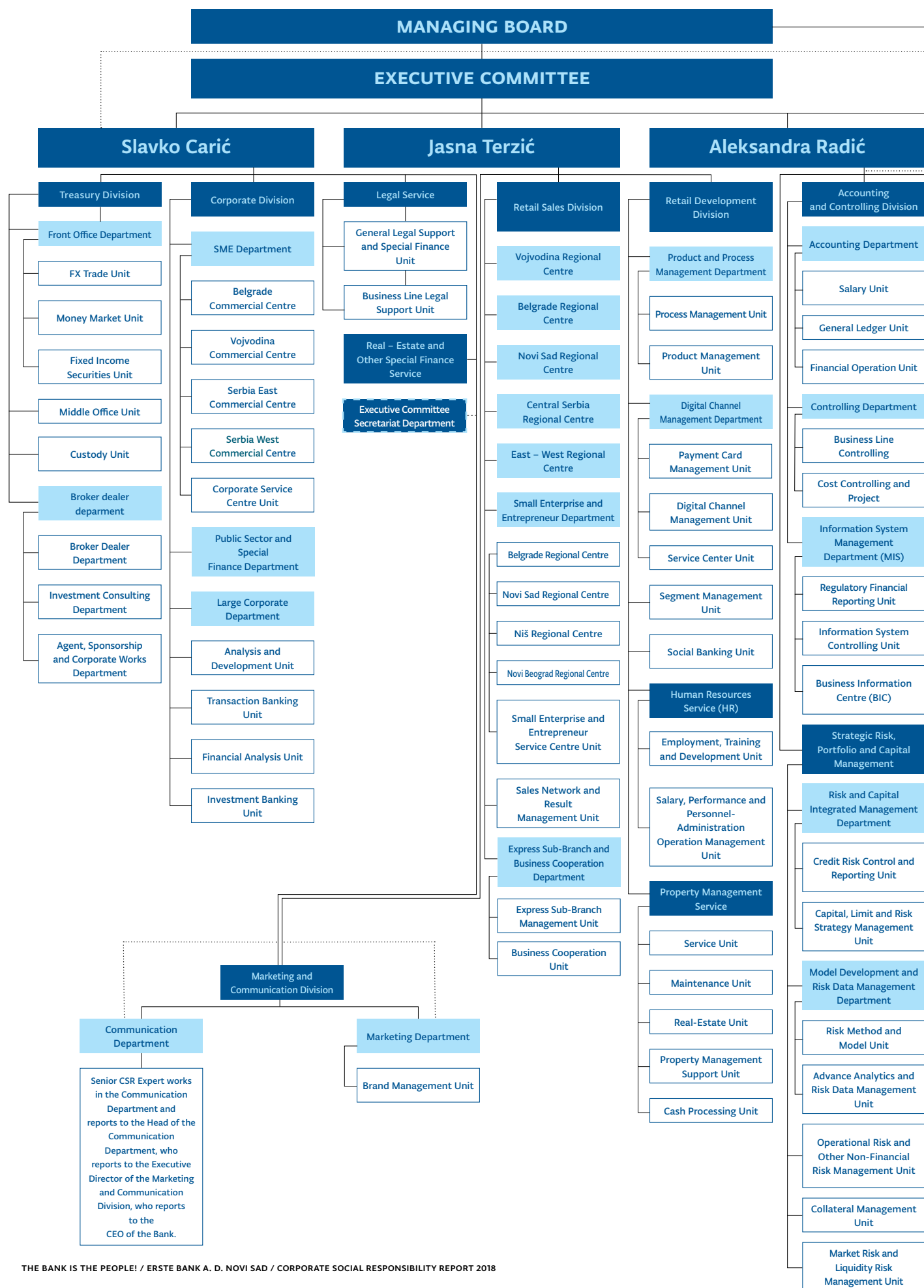
- Slavko Carić, Chief Executive Officer of the Bank
- Jasna Terzić, member of the Executive Board
- Aleksandra Radić, member of the Executive Board
- Tomislav Stena, member of the Executive Board

The Executive Board of Erste Bank received reinforcements with the arrival of two new members. Aleksandra Radić took over as Chief Risk and Financial Officer (CRO/CFO), while Tomislav Stena became the Chief Operations Officer (COO). In those positions, they succeeded Frank Michael Beitz.

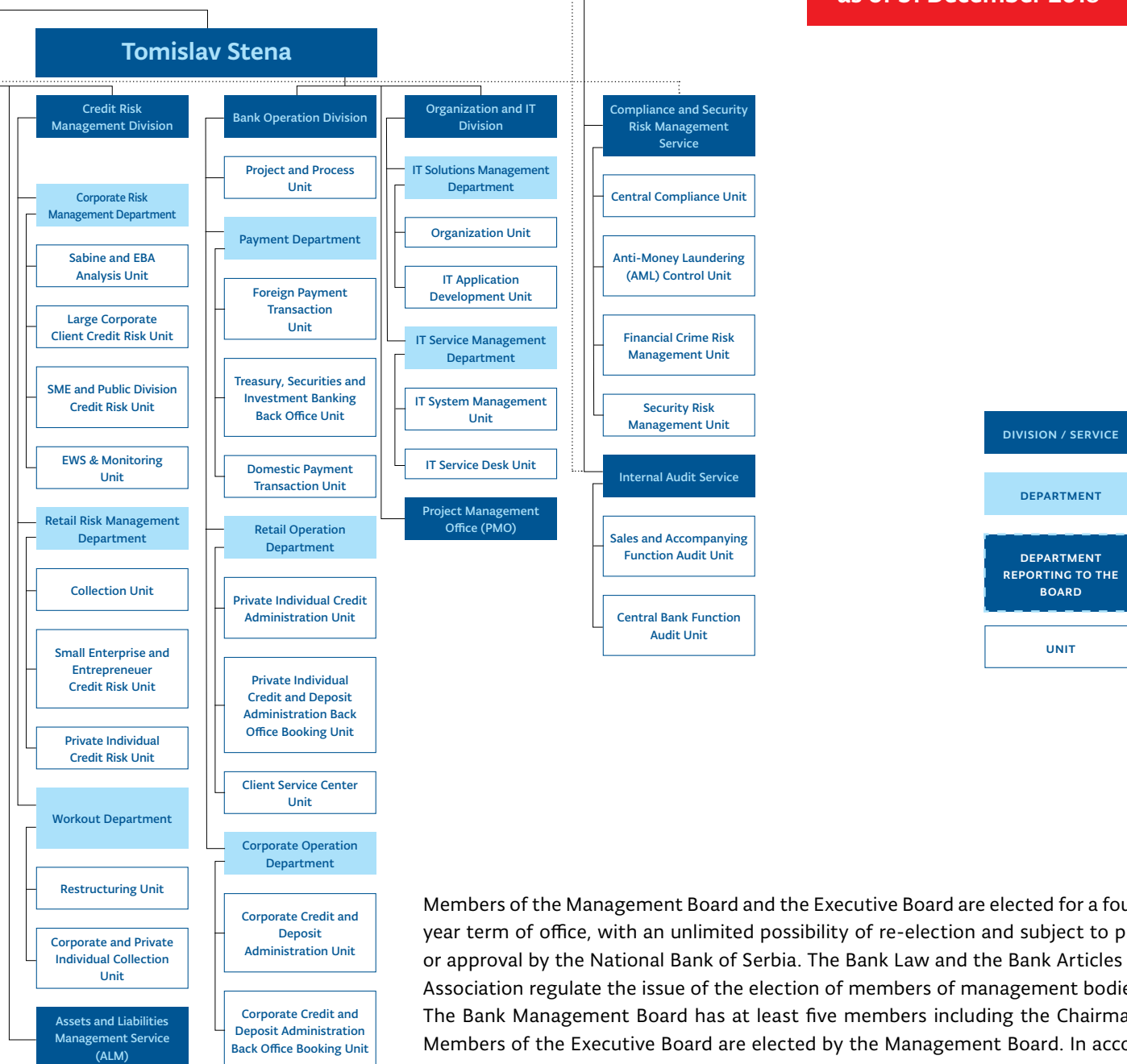
Age structure of the Executive Board of the Bank:

- Under 30 years: /
- 30–50 years: 75%
- Over 50 years: 25%

Information about shareholders and members of the top management bodies of Erste Bank a. d. Novi Sad is available at www.erstebank.rs.



**Organisational Chart of
Erste Bank a. d. Novi Sad
as of 31 December 2018**



Members of the Management Board and the Executive Board are elected for a four-year term of office, with an unlimited possibility of re-election and subject to prior approval by the National Bank of Serbia. The Bank Law and the Bank Articles of Association regulate the issue of the election of members of management bodies. The Bank Management Board has at least five members including the Chairman. Members of the Executive Board are elected by the Management Board. In accordance with the Bank Law, one-third of the Management Board members must be independent of the Bank, which means having no direct or indirect stake in the Bank or in any member of the banking group to which the Bank belongs, as well as not being employed with the Bank or any member of the banking group to which the Bank belongs or with any shareholder of the Bank. The National Bank of Serbia may prescribe additional requirements a person must meet in order to be considered independent of the Bank. The Management Board members must have a good business reputation and relevant qualifications prescribed by the National Bank of Serbia. At least three members of the Bank Management Board must have relevant experience in the area of finance and at least one member of the Management Board must have active knowledge of the Serbian language and permanent residence in the territory of the Republic of Serbia.

The Bank Executive Board has at least two members including the Chairman. The Chairman of the Executive Board represents the Bank. When entering into legal transactions and taking legal actions within the purview of the Executive Board, the Chairman of the Executive Board must obtain the signature of one member of this Board. The Executive Board members are permanent, full-time employees of the Bank. The Executive Board members must also have a good reputation and relevant qualifications prescribed by the National Bank of Serbia and at least one member of the Executive Board must have active knowledge of the Serbian language and permanent residence in the territory of the Republic of Serbia. All members of the Executive Board must have temporary residence in the territory of the Republic of Serbia. The legal provisions relating to the appointment of members of the Management Board apply accordingly to the appointment of members of the Executive Board. According to the Bank Articles of Association, a member of the Management Board may not be a member of the Executive Board at the same time. The next management level of the Bank are executive directors of divisions and services.

In order to avoid conflicts of interest, the general principle that must be adhered to by all employees and consequently the Board members as well, is to recognise a conflict of interest and inform the Compliance Service of this without any exception or delay, which is defined by the Procedure for the Management of Conflicts of Interest and the Policy for Conflict of Interest Management. In addition, in accordance with the Bank's internal documents, when it comes to the Bank employees and their external activities, the approval is given by the competent member of the Executive Board upon the recommendation of the Compliance Service. When it comes to a member of the Executive Board, the required approval is given by the Management Board.

As for the system of remuneration and bonuses for executive directors, bonuses are defined by the Performance Management Policy and the Remuneration Policy. According to these documents, individual bonuses of managers depend on three criteria: the Bank's financial results, their professional conduct and measured individual results. Qualifying for a performance bonus depends on the impact that a job category has on business performance. The higher the impact on the achievement of the Bank's business performance, the greater the possibility of getting a bonus. The bonus potential of the Executive Board members is defined by their employment agreements and the percentage of bonus potential to be paid depends primarily on the Bank's results and then on the individual performance that is evaluated after the end of the financial year at the meetings of the so-called Career Committee (Remuneration Committee), where the top (competent) management of the Group and the Management Board discuss the performance of individual Board members and thus the amount of bonus to be awarded to them.

The work of the Executive Board is evaluated by quarterly reports on the Bank's operation that are considered by the Management Board. The duties, rights and responsibilities of the Executive Board Chairman and members are regulated by the

Communication Channels between the Management Bodies and Employees

When publishing annual results or in cases of certain announcements whose subject is of strategic importance to the Bank, the CEO of Erste Group and members of the Management Board of Erste Bank address the employees by video messages or e-mail. Meetings of all trade unions of the Group, attended also by Mr Treichl, CEO of Erste Group, are held three times a year, and Erste Bank Serbia employees may ask the CEO questions through the Trade Union, since the Chairman of the Trade Union attends these meetings.

When it comes to the Bank Executive Board, its members contact the employees by direct e-mails several times a year with strategic information and guidelines for further business operation. The Bulletin regularly informs the employees of organisational and personnel changes, annual or quarterly results and other strategic topics and events. Furthermore, the key messages of the management conferences attended by all levels of managers at the Bank are communicated to the employees through the internal magazine and the portal.

The e-mail address **otvoreno@erstebank.rs** is open for any questions, proposals, ideas or suggestions of employees.

Bank Law, the Bank's Articles of Association, the Rules of Procedure of the Executive Board, as well as the decisions of the Management Board. The Executive Board has a responsibility for its work to the Management Board and to the shareholders of the Bank. The Bank Management Board is responsible to the General Meeting, i.e. the shareholders of the Bank, and its work is regulated by the Bank Law, the Bank's Articles of Association and the Management Board Rules of Procedure.

Risk Management and Internal Audit

Our risk management is designed so as to optimise sustainably our operation and profit. In order to ensure this, we promote consistent and prudent approach to risk management in the whole Group, and identify, measure and control the financial and non-financial risks that have an impact on our business, while optimising risk assumption.

The first line of defence against risks in the Bank is its operational management, which is also the owner of process-related risks, covering and being responsible for the assessment, control and mitigation of risks, i.e. implementation of internal controls. The second line of defence comprises the Risk Management and the Compliance (AML, Fraud and others), which support the first level and supervise the implementation of efficient risk protection measures. The third line of defence is internal audit, which provides assurance to the top management regarding the efficiency of the established system of risk management controls and processes. Therefore, the first and second levels of defence are required to assess potential risks in their domain and define the manner in which they will control such risks, while the employees are required to implement control procedures in their daily work.

In line with the National Bank of Serbia's Decision on Risk Management, as well as for the purpose of the Internal Capital Adequacy Assessment Process (ICAAP), the Bank is required to consider all materially significant risks in accordance with its risk profile. Additionally, in accordance with an assessment of materiality of the above types of risk, the Bank has developed appropriate processes, methodologies and tools to manage them.

According to the latest material significance assessment, the Bank is exposed to the following materially significant risks:

- Credit risk, including default risk, country risk, exchange credit risk, interest credit risk and concentration risk;
- Liquidity risk (including the funding concentration risk);
- Interest rate risk in the banking book;
- Market risks in the trading book;
- Operating risk;
- Compliance risk;



- Reputational risk;
- Anti-money laundering risk;
- Strategic risk;
- Macroeconomic risk (cross-cutting risk type).

Internal audit is an independent Bank function which is organised with the task of performing continuous supervision over the established internal control system, thereby contributing to the stability and safety of Bank operation. In their work, auditors follow international internal audit standards and published standards of best professional practice. The compliance of the internal audit's work with international standards, as well as the assessment of its effectiveness and efficiency, is subject to audit by Erste Group, as well as certified reviewers of internal audit quality.

The internal audit performs its tasks in line with the Internal Audit Charter and Methodology with the aim of reporting to management about all findings affecting the Bank's operation. While performing audits, the Internal Audit assesses whether all significant risks have been identified, as well as whether adequate control systems have been established. The Internal Audit formulates its findings in the form of recommendations whose implementation contributes to the improvement of operation and risk management efficiency, as well as the improvement of internal control systems in the Bank's processes.

Compliance Practices

Our compliance programme is aimed at ensuring that all employees comply with the relevant regulations, as well as the best professional practice and highest ethical standards, which may go beyond regulatory requirements. It includes the prevention of the conflict of interest, as well as the prevention and fight against money laundering and terrorism financing, violation of financial sanctions, fraud and corruption, capital market manipulation, as well as all other illegal and unethical activities, all for the purpose of preserving and reinforcing customers' trust in our Bank.

In order to ensure this, we:

- Define standards and regular checks in all relevant business processes in order to identify and prevent potentially illegal or unethical practices, and use appropriate techniques and management systems for this purpose;
- Identify, report and do not execute suspicious transactions relating to terrorism financing, abuse of sensitive information, market manipulation and insider trading;
- Know our customers and do business only with customers who properly identified themselves and only in the cases where we understand the customer's business;
- Identify, solve and/or disclose any potential conflicts of interest;

New International Financial Reporting Standard IFRS 9

In line with legislation, since the beginning of 2018 our Bank has operated in line with the new standard, i.e. the new international financial reporting standard IFRS 9, which we seek to implement so as to facilitate the Bank's operation and make the impact of transition as imperceptible as possible for our clients.

Erste Group's Spring Project

In 2018, Erste Group continued with the implementation and successfully completed the first phase of the SPRING project. As a reminder, back in 2012 this project was initiated with the aim of providing a solution with which the Bank would meet regulatory requirements relating to reporting to the National Bank of Austria and the European Central Bank, and upgrade the management function of the Bank.

Regulatory requirements were an important driver of this project, but SPRING focuses on data excellence, consistency, effective reporting and data harmonisation.

In addition to meeting regulatory requirements, SPRING provides many other benefits to Erste Group, preparing it for the future:

- We will be able to use the same database with reliable and consistent data and higher data quality. This will enable us to ensure faster reporting and better management of the Bank;
 - We will know our customers better and understand their needs, which will help us provide better and more targeted services to them;
 - And finally, SPRING will enable us to create new and exciting jobs for Erste employees.
-

- Pursue strict anti-corruption and anti-bribing policies, prevent bribe giving and receiving and/or facilitation payments;
- Define arrangements consisting of rules, tools and channels for their implementation and sanctioning, all for the purpose of ensuring adequate safety and security of our employees, assets and reputation;
- Provide a pleasant and safe environment to our customers, business partners and visitors;
- Provide regular compliance training for our employees;
- Encourage all our employees to raise any concerns, provide a whistle-blower protection programme (ensuring anonymity) and monitor the implementation of adequate measures in the event of violation, while respecting and protecting the rights of individuals;
- Signed the Declaration against Corruption of the UN Global Compact in Serbia and are committed to its implementation in our everyday business.

Prevention of Fraud and Abuse

There is a unit in Erste Bank that is engaged solely in abuse and fraud prevention, the Financial Crime Risk Management Unit, but the prevention of fraud requires constant support by all colleagues. One of the basic tools for internal fraud management is the reporting of any suspicion of fraud – the so-called Whistle-blowing — where, in addition to customers and partners, reports may be made by Bank employees, primarily with the aim of protecting the Bank and therefore their own job and status, as well as the Bank customers. The Bank places an emphasis on fraud prevention and detection of potential fraud before it occurs, while deriving conclusions from detected cases in order to improve further the process that would prevent such events, thus reducing the number of negative effects, bad loans and, ultimately, making future products cheaper for customers and the Bank more competitive in the market.

Furthermore, Erste Bank is a member of the Forum for the Prevention of Abuse in Credit Operations, whose main objective is efficient protection of corporate and retail customers of banks, as well as the banks themselves, from fraud and abuse in the process of loan approval and disbursement. The Forum members exchange data and information relevant for fraud detection and prevention. The Bank and the other Forum members are obliged to keep confidential any data or information obtained in the communication with the other Forum members, in line with regulations and Bank business policy documents. EBS employees have also made a significant contribution to the establishment of a local chapter of the global ACFE association.

Anti-corruption

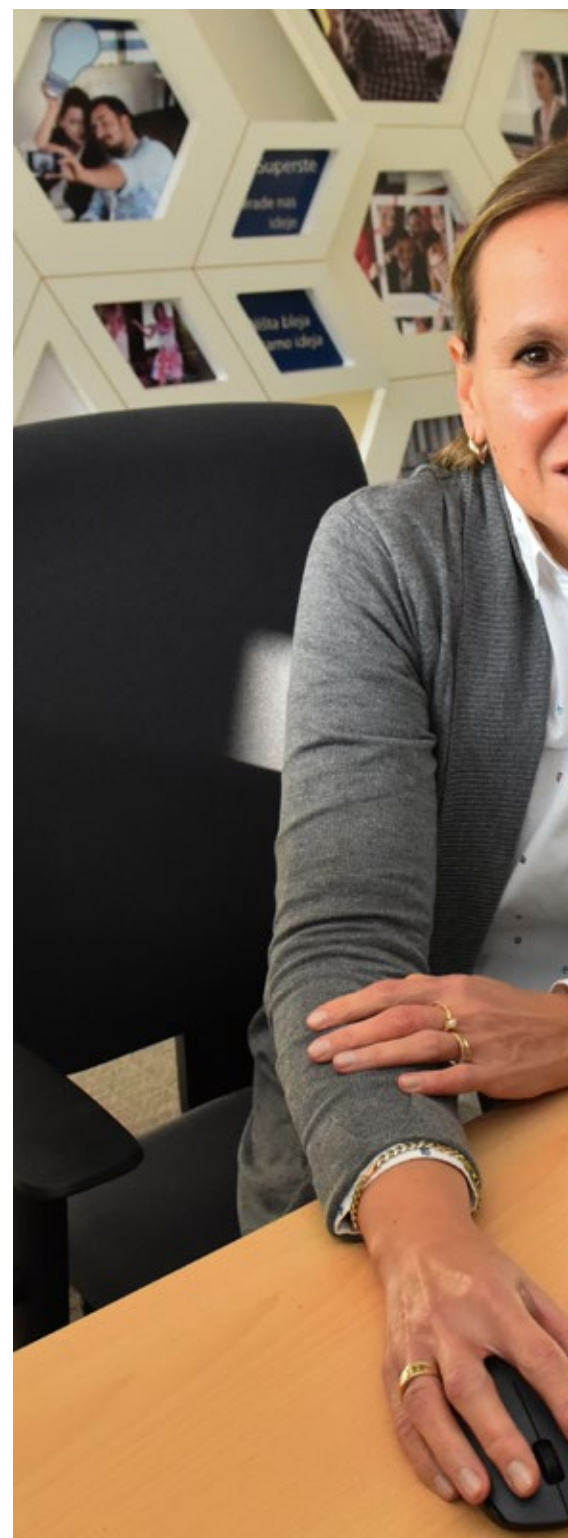
In line with the umbrella document Bank Compliance Audit Regulations, Erste Bank applies the so-called zero tolerance policy to all acts that are unlawful, including corruption. The Bank bases its activities on the prevention of conduct that may lead to corruption, as follows: conflict-of-interest risks, reputational risk and competition protection. The Bank has adopted the Anti-corruption Policy and the Donation and Sponsorship Procedure, which cover this subject-matter, and according to which any form of corruptive conduct is strictly forbidden.

The Bank monitors any conflict of interest that arises from regular activities and in which the participants are aware of consequences and any conflict of interest into which the participants are brought intentionally and which leads precisely to corruption. In this context, there are two types of conflicts of interest that may indicate corruption: internal, relating to Bank employees, and external, relating to customers and business partners of the Bank.

Internal conflict of interest that may indicate corruption is defined as any conflict that may occur, among other things, as a difference between an employee's private and business interests, where the private interest is expressed in monetary terms, while the business interest is expressed in loyalty to the employer, respect for customers, implementation of and compliance with all regulations, preservation of the employer's reputation and one's own reputation, etc. The mechanisms that reduce this type of conflict of interest include the raising of employees' awareness of the Bank's organisational culture and policy regarding these acts, pointing to their consequences, mandatory reporting of private business activities, offered and given business gifts to clients, business partners, officials and other persons by all employees and their analysis in terms of conflict of interest, possibility of reporting perpetrators or suspicion regarding perpetrators through the Whistleblowing process, implementation of the Gift Policy and controls in the area of financial crime risk management.

The Bank includes in external conflicts of interest that may indicate corruption any conflict between the interest of a customer, supplier or business partner to save, obtain more favourable terms, an easier and faster way of obtaining money in general, on the one hand, and interest in fair business, compliance, respect for the banking institution, on the other, etc. The mechanisms that mitigate this type of conflict of interest include primarily an analysis of customer-related reputational risk and a repeated raising of employees' awareness of the avoidance of such types of conflict of interest, their training on the consequences and importance of reporting suspicion regarding perpetrators, implementation of the Gift Policy, control in the area of financial crime risk management, mandatory implementation of an independent tender model of supplier evaluation, etc.

In 2018, an official fraud risk analysis was conducted, and among others corruption





risk was analysed. The stated risk assessment confirmed a broadly low (slightly elevated in only one category) level of risk for the Bank, bearing in mind external factors as being high-risk (an elevated level of corruption in the country according to the assessment of the Transparency International – Corruption Perception Index) and internal factors mitigating risks, i.e. current mitigation measures that significantly lower external risks. The following risk were identified: bribery, abuse of authority, falsifying documents, failure to perform assigned tasks, causing damage to integrity and reputation. An elevated level of risk considering the activity brings a risk of abuse of authority, but this risk is also estimated to be at the lower end of the medium risk level.

Also, an official assessment of risks related to corruption and risk factors in financial crime risk assessments shows that there are no significant risks. The Anti-corruption Policy (adopted in 2016) was raised from the guideline level to an AI-level document, i.e. the highest-level document adopted both by the Executive Board and the Management Board, which is a demonstration of the importance that the Bank attaches to the anti-corruption issue.

As already mentioned, employee awareness raising and dedicated trainings are extremely important parts of the system of managing corruption-related risks. For the top management levels, if needed, a so-called Tone at the Top training, dealing with general topics relating to corruption and reputational risks, is conducted. The management training also includes e-learning modules, as well as special presentations for specific positions. In 2018, 4 members of the Executive Board and 12 executive directors attended a special targeted anti-corruption training, which is 64% of the top management.

The Bank's anti-corruption policies and procedures are available to the employees through our internal portal, and all employees have an obligation to get informed regularly about newly adopted documents. In addition, the Executive Board members are in charge of adopting these documents, so they provide their suggestions and comments and familiarise themselves in detail with the subject-matter in the course of their adoption. The Executive Board also adopts these policies by majority vote, because they fall under the so-called risk policies, so they become acquainted with them as well before they come into force. Executive directors are on a list for the distribution of adopted policies and are obliged to familiarise themselves with them immediately upon adoption, as well as transfer the obligation to their immediate subordinates.

The topic of anti-corruption is an integral part of the training for all new employees, which is conducted once a month and includes training concerning non-financial risks, financial crime risks, general provisions on the conflict of interest, corruption and reputational risk. The goal of the training is to inform the employees about zero tolerance, risks, detection methods, methods of reporting and escalating risk-related



cases, the relevant documents that an employee should be familiar with and contact persons for any issue in this area. The training is conducted in direct communication by using presentations. Anti-corruption training has been integrated in the system of e-learning and e-testing as part of the anti-fraud training for all employees periodically, or at least once every two years, as well as the system of face-to-face trainings, which the Financial Crime Risk Management provides to the Bank functions each year. Anti-corruption trainings through the system of e-learning and e-testing as part of the anti-fraud training are conducted by presenting information, and then, by using a special TEA application, testing employees on the stated topics, with the aim of strengthening awareness of risks, the existence of regulations and laws containing them, as well as risk mitigation measures and persons in charge of risk management. Conflict-of-interest management training is conducted annually, with a special focus on handling information relevant for compliance. During 2018 internal and external trainings were held, covering topics such as bribery, corruption, fraud, occupational safety and health, as well as a dedicated targeted training on anti-corruption. During 2018, 685 non-managerial staff (72.7%) and 124 managers (80%) attended the trainings.

In addition to strengthening its internal capacities, the Bank communicates its policies and procedures in this area to its customers and business partners for the purpose of a comprehensive approach to corruption prevention. The provisions relating to anti-corruption and conflict of interest are integral parts of the General Terms of Business that are an integral part of the agreement with each customer and are publicly available on the Bank's website, as well as in annual CSR reports. Special meetings are held with customers and business partners where deemed necessary.

Protection of Competition

Free competition and compliance with the competition protection regulations are not only an important market principle but also a firm business commitment and goal of the Bank.

Our approach to this topic implies that we:

- Inform our employees about the conduct that violates free and fair competition and forbid them to make or enter into any business deals that violate free and fair competition;
- Do not abuse our dominant market position, and ensure that all business mergers and associations meet all applicable requirements prescribed by anti-monopoly laws;
- Do not violate the rights of third parties when it comes to trademarks and intellectual property rights, and protect our own rights from potential abuse by third parties.



The Competition Protection Programme implemented by Erste Bank since 2011, includes several documents relating to the following key areas:

- Fair competition — alignment with the principles of the Competition Protection Law for employees
- Anti-corruption Guidelines — an integral part of the Anti-Fraud Management Compliance
- What to do in the event of raid
- Application form for permission to contact competitors
- Procedure for handling communication with regulatory bodies and other government bodies in off-site and on-site supervision procedures.



Familiarisation with the Programme has been included in the Welcome to Erste regular onboarding training since 2013. The training includes raising awareness of the significance of the competition protection issue and providing information about the detrimental consequences of violation of competition protection regulations. In 2018, a total of 114 new employees received this training.

In 2018, quarterly reporting to Erste Group continued and there were no incidents or proceedings initiated against the Bank in connection with violation of free competition.



CSR Development through Joint Initiatives

Erste Bank is an active member of business and industry associations dedicated to corporate social responsibility, participating in joint initiatives and sharing good practices in corporate governance, but also other areas of CSR.

The Bank has been a member of the local chapter of the United Nations Global Compact initiative in Serbia as well as the Responsible Business Forum, since their very establishment.

The principles of the United Nations Global Compact are rooted deeply in our business, and we improve our progress reporting practices year after year, which now also include reporting according to the UN Women's Empowerment Principles. Furthermore, the Bank promotes and, with its numerous initiatives, supports the new UN Sustainable Development Goals defined in late 2016. Read more about the Global Compact principles and the Bank reporting on p. 123.



As every year, in 2018 the Bank participated in a survey of the contribution of the Responsible Business Forum member companies to the community. In addition, in 2018 the Responsible Business Forum marked the tenth anniversary of its establishment under the slogan First Ten Years. During the year, several different activities and events were organised, which presented an opportunity for

additional positioning of the network both with regard to existing members and partners, thus also enabling networking with new stakeholders. This anniversary was crowned by a celebration marking the network's 10 years of operating and advocating the public, private and civil sector coming together to create a better society. During the gala dinner marking this anniversary, companies were presented with awards for contributing to CSD development in Serbia. With many friends, partners and associates present, RBF members supported, through different campaigns, various relevant associations such as Atina, which economically empowers women victims of human trafficking, and the Bagel Bejgl social enterprise. Support to social enterprises was also provided by purchasing their products. Erste Bank supported mobilisation via social networks with the aim of gathering online, through Forum stories and results, money for some common cause. Through the collection of hashtags #desetgodinaprvi (#firsttenyears) and #verujusebe (#believeinyourself), funds were raised for the newly founded Ruke (Hands) social enterprise from Pančevo, to which, at the end of the evening, a RSD 100,000 cheque was presented for the purchase of tools for a tailoring workshop.


www.ungc.rs





www.odgovornoposlovanje.rs



— How Erste Bank Supports the New Sustainable Development Goals (SDGs)

CORPORATE GOVERNANCE	RESPONSIBILITY TO CUSTOMERS	RESPONSIBILITY IN THE WORK ENVIRONMENT	RESPONSIBILITY IN THE SUPPLY CHAIN	RESPONSIBILITY TO LOCAL COMMUNITIES	RESPONSIBILITY TO THE ENVIRONMENT	ERSTE BANK SUPPORTS THE GOAL OF THE FOLLOWING PROGRAMMES, PROJECTS, ACTIVITIES
						<ul style="list-style-type: none"> ✓ Social banking ✓ Inclusive products ✓ Improving financial literacy ✓ Erste Foundation programmes ✓ Superste donation programme ✓ Corporate volunteering
						<ul style="list-style-type: none"> ✓ Social banking ✓ Financing sustainable agriculture through social banking
						<ul style="list-style-type: none"> ✓ Annual employee medical check-ups ✓ Modern working conditions ✓ Flexible working hours ✓ Solidarity Fund
						<ul style="list-style-type: none"> ✓ Cooperation with high schools, post-secondary colleges and universities, as well as certain student organisations ✓ Superste donation programme ✓ Improving financial literacy ✓ Employee development ✓ Accessibility of the facilities
						<ul style="list-style-type: none"> ✓ EBS Diversity and Inclusion Policy ✓ Collective Bargaining Agreement ✓ UN Women's Empowerment Principles ✓ Share your Knowledge – Become a Mentor ✓ Support to programmes especially aimed at empowering women and girls
						<ul style="list-style-type: none"> ✓ EBS Environmental Protection Principles ✓ EBS Energy Management Policy ✓ Special financing
						<ul style="list-style-type: none"> ✓ Special Financing ✓ Retail energy efficiency loans ✓ EBS Energy Management Policy ✓ EBS Environmental Protection Principles

CORPORATE GOVERNANCE	RESPONSIBILITY TO CUSTOMERS	RESPONSIBILITY IN THE WORK ENVIRONMENT	RESPONSIBILITY IN THE SUPPLY CHAIN	RESPONSIBILITY TO LOCAL COMMUNITIES	RESPONSIBILITY TO THE ENVIRONMENT	ERSTE BANK SUPPORTS THE GOAL OF THE FOLLOWING PROGRAMMES, PROJECTS, ACTIVITIES
						<ul style="list-style-type: none"> ✓ EBS Equal Opportunities and Non-discrimination Employment Policy ✓ EBS Trade Union ✓ Collective Bargaining Agreement ✓ Employee development programmes ✓ Teller Solidarity Fund ✓ Youth internships and scholarships ✓ Financial inclusion: social banking and inclusive products
						<ul style="list-style-type: none"> ✓ Social banking ✓ Inclusive products ✓ Support to local hubs ✓ Support to programmes promoting innovation and entrepreneurship ✓ Superste donation programme
						<ul style="list-style-type: none"> ✓ EBS Diversity and Inclusion Policy ✓ Mobility within the Erste Group ✓ Social banking ✓ Responsible financing
						<ul style="list-style-type: none"> ✓ Social banking ✓ Corporate volunteering ✓ Superste donation programme ✓ Erste Foundation ✓ The Bank is a member of the Aarhus Centre in Serbia ✓ Accessibility of the facilities
						<ul style="list-style-type: none"> ✓ EBS Energy Management Policy ✓ EBS Environmental Protection Principles ✓ Supply chain – support to domestic suppliers ✓ Erste Group Procurement EGP Code of Conduct for Goods and Service Suppliers ✓ Erste Group Procurement Supplier Audit Questionnaire (SAQ) ✓ Mandatory certified EGP employee training related to supplier and procurement ethics organised by CIPS - The Chartered Institute of Procurement and Supply

CORPORATE GOVERNANCE	RESPONSIBILITY TO CUSTOMERS	RESPONSIBILITY IN THE WORK ENVIRONMENT	RESPONSIBILITY IN THE SUPPLY CHAIN	RESPONSIBILITY TO LOCAL COMMUNITIES	RESPONSIBILITY TO THE ENVIRONMENT	ERSTE BANK SUPPORTS THE GOAL OF THE FOLLOWING PROGRAMMES, PROJECTS, ACTIVITIES
						<ul style="list-style-type: none"> ✓ EBS Environmental Protection Principles ✓ EBS Energy Management Policy ✓ Recycling ✓ Use of recycled and FSC paper ✓ Special financing
						<ul style="list-style-type: none"> ✓ Corporate volunteering ✓ Use of recycled and FSC paper in everyday operation
						<ul style="list-style-type: none"> ✓ Bank operation in this area is regulated by a series of documents relating to responsible financing, anti-corruption and anti-money laundering
						<p>PARTNERS ARE OF KEY IMPORTANCE FOR PROGRAMME QUALITY AND SUCCESS</p> <p>SOME PARTNERS OF THE BANK:</p> <ul style="list-style-type: none"> ✓ UN Global Compact in Serbia ✓ Responsible Business Forum ✓ Trag Foundation ✓ Smart Kolektiv ✓ Erste Foundation ✓ EcoNomic Expert Community Association ✓ Business Innovation Programs ✓ Kragujevac Business Innovation Centre ✓ Swisscontact ✓ KfW ✓ EBRD ✓ EIB ✓ EIF ✓ MIGA ✓ Aarhus Centre ✓ CIPS – The Chartered Institute of Procurement and Supply

Our People

We would like Erste Bank to be an attractive place to work for ambitious, committed, diligent people, who are ready to work on themselves, learn, upgrade their knowledge and skills, become even better and more successful experts who will upgrade our brand through their work and innovativeness and help us build “the bank of the future” together. That is why we strategically care for the satisfaction and motivation of our employees and provide them with new opportunities to develop professionally and take care of their health. Finally, respect for the rights of our employees and transparent communication are key elements of their long-term loyalty and commitment, as the main drivers of our Bank.

In continuously improving the work environment, our focus is on the following priority topics:

- Employee development and advanced training
- Occupational health and safety
- Social support to employees

Our approach to these complex topics is defined in the Bank’s strategic documents, dealing with different areas of responsibility to employees:

- Code of Business Conduct
- Recruitment policy
- Training and Development Policy
- Remuneration Policy
- Performance Management Policy
- Diversity and Inclusion Policy
- HR Strategy
- Communication Strategy
- Rulebook on Occupational Health and Safety
- Collective Bargaining Agreement

In 2018, the total number of employees in the Bank was 1,117, of which 72.5% female and 27.5% male. The share of women in managerial positions at the Bank is 53%, and the share of men is 47%. The top management body of the Bank is the Management Board, which has six members, two of whom are women. The Bank Executive Board has four members – two men and two women.

The Diversity and Inclusion Policy adopted in 2017 provides a general understanding of what these topics mean for Erste Bank and defines the roles and responsibilities, as well as general guidelines about how to develop, implement and adapt the goals and strategy of diversity and inclusion. Erste Bank views diversity and inclusion as an essential part of its business strategy and a key to attracting the best talent, capable

Our Achievements in 2018:

- ✓ UN Standards of Conduct for Business on Tackling Discrimination against LGBTI People supported
- ✓ Continuation of activities aimed at improving gender equality
- ✓ With the new employee training concept in the Retail Division, the development of a standardised and continuous internal education system continued
- ✓ RSD 56 million invested in employee development, with over 30,500 hours of training conducted
- ✓ In 2018, the number of employees who received free annual medical check-ups reached 620.
- ✓ Physical exercise for employees introduced

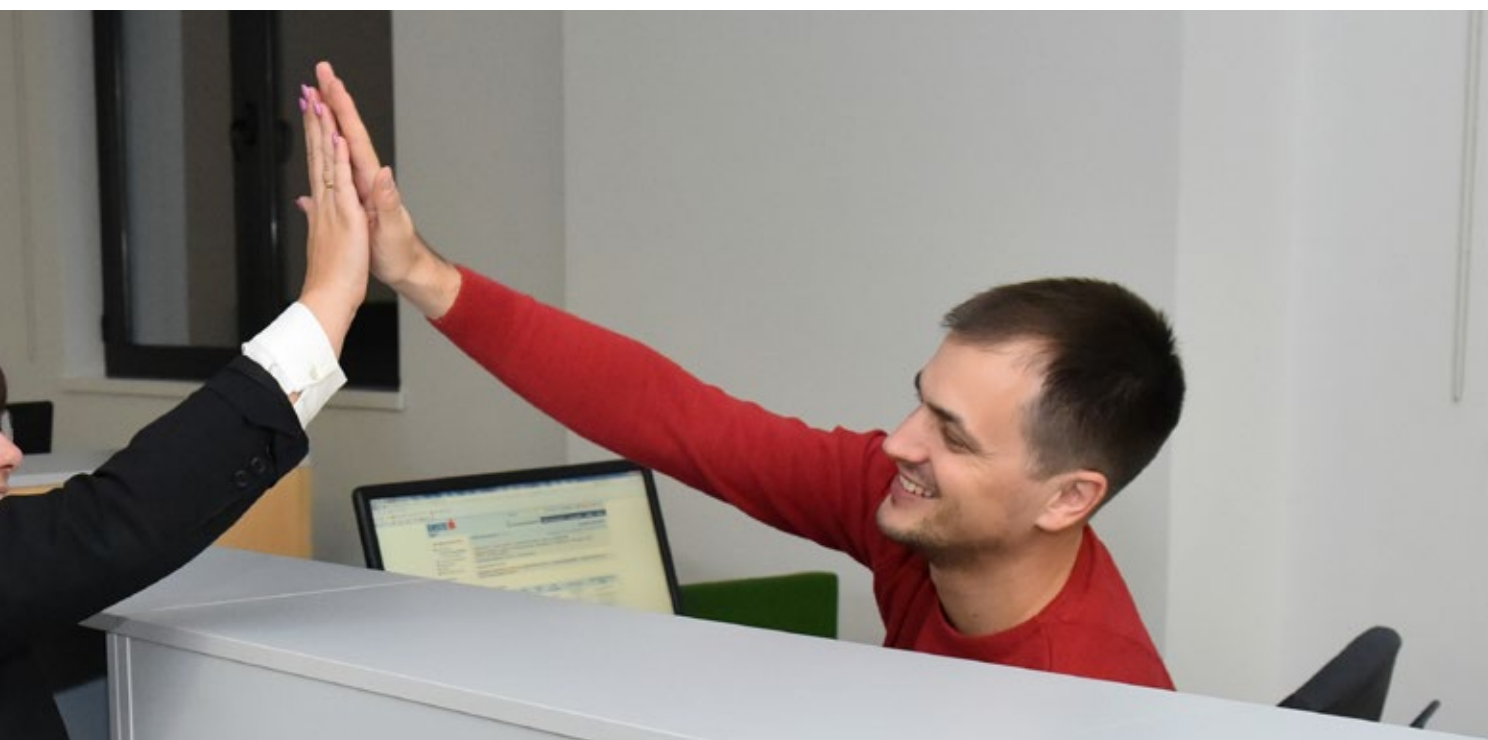


of developing and offering innovative and modern financial products and services to a large and very diverse customer base. There can only be innovation and growth through strategic investment and the development of educated individuals with a broad range of professional and other interests, work experience, life experience and cultural perspectives. The basis for Erste Bank's approach to diversity and inclusion is found in the Erste Group's Charter from 1819, in which it is stated:

"Neither age, nor gender, nor social status nor nationality may be a basis for denying benefits offered to all depositors of the Savings Bank."

With gradual changes and the adequate application of planned measures for the mitigation of gender imbalance, we wish to develop and improve gender balance in the Bank's employee structure, all in accordance with the Law on Gender Equality and the Rulebook on the Contents and Manner of Delivery of a Plan of Measures for Removing or Mitigating Gender Imbalance and the Annual Report on its Execution.

In order to meet the necessary preconditions for the above stated changes in the area of gender equality, in 2018 we launched the process of introducing and fostering gender sensitive language in new internal documents, in verbal and written communication, as well raising awareness about this topic through internal trainings in the Bank.



Changes in the gender structure of the total number of employees:

TOTAL NUMBER OF EMPLOYEES AS OF 31/12/2016	1,021	TOTAL NUMBER OF EMPLOYEES AS OF 31/12/2017	1,075	TOTAL NUMBER OF EMPLOYEES AS OF 31/12/2018	1,117
WOMEN	722	WOMEN	773	WOMEN	810
MEN	299	MEN	302	MEN	307

Changes in the gender structure of the total number of employees in managerial and non-managerial positions:

TOTAL NUMBER OF MANAGERIAL POSITIONS	2016	2017	2018	TOTAL NUMBER OF NON-MANAGERIAL POSITIONS	2016	2017	2018
	178	179	175		843	896	942
WOMEN	95	96	82	WOMEN	627	677	717
MEN	83	83	93	MEN	216	219	225

Changes in the gender structure in the total number of employees undergoing advanced or regular professional training:

TOTAL NUMBER OF EMPLOYEES UNDERGOING ADVANCED OR REGULAR PROFESSIONAL TRAINING	2016	2017	2018
	683	986	1,043
WOMEN	439	694	743
MEN	244	292	300

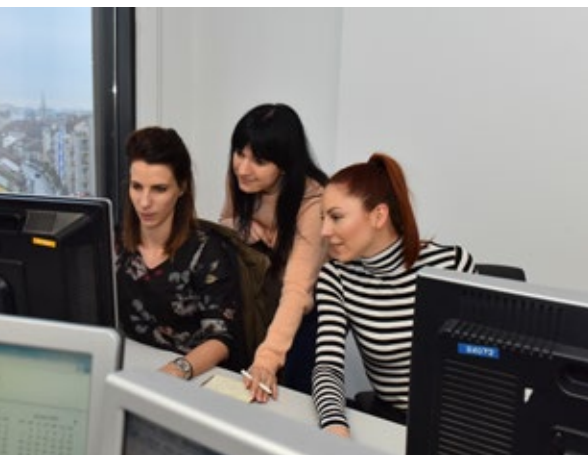
	2011	2012	2013	2014	2015	2016	2017	2018
TOTAL NUMBER OF EMPLOYEES	988	993	972	992	1,027	1,021	1,075	1,117
TOTAL NUMBER OF PERMANENT THIRD PARTIES	166	31	165	226	209	173	174	180
TOTAL NUMBER OF ENGAGED WORKERS	1,154	1,024	1,137	1,218	1,236	1,194	1,249	1,297

TOTAL NUMBER OF EMPLOYEES	2011		2012		2013		2014		2015		2016		2017		2018	
	MEN	WOMEN	M	W	M	W	M	W	M	W	M	W	M	W	M	W
NOVI SAD	115	336	76	235	110	316	125	310	136	321	123	302	120	320	126	372
BEOGRAD	101	162	95	185	101	164	103	169	108	179	87	164	96	172	120	197
OTHER	66	208	109	293	68	213	69	216	67	216	89	256	86	281	61	241
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722	302	773	307	810

EMPLOYEE PERCENTAGE BY GENDER	2012	2013	2014	2015	2016	2017	2018
MEN	28%	29%	30%	30%	29%	28%	27%
WOMEN	72%	71%	70%	70%	71%	72%	73%

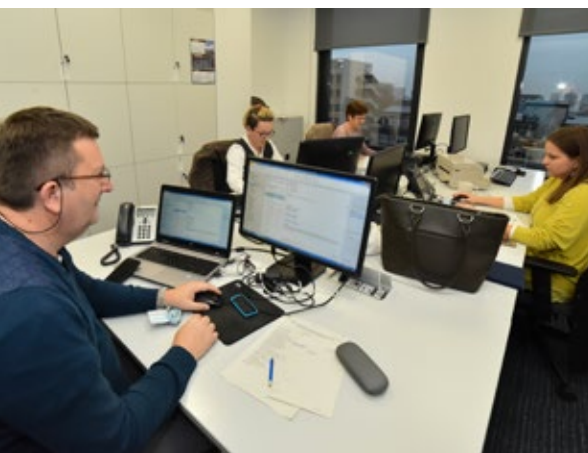
EMPLOYEE STRUCTURE BY CATEGORY	2011		2012		2013		2014		2015		2016		2017		2018	
	MEN	WOMEN	M	W	M	W	M	W	M	W	M	W	M	W	M	W
MANAGERS	76	87	76	94	86	88	78	86	78	90	83	95	83	96	82	93
NON-MANAGERS	206	619	204	619	193	605	219	609	233	626	216	627	219	677	225	717
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722	302	773	307	810

EMPLOYEE AGE STRUCTURE	2012	2013	2014	2015	2016	2017	2018
UNDER 30 YEARS	13%	15%	14%	13,4%	9%	11%	12%
30–50 YEARS	61%	62%	63%	63.9%	67%	67%	68%
OVER 50 YEARS	26%	23%	23%	22.7%	24%	22%	20%



Non-discrimination and Equal Opportunities

The principle of prohibition of discrimination on any basis and transparency in our relationship with employees is the pillar of our approach to responsibility in work environment. They are accompanied by the equal opportunity principle, which applies to all the stages – from hiring to opportunities for learning, development and advancement. During 2018, the Bank's activities in the area of respect for diversity were marked by support to the UN Standards of Conduct for Business on Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People (LGBTI People). We are proud that Erste Bank was among the first companies in Serbia to support this document, publicly committing to leveraging its influence and its relations with numerous local players in order to advocate greater equality of LGBT persons, both among its employees and in society as a whole.



In order to ensure the consistent application of the principles of equality and respect for diversity in practice, during the two-day Welcome to ERSTE training, all new Erste Bank employees, well as interns, are informed of employee rights, anti-discrimination principles, the equal opportunity principle, and opportunities for professional development. The Welcome to ERSTE training also includes a presentation of all the organisational units of the Bank, as well as its Code of Business Conduct. During 2018, 152 employees attended the Welcome to Erste training, of which 24 hours were dedicated to human rights-related topics.

Since we believe that the induction process should consist of much more than merely providing support in the first days of work, the process was upgraded with respect to its contents and its duration extended. In 2018, the Erste onboarding programme included first seven days' support from an Erste Buddy (host) - a concept created to help new employees integrate more quickly and easily and find their footing in everyday work, and get acquainted with colleagues, rules, procedures, and processes. The systemic support we will provide to new employees, will, according to the new concept, be additionally upgraded and last for six months, from the moment a person accepts our offer until the end of the trial period.

Erste Bank has had an Anti-Mobbing Counselling Office for eight years, comprising Bank employees from the Bank Trade Union committee. The Counselling Office carries out its work in coordination with the competent bodies of the Ministry of Labour and Social Policy, the Labour Inspectorate and the Anti-Mobbing Agency, monitoring the resolution of complaints filed on this basis. Complaints may also be lodged anonymously. We are especially proud of the fact that during 2018, and in the preceding years, not a single complaint related to mobbing, violation or endangerment of human rights was lodged with the counselling office, which speaks to the success of our efforts to create a work environment in which the protection of all employee rights is fostered. In addition, through internal complaint mechanisms, the Bank has not received a single labour right-related complaint.

TOTAL NUMBER OF EMPLOYEES BY TYPE OF CONTRACT	2011		2012		2013		2014		2015		2016		2017		2018	
FIXED-TERM CONTRACT OR PERMANENT CONTRACT	FTC	PC	FTC	PC	FTC	PC	FTC	PC	FTC	PC	FTC	PC	FTC	PC	FTC	PC
NOVI SAD	17	434	29	282	7	256	14	421	23	434	28	397	39	401	42	456
BELGRADE	12	251	8	272	18	410	17	255	18	269	25	226	30	238	25	292
OTHER	9	265	9	393	8	273	9	276	19	264	33	312	54	313	49	253
TOTAL	38	950	46	947	33	939	40	952	60	967	86	935	123	952	116	1,001

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT	2011		2012		2013		2014		2015		2016		2017		2018	
FULL-TIME (FT) OR PART-TIME (PT)	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
NOVI SAD	450	1	309	2	426	0	435	0	457	0	425	0	440	0	498	0
BELGRADE	262	1	278	2	264	1	271	1	286	1	250	1	267	1	316	1
OTHER	271	3	402	0	281	0	285	0	283	0	345	0	367	0	302	0
TOTAL	983	5	989	4	971	1	991	1	1,026	1	1,020	1	1,074	1	1,116	1

Onboarding in Erste Bank

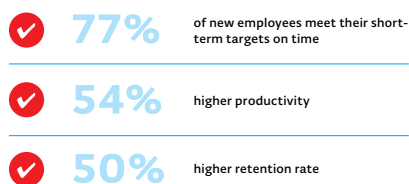
Seeking to upgrade the process of familiarising new employees with the company and their duties in the first days upon arrival in the workplace, during 2017 we launched a standardised onboarding programme. New colleagues go through the Welcome to Erste two-day programme, during which colleagues from different organisational units acquaint them with the functioning of their division or service. As part of activities aimed at further developing the programme, during 2018 we also introduced a new concept: Erste Buddy – a person from the Bank on whom the new employee's onboarding process relies. It is the Erste Buddy's role, in the first days, to help the new employee adjust to the new workplace in the most efficient way.

Benefits of a Quality Onboarding Programme

Onboarding is a process of introducing a new employee to the organisation. It involves a presentation of the organisation's system and structure, organisational culture, values, rules, procedures and, naturally, the team. An adequately established onboarding system leads to the following:

- Stress reduction, because the new employee understands expectations and has a clear picture of the company's vision and values;
- Higher new employee retention rates, because if employees feel welcome, it is less likely that they will feel the need to seek other opportunities;
- Better work performance, because the employee knows exactly what is expected of him/her and is familiar with the organisational culture;
- Higher satisfaction.

ONBOARDING PROGRAMME



Providing all important information is of exceptional importance to the Bank in order for the new employee to be able to begin working at full capacity as soon as possible, as is providing all the conditions for efficient adjustment to the new environment and playing an active role in managing the new employee's career.

EMPLOYEE TURNOVER	2012	2013	2014	2015	2016	2017	2018
TOTAL NUMBER OF NEW EMPLOYEES	74	44	89	87	96	167	144
TOTAL NUMBER OF EMPLOYEES WHO HAVE LEFT THE COMPANY	69	65	69	51	102	113	102
TURNOVER RATE*	6.97%	6.6%	7%	5%	10%	11%	9%

* Turnover rate is calculated based on the following formula: the number of employees who left the company/ average number of employees in the reporting period × 100.

Collective Bargaining Agreement

The Collective Bargaining Agreement, which was signed by the Trade Union and the Bank in 2017, guarantees benefits to all Bank employees beyond the statutory minimum provided for by the Labour Law. The agreement is a result of the readiness of both sides to work actively on promoting the rights of employees, who are the drivers and engine of change and improvements we are constantly striving for. All areas of employee relations are regulated by this document, from hiring an individual, his/her rights and obligations, to his/her advanced training, safety and health. The Collective Bargaining Agreement applies to all employees, and its entire content is accessible to colleagues on the Bank's internal portal.

Erste Bank provides its employees with the following benefits:

- Retirement gratuity above the statutory minimum
- Severance pay in case of employment termination on the basis of redundancy above the statutory minimum
- Collective employee insurance against accidents at work and during commute
- Compensation for injury at work or occupational disease in accordance with the law
- Refunding necessary funeral expenses to immediate family members in the event of death of an employee
- Refunding necessary funeral expenses to immediate family members in the event of death of an employee, or a person with whom the employee lived in the same household and who was not a member of the immediate family
- Solidarity financial assistance to an employee due to prolonged or serious illness of an employee or a member of his/her immediate family
- Solidarity financial assistance to an employee because of his/her poor financial situation

- New Year's gifts to employees' children up to ten years of age
- Gift to employees for child birth
- Anniversary award for years of service
- The employer may also grant an anniversary award to an employee on the occasion of marking another important event relating to the employer
- Maternity leave with a guaranteed schedule of wage payment and return to job
- Right to special compensation during maternity leave, leave for the sake of caring for a child and special child care as the difference between the amount of wage benefit paid by the government and the last employee wage before the beginning of the leave
- Additional private health insurance - general health check-ups for employees
- Discounts for employees for certain goods and services
- Greater amounts of certain wage benefits and other receipts relative to the statutory minimum (increased wage for working on holidays, at night, wage benefit in the case of temporary inability to work etc.)

RIGHT TO MATERNITY LEAVE	2012	2013	2014	2015	2016	2017	2018
THE NUMBER OF EMPLOYEES WHO EXERCISED THE RIGHT TO MATERNITY LEAVE*	40	69	67	80	85	79	48
THE NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE EXPIRY OF MATERNITY LEAVE**	36	33	17	33	35	47	19
THE NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER MATERNITY LEAVE AND WHO WERE EMPLOYED 12 MONTHS AFTER RETURNING TO WORK***	34	52	51	56	40	5	6
RATE OF RETURN TO WORK AFTER MATERNITY LEAVE	85%	100%	100%	100%	100%	100%	100%
RATE OF RETENTION IN WORK POSITION 12 MONTHS AFTER RETURNING TO WORK	100%	100%	100%	100%	100%	100%	100%

* The number refers to the employees who exercised the right to maternity leave in the January–December period of the relevant year.

** The number refers to the employees who returned to work during the relevant year after the expiry of maternity leave, but took the maternity leave in the previous period.

*** The number refers to the employees for whom the period of 12 months from their return to work expired during the relevant year and who took the maternity leave in the previous period.





Internal Communications

Providing information about and discussing new developments in the Bank among employees, as well as the existence of opportunities for suggesting new solutions in order to better overcome business challenges and thereby achieve better business results, is extremely important for the proper functioning of every segment of our bank. That is why the Communications Strategy 2017–2019 defines access to internal communication for all employees as one of the important goals.

Throughout the year, internal meetings, gatherings and conferences are regularly organised, where employees have an opportunity to hear first-hand Bank news, exchange information and ideas with colleagues from other regions and organisational units, and jointly work on solving problems. In accordance with the digitalisation trend, interactive online tools are used at all major internal events.

On the Bank's internal portal, in addition to a multitude of information and opportunities for interacting with colleagues, there is also the Idea Market platform. This platform enables all employees to nominate their ideas for improving operation efficiency, whether by proposing changes to the existing procedures and processes, or by introducing completely new solutions. During 2018 as many as 70 new ideas for operation innovation were submitted on the Market, of which five received small financial awards, and as many as 14 colleagues received small gifts as a reward for their proactivity. All the ideas that received awards, as well as other ideas received, are transparently available at the Portal. In addition to improving Bank operation, the Idea Market facilitates the development of a climate of innovation and presents the best way for all employees to feel they can change the internal environment, processes, products and services, in accordance with the needs of customers and the organisation in which they work.

Based on a strategic commitment to improve internal communications, an internal social network was launched back in 2015, which makes use of all the functionalities of modern popular social networks, such as # (hashtag) and @ (mention), and enables employees to make communication faster, more efficient and more interesting.

Along with the stated communication channels, colleagues also have at their disposal the internal magazine Pulse, in which we present our strategic plans, employees, teams, units and celebrate their personal successes and Bank's successes, as well as e-mail addresses constantly available for any dilemmas, questions, ideas, advice, praise and criticism:

otvoreno@erstebank.rs

berza.ideja@erstebank.rs

otvorena.vrata@erstebank.rs

komunikacije@erstebank.rs

— Employee Development and Advanced Training

By innovating the manner in which employees may work on their career development and the development of their competencies, we strive to motivate employees to grow and evolve together with the Bank. In doing so, we are assisted by the creation of new and interesting experiences for employees in terms of education, which are capable of unlocking hidden potential in every individual who is part of the Erste Bank team.

Employee development in Erste Bank consists of several interrelated areas: training and advanced training, appropriate resource planning, definition of key posts, succession plan management, principles of employee remuneration and benefits, performance management and employee promotion. In addition to directly affecting the continuous improvement of business processes, this comprehensive approach to employee development makes a significant contribution to their motivation and job satisfaction.

Employees are offered specially designed professional trainings, as well as a lifelong education and learning programme, which provides the employees with an opportunity to acquire necessary knowledge and skills with which they increase their overall employability. They have at their disposal financial assistance for external trainings, as well as study periods with a guaranteed return to work. Finally, as part of our efforts to encourage mobility in the Erste Group and become the most attractive employer in the financial market, we also offer our employees a possibility of integration in the internal job market in all our seven countries.

Considering that banking services are already largely based on new technologies, as well as that in the future this trend will only intensify, our focus is on a timely building of our employees' capacities in this area. Our aim is to support employees in becoming active participants in the digital world, coming closer to customers who are themselves increasingly active in this area, and applying in the best way in their daily work the changes brought on by the digital world.

First-time manager training — in 2018, we continued to work on developing new managers via the Toolkit for First-Time Managers programme, through which we empower all those who have become managers.

SME and Development Microprogramme — in 2018, relationship managers worked on advanced sales and negotiation skills as part of a comprehensive development programme.

Group trainings — as is the case every year, colleagues from different divisions had an opportunity to participate in one-day, as well multi-month programmes organised by Erste Group for the purpose of upgrading their knowledge and further development.

The workshops designed in line with the advisory concept provided guidelines to our advisers and managers from express sub-branches on how best to approach



Business Muscle Training

In our Retail Division, 2018 will be remembered, inter alia, for the new training concept, as well as the largest number of educational activities that have so far been organised in this division. The new training concept includes modules depending on the post and the employees' years of service and relates to all employees in the Retail Division.

These special trainings are designed to reduce errors in everyday work, improve customer database quality, fully implement the advisory concept, improve service quality with the aim of retaining the leading position in the Customer Experience and Recommendation Index, as well as support digitalisation and the new core system.

Trainings include technical and procedural knowledge and skills, as well as knowledge and skills relating to sales, change of habits and the ways in which employees think. Our ultimate goal is employee knowledge standardisation, as well as the introduction of continuous internal education which will enable a proactive approach to coming changes in the banking sector.

customers' actual needs, as well as keep abreast of digital trends. In addition to meeting new customer needs, digitalising certain processes also brings with it more time that the colleagues in the branches may devote to customer care, facilitating the development of long-term cooperation and mutual trust.

Ready for Advisory — was organised for all advisors and associates from express sub-branches. The special value of this training lies in the fact that it was conducted by our employees, internal trainers who had attended the Train the Trainer course, on the subject of Ready for Advisory. In this way, we are further strengthening and upgrading the trainer skills of our people who have, through their approach and knowledge, adapted the training to the needs of their colleagues from the sales network. This training was also attended by employees from the Small Enterprise and Entrepreneur Department from the Retail Sales Division.

Changing Habits as a Path to Excellence — a training in which changes in one's personal behaviour were discussed with the aim of achieving better results, leading to greater customer satisfaction and long-term cooperation with her or him. As special characteristic of this training is that it can also be applied in one's private life. All tellers and advisers as well as all tellers and associates from express sub-branches have participated in the training.

Recommendations for the development of selling and RLM skills — Programme tailored just for them - A training consisting of several units, as follows: Perform at Your Best, Structogram - Key to Self-Knowledge and Banking Selling Skills. This programme is adapted to real everyday sales situations and challenges that RLM employees encounter in sales and ranges from mental preparation for sales, phone calls to negotiation both with clients and colleagues from the Risk and Client Relationship Management Unit. During the programme, employees received a tool that is both easy to use and instantly applicable, and has self-assessment built in. During the programme, great attention was paid to understanding the inception of the thought process and how employees are to take absolute control over it as well as their results.

During 2018, a refresher training was organised under the working title Module V for employees in the sales network, occupying teller and adviser positions. The training lasted for five work days and comprised the most important elements of the teller/adviser post. Part of the training was also digitalisation, which presents an important part of our operation.

The training is organised with the aim of:

- Increasing the satisfaction of clients and employees
- Increasing the sales efficiency of employees in the network
- Improving customer database quality
- Reducing errors in the everyday work of employees
- Raising awareness about the importance of digitalisation.

TOTAL NUMBER OF TRAINING HOURS BY EMPLOYEE CATEGORY	2011	2012	2013	2014	2015	2016	2017	2018
MANAGERS	5,549.28	3,538	3,901	6,446.48	5,830	5,783	7,579	5,409
NON-MANAGERS	16,052.72	14,939	7,457.5	9,278.52	15,511	13,546	16,858	25,257

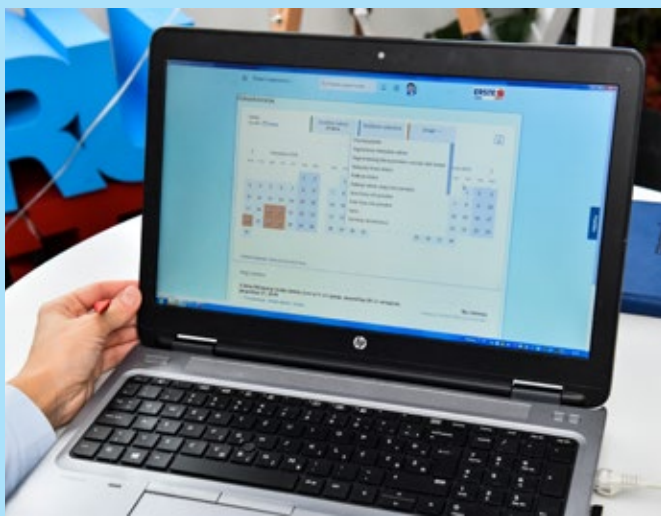
TOTAL NUMBER OF TRAINING HOURS BY GENDER	2011	2012	2013	2014	2015	2016	2017	2018
MEN	5,906.5	5,388	4,678	6,290	6,780	7,085	8,157	7,944
WOMEN	15,695.5	13,089	6,680.5	9,435	14,561	12,244	16,280	22,722

AVERAGE NUMBER OF TRAINING HOURS ANNUALLY BY EMPLOYEE	2011	2012	2013	2014	2015	2016	2017	2018
MANAGERS	34.04	20.811	22.4	39.3	33.05	32.49	42.3	30.91
NON-MANAGERS	19.46	6.693	9.3	11.2	17.34	16.07	18.8	26.81

AVERAGE NUMBER OF TRAINING HOURS ANNUALLY BY GENDER	2011	2012	2013	2014	2015	2016	2017	2018
MEN	20.95	19.24	16.7	21.1	26.49	23.7	27	25.88
WOMEN	22.23	18.38	9.6	13.5	22.30	16.96	21.06	28.05

Personal development plans are prepared for all employees, with formal appraisal of work performance and individual development being carried out every year and covering all employees. At the end of each year, the goals for the following year are defined for each employee, through an agreement between the employee and her or his superior. The agreed goals are then entered into the EMMA performance management application. Those goals are, based the developments in the first part of the year, reviewed mid-year, also as part of the discussion between the employee and the superior. The final assessment of goal realisation, of achieved successes and challenges in the previous year, is reviewed at a meeting between the employee and the superior in the first quarter of the following year. The performance appraisal also includes a competency assessment, and based on the overall performance appraisal, possibilities regarding career development and total agreed wages are assessed. The Erste Group, as well as Erste Bank Serbia, are recognised as companies that keep up with modern trends, and with the new EMMA platform, we have demonstrated that an individual's development is, for us, just as important as the development of new technologies..

New EMMA — Faster and Simpler, Transparent and Flexible



After a year of detailed planning and development, the new EMMA was unveiled – a platform that helps employees set their business goals more comprehensively, present them adequately and realise them more easily. The new platform went live in 2018 and was developed at the Group level, so that all member countries have an identical and **harmonised** version. The new, upgraded version of the platform is to be used in planning and monitoring the realisation of goals of all employees in our Bank.

Unlike the system that has been used so far, one of the most important innovations featured on the new EMMA platform is that only one step is needed to set goals – just one click is enough to “activate” goals and make them transparent and valid.

In addition, since with the new EMMA platform, sector goals as well as the Bank goals are visible, employees have a possibility of easier and simpler planning and definition of their goals in accordance with them, i.e. of fitting them more easily into the Bank’s planned goals.

Once set, a goal is not final, which enables employees to adjust their work and goals to various changes, which are an inevitable part of every work process. The flexible goal-setting system enables the adjustment and revision of plans, in order to achieve the best of result in the case of each individual and the company as a whole.

The most important innovation of the current system is the introduction of feedback, which is equally important for all employees regardless of the position they occupy. This manner of joint planning enables the monitoring of every individual’s development. This includes encouraging further progress, timely recognition and provision of advanced training opportunities and reinforcement of mutual trust.

Fair remuneration practices are based on quantitative and qualitative studies, complex analyses of performance, results and bonuses from preceding years, as well as on the alignment with the Bank’s strategic priorities. They are aimed at incentivising and rewarding good performance, providing additional motivation to employees, as well as improving transparency and communication in the area of remuneration. When it comes to the Bank’s sales force, the Top Performers’ Club made up of the best-performing employees in sales has been introduced into the remuneration system. For the best in different positions, i.e. the winners of golden, silver and bronze medals in each of the regions where the Bank is present, there are additional incentives.

— Occupational Health and Safety and Social Support to Employees

Together with the Human Resources Service, the Security Risk Management Unit and the Trade Union are also in charge of occupational health and safety and social support to employees, with the assistance of all other organisational units of the Bank.

Physical protection, technical protection, fire protection, emergencies and occupational health and safety are in the focus of the Security Risk Management Unit which operates within the Compliance and Security Risk Management Service. These areas are of significance for all employees, so regular trainings are organised with the aim of informing the employees of the procedures and instructions in the event of robbery and other emergencies, as well as training on handling aggressive customers, basic fire protection training of employees, first aid training (one employee from each branch), occupational health and safety training, training on the use of the Technical Protection System. In addition to that, procedures, instructions and advice are communicated to employees through the internal magazine *Pulse*.

The Bank is especially committed to promoting health in the workplace with the aim of preventing diseases and improving the well-being of people at work. In order to ensure that, we encourage a healthy lifestyle of our employees, we inform employees about different health aspects, such as the choice of lifestyle, ageing, corporate culture, relations between the employer and the employee, mental health, stress management and nutrition and once a year we provide basic health check-ups to our employees.

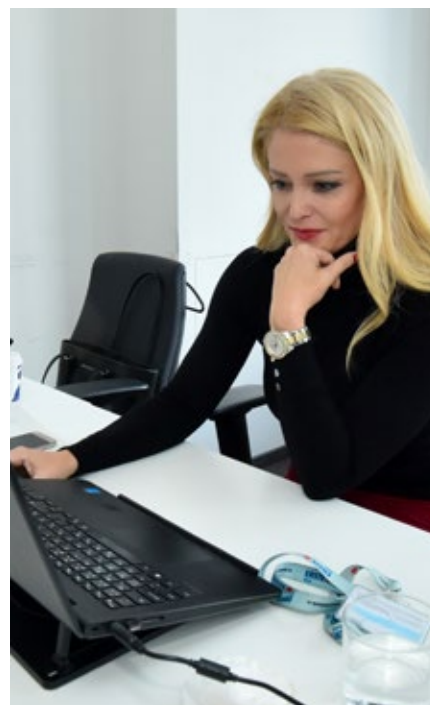
We place the highest emphasis on preventing the most common health problems related to the nature of work of most Bank employees, i.e. sitting in front of the computer for extended periods of time. Numerous health risks related to the spine, heart, and eyesight, are associated with sedentary lifestyle. For this reason, through various internal communication channels, including the internal magazine and portal, we encourage employees to engage in physical activity, providing useful advice on incorporating healthy habits into one's daily routine.

During 2018, our employees were provided the possibility of working on their health in the Bank itself as well. In three administrative buildings in Novi Sad and Belgrade, we introduced relaxation activities in the form of basic morning stretching exercises, meditation and proper breathing, as well as health parameter checks, during which employees also gained concrete recommendations for further work on improving their health. These activities were conducted under a trainer's careful supervision, while certain colleagues supported this initiative through their regular attendance and by motivating others to join them in exercising.

When Bankers Put on Football Shoes

At another futsal tournament — Group Futsal Cup Serbia 2018 — our colleague athletes won the gold and silver medal. Owing to gold medals won in tournaments in Budapest and Bratislava in the previous years, our 6 gold-winning defenders were entrusted with organising the 2018 futsal cup, which was held in Novi Sad.

At this year's tournament, in addition to sportsmanship, we also displayed a true spirit of hospitality, and fourteen teams from a total of ten European countries battled it out on the field. For our Erste children, a special treat was organised — a friendly football match.





RATE OF SERIOUS INJURIES AT WORK*	2018
EMPLOYEES	0.44
ENGAGED WORKERS (SECURITY, CLEANING ETC.)	0
INDEPENDENT SUBCONTRACTORS	0

* The rate of serious injuries at work was calculated according to the following formula: total number serious injuries at work (5) / total number of work hours (2,260,808) × 200,000.

RATE OF INJURIES AT WORK*	2018
EMPLOYEES	1.50
ENGAGED WORKERS (SECURITY, CLEANING ETC.)	0
INDEPENDENT SUBCONTRACTORS	0

* The rate of recorded injuries at work was calculated according to the following formula: total number of recorded injuries at work (17) / total number of work hours (2,260,808) × 200,000.

	2012	2013	2014	2015	2016	2017	2018
TOTAL NUMBER OF INJURIES	5	11	10	6	5	10	/*****
INJURY RATE*	0.5	1.12	1	0.58	0.48	0.92	/
TOTAL NUMBER OF LOST DAYS	56	276	318	192	87	412	/
LOST DAYS RATE**	5.59	28.17	31.80	18.55	8.42	38.02	/
TOTAL NUMBER OF SICK LEAVE DAYS***	5,753	5,939	6,501	8,027	8,332	7594	/
ABSENTEE RATE****	2.3	2.43	2.60	3.10	3.23	2.80	/

* The injury rate is the frequency of injuries per 100 employees in the reporting period. It was calculated according to the following formula: total number of injuries / total number of work hours × 200,000. The rate includes injuries specified by the pension and disability insurance regulations, based on the Report on Injury at Work/Occupational Disease (light and severe).

** The lost days rate is the frequency of lost days due to injuries per 100 employees. It was calculated according to the following formula: total number of injuries / total number of work hours × 200,000. The "days" include business days (Monday–Friday), while lost days are counted starting from the day after the accident.

*** Total number of sick leave days of all employees in the reporting period, excluding maternity leaves.

**** The absentee rate shows the percentage share of sick leave days in the total number of work days. It was calculated according to the following formula: total number of sick leave days / total number of work days of engaged workers.

***** With the introduction of GRI indicator changes in relation to injuries at work, no reporting about this data is required anymore.

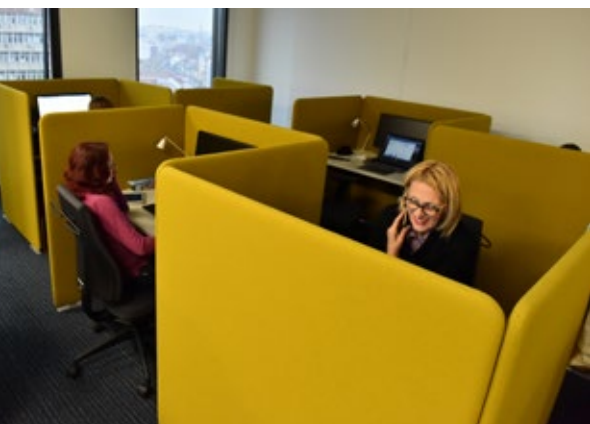
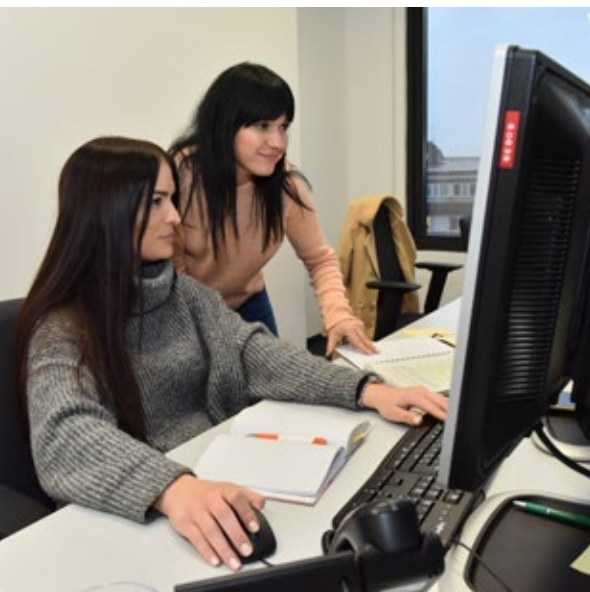
RATE OF INJURIES	2012		2013		2014		2015		2016		2017*	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NOVI SAD	0.00	0.30	0.10	0.51	0.10	0.40	0.10	0.10	-	0.19	-	0.46
BELGRADE	0.00	0.00	0.00	0.20	0.20	0.00	0.28	-	-	0.10	-	0.09
OTHER	0.00	0.20	0.00	0.31	0.00	0.30	0.10	-	-	0.19	0.09	0.28
TOTAL	0.00	0.50	0.10	1.02	0.30	0.70	0.48	0.10	-	0.48	0.09	0.83

* With the introduction of GRI indicator changes in relation to injuries at work, no reporting about this data is required anymore.

LOST DAYS RATE	2012		2013		2014		2015		2016		2017*	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
NOVI SAD	0.00	2.39	0.00	7.04	0.20	13.70	3.86	0.87	-	5.52	-	16.70
BELGRADE	0.00	0.00	0.00	2.76	7.10	0.00	12.95	-	-	1.55	-	3.14
OTHER	0.00	3.20	0.00	18.37	0.00	10.80	0.87	-	-	1.35	10.15	8.03
TOTAL	0.00	5.59	0.00	28.17	7.30	24.50	17.68	0.87	-	8.42	10.15	27.87

* With the introduction of GRI indicator changes in relation to injuries at work, no reporting about this data is required anymore.

For six years now employees have had an opportunity to undergo free full health check-ups, which we organise in cooperation with the Vizim Health Centre. Mobile teams are organised for our employees in the towns where our branches and business centres operate, which, in accordance with a defined schedule, come to agreed locations, in order to ensure maximum coverage of all our employees with this preventive health care measure. Full medical check-up provided to our employees includes the following set of preventive check-ups: basic medical check-up, full blood test, ophthalmological examination, ECG, ultrasound test of breasts, thyroid or abdomen. The new cycle of full health check-ups also continued in 2018, and benefited 620 employees.



Erste Bank Trade Union

The Erste Bank a. d. Novi Sad Independent Trade Union (SOSS) has been active for thirteen years under this name, continuing the tradition of the Bank's trade unions that is over 40 years old. In partnership with the employer, various activities are carried out aimed at employee labour-law protection and improvement of their social status. The Trade Union is managed by a committee comprising 14 representatives from all organisational units and a Chairperson elected every five years.

Through the new 2017 Collective Bargaining Agreement the following rights are realised:

- Wage denominated in dinars
- The possibility of increasing the number of annual leave days based on a decision of the immediate superior (+3 days)
- Increasing severance pay for all employees by 10% compared to the legal minimum
- Maintaining higher level of entitlements compared to the Labour Law, such as: anniversary awards for 10, 20, 30 and 40 years of service with the Bank, level of meal and vacation allowance, solidarity-social aid for employees, defined possibilities of paid leave, annual leave longer than the legal minimum, etc.

When it comes to the security and protection of life and health at work, the Collective Bargaining Agreement regulates the following topics in detail:

- Prevention of mobbing
- Collective employee insurance
- Personal data protection
- Maternity protection
- Special child care
- Protection from the termination of employment agreement
- Protection of persons with disability
- Notification of temporary inability to work.

Concepts, bodies and authorities that, in addition to the Trade Union, supervise and enforce the agreed rights and obligations are clearly defined in the Collective Bargaining Agreement.

Since 2007, the Commission for Culture has been active as part of the Trade Union, whose goal it is to provide Trade Union members with benefits related to cultural events and travel, and employees have the possibility of proposing themselves activities in which they would like to participate. During 2018, visits to a dozen theatre performances in Novi Sad were organised and attended by more than 200 theatre lovers, followed by one-day excursions to Timisoara, Venice, Visegrad, and such. For the remaining travels, the Trade Union entered into agreements on the sale of travel packages in instalments with renowned tourist agencies, with which it had been doing business for 10+ years, so Trade Union members had the opportunity

of picking the destinations themselves and paying in instalments. Also, as part of an arrangement with the Sabra travel agency, we sent three of our colleagues, who had been trade union members for several years, on an info tour to Greece.

Year 2018 will certainly also be marked by the celebration of the anniversary of the establishment of the trade union, which we organised in Novi Sad. The traditional event at which children receive Christmas gifts with sweets in Novi Sad and Belgrade again took place, and was attended by more than 300 Erste children with their mums and dads. Gifts which parents decided to donate to the less fortunate in this period, were donated to drop-in shelters for children in Novi Sad and Belgrade, and part of the gifts from the Pertini toy company to the Children's Hospital and the Children's Village.

During 2017, we continued to inform and motivate employees to give blood. As in previous years, two blood drives were organised in April and in October in Novi Sad in the Bank premises, with the participation of 80 employees.

Furthermore, as part of the programme of social support to employees, for twelve years the Trade Union has been managing, together with the Bank, the Marina Čurčić Solidarity Fund, which aims to help employees who find themselves in an adverse financial situation. Over the course of 2018, through voluntary direct contributions of employees and the allocation of part of the trade union membership fee, RSD 572,495.58 was raised, while the Bank paid RSD 2,400,000 into the fund. The Fund also included loans paid back by employees, so the total amount of RSD 4,072,408.31 was used to make 92 different disbursements aiding employees.

Funds raised from the employer, the Trade Union and voluntary employee contributions, were used to finance the aid benefiting 81 employees and 11 children beneficiaries of solidarity scholarships. Also, a humanitarian aid account was activated as well, where owing to voluntary employee contributions, significant funds were raised for the medical treatment of a little girl, our colleague's daughter (the treatment was successful completed).

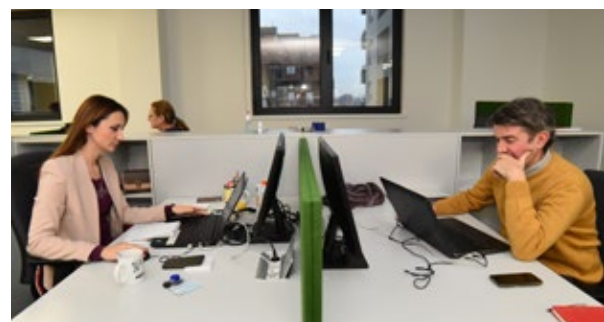
Successful cooperation with the European Works Council was continued in our headquarters in Vienna, by means of regular conferences held four times a year, discussing all matters of importance to the Group employees.

European Workers' Organisation for Social Affairs has launched the "help4health" initiative aimed at forming the Fund and defining more precisely the conditions, procedures and possibilities for obtaining aid for the medical treatment of all Erste Group employees (and their immediate family members). Activities related to this aid can be implemented through our Solidarity Fund, making it possible to raise more substantial funds for necessary treatments abroad.

The Erste Dream Team Is Once Again the Best

The second participation of the Erste team in the BOFOSIJADA — sports games in which financial organisations take part — was once again marked by numerous first places, as well as the successful defence of the trophy won last year. At this year's competition, the international sporting event held in Kladovo, in which ten teams competed in ten sports, more than 300 athletes from seven countries gathered. Despite having fewer members, the Erste dream team succeeded in winning the most points - 28 athletes in total managed to hold their own against teams several times their size.

The male part of the team won first place in volleyball and swimming, second place in chess and rope, and third place in football. Colleagues, who now deservedly carry the name Wonder Women, won four first places, namely in volleyball, basketball, chess and rope, while they won second place in archery, swimming and darts.



Responsibility to Customers



Placing customer satisfaction first, in line with modern trends in the financial sector, Erste Bank is investing in the simplification and acceleration of the process of service provision, and the adaptation of its products to different categories of customers. In addition to consistent implementation of activities in the area of responsible financing, by developing social banking and inclusive financial products, as well as investing in citizens' financial literacy, Erste Bank contributes to inclusive growth and sustainable development.

These initiatives are aligned with our Corporate Social Responsibility Strategy for 2015–2019, in which three priority areas are defined:

- Responsible financing
- Financial inclusion
- Responsible communication with customers

Our Achievements in 2018:

- ✓ The Step by Step programme providing funding and support to first-time entrepreneurs and social enterprises was expanded to civil society organisations as well
 - ✓ 100 start-ups and social enterprises were financed through the social bank, opening 146 new jobs
 - ✓ An Agreement was signed as part of the EU Programme for Employment and Social Innovation (EaSI) for financing social enterprises and non-profit organisations during the coming five years.
 - ✓ The 2018 Customer Satisfaction Index was 92.4%
-

— Responsible Financing

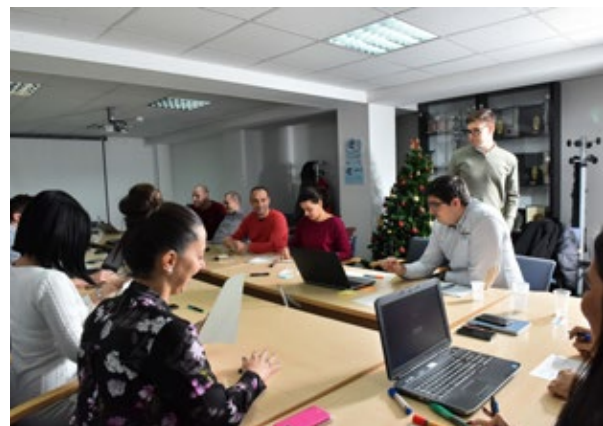
In addition to the Bank's direct impacts, all our clients' impacts arising from their business activities, may be of great importance for society. Therefore, when assessing customers and selecting projects to be financed by the Bank, exceptional attention is paid to the principles and objectives of natural and social environment protection management, which are defined in the eponymous policy adopted in 2012. The adoption of the Natural and Social Environment Protection Policy, on which several divisions worked as a team, was initiated by the Bank Executive Board.

This policy regulates credit risks and reputational risks that may arise due to inappropriate natural and social environment protection management, from the viewpoint of the Bank itself (directly), as well as from the viewpoint of the Bank's investments, i.e. the customers with whom the Bank works (indirectly). This policy contains the principles and goals of natural and social environment protection management and has an impact on the selection of customers or projects to be financed by the Bank, but also on the actions that should be taken with the aim of further analysis and mitigation of any negative effects.

The Natural and Social Environment Protection Policy is within the competence of eight business functions:

- The Communication Department, as part of the Marketing and Communications Division, is involved in reporting and comprehensive monitoring of this issue in the Bank;
- The Credit Risk Management Division regulates credit risk assessment and the management of this risk from the aspect of environmental and social impacts;
- The Compliance and Security Risk Management Service;
- The Property Management Service is involved in property management so as to reduce negative environmental impacts and find ways of achieving a positive impact;
- The Corporate Division is in direct contact with customers. The employees in this division gain a comprehensive insight into their customer by visiting the customer and using other communication methods, assess customer risks related to the natural and social environment, are in charge of questionnaire completion, submit their findings via the credit application and propose possible actions (additional information, additional analyses, due diligence, etc.);
- The Retail Sales Division;
- The ALM Service officially establishes relations with international financial institutions (IFIs) by means of agreements, monitors the use of the funds from granted credit lines and is in charge of communication with IFIs;
- The Human Resources Service.

All these actions may result in a refusal to cooperate with the customers assessed, due to their business activity or any other parameter, that they may have a very high negative impact on the Bank (both financial and reputational). The refusal may occur at the first stage or at any of the following stages, if it is assessed that the existing risks cannot be managed in an acceptable manner. The actions may also result in a request for additional information, additional analyses or preparation of a



due diligence report by an independent expert body or third parties. In addition, all this may result in the inclusion of additional clauses in the contract with the aim of minimising and monitoring the above-mentioned risks.

Relationship Managers (RLM) are obliged to monitor the fulfilment of contractual clauses by customers in accordance with the credit decision and contract and to check the customer's compliance with the contractual clauses at least once a year in the course of the Annual Review. The check may be performed more frequently if there is a justified reason for doing so. It may be initiated by a Relationship Manager or a Risk Manager. Relationship Managers perform the check by an on-site visit, by inspecting specific documents and by special analyses.

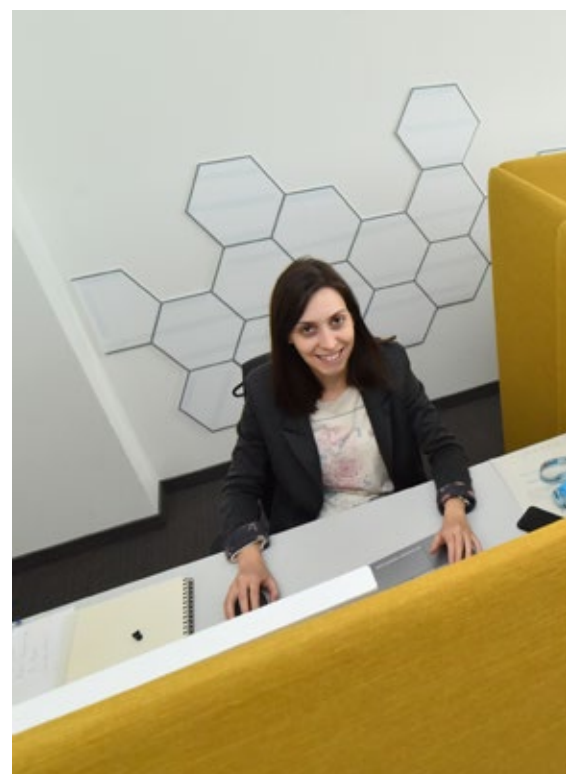
In addition to being responsible for monitoring the fulfilment of contractual obligations by customers, Relationship Managers are regularly involved in interaction with customers in connection with socio-economic issues. All customers who apply for a credit product of the Bank (loan, overdraft facility, guarantee, etc.), regardless of the exposure level, complete a questionnaire prescribed by the Natural and Social Environment Protection Policy, which contains questions regarding:

- Operation in accordance with the national and international legal regulations related to natural and social environment protection;
- Impacts of raw materials, semi-finished and finished products of the company on natural and social environment;
- Threats to waters, soil, air and/or population in the vicinity of the locations at which the company operations take place;
- High-quality waste and energy efficiency management;
- Respect of employee rights and transparent operation towards society and key stakeholders.

The aim of the questionnaire is the provision of a valid customer statement, while the Relationship Managers are obliged, in accordance with the Policy, to assess the information provided by the customer and request additional information or send a request for due diligence, as needed.

When a loan application is initiated at the Corporate and Micro Client Risk Management Departments, the Risk Manager assesses the risks in connection with social and environmental topics and their impact on credit risk and reputational risk. If deemed necessary, the Risk Manager may request additional information, including environmental and other licences, or send a due diligence request.

In June 2013, the Responsible Financing Policy was also adopted, with the intention of defining, based on the Erste Group's Principles of Responsible Financing, the principles of responsible financing in relation to socially, environmentally and ethically sensitive sectors. For this purpose, the first set of principles was developed relating to the energy sector and the defence/armament industry, as well as to the





Bank's view on financing political parties. The Policy regulates credit and reputational risks that may arise due to inappropriate choice of customers from the viewpoint of the business activity in which they are engaged and potential impacts of such financing on society, regardless of the type of customer.

The Policy was updated during 2018 and changes included the following:

- Clarification and updating of processes
- Clarification of suitable and unsuitable transactions for the Nuclear Segment.
- Updating the classification of active military products as well as dual use products.

The Responsible Financing Policy is within the competence of three business functions, with a strong support of the legal function:

- The Corporate Division and Retail Sales Division, in which the employees gain a comprehensive insight into the customer and the type of financing, compare the requested financing with the Policy and make a preliminary assessment of the effects of financing in relation to the environment. These business lines apply the basic principles of this policy and assess non-financial risks, thus constituting the first "line of defence".
- The Compliance and Security Risk Management Service assists the employees of the Corporate Division and the Risk Management Division in giving recommendations concerning the assessed effects of financing, interpreting the Policy provisions, obtaining additional opinions / analyses regarding customers and effects of their earlier similar financing, and in giving the final opinion about whether that financing has detrimental effects on society and the environment. Apart from ensuring that national and international agreements and sanctions are respected within Erste Group, if needed, they provide additional information, so that business lines may assess whether the agreement is contrary to the Policy.
- The Credit Risk Management Division – when preparing the final recommendation on financing, takes fully into account the opinion of the Compliance Service and orders measures of risk mitigation or control arising from the Policy if deemed necessary.

The result of these assessments may be a refusal to finance if the financing has detrimental effects on society or the environment.

An example that is most commonly used in the Policy application training courses explains the importance of clear differentiation between customer assessment and the assessment of the specific application for financing, regardless of the customer's core business. This means the following: if company A, which is engaged in oil refining and categorised as a polluter, requests financing from the Bank, prior to the final decision it is important to consider for what purpose financing is requested. If the application was submitted for financing the purchase and installation of major systems for the treatment and isolation of toxic substances that are by-products of production, the Bank will finance the project in accordance with its Responsible



Financing Policy, but care must be taken of the risk control measures – checking whether the granted funds are used for the intended purpose.

In 2018, 48 customers were checked for compliance with the Responsible Financing Policy of a total of 98 cases — individual customer applications. In one case cooperation was terminated upon analysis.

The Responsible Financing Policy and the Natural and Social Environment Protection Policy are available to employees on the Bank's internal portal, the InfoNet.

In accordance with the General and Individual Act Management Policy of Erste Bank a. d. Novi Sad, the internal documents of the Bank must be reviewed at least once a year. The updating of internal acts is within the competence of the document owners who, when reviewing them, take into account changes in regulations, organisational changes, changes in methodology and other. The Compliance Service takes care of the process of harmonisation, official adoption and timely revision of documents. The Internal Audit Service assesses the application of internal documents in the processes that are the subject of audit in accordance with the adopted Annual Plan and the Individual Audit Programme. The Natural and Social Environment Protection Policy applied in 2018 in the same form as in the previous year, and the Responsible Financing Policy was enhanced as stated above.

In the area of environmental protection, Erste Bank has for years been among the leaders when it comes to investments in energy efficiency and renewable energy source projects and is recognised as a true partner to all companies interested in starting and developing such projects (read more about these initiatives in the "Responsibility to the Environment" chapter, pp. 112–122).

Financial Inclusion

In Erste Bank we believe that for the prosperity of society as a whole, the achievement of inclusive growth and sustainable development is of decisive importance. In order to bring positive change, our role is to secure financial access to our products and services for all. That is why we strive to contribute, in an innovative manner, to the development of entrepreneurship as the basic pillar of development and prospects of our national economy. In addition to creating innovative support programmes and inclusive financial products, we also strive to create, through our dedicated work on improving financial literacy, the preconditions for better economic sustainability of society as a whole.

Step by Step Programme

Back in 1819, the first Austrian Savings Bank (Erste Oesterreichische Sparkasse) was founded with the aim of solving, in an entrepreneurial manner, a social problem. Priest Johann Baptist Weber and his *social entrepreneurs* had a good business idea and founded the savings bank that enabled persons with low income to get bank accounts, which until then had not been possible. Going back to its roots 200 years later, Erste Group launched a social bank programme called Step by Step which supports the promotion of financial literacy and the inclusion of society as a whole and brings banking services closer to society in the broadest sense of the term.

Towards the end of 2016, Erste Bank Serbia launched the Step by Step programme, which was preceded by a rich experience gained through the Superstep programme — a comprehensive education and support programme for young entrepreneurs which was implemented in the 2010-2015 period, and which has since 2011 been part of the Youth Business Serbia programme, launched by Smart Kolektiv.

Comprehensive Support

The Step by Step Programme is aimed at supporting start-up companies, social enterprises, civil society organisations that contribute to positive economic and social changes, as well as individuals, low-income natural persons who wish to improve their economic situation.

With the programme launch in 2016, comprehensive support to start-ups in business for less than two years and social enterprises regardless of their business history, was implemented. The end of 2017 and beginning of 2018 saw the creation and placement of part of the programme aimed at civil society organisations. In 2019, we plan to activate the final stage of the programme aimed at supporting individuals with lower incomes than the official minimum, i.e. those living at risk of poverty.

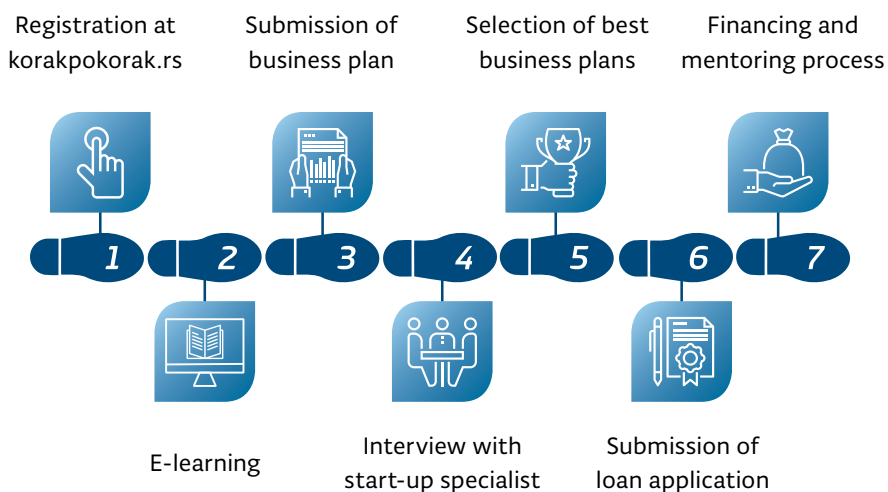
Through the Step by Step Programme, since its launch until now, more than EUR 1,000,000 of funds have been placed and 276 new jobs created, while more than 10 loans were approved to non-profit organisations and social enterprises in the total amount of 200,000 euros, which will use these funds to multiply their positive impact on the community and society as a whole.

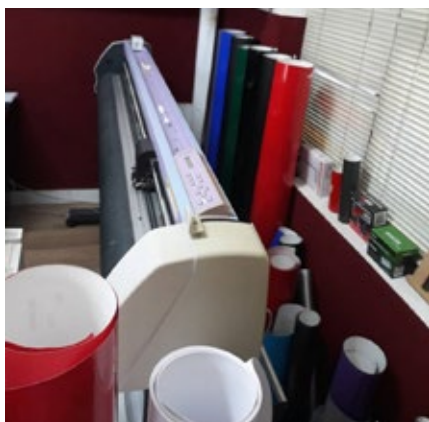
Types of support:



During the two years of the programme's implementation, first-time entrepreneurs from across Serbia received support: 17% of beneficiaries are from villages and small towns, almost 60% are from cities, and 28% are from Belgrade.

The programme steps are the following:





Programme Requirements

In the first year of the programme, customers had at their disposal investment loans and working capital loans in dinars and euros, with a maximum grace period of one year.

Requirements for participation in the programme:

- The business has been operational for **less than 24 months** (applies only to start-ups)
- There are **no related legal entities**
- **Clean** credit bureau report of the business and the business owner
- Mandatory **10% participation** in investment
- Submitting proforma invoices aligned with the loan purpose
- **The business owner** is of a Serbian resident
- The business does not have **more than nine employees**
- Maximum loan amount:
 - Up to 12 months of doing business – EUR 10,000
 - 12 to 24 months of doing business – EUR 25,000

Investment loan — financing the procurement of equipment and vehicles, refurbishment of business premises or expansion of production facility with a longer repayment period, grace period and minimum collateral.

- The loan can be denominated in **RSD / EUR**
- Repayment period of up to **60 months**
- Grace period of up to **12 months**
- Payment in monthly instalments
- Underwriting fee **0.25%**
- Mandatory **10%** participation and submission of **proforma invoices**
- **Bills of exchange** as collateral
- **Simple procedure**

Permanent working capital loan — financing the procurement of raw materials, supplies, finished products and goods with a longer repayment period, grace period and minimum collateral.

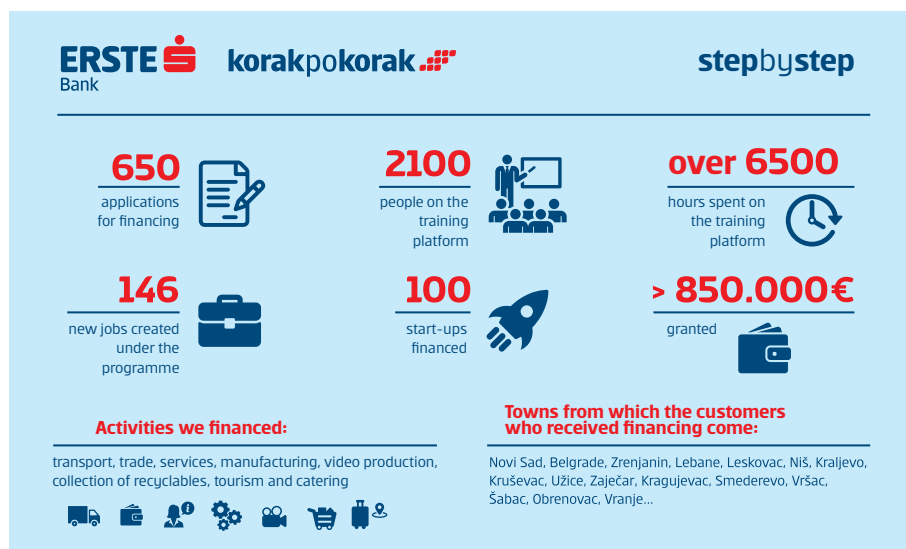
- The loan can be denominated in **RSD / EUR**
- Repayment period of up to **36 months**
- Grace period of up to **12 months**
- Payment in monthly instalments
- Underwriting fee **0.5%**
- Mandatory **10%** participation and submission of **proforma invoices**
- **Bills of exchange** as collateral
- **Simple procedure**

With the Step by Step programme we became the first bank in the market that provides loans in amounts of up to EUR 10,000 to companies with a history of operation shorter than 12 months, or EUR 25,000 to companies with a history of operation shorter than 24 months, without collateral and with free training and mentoring support. The actual loan amount depends on the quality of the business idea, defined business model, financial projections and, naturally, repayment capacity.

Results in 2018

In 2018, Erste Bank launched the second phase of the programme, the programme of support to civil society organisations and social enterprises, as part of which financial funds in the amount of EUR 200,000 were received by ten organisations.

During 2018, through the social bank, loans amounting to over **EUR 850,000** were granted, while more than 100 days of mentoring were provided to programme beneficiaries.



Additional information regarding the programme:

- In 2018, Erste Group member banks and the European Investment Fund (EIF) signed a Social Entrepreneurship Guarantee Agreement aimed at financing social organisations as part of the EU Programme for Employment and Social Innovation (EaSI). This new guarantee agreement enables Erste Group's network of local banks to secure a total of EUR 50 million in loans for more than 500 social enterprises and non-profit organisations during the coming five years in Austria, Serbia, Croatia, the Czech Republic, Hungary, Romania and Slovakia. The planned portfolio for Serbia amounts to between one and two million euros, intended for approximately 50 social enterprises and civil society organisations, which will be able to benefit from loans under favourable terms, with minimum collateral.
- Under the Step by Step programme, the Bank is working together with the organisations Smart Kolektiv, Eneca, Kragujevac Business Development Centre and Business Innovation Programmes on education, preliminary selection and mentoring support to start-ups and social enterprises. During 2018, the programme gained a new external partner, Catalyst Foundation, which provides assistance to the education and mentoring of civil society organisations.
- The expansion of the programme to all of Erste Group's seven core markets will be completed by 2019. The programme is aimed at helping create 5,000 new jobs in the Central and Eastern Europe region, securing funding for 500 social enterprises and improving the financial stability of 25,000 formerly low-income individuals, by 2019.



— Financial Literacy

Financial management is a knowledge that has a significant impact on every individual's life, and responsible decision-making in this segment is a skill that can change our future. With that in mind, the Bank approaches, in a systematic manner, the provision of information and education on financial topics, to not only its current and potential clients but the community as a whole.

Therefore, the Bank has committed to approaching the topic of financial literacy in several ways:

- By launching the Step by Step programme, as a uniquely comprehensive programme aimed at providing training and multi-layered support to start-ups, social enterprises, civil society organisations and individuals at risk of poverty;
- By working on creating the #ErsteZnali digital platform, which brings complex financial subjects closer to all of us in an interesting and understandable manner;
- By providing direct support to existing social enterprises through different forms of mentoring, advisory, product purchases, marketing support etc.;
- By taking part in and supporting programmes, conferences and events that promote entrepreneurship, self-employment and self-sufficiency.

Financial Literacy through the Step by Step Programme

According to a study by the Organisation for Economic Cooperation and Development – OECD, one in two clients lacks a basic understanding of the banking product he or she is using. Due to this worrying fact, Erste Group has set improving financial literacy as one of its priorities.

Under the Step by Step programme, through cooperation with partners from the non-governmental sector we have developed a joint educational programme that is implemented before financing is granted with a view to providing training to our potential customers. It covers:

1. An online education platform aimed at providing support in developing business plans. The platform combines several types of content (presentations, video, cooperation) that provide an opportunity to different types of people to gain knowledge in a way that is most suited to them.
2. Offline workshops, which were customised to the programme beneficiaries' needs with the aim of raising their business capacities. The workshops were held in several towns in Serbia in order to facilitate access to as many beneficiaries as possible.

In addition, after defining and providing financial support – a loan, our partners continue to support clients during a one-year mentoring programme customised to customer needs and aimed at their personal and professional development. Mentors are experienced entrepreneurs from different industries, who, with their knowledge and experience, help entrepreneurs take their businesses to the next





level. The Bank carries out a programme in cooperation with partners from the civil sector, the Start-up Alliance and Smart Kolektiv.

In addition to the training under the Step by Step programme, the Bank seeks, in different ways, to improve the financial literacy of not only its customers but also the broader community. As in the past, in 2018 Erste Bank provided information to clients through all the Bank's official profiles on social networks and other digital channels by publishing advice on proper financial management, results of surveys on financial habits of the population and other useful information on financial trends, products and benefits for customers.

#ErsteZnali

When it comes to the financial education of the community, we have decided to raise our contribution to the next level. During 2018, we were hard at work devising a new financial education programme called #ErsteZnali, which meets the modern demands of fast two-way online communication and makes information on financial topics readily accessible to all.

The programme will be aimed at the broadest community, from our youngest fellow citizens to all adults who wish to better learn about personal finance management, savings, credit products, how to save time and money by using electronic banking and many other relevant topics. We will invest efforts in making the content as attractive, interesting and useful as possible, accompanied with real-life examples and the possibility of knowledge competitions among users. The www.ErsteZnali.rs platform is intended for everyone who knows that they need help and support in better understanding and managing finances in order to make better decisions, but also for those who are not yet aware of that need.

Specific Erste Bank products will not be promoted on the platform, while the content will be constantly expanded and innovated, and will gradually involve an ever-greater number of colleagues who will enrich it with their knowledge and experience. The launch of the #ErsteZnali platform is scheduled for the start of 2019.

Support to Social Enterprises and Innovative Community Projects

Over the years the Bank has been providing intensive support to social enterprises: both by purchasing their products and services, and by means of advisory and mentoring support in the area of business idea and plan development, public relations and marketing, by organising sales bazaars in Bank premises, etc. In addition



to creating inclusive products, through training, mentoring and personal and professional development support programmes, the Bank also strives to prepare entrepreneurs properly to leverage all the advantages of a business mind-set in order to trigger positive changes in society.

Through our Superste donation programme, in addition to helping develop an idea fostering community engagement, participants also gained knowledge about budgeting and making a financial plan at a workshop held by experts from the Trag Foundation.

Under the Social Impact Award programme, our colleagues took part in a mentoring programme for social entrepreneurs in the making and helped them develop their business ideas.

A traditional Christmas Bazaar was also organised in the Bank premises, at which the following organisations sold products: Milan Petrović Special Primary and Secondary School, Šuma Pastry Shop, Petrović Art Workshop, social enterprises Radanska Ruža and BIOIDEA.



In addition, the Bank regularly orders products from social enterprises, which guarantees a steady cash inflow to them, as well as their survival in the market, while guarantying the Bank a supply of quality and unique products. In 2018, the Bank mostly cooperated in this way with social enterprises Eko BaG, Bioidea Sapuni, the Work Centre of Milan Petrović Special Primary and Secondary School and Super Natural, investing over RSD 700,000 in purchasing their products.

The Bank has traditionally supported the National Forum for Green Ideas and, in addition to providing a prize, it has helped the participants better prepare themselves. Two trainings were held: one as a form of support to the development of green business ideas, and other on the topic of public performance.



Support to Youth Career Development

One of the initiatives of the Human Resources Service which was launched in 2018, is the strategic employment of young people. The aim is to create, through an internship programme, a pool of candidates for junior positions and give a chance to proactive people at the beginning of their career. The first step in that direction is the Become Part of the Erste Team internship programme.

In the previous period, through cooperation with universities and student organisations, at fairs, workshops and panels, we presented the internship programme and worked on better positioning of Erste Bank as a desirable employer. Hana Škero Kosić, Head of the Human Resources Service, was one of the speakers on the Talent Management panel at the Belgrade Youth Fair event and shared her professional experience. As part of Internship Days at the School of Organisational Sciences, we

participated in the Job Interview Try-out simulation, in which we helped students to experience a job interview for the first time.

Together with our partners, as well as AIESEC, our colleague Jovana Zeljić organised workshops as part of the New Leaders Conference. In Čačak, our colleague Slavica Stamenić spoke on the topic of sales skills, and in Subotica our colleague Sreten Vranić shared his experience on the subject of Corporation vs Start up.

In the coming period, we expect to receive interns, and we seek to introduce them, in a structured manner, to the bank, train and empower them for potential future positions.

Spreading knowledge and better information about financial products was also continued through active participation in conferences such as: wwvrsac: Live Locally — Work Globally!, Webiz, etc., which feature the topics of entrepreneurship, online communication and promotion, financial education with regard to online banking, etc. Also, My Business in the Global Village business forum was held for the first time in Novi Sad, at which our colleague Bojan Vukilić presented the Step by Step financing programme to new and aspiring entrepreneurs.

Read more about the financial literacy programmes in the “Fellow Citizens in the Communities in which We Operate” chapter, pp. 92–111.

Inclusive Products and Services for Elderly Fellow Citizens

The pensioners' loan with the life insurance policy included in the loan price was introduced in mid-2015. The Bank modified this product for its elderly customers in 2016. The maximum loan amount was raised in agreement with the insurance company from RSD 700,000 to RSD 1,200,000, improving this product for elderly fellow citizens.

During 2018, 4,090 loans were granted to pensioners, amounting to EUR 1,309,564,213.

New Credit Line for the Youth

As part of the new EIB APEX III/B credit line, whose disbursement began in 2017, intended for small and medium-sized enterprises and other priorities, based on the financial agreement between the European Investment Bank, the Republic of Serbia and the National Bank of Serbia, long-term loans are, inter alia, also intended for financing job creation projects for young people of the Western Balkans. This line includes long-term loans for financing small and medium-sized enterprises, mid-caps, as well as priority investment projects of limited scope, which are promoted by end-users, of any size, in the area of environmental protection, healthcare and education.



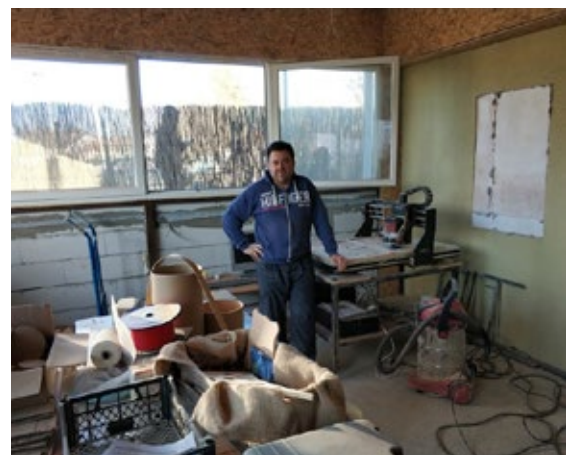
Savings Habits in Serbia

According to the latest Erste Group survey on savings habits and attitudes of the citizens of Serbia, 48% of our citizens save money, saving an average of RSD 4,819 a month. Two thirds of respondents stated that they are most commonly able to save between two and six thousand dinars, while eight percent of those surveyed save more than 12,000 dinars a month. In addition, one third of respondents set their fixed savings amount in advance, while two thirds of them save flexibly — setting aside funds left over at the end of the month or year.

Almost half of those surveyed believe that investment products are “difficult to understand”, and one in ten believes that they are “only suited for the adventurous”.

Two thirds of citizens stated that saving money is rather or very important to them, with the largest share of this group still consisting of people over the age of 50. One in ten savers is “very satisfied” with their current savings. In the past four years, satisfaction with savings amounts rose, from 18 percent of people satisfied in 2017 to 30 percent this year.

Support to Entrepreneurship



Taking the first steps in the development of a company or maintaining an existing business in spite of numerous challenges, is something that requires great effort on the part of entrepreneurs. In order to facilitate and adapt the process of raising funds and obtaining other accompanying services for its clients from the entrepreneurship sector, Erste Bank is constantly upgrading the processes and setting strategic goals in this area.

In this context, Erste Group reaffirmed the importance of doing business with small and medium-sized enterprises and designed a new business strategy for this segment in 2016, with the aim of becoming no. 1 bank for small and medium-sized enterprises in our region by 2020. Each member country of the Group, and therefore Serbia as well, designed its own SME Banking Strategy and the goals it wishes to achieve in the next five-year period in order to enable these business segments, through partnership and availability, to have the same access to favourable funding at a lower interest rate, as is the case with large companies. Process standardisation and simplification, with a clear focus on the needs of SME customers, will lead to the achievement of the final goals by 2020, with constant improvement of customer satisfaction and increase in efficiency.



— Responsible Communication with Customer

Process digitalisation and optimisation marked the period behind us, but the main goal remained the same, and that is customer care. In 2018, we continued with the education and training programmes aimed at placing the customer even more successfully in the centre of our business, we increased our sales efficiency, additionally improved the motivation and training of our employees, and all of us together became active participants of the digital world.

Faster Reports, Higher Customer Satisfaction

One of the basic functions of the SABINE and EBA Analysis Unit pertains to the entry of financial reports in the Sabine application with the aim of obtaining the SABINE reports, which are necessary in the process of defining ratings and financial analysis of corporate customers.

Bearing in mind that the improvement of this function has a direct impact on the duration of the loan approval process, and consequently on customer satisfaction as well, a decision was taken to launch the SabineGo project. The project also included the automation of the entry of the basic form of official financial statements into the Sabine application with the primary goal of accelerating the delivery of the SABINE report.

Although the project was closed only recently, considerable process improvements are already visible:

- SABINE reports for micro customers are delivered on the same day (compared to 2–3 days in the previous period).
- SABINE reports for corporate clients are delivered within 48 hours, while for customers for whom there are no other comments, this deadline is 24 hours (compared to 2–5 days in the previous period).
- Operational risk has been reduced with regard to basic financial data entry and space has been created for the improvement of quality of entry of more complex financial statements.
- The SABINE and EBA Analysis Unit took over the entry of the trial balance for current corporate clients, which enabled a more optimised and efficient use of resources in the Corporate Service Centre Unit

Simpler and Faster: Growth of the number of approved online loans

Through the introduction of digital services, bank clients' habits are changing, so in addition to checking their bank balance and transactions, citizens use their computers, tablets and smartphones as mobile branches for opening accounts and submitting loan applications. That is how traditional branches are increasingly taking on an educational and advisory function, providing support to clients in making the best financial decisions. That this trend is also present in Serbia is confirmed by the fact that the number of clients to whom online loans were approved in Erste Bank during 2018 increased fivefold.



Digital Hub — Team for Change

Launching and developing projects leveraging all the benefits of digital technologies and innovations also continued during 2018 in Erste Bank's Digital Hub team, namely with the development of exciting solutions for clients that very few banks in the market can boast.

Colleagues from the Digital Hub worked according to the Agile project management methodology, designed to solve complex problems and deliver creative solutions and products that provide great value to clients. An agile way of working entails great autonomy in decision-making, self-organisation and constant receipt of client feedback, which makes the entire process much more efficient and focused on making the end result tailored to the user of the product or service.

The team was multidisciplinary and consisted of colleagues from different divisions such as business development, marketing, communication and IT. In addition to the core team, colleagues from different divisions who contributed with their expertise in various areas, were also included in the Digital Hub's work. The activity with which this journey began was a three-day training provided by a colleague from Erste Group IT, Igor Parać, who introduced the team to the basics of the Agile methodology and helped them set goals and plan the coming period.

In 2018, the Digital Hub team was divided into two groups with specific names, according to the areas in which they operate: "Meet the WIENERS!" and "Feel the ATMosphere". The first team was in charge of upgrading the sales of Wiener Städtische insurance products (website, call centre, express sub-branches), and the other of strengthening and refreshing the most used channel — the ATM. The redesign of existing ATM screens, as well as the introduction of new, dynamic devices, will provide users with a new ATMosphere when using them. Following the completion of the project, the ATM will recognise Erste Bank clients and know their preferred language, most common amounts of cash withdrawals, offer them campaigns tailored to them - full, personalised service on the spot.



Customer-friendly Website

In early 2017 Erste Bank launched a new website designed to meet, in the simplest and visually most appealing manner possible, the needs of existing and potential clients in the digital environment. The website called Emil is aligned with new technology trends, and its content completely adapts to the device from which it is accessed. It was developed in line with the highest visual standards, with the aim of creating a unique user experience for all customers within the Erste Group.

The website has become an indispensable place for accessing new information both for existing and new clients. That is precisely why we continued upgrading it in 2018 as well. Three hundred and nineteen new webpages were created, most of which in English, so that today we have a completely bilingual website.

We have introduced a new tool for tracking visitor behaviour to identify “sore” spots on webpages as well as most used functionalities. This is how we are able to upgrade the webpage structure so that visitors access the information they need more simply and quickly, such as finding the closest locations of branches and ATMs, exchange rates or product websites. By changing the position of sections, call-to-action buttons, photographs and specific functionalities, we can impact the content that clients wish to see in the first and second scroll, thereby increasing overall customer satisfaction while visiting the website pages.

As part of the Digital Hub, we worked on upgrading the application process for online accounts and unsecured loans. The number of steps needed to complete the process was reduced and communication additionally adapted to clients in order to facilitate required data entry. All of this had a significant impact on the online sales of these Bank products.

Customer Information

The Law on the Protection of Financial Service Users also regulates the issues of providing information about products and services to consumers and the Bank strives to ensure that every form of information is clear and accurate for customers. Easily accessible and transparent information about Bank products and business practices is required by consumers and end users in the process of informed decision-making. In cases where an advertisement for deposits or loans includes an interest rate or any numerical data relating to cost or income, the Bank clearly and accurately specifies, on a representative example, the following:

- Information about the type of deposit/loan
- Information about the level and variability of annual nominal interest rate
- Information about the effective interest rate
- Information about the currency in which the deposit/loan is contracted
- Information about the period for which the deposit/loan is contracted
- Information about the deposit/loan indexing criterion

Interesting Figures:

- 2018 saw an increase in the total number of website visits by approximately 20% relative to 2017.
 - There was a notable rise in website use when it comes to mobile phones, of almost 10%.
 - The average time spent by visitors on the website in 2018 was two minutes and sixteen seconds, up by about thirty seconds relative to 2017.
-

Our Employees Are Also Our Clients

Erste Bank continuously conducts activities aimed at increasing employee satisfaction. In 2018, Erste Bank conducted an employee survey to find out their level of satisfaction as users of our products and services. Special emphasis was placed on satisfaction with benefits enjoyed when using products and services compared to regular clients. The information obtained was used to compile a plan of activities aimed at upgrading employee satisfaction in this segment as well.

Your Opinion Matters to Us!

Active customer communication channels:

- Through the Suggestions and Complaints section on the Bank's website www.erstebank.rs.
- Call Centre — for all information about products and services and feedback from customers:
 - A toll-free telephone number for calls from Serbia for all landline and mobile networks (8 a.m. to 7 p.m. on business days and 8 a.m. to 2 p.m. on Saturdays) **0800/201 201**
 - For mobile phone calls and calls from abroad **+38160/48 48 000**
- Skype (8 a.m. to 7 p.m. on business days and 8 a.m. to 2 p.m. on Saturdays) Skype name: **ErsteBankSerbia**
- ERSTE (available via all networks) **37783**
- Official Facebook and Twitter profiles, through which customers receive answers to their questions in the shortest time possible
- Advisors in our branches — on business days, for advisory and any other type of assistance
- Addresses for communication with stakeholders: **info@erstebank.rs** **dop@erstebank.rs** **zivotnasredina@erstebank.rs**
- Complaint channels: **zalbe.stanovnistvo@erstebank.rs** **zalbe.mikro.preduzeca@erstebank.rs** **zalbe.preduzeca@erstebank.rs**
- Brochure available at all Bank branches

- Information about the total amount of deposit/loan
- Information about all costs borne by the customer
- Information about deposit insurance and its effects

* The data relate to all retail deposit and loan products, which are among the most common products of the Bank. All of the above data are communicated to corporate customers at meetings with the Bank representatives.

During 2018, Erste Bank did not record any cases of non-compliance with the regulations concerning adequate customer information about the products and services, which was established by a detailed review of the grievance and complaint management application. No cases of customer privacy violation, no complaints regarding the loss of customer personal data and no complaints regarding the respect of human rights were recorded, either.

The Erste Bank complaint management system includes the Grievance and Complaint Management Procedure, the procedure — process for lodging complaints by insurance service users, and the instructions for the Repozza application, owing to which all customer complaints, as well as their commendations and suggestions sent through any communication channel, including verbal complaints, are consolidated in one place, from where they are processed faster by the Customer Service Centre Unit of the Operations Division and the unit within the Marketing Department that manages quality processes. After recording the complaint, the competent services check all of the customer's allegations and, after all checks, a response is sent to the customer.

Responsible Marketing

In all markets where it operates, Erste Bank offers products and services that fully comply with the legal norms, high Group standards, as well as the company's ethics principles. The Bank conducts its marketing activities in line with the Advertising Law, the Consumer Protection Law and the Law on the Protection of Financial Service Users, which regulate this area in detail, so the Bank did not adopt any special internal standards or codes. In addition, three basic principles underpinning the Bank product advertising in the media are the following: relevant, clear and humane. A set of questions is defined for each of these categories, so by answering them for each form of marketing communication the extent to which each advertising message meets these criteria is verified.

The Marketing Strategy adopted in 2013 provides that the adapted Group solutions would no longer be used; instead, the Bank develops the solutions independently, so that they are better suited to the domestic market and customers. The Strategy also provides for adaptation to new expectations of customers, who are no longer focused solely on spending, but also assess the company's ethical and value commitments when choosing products and services.



New Integrated Campaign of Erste Bank – Because We Believe in Ourselves and Others!

We kicked off 2018 with “an unusual start”, by launching a new Erste Bank image campaign #believeinyourself broadcast on TV in Serbia during the Christmas holidays and drawing attention to the importance of believing in one’s own potential, as well as the importance of support of all of us, the entire community, on the path to realising it.

A Campaign that Motivates and Inspires

Our campaign, which debuted in late 2017 at an event for employees, is part of a new Erste Group creative concept and centers on real people and their life stories, those that motivated them to develop, to be the best, to deal with prejudice, stereotypes, entrenched opinions and other life obstacles. Each Erste Group member country had the freedom of choosing its own individual direction, a local, relevant story, which inspires, motivates and sends a strong message that by pointing out the problem, only together, united, can we make progress and a significant impact.

The first TV ad based on the new concept was broadcast in Austria in early 2017, and then came TV ads of other Erste Group members — the Czech Republic, Romania, Hungary, Croatia, Slovakia. The new Erste Group creative concept was originally designed by the Hamburg-based Jung von Matt marketing agency. Those in charge of designing and implementing each individual concept in Erste Group member countries provided us with great support during the entire creative process by placing at our disposal their best people, who worked with us on developing the idea and scenario for the TV ad. The final version of the TV ad is a result of joint efforts of the Marketing and Communication Division, followed by the local creative agency Executive Group, team members of Erste Group’s Group Brand Communications, and, naturally, the above-mentioned Jung von Matt agency.

We found inspiration for our TV ad in the so-called “brain drain”, to be more precise, in the devastating statistics that more than 30,000 people leave Serbia every year, be it temporarily, for the sake of professional development, or forever.

Of them, 4,000 are young and highly-educated people. Aware of the need for reducing this figure, we sought, through the #believeinyourself campaign, to raise awareness of the importance of supporting young people by continuously investing in their knowledge and much-needed experience, because we believe in the right to opportunity — that everyone has the right to the possibility of self-actualisation in their own country, in which they were born and went to school.



Customer Satisfaction

In line with the Erste Group standards, once a year Erste Bank conducts a retail and corporate customer satisfaction survey:

- Customers who predominantly use branches for performing transactions with the Bank (82 branches, stratified sample according to the total number of customers of each branch, total sample 4440 customers)
- Customers who predominantly use e-banking – the NetBanking product for performing transactions with the Bank (478 customers)
- Customers who predominantly use Mobile Banking – the mBanking product in performing transactions with the Bank (501 customers)
- Micro customers (384 customers) and
- SME customers (304 customers).

Customers rate more than 20 aspects of their cooperation with the Bank. The survey is conducted using the face-to-face method at the Erste Bank branches, by completing an online survey (Netigate tool for NetBanking and mBanking customers) and CATI – method of telephone survey of corporate customers. A seven-degree scale is used for rating satisfaction from 1 to 7, where 1 is the lowest rating and 7 is the highest rating. The rating of overall satisfaction of all three customer segments is consolidated in a single rating, the CSI – Customer Satisfaction Index, on the scale from 1% to 100% satisfaction level. Since 2018, instead of rating their satisfaction with each individual product, respondents rated their overall satisfaction with all products through a single question. The survey results or its parts are used for the Bank's internal purposes and serve for improving the service and increasing the customer satisfaction level.

The 2018 Customer Satisfaction Index at the Bank level was 92.40%, and the average rating was 6.48 out of 7. All planned goals have been realised. The general satisfaction with products and services is 95% among retail customers, 86% among micro customers and 83% among corporate customers.

In addition to the Customer Satisfaction Survey, Erste Bank also measures customer satisfaction with granted products, by using the so-called event-triggered surveys. Each individual for whom a current account or an FX account was opened, who deposited savings or to whom a cash loan or a housing loan was granted, receives an online survey or is called by phone by the Bank within one week at the latest, and is given an opportunity to state his/her experience and (dis)satisfaction with the process. Customers from small enterprise and entrepreneur segment are surveyed after each loan is granted. In this way, not only can the customers immediately convey their experience to us but they also give the Bank a possibility to react immediately if they are not satisfied with the process.

Moments of Truth – From Survey to Service Quality Improvement

In 2018 as well, our Bank was highly committed to service quality and to satisfying the needs of each customer with whom we do business. We work tirelessly on improvements in each business aspect where educated and informed customers demand and expect more engagement from us.

Striving to improve the user experience of our clients, we have introduced a major transformation in the work of the team in charge of this matter. The Customer Experience Committee (CX) evolved into CX Tribe, which is now chaired over by the entire Executive Board of the Bank. That means that the Tribe has been empowered to tackle every significant and especially negative customer experience and raise it to a “higher level of resolution”.

The Tribe was formed by the agile team of CX HUB, whose members from the Bank’s different organisational units (marketing, development, risk, retail, corporate) work together on solving identified so-called “points of improvement”. We expect first major results during 2019.

Express Sub-branches

The aim of the intermediation network expansion project (Refresh) is to improve the business processes relating to express sub-branches, as well as to integrate them even more deeply in the Bank’s business network. During 2018, new express sub-branches were opened in Vranje, Valjevo and Ruma, bringing to 22 the number of sub-branches at the locations that are strategically important for increasing the Bank accessibility to customers, both retail and corporate.

Considering that these sub-branches are dedicated to new customers, the Bank is able to get direct and timely feedback from the market about how they react to the offer and the level of service they receive from the Bank. The network expansion will continue in the coming period.

Changing the Role of the Traditional Branch in the Age of Digital Banking

The redesigned Erste Bank branch at 19 Bulevar cara Lazara in Novi Sad, opened its doors during 2018. In step with the development of modern banking and in line with customer needs, the space with contemporary design enables faster and more efficient service, leaving more time for providing advice and financial education to clients.

Despite the fact that an increasing number of people now have a “bank in their pocket” in the form of a smartphone, traditional branches still play a major role in the banking business, but now with a different function. The key to success lies in a change of focus — from providing simple transactional services to educating and advising clients, so that they can make the best financial decisions. Also, personal contact remains the most important factor in building trust and long-term relations with the client. That is why, in the redesigned Erste Bank branch, clients will have at their disposal the branch host, who will direct them to other employees depending on their needs, in order for them to receive in the shortest period of time the required service and adequate advice.

The branch features, inter alia, an ATM and a self-service zone, which will be available 24/7. As part of the self-service zone, there is also an ATM for depositing daily takings for corporate clients, which will reduce queuing and facilitate the work of all clients.

Responsibility in the Supply Chain

Demonstrating exceptional understanding related to monitoring indirect impacts arising via the supply chain, Erste Bank has included this topic among its strategic priorities. Striving to align itself with the current social context and global sustainability trends, responsibility in the supply chain was introduced as a new area in the CSR Strategy for 2015-2019. Since then, this topic has been equally represented among the Bank's priorities.

Erste Bank significantly improved this aspect in previous years and fully implemented the corporate social responsibility concept by developing and improving responsible procurement practices.

According to the Erste Bank Corporate Social Responsibility Strategy for 2015–2019, the goal in the area of Responsibility in Supply Chain is achieved by minimising the negative impacts and maximising the positive impacts the Bank has on society and the environment through its supply chain. The following were identified as priority topics in this area:

- Applying the social environment criterion in supplier assessment
- Applying the environmental protection criterion in supplier assessment.

Our Supply Chain

The procurement approach of Erste Group as well as Erste Bank Serbia is such that it focuses on local suppliers. In 2018, Erste Bank cooperated with 964 suppliers in total, and cooperation with 78 new suppliers was considered. Total expenses for all procurement were EUR 16,212,117. In line with our commitment to focus on local suppliers, as much as 80.97% of expenses was directed to the suppliers registered in the territory of the Republic of Serbia.

Procurement at Erste Bank is a duty of the Erste Group Procurement (EGP), which coordinates procurement in all seven countries in which Erste Group operates. EGP's goal is to satisfy all needs of different Erste Group entities for goods and services – on time and in accordance with their special quality-related requirements, under the best conditions possible (price, payment terms, guarantees, reliability, etc.), locally or abroad.

The e-Procurement tool, translated into the local languages of all seven countries in which the Group operates, is used for conducting the procurement processes in Erste Group. A detailed request is entered in the e-Procurement tool, after which the system sends invitations to all interested bidders. All bidders registered for the relevant procurement category in the Bank's database, as well as the bidders who applied for the relevant procurement through the Bank's website and who can





meet the requirements in the Invitation to Bid, have the right to participate. Information is sent to all bidders at the same time and in the same format, which ensures equal conditions for all bidders. Equal conditions are also ensured during the bidding process, since the bids that the bidders enter in the e-Procurement tool are only visible after the expiry of the deadline for their submission. Bid evaluation is performed based on the evaluation matrix designed by the budget owner before starting the procurement process.

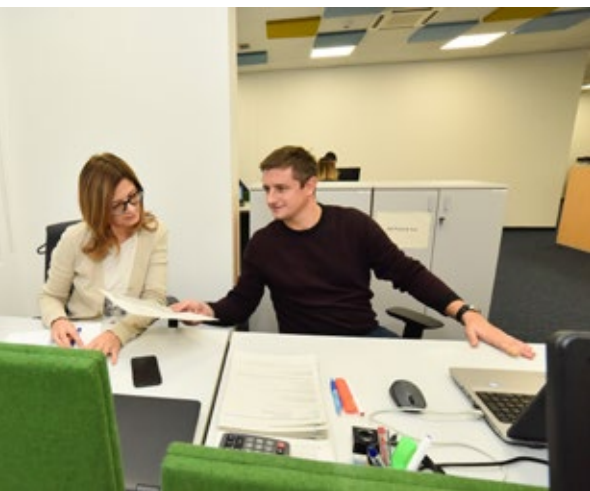
Another tool, which Erste Bank was among the first in Serbia to introduce, owing to the support of the Erste Group Procurement, is e-Auction. E-Auction is organised if the specified technical criteria for goods and services are met and equal, whereby price becomes the most important procurement criterion. The bidders participating in the auction are informed prior to its start of all auction conditions, the starting price, as well as of their own rank during the auction itself.

In meeting their contractual obligations, the suppliers of office supplies, equipment and services selected to be our partners must operate in accordance with state and local laws, decrees and regulations, fulfil all their legal obligations in connection with the safety and health of their employees and contractors, strictly comply with environmental legislation, as well as respect and apply the basic principles of corporate social responsibility (protection of fundamental human rights and labour rights, environmental protection, promotion of occupational health and safety, anti-corruption).

The principles of cooperation and the main requirements for suppliers are defined in the Supplier Code of Conduct, which applies across the Group, in order to ensure that all those with whom we do business support the basic standards of our Group. The basic principles of the Code are:

- Supplier's financial stability
- Operativeness — policy or quality system
- Good governance — compliance, corruption, conflict of interest, responsible marketing, etc.
- Corporate social responsibility — respect of human rights and labour rights
- Environmental protection — environmental protection policy, application of the precautionary principle
- Monitoring and audit — supplier compliance with the Code, application, monitoring and compliance with the specified goals.

In case of non-compliance with the Supplier Code of Conduct, the appointed compliance officers decide, if needed, on further measures.



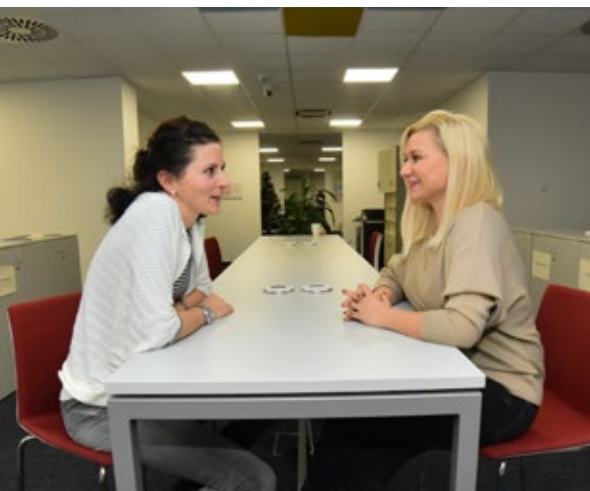
Applying Social and Natural Environment Protection Criteria in Supplier Assessment

Erste Group views its suppliers as partners with which it jointly contributes to business sustainability, so the suppliers of the Erste Group are obliged to meet the defined standards in the areas of business ethics, environmental protection and human rights. Procurement decisions at the Erste Group level and locally also include a social and environmental impact assessment.

An integral part of the Code of Conduct and one of the most important elements in the procurement process is the Supplier Audit Questionnaire (SAQ), which must be completed by all suppliers whose annual turnover exceeds EUR 100,000. This questionnaire, which has been applied in Serbia since 01 April 2014, was introduced to ensure that the suppliers with which we cooperate comply with our corporate social responsibility standards. SAQ ensures full transparency and enables timely risk assessment and identification prior to signing contracts with suppliers.

The results of the audit conducted by using the questionnaire are complemented by additional supporting material and provide the basis for supplier assessment in the procurement process. The audit and evaluation must be completed or otherwise the IT application prevents further procedure of assessing the particular supplier. In addition to initial evaluation, standard assessments are also conducted, which cover the most important or potentially the highest-risk suppliers. When it comes to the sectors identified as particularly sensitive, the questions relating to the protection and respect of human rights of employees, as well as certification, are an integral part of the Request for Proposal.

Any suppliers that are unable to provide satisfactory results of the audit will be subject to exclusion from entry or service provision.



The SAQ questionnaire includes the following topics relating to the impact of suppliers on the social and natural environment:

SOCIAL IMPACT	ENVIRONMENTAL IMPACT
COMPLIANCE	ENVIRONMENTAL PROTECTION MANAGEMENT SYSTEM IN PLACE
CORRUPTION RISK	PARTICIPATION IN THE CARBON DISCLOSURE PROJECT
PROTECTION OF COMPETITION	WRITTEN ENVIRONMENTAL PROTECTION POLICY IN PLACE
COMPLAINT MECHANISMS IN PLACE	CO₂ EMISSION MEASUREMENT METHODS
STAKEHOLDER ENGAGEMENT	EXISTENCE OF ENVIRONMENTAL PROTECTION GOALS
ABOLITION OF CHILD LABOUR	INFORMATION ABOUT THE FINES AND FEES FOR VIOLATIONS OF ENVIRONMENTAL PROTECTION REGULATIONS
ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR	DESCRIPTION OF THE SUPPLY CHAIN
ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT	
FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING	
REASONABLE WORKING HOURS AND FAIR REMUNERATION	
HEALTH PROTECTION	
OCCUPATIONAL HEALTH AND SAFETY	
RESTRUCTURING	
FAIR WORKING CONDITIONS	
OTHER SOCIAL CRITERIA IN THE SUPPLY CHAIN	

When it comes to environmental protection, the above questions, inter alia, cover the topics such as compliance, environmental impact of products and services, waste treatment and investment in environmental protection. In case of goods procurement, the SAQ questionnaire was expanded to include questions relating to potentially hazardous chemicals, the possibility of product recycling, the policy for taking over products at the end of their service life and similar standards (such as the Energy Star standard).

During 2018, Erste Bank Serbia considered cooperation with a total of 78 new suppliers. Of the 34 suppliers in total that recorded a turnover of over EUR 100,000 in 2018, 26 suppliers (55.26%) were subjected to an analytical review. No supplier was the subject of a special impact assessment beyond the SAQ questionnaire, because there were no significant negative impacts or potential risks identified.

Our Fellow Citizens in the Communities in Which We Operate

Providing systemic support to the development of local communities is an integral part of Erste Bank's values and principles. On the path to realising that goal, we encourage social actors to believe in themselves and initiate a wave of positive change, while paying special attention to empowering different social groups through financial and technical support.

The strategic approach to investment in the community is defined by the current five-year Corporate Social Responsibility Strategy for 2015–2019 with two priority areas:

- Development of the potential of members of the communities in which the Bank operates
- Promotion of corporate and individual philanthropy

All programmes of the Bank are reviewed, revised and improved following the modern trends of life and communication, as well as based on the inputs the Bank receives from surveys conducted when preparing a new CSR strategy or questionnaires related to specific programmes. Each programme has its own rules, schedule, conditions and, when necessary, appeal mechanisms. The Bank also has a rule to respond to any support inquiry.

Programmes are public and are announced as open invitations. Competition results are also publicly announced in the form of a list of supported programmes or organisations. The amounts of total budgets for programme support are public as well.

The community investment report is an integral part of the CSR report, which the Bank publishes annually and which is available on the Bank website.

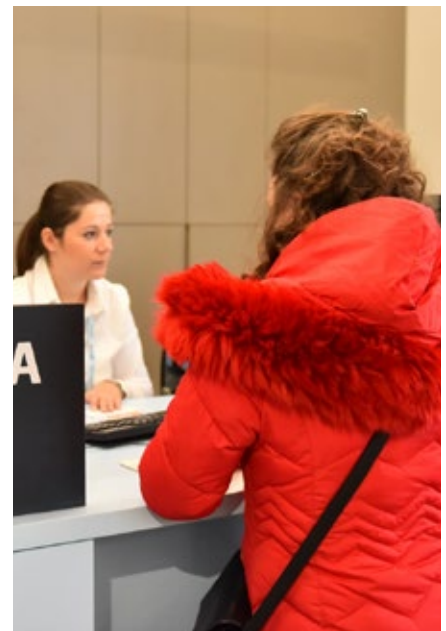
All programmes encourage inclusion and equality, strictly forbidding discrimination, and particularly working on the economic and social empowerment of hard-to-employ groups (unemployed youth, women, persons with disabilities, persons at risk of poverty).

Following the modern trends, the Bank increasingly invests in and supports the programmes that recognise the importance of self-sustainability and have an entrepreneurial character. For these programmes, support in the very beginning is crucial, which the Bank tries to recognise and provide in financial and non-financial aspects.

In addition to the CSR Strategy, which defines long-term goals, corresponding activities and performance indicators, other strategic Bank documents also provide guidelines for responsibility to local communities: Corporate Volunteering Policy and Corporate Volunteering Procedure.

Our Achievements in 2018:

- ✓ In the fourth cycle of the Superstep programme, 100 great ideas from some twenty towns across the country were considered, of which 15 were supported, and more than 550 hours of mentoring work and 6.6 million dinars were invested in their realisation
- ✓ Over 15.6 million dinars were invested in more than 40 different community festivals, events and projects through Erste Bank donation and sponsorship programmes
- ✓ The tenth anniversary of the Erste Bank employee volunteering programme, which boasts over 60 group volunteering campaigns implemented in 25 towns and localities across Serbia, was marked actively



— Support to the Youth



We believe that young people are able to initiate positive change in their environment through their ideas and engagement and demonstrate to themselves and others that every one of us can and should contribute to the creation of a better society. In order to support them on that path, Erste Bank has placed at their disposal its resources and encourages them in the mission of translating their ideas into reality.

Superste.net

Superste.net is a platform bringing together young and creative people, who believe in themselves and their ideas and are determined in their endeavour to change society for the better through their innovative projects and inspire others to do the same. On the path to achieving this mission, we help them by providing mentoring support, financial resources, but also opportunities for networking and personal development.

The platform is based on Erste Bank's community support principles – focus on local initiatives, innovation, sustainability, openness and two-way communication. Superste.net is a platform created by integrating Erste Bank's long-standing donation programmes – Centrifuge and Superste Club, and adapting them to the digital world, which is an inseparable part of life of the youth. Further development of the programme also made room for designing a new competition, specifically the Superste+, intended exactly for the Superste alumni. In addition, the portal is a source of information about competitions organised by Erste Bank throughout the year, a platform for the promotion of successful initiatives and projects of social significance and a space for building a special community of young people who believe in positive social changes. In 2018, the Superste programme was implemented in cooperation with Trag Foundation and Sprawsm team. The first part of the Superste programme, called Centrifuge, is aimed at formal and informal groups of young creative people aged between 16 and 35, who wish to develop socially responsible projects in the area of culture, art and education.

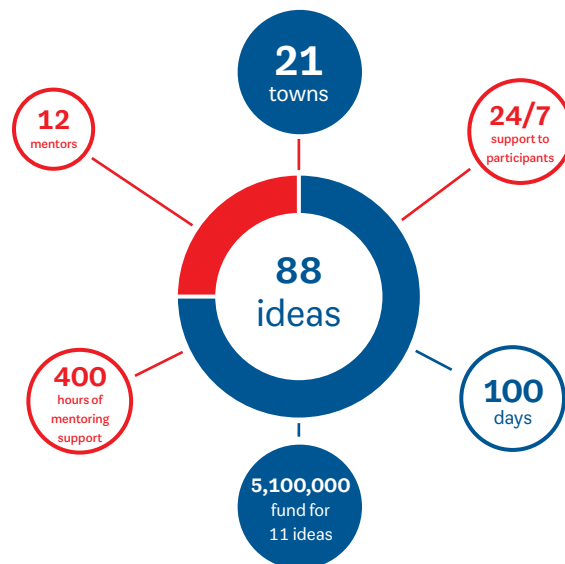
Scholarships for Studies at the Graz University

In October 2018, Sparkasse Bank and Erste Bank, in cooperation with the Graz University, launched the competition for the new cycle of the Best of South-East scholarship programme. The competition was open to students, graduates and postgraduates of law and economics from accredited universities in Slovenia, Croatia, Bosnia & Herzegovina, Serbia, Montenegro and the North Macedonia, as well as to the students from the above countries who had already studied at the Graz University. The scholarship winner from Serbia in 2018 was Petar Kolundžija, a graduate and master's student from the Belgrade School of Law of the University in Belgrade. With the possibility of improving their knowledge in the above fields during one year, combining practice with studying, the scholarship holders were fully exempted from tuition fees and were provided a EUR 690 monthly allowance. They also got the possibility to attend social and cultural events throughout the year, combine their studies with practice and training, as well as to take an intensive German language course.

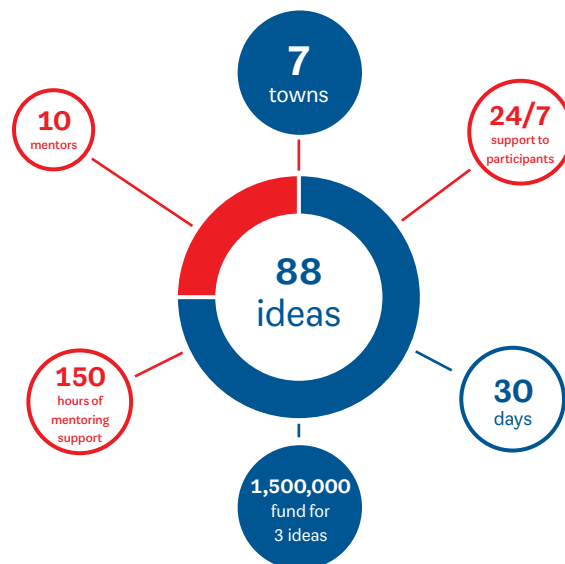


Superste in 2018 — interesting figures:

Centrifuge



Superste+



Superste Webinars

In 2018 as well, the Superste programme published useful educational videos in the form of tips and tricks, in which the mentors and former participants in the programme gave useful advice for defining more clearly ideas and their successful implementation, which are still available on the YouTube channel called **Superste 2018**:

1. **Sonja Dakić:**
How to Engage the Community to Support Your Idea
2. **Đorđe Krivokapić:** From the Initial Idea to the Right One
3. **Marko Radenković:** How to get Support for Your Idea
4. **Dragana Đermanović:** Communication Quality vs. Quantity
5. **Aleksandra Kosanović:** How to Think Outside of the Box
6. **Dejan Ubović:** How to Get from an Idea to a Project

According to a survey, 40 Centrifuge finalists rated their satisfaction with this year's educational videos 83.33%.

During the 2018 Centrifuge programme cycle, 39 teams received mentoring support in the area of marketing, communication, human resources, design, project management, culture and entrepreneurship, of which 11 programme finalists also received financial support in the total amount of RSD 5,100,000. As is the case every year, applications were submitted via the www.superste.net platform. During the competition, the Superste roadshow visited Novi Sad, Šabac, Niš and Belgrade to present the programme goals and conditions to local communities.

This year's Superste story began with the filling in of applications and the study of the tasks brought by the programme. Eighty-eight of the bravest teams from 21 towns wrote stories about the strengths and challenges of their communities and why it is they who are the Superste heroes that do not shy away from confronting problems head on. "Superznanci" made up of: Sonja Konakov Svirčev (Erste Bank Serbia), Ivana Marković (Trag Foundation), Ivana Stančić (Smart kolektiv), sent 40 superteams to the semi-finals, while the remaining 48 were sent to practise additionally for next year. The main criteria were innovation, impact on society, the team and feasibility of the idea in question.

In the semi-finals, also known as the Ideadrome, the lecture Superste Course: From Failure to the Stars, at which participants could hear how even the best make mistakes, but then continue fighting for their ideas. As previously, the Ideadrome did not have a knock-out phase; instead, the participants attended several workshops and speed-mentoring, and then prepared presentations in the abbreviated PechaKucha format and presented them to the mentors, as a form of dress rehearsal for the finals - pitching their ideas to a jury of experts.

What stood between them and the finals was a slightly stressful but extremely interesting online vote. They needed to devise their social media strategies and find a way in which they would engage not only their family and friends but the community as well. We are proud that they did not resort to any illicit means in this part of the competition either and that they maximally engaged their arms, legs and creativity to attain more than 50,000 votes. Finally, each of the 20 finalist teams had four minutes to present its idea to the jury of experts.

The programme mentors in 2018 were the same as before: Aleksandra Kosanović Strižak (Erste Bank), Andrea Brbaklić (Axis Consulting), Ivan Ćosić (Plain & Hill), Sonja Dakić (Daj d.o.o.), Biljana Dakić Đorđević (Trag Foundation), Dragana Đermanović (BEE Premium Group), Đorđe Krivokapić (Share Foundation), Aleksandar Mačašev (designer), Dejan Ubović (Kulturni Front and KC Grad), Marko Radenković (Nova Iskra), with Sreten Vranić as reinforcement from Erste Bank, so there were 12 mentors in total available to the participants in 2018.



Under the Centrifuge programme, a total of 11 projects were supported, as well as four projects through Superste +.

The 2018 Centrifuge winners are:

- **Muzej plesa (The Museum of Dance)** — **Muzej plesa (Belgrade)** — a project aimed at educating children and young people about contemporary dance
- **New Season of Radio Aparat** — **Radio Aparat (Belgrade)** — an internet radio station designed to function, both in terms of its programme and physically, as an active member of the community
- **Youth Connect** — **Youth Vibes (Niš)** — an internet portal featuring content created exclusively by teenagers, for teenagers
- **Kol'ko košta kič? (How much does kitsch cost?)** — **Teatar pod stečajem (Bankrupt Theatre) (Belgrade)** — a troupe of actors who decided to put on a performance and use the reality-television format as the kitsch that will finance culture
- **Svi smo isto različiti (We are all different in the same way)** — **Spoznajući Trio (Belgrade)** — an initiative by future psychologists aimed at group work with adolescents, in relation to the subject of expressing emotions and mental health
- **Road Trippin'** — **Road Trippin' (Belgrade)** — bringing the natural beauty of Serbia closer to young people through short videos and photographs from travels across the country
- **Kurbla — pozitivni mladi ljudi (Crank — positive young people)** — **Novo kulturno naselje (New Cultural Settlement [Novi Sad])** — a programme that gives a platform to young people and their ideas, in which lies the potential for social change
- **Biciklom do osmeha (Cycling to Smiles)** — **an informal youth group LINK (Som-bor)** — empowering young people by improving their manufacturing skills and the expression of their creativity through the restoration of old, unusable bicycles
- **Avantura zelembača (European green lizard's adventure)** — **Avantura Zelembača (Belgrade)** — educating children in the area of biology, ecology, and environmental protection
- **Kataliza (Catalysis)** — **Kataliza (Belgrade)** — the first plus-size brand in Serbia producing dresses for spectacularly curvy girls

Prozor u prošlost (Window into the Past) won the special audience award for a visual presentation of the former appearance of Lazar's town in Kruševac.

As was already mentioned, a special segment of the Superste programme is Superste+, which builds on Centrifuge, and is aimed at providing support to the implementation of projects of former participants in the programme. Basically, the idea is to continue work with Centrifuge alumni, to enable further networking, exchange of knowledge and experience among them, but also with mentors, to empower them to take a step forward, an additional step, based on lessons learned and experience gained. Superste+ brings together activists, creative people, creators - young people working in the area of visual communications, design, video, journalism, social media, spatial interventions and other creative areas. The ideas of this year's Superste+ programme winners are diverse, but they are all characterised by self-sufficiency and entrepreneurship potential,

Approaching the Anniversary — First Five Years of the Superste Programme

Through the Superste.net platform, the Bank has so far collected 458 ideas from young people from more than 20 communities across Serbia and worked together with them on implementing their initiatives. We have mobilised young people from Leskovac, Niš, Zaječar, Novi Pazar, Kruševac, Užice, Jagodina, Kragujevac, Požarevac, Smederevo, Šabac, Belgrade, Stara Pazova, Pančevo, Sremska Mitrovica, Indija, Novi Sad, Zrenjanin, Mali Iđoš, Sombor, Kikinda and Subotica. We have provided thousands of hours of mentoring support, responded to questions, participated in the development of projects and made efforts to monitor the implementation of every one of them. Together we worked both on the development of their projects and on their personal development, and in doing so, Superste became much more than a provider of financial support. So far, as part of the Superste programme, 75 projects have been supported with a RSD 28.2 million investment.

Superste.net platform in figures:

as well as the common goal of resolving some of the challenges faced by these young enthusiasts, and making the world we live in a better place for future generations.

The creators of the winning project Robox wish to make Kruševac into a new IT centre of Serbia by developing a workshop for educating young programmers and roboticists. Their robotics workshop, which will be conducted by experts, will be the first and only one of its kind outside of Belgrade and Niš.

Among the winning projects is also the Ja imam ideju! (I have an Idea!) project, designed as a summer school for ecological entrepreneurship for youth aged between 10 and 14. Already next summer, at the Katai farm in Mali Iđoš, aspiring eco-entrepreneurs will have an opportunity to learn how to launch and implement their ideas based on sustainable development, the circular economy and familiarisation with new technologies.

The Youth Innovation Centre project is also aimed at empowering the youth, and will involve a team of mentors providing logistical and legal support to young activists from Niš, as well as media access, in order for them to transform their ideas into feasible projects.

Mini Bookvica is a portal dedicated to children's and youth literature, at which - through multimedia formats — attention will be paid to this, as the authors say, unjustly neglected genre. This multimedia project reminds the public of the "power of the pen" and the impact of literature on the construction of stereotypes. Its authors wish to highlight the importance of critical interpretation of literature, especially that which is intended for children and youth.

The winners of the competition were decided by a jury consisting of: Biljana Stepanović, editor-in-chief of the Nova ekonomija (New Economy) monthly magazine and company director of Business Info Group, Dušan Čavić, activist and Ciklotron programme creator, and Vladimir Todorović, Head of the Communication Department of Erste Bank. In the selection process it rated the projects' impact on society, their feasibility, innovation and entrepreneurship potential.



9,550
followers



1,297
followers



1,090
followers

superste.net

Number of active users,
monthly average
59,623

Number of active users
on the platform, annually:

311,215

Internships for Young Talents

Starting one's professional career by attaining one's first practical knowledge and experience during internships is of exceptional importance for young people, above all because it helps them position themselves in the competitive labour market. Through cooperation with education institutions and the development of internship programmes, Erste Bank seeks to help young people to launch their professional career and adjust to work in a business environment.

During 2018, we organised the Become Part of the Erste Team internship programme, in the course of which interns had an opportunity to develop and gain different experiences in banking. Just some of the areas with which young talents familiarised themselves are retail and corporate banking, credit and strategic risk, development, marketing and communication, human resources, IT and banking operations. During the entire year, we provided the professional development of 350 students and graduates, some of whom were offered an opportunity to stay in the Bank.

The Bank facilitated the practical learning of young people in banking and finance from the following educational institutions: Belgrade Law and Business High School, Novi Sad Business College, Subotica School of Economics, University of Belgrade School of Economics, Belgrade Business School, Niš School of Economics, School of Economics, Finance and Administration (FEFA), Belgrade Banking Academy, Kruševac Economics and Trade High School, Niš Economics High School, Bosa Miličević High School of Economics Subotica, Svetozar Miletic Grammar School and Economics High School in Srbobran, Belgrade High School of Economics, Užice High School of Economics, and Business College for Economics and Entrepreneurship. In addition, Erste Bank also strives to establish partnerships with youth and student organisations and continuously support their work by participating in fairs, panels, workshops and mock job interviews.

Social Impact Award

The winners of the fourth cycle of the Social Impact Award project, the largest European competition aimed at young people who wish to get involved in social entrepreneurship, were awarded mentoring support, free participation at the international summit, as well as a financial award in the amount of EUR 1,500 of seed capital for launching their business.

IsoBillboard is an environmental project of young people from the city of Niš which proposes putting up posters on houses without façades, to serve as thermal insulation material instead of becoming waste.

The audio game Zoundark, created by a team from Belgrade, presents the problems faced by vision-impaired persons to the broader public, by creating a simulation of





the everyday problems of a blind scientist named Paul, who, on his path, reveals an interesting world available only to vision-impaired persons.

The employment of young people leaving correctional institutions is the goal of the Dok Tok project from Belgrade, while Kragujevac-based Eco Plastic Homes, which won the audience award, proposes manufacturing construction material by compacting plastic waste and sand into blocks and other shapes.

The online community granted an award to the Safe Road team from Niš, which came up with the idea of an automated system making the crossing of train tracks by vehicles and pedestrians safer. They plan to employ persons with disabilities and in doing so additionally improve life in the local community.

ERSTE Foundation has been a long-standing regional partner of the Social Impact Award project, which is implemented in Serbia by the Razlivalište organisation, in cooperation with numerous partners including Erste Bank, and with the support of Smart Kolektiv.

Share Your Knowledge — Become a Mentor

The Share Your Knowledge – Become a Mentor programme is a unique programme which has, for the past nine years, opened possibilities for personal and professional development of women. It is based on the concept of mentorship, and is aimed towards building mutual support of women, through the exchange of knowledge, experiences, the reinforcement of solidarity, the promotion of positive role models, networking and the empowerment of women. The programme has been jointly implemented by the U.S. Embassy, Erste Bank, the Organisation for European Security and Co-operation in Europe (OSCE) and the European Movement in Serbia since 2010.

The Share Your Knowledge – Become a Mentor programme is aimed at the professional and personal empowerment of women in our society, through the exchange of experience and knowledge. Led by the idea of successful and professional women, leaders from different professions, sharing their knowledge and experience with younger women with similar interests to contribute to creating opportunities for young women to upgrade their career path, with the intention of achieving positive progress and laying down sound foundations for future long-term cooperation.

The first Mentoring Walk in Serbia was organised in Belgrade in 2008 and, so far, 15 walks have been held in Belgrade, Novi Sad, Niš, Kraljevo, Valjevo and Subotica, with more than 750 female participants. So far 170 women mentors have participated in the programme, including Brankica Janković, Mirjana Karanović, Ana Sofrenović, Aja Jung, Nevena Petrušić, Sonja Liht, Sonja Stojanović Gajić, Milena Dragičević Šešić, Tanja Mišćević, Gordana Čomić, Andrea Brbaklić and many others.



The traditional Mentoring Walk on the occasion of the International Women's Day, was organised on 10 March in Subotica. This year, the Share Your Knowledge programme organised the walk together with the Female Leadership Academy. The goal of this event was to highlight the need for increasing the visibility of women in public life and in the decision-making process, but also to show women's solidarity and promotion of mentoring. The Mentoring Walk in Subotica was part of a global initiative of Mentoring Walks coordinated by Vital Voices and is one of 150 walks in 60 countries. After the Walk a debate was also organised on the topic of Women in Politics — from Presence to Influence, at which Gordana Čomić, member of Parliament, and Aida Ćorović, politician, shared their long-standing experience in the political arena with the participants.

— Individual and Corporate Philanthropy

By implementing support programmes aimed at empowering individuals, organisations and institutions operating in areas that are aligned with our Corporate Social Responsibility Strategy, Erste Bank strives to contribute to the betterment of society in a long-term manner. The Superste programme, which encourages innovative ideas that bring positive changes in society, is the most prominent project that the Bank conducts in this area. Read more about the programme on pp. 93–97.

As in the past, in 2018 the Bank was open for suggestions regarding cooperation and provision of support to numerous festivals, conferences and projects. Erste Bank sponsors programmes that are implemented in the towns in which the Bank operates, and which relate to the areas that are aligned with our approach to community investment – culture and art, science promotion, entrepreneurship, the promotion of financial literacy, education and sport. In addition to being based on the alignment with the Bank's strategic commitments, the decision is also taken in accordance with the rules and the available budget for the current year.

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Bank

*Cena poruke sa PDV-om je 100 rsd

mts iskor vip



2018 CSR Forum - Supporting a Social Enterprise with a Hashtag

Under the slogan First Ten Years!, a CSR Forum marking the tenth anniversary of operation of the Responsible Business Forum was held. On this occasion, as one of the Forum founders, Erste Bank supported the event with a social media campaign under the name #DesetGodinPrvi (#FirstTenYears) and #verujusebe (#believein-yourself), remaining consistent in its commitment to financial empowerment and inclusion, one of its key topics. For each hashtag stated, the Bank allocated 100 dinars to the campaign supporting social entrepreneurship. The amount of 100,000 dinars was donated to the Ruke ("Arms") social enterprise from Pančevo, which brought women victims of domestic violence from the Safe House in Pančevo together under a tailoring workshop project.

National Day of Giving

The National Day of Giving was launched at the initiative of the Serbian Philanthropic Forum and is celebrated on 9 October - the birthday of Mihajlo Pupin, a greater Serbian innovator and philanthropist. The National Day of Giving is an initiative aimed at developing a culture of giving in Serbia, as part of the Project for Improving the Framework for Giving implemented by the Ana and Vlade Divac Foundation with the support of the U.S. Agency for International Development (USAID). Erste Bank is one of the first companies to join this initiative. This year, the money collected was intended for the Petnica Research Station, for the procurement of a new spectrometer.



Major Sponsorships for 2018

Culture and Art

- 20th Guitar Art Festival 2018, Belgrade, organised by the [Association of Classical Guitar Players of Serbia](#)
- 16th Belgrade Dance Festival, Belgrade, organised by the [Belgrade Youth Centre](#)
- 34th Belgrade Jazz Festival, Belgrade, organised by the [Belgrade Youth Centre](#)
- Danube Dialogues 2018, contemporary art festival of countries bordering the Danube, Novi Sad, organised by the [Bel Art Gallery](#)
- Nerazumevalica, inclusive children's musical, Belgrade, organised by the [Firefly Association for Affirmation and Creativity](#)
- Seize This Day with Me/Seize the Film — 16th Film Festival, Novi Sad, organised by the [Parnas Creative-Affirmative Association](#)
- Art and Inclusion, Novi Sad, organised by the [Per.Art Association](#)
- 61st June Programmes of Zmaj Children's Games, Novi Sad, organised by [Zmaj Children's Games International Centre for Children's Literature](#)
- Girls Rock Camp, organised by the [Organisation for the Promotion of Activism \(OPA\), Belgrade](#)

Education and Science Promotion

- Creative Mentoring 2017/2018, Belgrade, organised by the [Creative Mentoring Association](#)
- I learn + I know = I am valuable, Novi Sad, organised by the [Social Responsibility Promotion Association](#)
- 12th Science Festival, Belgrade, organised by the [FENOMEN Science and Art Promotion Centre](#)

Entrepreneurship and Co-working

- Social Impact Award, Smederevo, organised by [Tok](#)
- National Forum for Green Ideas, Belgrade, organised by [Trag Foundation](#)
- Development and Improvement of TriP Board Game on Social Entrepreneurship, Vrnjačka Banja, organised by the [Centre for Socially Responsible Entrepreneurship \(CDOP\)](#)
- Webiz, Zrenjanin, organised by [Webiz — Association for Promotion of Information Technologies and Improvement of Internet Culture](#)
- Live Locally — Work Globally, 2017 wwvrsac Conference, Belgrade, organised by [Plain&Hill](#)
- Belgrade Venture Forum, Belgrade, organised by the [Serbian Venture Network — Seven](#)
- KreNI Conference of Creative Industries, Niš, organised by [Young Ambassadors Civic Association](#)
- SEE IT Summit, Novi Sad, organised by [ResEnva Consulting doo](#)
- First Entrepreneurs' Forum, Novi Sad, organised by [Best Brand Friendly](#)



Sport

- Belgrade Business Run, Belgrade, organised by the [Belgrade Running Club](#)
- Novi Sad Business Run, Novi Sad, organised by the [Belgrade Running Club](#)

Individual Philanthropy

Human solidarity and the readiness to help others drive the Bank's employees to assist, through personal donations, their fellow citizens from different vulnerable groups, but also their colleagues who have found themselves in a difficult situation. Precisely for that reason, 13 years ago the Marina Ćurčić Solidarity Fund was founded, which is jointly run by the Bank and the Trade Union. The Fund's aim is to help employees or their family members with financial or health problems. During 2018, funds raised by the employer, the Trade Union and voluntary employee contributions, financed the support which was used by 81 employees and 11 children beneficiaries of solidarity scholarships.

In 2016, Erste Bank joined the humanitarian campaign Bottle Caps for Smiles, which is implemented across Serbia, with the aim of raising money for orthopaedic aids for children with disability or another developmental disorder. In the Bank boxes are placed for collecting plastic bottle caps, which are then sent to be recycled, with the proceeds going to charity. Owing to employees from Novi Sad, Nova Pazova and Belgrade, during 2018 as well, a new batch of bottle caps weighing about 40 kilogrammes was dispatched.

Our female colleagues again supported the BELhospice humanitarian bowling tournament, symbolically held on 8 March on the Women's Day. This year, the tournament brought together 19 socially responsible companies which, through their participation, supported the work of the BELhospice centre providing palliative care to oncology patients. EUR 10,000 was raised and all funds were used to finance 200 free home visits of the BELhospice multidisciplinary team to oncology patients and their family members.

December was again reserved for a humanitarian Christmas cocktail and bazaar, eagerly awaited by the employees. They used the bazaar to purchase numerous gifts to their loved ones and provide support to social enterprises. This year, the Bank opened its doors to some familiar enterprises but also to some new ones and start-ups that joined the Bank's Step by Step programme. The Special Primary and Secondary School Milan Petrović, Art Workshop Petrović 021, BIOIDEA soaps, Bakery Šuma, Radanska Ruža doo Lebane and LiceUlice had their stands at the bazaar. During the cocktails held in three administrative buildings of the Bank in Novi Sad and Belgrade, large quantities of personal hygiene products, warm clothing and underwear, toys, school supplies and sweets were collected, which were donated to drop-in shelters for children living on the streets in Belgrade and Novi Sad.

Our colleagues in Belgrade and in Novi Sad have already become accustomed to their very dear guests – vendors of the LiceUlice magazine, who also visited us this year on several occasions. We would also like to thank them and all the colleagues who provided support to marginalised groups in Serbia by purchasing the magazine. The LiceUlice magazine is the only media platform of its kind in the entire region, affirming activism and promoting the values of civil society, and is distributed through a network of vendors – socially vulnerable and marginalised persons, who earn 50 percent of each copy they sell. On average, during each of the visits to the administrative buildings, between 70 and 100 copies of the magazine are sold.

Erste Volunteers

The practice of corporate volunteering is deeply rooted in Erste Bank's values and constitutes a source of pride and satisfaction for its employees. Our numerous volunteering campaigns, in which our employees have actively participated for years, are also a testament to that, brightening up our fellow citizens' everyday life across Serbia. As the scope of our engagement, we have selected three main areas: environmental protection, social inclusion and financial education.

In addition to physical work, which most often involves refurbishing and improving certain spaces, volunteers contribute to the transfer of expert knowledge and skills to young people and non-profit organisation representatives through individual engagement as well.

Strengthened team spirit, the feeling of belonging and the quality of communication and understanding among colleagues, are some of the benefits of Bank employee volunteering, while their involvement in designing volunteering programmes is one of the reasons why the number of Erste Club volunteers grows each year.



10 Years of (Volunteering) Campaigns

Through a campaign conducted in the Jegrička Nature Park, near Temerin, during 2018, the tenth anniversary of the Erste Bank employee volunteering programme, the first strategically laid out plan of its kind in Serbia, was celebrated. On this occasion, some awards were also presented to some of our most diligent volunteers who have, for years, continuously worked on helping the community. The first volunteering steps were undertaken in a similar location, at Obedska Pond, back in 2008. Since then, over 60 group volunteering campaigns in 25 towns and localities across Serbia have been organised, and we have also participated in a large number of individual employee volunteering initiatives and programmes.

The volunteering campaign in the Jegrička Nature Park was organised on 15 September, on the World Clean-up Day. The campaign was implemented by a group of Erste Club volunteers jointly with Aarhus Centre Novi Sad and the Public Water Management Company Vode Vojvodine. We marked the tenth anniversary with the largest number of participants so far. Namely, 230 volunteers, male and female, of all ages, worked diligently on making Jegrička more beautiful, richer, more colourful and tidier. The volunteers, including 60 children, planted European oak, improved and cleaned water and green surfaces, put up and painted equipment, as well as info boards and sign-posts.



— Erste Foundation



ERSTE
Stiftung

Owner of Erste Group. With a social mandate.

ERSTE Foundation is the main shareholder of Erste Group. We secure the independent future of one of the largest financial services providers in Central, Eastern and South-Eastern Europe.

Furthermore, we actively serve the common good. Our commitment is based on the 200-year-old founding principles of the savings banks: to support people in challenging circumstances and to advance society. ERSTE Foundation is one of the oldest foundations of Austrian savings banks and reaches beyond national borders to give a boost to the region in which Erste Group operates.

We invest in a strong civil society. Together we can achieve more. This is why we link those who strive to create a more socially just future based on European values.

Social cohesion is one of the key challenges of our time. An increasing number of people no longer feel capable of providing for themselves and their families or worry about having an uncertain future.

Together with its partners, ERSTE Foundation develops infrastructure, competencies and digital tools to solve social problems. We have opened a bank for the unbankable, established a training academy for NGOs, connected social entrepreneurs in Roma communities and supported the personal initiatives of Austrians aimed at integrating refugees. We place great emphasis on intervention and innovation.

The future of Europe is important to us! Freedom, democracy, respect for human rights, European integration and solidarity are values whose validity is once again being challenged.

ERSTE Foundation joins forces with other organisations to encourage its citizens to foster European cohesion and democracy. We award scholarships to critical journalists, we enable controversial discourses on social issues and we explore the causes of the current socio-economic and socio-political crises. We work to promote a stable, inclusive society.

Contemporary culture always leads the way in search of new, unbeaten paths. Art can provide a nuanced look at social developments.

ERSTE Foundation enables various formats of cultural production: exhibitions, lectures, publications, symposia. We award a remunerated prize for cultural theory, support a cross-border network of independent cultural spaces and have built up an internationally renowned art collection with Erste Group.

www.erstestiftung.org

ERSTE Foundation in Serbia in 2018

NGO Academy

Founded in 2013, the NGO Academy supports the civil society sector in Central and South-Eastern Europe by providing a range of high-quality educational programmes designed for executive managers and members of NGOs. They are organised in cooperation with the Competence Centre for Non-profit Organisations and Social Entrepreneurship of Vienna University of Economics and Business and aim to strengthen organisational structures and enhance management skills. The Social Innovation and Management Programme is especially intended for NGO executives and is offered in English, while the Regional Programme additionally focuses on local contexts and offers workshops in seven languages.

In 2018 the academy laid the ground work for introducing a third programme. The Masterclass offers space to explore individual topics in depth, complementing the two existing programmes. The first workshop on digitalisation will take place in May 2019. All three programmes place great value on the lecturers' expertise, the high quality of their content and its practicality. They enable participants to build up international networks with like-minded people and experts and provide insight into current developments and trends.

Based on the experiences of the NGO Academy, a study was published in 2017 on the opportunities and challenges of civil society in Central and South-Eastern Europe. It is a well-founded source of information for decision makers, including sponsors, NGOs and international organisations. Launched in 2018, a follow-up project enables regular monitoring of civil society in this region. A survey among civil society organisations in 15 countries aims to regularly provide insight into changes to political, financial and legal conditions and pinpoint their implications for organisations.

NGO Academy in 2018

Largest and most comprehensive management capacity building programme for civil society organisations in Central and Eastern Europe

✓ 40	EVENTS A YEAR
✓ 120	LECTURERS AND EXPERTS
✓ 420	PARTICIPATING ORGANISATIONS
✓ 1,350	PARTICIPANTS
✓ 6,000	PARTICIPANT DAYS

EFFECTS ON ATTENDEES OF THE SOCIAL INNOVATION AND MANAGEMENT PROGRAMME AFTER ONE YEAR

✓ 80%	"WE HAVE INITIATED NEW PROJECTS DUE TO THE PROGRAMME."
✓ 55–75%	OF CLASS PROJECTS ARE IMPLEMENTED.
✓ 90–100%	OF PARTICIPANTS STILL KEEP IN TOUCH.
✓ 5%	HAVE COOPERATED PROFESSIONALLY AFTER COMPLETING THE PROGRAMME (E.G. NEW PROJECT).
✓ 65%	HAVE ASSISTED OTHER PARTICIPANTS IN A PROFESSIONAL CONTEXT.
✓ 85%	WANT TO COOPERATE IN THE FUTURE OR SUPPORT OTHER PARTICIPANTS.
✓ 100%	WOULD "HIGHLY RECOMMEND" THE PROGRAMME AND HAVE FOUND IT USEFUL FOR THEMSELVES AND THEIR ORGANISATIONS.

Partners: Vienna University of Economics and Business, Porticus Foundation, la Caixa Banking Foundation.



NGO Academy
Photo: Igor Ripak

Social Banking / Financial Literacy

The ability to understand and independently manage financial matters is an important prerequisite for social integration in our society. People who do not have access to financial instruments and financial education are often excluded from economic and social life. The financial education programmes we offer in cooperation with the Social Banking departments of Erste Group in seven European countries aim to enable individuals, social entrepreneurs and executives in the non-profit sector to understand, independently manage and plan their financial affairs. They have to be able to deal with and recover from financial difficulties. Furthermore, they must be familiar with and have access to a selection of financial instruments tailored to their needs; they need to know where they can get help and be willing to accept this help. Financial literacy contributes to reducing the risk of poverty and to economic growth, social inclusion and stability.

In 2018, Erste Group and the European Investment Fund (EIF) signed a guarantee agreement allowing Erste Group's Social Banking departments to provide a total of EUR 50 million in loans to social enterprises in Austria, Croatia, the Czech Republic, Hungary, Romania, Slovakia and Serbia. Social entrepreneurs and CSOs thus have access to loans at more favourable terms. At least 500 organisations in the seven countries are expected to benefit from this agreement by 2022. It will provide financing to innovative, socially-oriented organisations that are active in education,

healthcare and social services sectors or employ disadvantaged, marginalised and vulnerable groups. This guarantee agreement between the European Investment Fund (EIF) and Erste Group is part of the EU Programme for Employment and Social Innovation (EaSI).

Social Impact Award

This award supports young innovators in establishing social enterprises that aim to tackle the most challenging questions of our time. Events and workshops of this incubator are designed to raise awareness of social entrepreneurship and impart the skills necessary to turn vague intentions into promising projects. The Social Impact Award enables access to networks and promotes the best teams. It offers new opportunities to the next generation of social innovators: young people get an idea of social entrepreneurship as a potential career opportunity. At the same time, they are provided with the necessary input to set up a social enterprise, as well as feedback by experts and like-minded individuals. They also gain expertise, incubation support and seed financing.

Currently, the project spans Albania, Austria, Bosnia and Herzegovina, the Czech Republic, Egypt, Georgia, Kazakhstan, Kenya, Kosovo, Lithuania, Macedonia, Montenegro, Romania, Russia, Serbia, Slovakia, South Africa, Switzerland, Uganda and Ukraine.

Social Impact Award 2018

✓ 255	WORKSHOPS AND EVENTS WITH OVER 8,000 PARTICIPANTS IN 88 CITIES AND 22 COUNTRIES
✓ 180	HIGHLY TALENTED TEAMS PARTICIPATED IN THE INCUBATION PROGRAMME
✓ 830	PROJECT APPLICATIONS
✓ 86	SOCIAL PROJECTS WERE AWARDED WITH THE SOCIAL IMPACT AWARD AND A TOTAL PRIZE MONEY OF EUR 125.000

Partner: Social Impact Award

Balkan Fellowship for Journalistic Excellence

Since 2007 the fellowship programme has supported investigative, high-quality journalism in South-Eastern Europe. It is organised by ERSTE Foundation and the Open Society Foundations in cooperation with the Balkan Investigative Reporting Network (BIRN). The programme aims to foster high-quality reporting and encourage regional networking among journalists. By helping to enhance their skills and



SIA finals

Photo: Alexander Gotter

knowledge, in particular on topics related to European policy, we want to enable them to provide more in-depth information to the public in South-Eastern Europe. Furthermore, we want to spark interest among the fellows in the work done by the media in their neighbouring countries. Each year, the jury selects ten experienced journalists from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Kosovo, Macedonia, Montenegro, Romania and Serbia. The three best articles are awarded a prize at the end; along with the other articles, they are published in numerous high-quality media.

Partners: Open Society Foundations, Balkan Investigative Reporting Network
Media partners: *Der Standard*, *Süddeutsche Zeitung*, *Neue Zürcher Zeitung*

Fellows from Serbia in 2018:

- **Ivana Jeremić** is an investigative reporter and fact-checker whose specialties include organised crime, money laundering and abuse of public procurement. She is Deputy Editor-in-Chief of the Centre for Investigative Journalism of Serbia, where she and team members have won the European Press Prize, Anthony Lewis Prize and Balkan Fact-Checking Award.
- **Anđela Milivojević** is an investigative journalist. She has worked as a reporter for the Belgrade-based Centre for Investigative Journalism in Serbia for almost eight years, writing about corruption and crime. Anđela and her colleagues won the European Press Prize for investigative journalism.

Journalism Prize “From Below”

The journalism prize “from below” was developed by the Austrian Anti-Poverty Network (Armutskonferenz) in Vienna in 2010. Each year, it is awarded to journalists who do justice to the various facets of poverty, treat those affected by it with respect, help to make their voices heard and their realities visible and shed light on the causes of poverty. The jury is exclusively made up of people with experience of poverty, which makes this a particularly special prize for the laureates. Supported by ERSTE Foundation and the European Anti-Poverty Network, it has been rolled out to other European countries since 2015. Countries that have awarded the journalism prize for sensitive media reporting on poverty, which does not offer a cash prize, to date include Hungary, Croatia, Serbia, Macedonia, Romania, Finland and Iceland. Along with other countries, Montenegro has also expressed its interest in hosting the award.

Partners: Armutskonferenz (Austrian Anti-Poverty Network), Átlátszónet Foundation / Átlátszónet Alapítvány, Macedonian Platform Against Poverty, Reteaua Nationala Antisracie si Incluziune Sociala / RENASIS (Romanian Network Against Poverty and for Social Inclusion), Evropska mreža protiv siromaštva — Srbija (European Anti-Poverty Network — Serbia), Hrvatska mreža protiv siromaštva (Croatian Anti-Poverty Network)



Europe's Futures — Stefan Lehne, Rosa Balfour, Ivan Vejvoda, Zsuzsanna Szelenyi



NVO Academy
Photo: Igor Ripak



Europe's Futures — Ideas for Action

We need platforms to renew and re-invent Europe. We have joined forces with the Institute for Human Sciences in Vienna and its social and political scientists, with leading European organisations and think tanks to tackle some of the most crucial topics related to the European Union: asylum and migration, rule of law and democracy, European enlargement and social inclusion. We are creating a network of important EU actors, in particular between Austria, the Visegrád 4 countries and South-Eastern Europe. Europe's Futures has clear objectives: a European Union that protects its citizens and offers more sustainable livelihoods than before; where member states defend the fundamental values of a democratic order and rule of law; and where countries such as Austria continue to support the Union's democratisation and enlargement agenda.

Partner: Institute for Human Sciences

European Fund for the Balkans

Founded in 2007, the European Fund for the Balkans (EFB) is a joint initiative of European foundations that conceive, implement and support projects aimed at strengthening democracy, promoting European integration and reinforcing the role of South-Eastern Europe in tackling the emerging challenges in Europe. The EFB strives for the continuous "Europeanisation" of politics and social life of Western Balkan countries working toward EU accession and puts a clear focus on training, strategic development and regional cooperation.

The EFB has been organising the Western Balkans Civil Society Forum since 2016. This platform, founded in 2015, provides input to the "Berlin Process", a diplomatic initiative to support the future enlargement of the EU with bilateral partnerships. Civil society in the Western Balkans works on regionally relevant issues and policies and monitors the progress in implementing them.

Partners: King Baudouin Foundation, Robert Bosch Stiftung

For more information visit: www.erstestiftung.org



Responsibility to the Environment

Ever since 2009, when the first CSR strategy was adopted, our bank has been committed to strategically defining, upgrading and monitoring its practices in the area of environmental protection. Our responsibility is reflected above all in reviewing the key environmental risks of our operation, as well as in our striving to reduce negative and maximise positive impacts.

Through its long-standing strategic approach to environmental protection, the Bank has committed to consistently conducting defined responsible practices in this area, but also to continuously upgrading them. Since 2009, the year the first CSR Strategy was adopted, although as a service company it is not among the major polluters, the Bank has sought to review as realistically as possible all the aspects of its operation with the aim of reducing negative and maximising the positive impacts of its operation on the environment, as well as bringing about the raising of standards in this area.

The strategic approach to impact management in this area is based on the current Corporate Social Responsibility Strategy 2015-2019 that builds on the goals and results of the previous CSR Strategy 2012-2014. As a financial institution, we are aware that we have the greatest impact on the environment precisely through financing our clients, more precisely through financing their projects and operations. By setting clear goals and monitoring indicators, quantitative reporting practices have been further improved.

Our Achievements in 2018:

- ✓ Total investment of RSD 87,033,789 in environmental protection management
- ✓ An additional EUR 25 million was invested in the second phase of the construction of the Sirius business complex (Sirius Offices), in accordance with the highest environmental construction standards.
- ✓ The granting of loans began as part of the GEFF Green Economy Financing Facility programme aimed at all citizens who wish to invest in energy efficient solutions.





The relevance of topics in this area is assessed based on the largest impact, and therefore the highest responsibilities of the Bank. That includes both direct impacts caused by the consumption of resources (raw materials, energy, water), emissions and waste, and indirect impacts on the environment caused by our products and services. The Strategy defines three priority areas of the Bank's activities:

- Responsible resource management
- Responsible financing
- Raising employee awareness of environmental protection

When it comes to direct impacts, owing to projects in which it has participated since 2011, the Bank has set the foundations for introducing the Environmental Management System. In this area a significant reduction in consumption was recorded according to all the most significant parameters (energy, emissions, water, waste, transportation).

In addition to monitoring compliance with environmental regulations, with the adoption of the Natural and Social Environment Protection Policy and the Responsible Financing Policy, social responsibility practices are directly linked to the Bank's core business. Taking into account global sustainability trends, the Bank additionally expanded its activities through initiatives aimed at reducing the impacts caused by transportation, as well as indirect impacts occurring through its chain of suppliers.

— Responsible Resource Management

The Bank's determination to invest efforts in the implementation of several projects with the aim of establishing a systematic approach to environmental management, has resulted in the establishment of a system for the precise tracking of basic parameters and subsequently a considerable reduction in the consumption of all resources. The implemented projects enabled the Bank to identify its relevant impacts on the environment, systematise initiatives and control the impact of its activities. When it comes to achieving measurable results, the Bank has adopted parameters for reporting on the consumption of energy sources, water and the quantity of produced waste, as well as on emissions and transport.

At the strategic level, in addition to the current CSR Strategy, the Bank relies on the relevant documents such as the Waste Management Procedure, the Energy Management Policy of Erste Group and the Basic Principles of Environmental Protection Management, and its focus is on reducing negative impacts and improving good, environmentally friendly practices in everyday operation.

The Bank's most important initiatives in the previous period include developing the energy management system, applying environmental standards in the interior decoration of branches, reduced operation of advertising signage in accordance with available possibilities, applying LED lighting, replacing the heating system in facilities where necessary, programming the air-conditioning system in accordance with employee working hours, leasing and purchasing more environmentally friendly vehicles, using video and telephone conferences with the aim of reducing business trips and innovations in the printing system with the aim of reducing the consumption of energy, paper and toner. The Bank has so far invested more than RSD 5 million in environmental protection projects.



Development of the Environmental Management System

In 2011, Erste Bank joined the ECOprofit project, launched by the City Administration for Environmental Protection of Novi Sad in cooperation with the Austrian Development Agency and Denkstatt Consortium, Vienna. The Bank continued to participate actively in a new project at the Erste Group level, in cooperation with Denkstatt, called Environmental Data Collection (EDC project), and during 2014 the Bank further improved data quality and processing owing to the Project Credit360. The Credit360 application was implemented in late 2015 with the aim of improving the collection and management of this data at the Group level, and the full use of this application continued in the following period, as well as during 2018.

In accordance with the abovementioned, the Bank will continue to strive to:

- Identify and control the impact of its activities, products and services on the environment
 - Improve its attitude to the environment by controlling the negative impacts of its business on the environment (e.g. unfavourable impacts on the air, water or soil)
 - Implement a systematic approach with which it will achieve the goals relating to environmental protection and provide the proof of achieving the set goals.
-

TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)	2011	2012	2013*	2014	2015	2016	2017*	2018
	23,555,926.52	27,875,017	88,171,043.9	72,142,195	83,537,961.04	69,512,514.77	95,726,232.60	87,033,789

* The significant difference in costs for 2013 was caused by the improvement in the Green Procurement system.

** The significant difference in costs for 2017 was mostly caused by the equipping of the Sirius HQ building in line with high environmental standards.

Environmental Sustainability of the Facilities

By adapting and constructing its business facilities in accordance with environmentally friendly criteria, over the years Erste Bank has sought to maximise its contribution to the efficient and optimised use of water, energy and other resources. In accordance with that goal, in mid-2017 the Bank officially opened the Sirius business complex, which was built in line with strict energy efficiency requirements, while guaranteeing minimum consumption of energy for heating and cooling, as well as with the use of renewable and recycled materials.

Following the success of the first phase, the second phase of the project began during 2018. Erste Group Immorent is investing an additional 25 million euros to build another 12,500 gross square metres on eight floors, as well as 200 parking spaces. Works will be completed by mid-2020, and the first users will move into the building in the fall of the same year. The total value of the investment, including the first part of the complex that was built last year, amounts to 65 million euros.

The Sirius building complex will boast the BREEAM (Building Research Establishment Environmental Assessment Method) certification, significant contribution to environmental protection, better working conditions, as well as optimal costs of business premise use.

As part of cooperation with the Denkstatt company on local projects in Serbia, in 2014 a detailed study was prepared of energy efficiency of the Bank's administrative building in Novi Sad, so, in accordance with the abovementioned, 2016 saw the installation of the cos Fi factor reduction system, the replacement of the existing valves on radiators with thermostatic valves, as well as the installation of environmentally friendly carpeting.

Green Branches

After the Bank prepared two energy efficiency studies for its branches in Bačka Palanka and Velika Plana with the experts of Membrane Studio Novi Sad in 2014, further activities were planned at other Bank branches as well following the adaptation of these branches. From 2015 until the end of 2018, we renovated additional 15 branches according to environmentally friendly criteria (three in Novi Sad and Belgrade each, and one in Novi Banovci, Kula, Zrenjanin, Plandište, Bečej, Odžaci, Šid, Kikinda and Sremska Mitrovica each). The Bank now has 17 branches fitted out according to eco-friendly criteria.

Energy and Emissions

As regards the Bank's major impacts on the environment, the responsible use of resources is the primary aspect. In addition to being committed to reducing the consumption of energy and emissions, the Bank developed a comprehensive system of measuring all important parameters in this area as well.

Although in 2017, primarily due to the increase in the overall facility surface area as well as the number of employees, overall energy consumption rose slightly compared to 2016, through optimal resource use, a reduction in electricity consumption by about 6.63% was achieved in the Bank's business facilities. In 2018, a slight decrease in energy consumption was recorded relative to the previous year, by 686 GJ.

When it comes to water, Erste Bank has been closely monitoring the consumption of this resource and conducting initiatives for consumption reduction since 2012. Although the consumption increased slightly in 2018 relative to the previous year (9,288 m3 of water from the city water supply network in 2017 and 9,608 m3 in 2018), it was considerably lower than in the first year of measurement.

KEY INDICATORS / ENERGY	2012	2013	2014	2015	2016****	2017	2018*****
TOTAL ENERGY CONSUMPTION (GJ)*	19,344.86	18,016.5030	15,661.60	15,579.4110	15,811.5454	16,783.8125	16,098
ELECTRICITY	10,042.488	9,963.2772	9,121.14	9,050.4565	9,173.3413	9,844.2926	9,315
HEATING AND COOLING	9,544.1976	8,053.2258	6,500.9124	6,528.9545	6,638.2040	6,939.5199	6,783
DIESEL FOR GENERATORS**	N/A	N/A	39.546	N/A	N/A	N/A	N/A
TOTAL ENERGY CONSUMPTION (GJ)*	3,060	1,570	1,552.42	70.68***	–	–	686

* Relates to energy from non-renewable energy sources. The Bank does not use renewable energy sources. The estimates are given based on utility bills, and the calculation is based on default data in accordance with the Environmental Data Collection Project in standardised form in line with the GRI

** The 2012 and 2013 data were not monitored due to differences between G3.1. and G4 versions of the GRI Guidelines. As of 2015, diesel for generators has been included in heating and cooling due to the change in the method of data monitoring at the Bank.

*** Due to the full effects achieved by the initiatives launched in the past, there were no significant savings in 2015 relative to 2014.

**** Due to the full effects achieved by the initiatives launched in the past, there were no significant savings in 2016, but a slight increase in energy consumption relative to 2015.

***** Due to the full effects achieved by the initiatives launched in the past, there were no significant deviations relative to 2017, and a slight decline in consumption of 686 GJ was recorded.



ENERGY INTENSITY* (KWH/A PER EMPLOYEE)	2014	2015	2016	2017	2018
ELECTRICITY	2,554.08	2,447.92	2,495.73983	2,543.7449	2,316.43
HEATING AND COOLING	1,820.37	1,765.92	1,806.01915	1,793.1576	1,686.80

* Energy intensity is the necessary quantity of energy per unit according to the selected parameter, e.g. per employee or per product unit. Considering the nature of the Bank's business, the number of permanent employees as of 31/12/2018 was taken as the parameter for calculating energy intensity.

KEY INDICATORS / EMISSIONS	2012	2013	2014	2015	2016	2017	2018
TOTAL EMISSIONS CO ₂ (t/CO ₂ eq)*	4,405	4,188	3,636	2,935	3,115	3,128	2,842

* CO₂ emission calculation is based on default data and is done in accordance with the Erste Group Environmental Data Collection Project in standardised form and in accordance with the GRI methodology.

DIRECT AND INDIRECT EMISSIONS	2014	2015	2016	2017	2018
DIRECT GREENHOUSE GAS EMISSIONS (GHG – SCOPE 1)*	443 t/CO ₂ eq**	420 t/a CO ₂ eq**	398 t/a CO ₂ eq**	383 t/a CO ₂ eq**	591 t/a CO ₂ eq
INDIRECT GREENHOUSE GAS EMISSIONS (GHG – SCOPE 2)***	3,193 t/CO ₂ eq****	2,515 t/a CO ₂ eq****	2,717 t/CO ₂ eq****	2,745 t/a CO ₂ eq****	2,252 t/a CO ₂ eq

* Include emissions related to the transport of materials, products or waste, and ventilation.

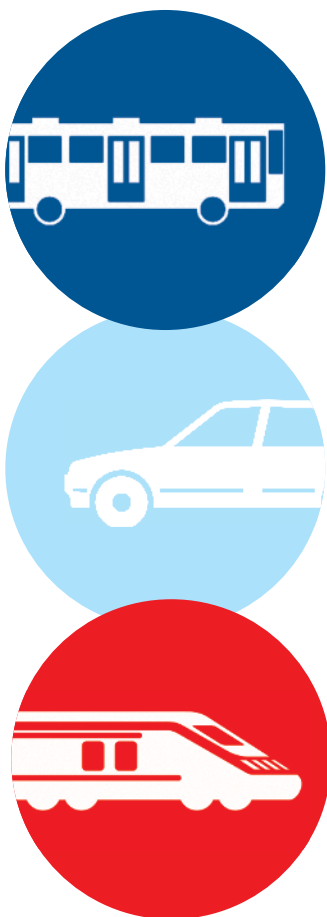
** Emission is determined by multiplying the actually consumed energy/Freon (kg/a), fuel (l/a) or mobility (km/a) by a corresponding CO₂eq equivalent emission factor.

*** Include emissions related to the consumption of electricity, heating and cooling.

**** Emission is determined by multiplying the actually consumed energy (kWh) by a corresponding CO₂eq equivalent emission factor (kg/kWh).

INTENSITY OF GREENHOUSE GAS EMISSIONS* (t/CO ₂ eq PER EMPLOYEE)	2014	2015	2016	2017	2018
TOTAL GREENHOUSE GAS EMISSIONS (t/CO ₂ eq)	3,636	2,935	3,115	3,128	2,842
TOTAL NUMBER OF EMPLOYEES	992	1,027	1,021	1,075	1,117
INTENSITY OF GREENHOUSE GAS EMISSIONS (CO ₂ eq t/a PER EMPLOYEE)	3.66	2.86	3.05	2.9098	2.54

* Emission intensity includes CO₂ emissions related to direct and indirect greenhouse gas emissions, as well as emissions caused by transport. Intensity of emissions is emission per activity unit, product unit, or other parameter unique for the company. The number of permanent employees as of 31 December 2018 was taken by the Bank as the parameter for calculation.



Transport

The emissions resulting from transport are a material aspect for our business sector, so this topic is among the priorities of Erste Bank. Fuel consumption as well as emissions have been monitored and recorded since 2013, including business trips as well as employee transport. The impact importance is determined based on the following criteria:

- CO₂eq emission based on annual mileage and annual fuel consumption of company vehicles
- CO₂eq emission based on annual mileage using private vehicles for company purposes
- CO₂eq emission due to taxi usage at the annual level
- CO₂eq emission based on annual mileage by air transport.

SIGNIFICANT ENVIRONMENTAL IMPACTS DUE TO TRANSPORT	2013	2014	2015	2016	2017	2018
DIESEL (l/a)	40,700	62,000	80,837	68,552	90,829	91,000
GAS (l/a)	48,000	33,000	40,678	43,757	3,859 *	1,655
CO ₂ t/a CO ₂ eq EMISSIONS	328	380	302	327	383	333

* The significant difference in petrol consumption in 2017 was a result of the reduced number of vehicles that run on petrol.

The decrease in the above-mentioned impacts is particularly contributed to by the Erste Group standards relating to environmentally friendly vehicles, i.e. company vehicles with CO₂eq limits of 120 g/km to 140 g/km.

Waste Management and Recycling

In addition to accurately monitoring and measuring all key parameters related to resource consumption, the reduction of paper consumption is defined as a special goal, considering the nature of its core business. Significant amounts of paper waste are created as a result of our everyday activities, because of which the Bank directed its initiatives primarily to the reduction of paper use, introduction of certified paper, as well as recycling. The Bank recognised waste management as one of the relevant responsible waste management topics, so this area was defined by an internal document titled the Waste Management Procedure.

Since 2009, the Bank's internal magazine Pulse, the Bank CSR report The Bank is the People! as well as other Bank publications have been printed solely on FSC (Forest Stewardship Council) certified paper, which means that timber or paper is produced by controlled and sustainable forest growth and reflects the highest level of quality assurance and sustainability in forestry, the timber industry and paper industry.

When it comes to recycling, in addition to office paper collection boxes, our business facilities in Novi Sad and Belgrade are equipped with bins for PET packaging and glass waste. In this way, by separating and delivering waste for recycling, the Bank strives to have a positive impact on sustainability. In the previous three years, the Bank delivered all its waste for recycling.

WASTE AND RECYCLING	2012	2013	2014	2015	2016	2017	2018
TOTAL GENERATED WASTE VOLUME (t)*	30.603	32.755	13.161	23.582	11.882	28.005	12.396
HAZARDOUS WASTE (t)	2.97	2.510	1.115	0.43	0.950	3.159	4.475
NON-HAZARDOUS WASTE (t)	27.633	30.245	12.046	23.152	10.932	24.846	7.921
TOTAL VOLUME OF RECYCLED WASTE (t)	30.603	32.755	13.161	23.582	11.882	28.005	12.396

* The stated quantity of waste refers to paper, electronic waste, toner cartridges, PET. The Bank does not keep records of other types of waste.

Another important initiative that contributed to the decrease in generated waste was implemented in 2014 when the Bank started using the printing service of the Konica Minolta company, thus freeing itself from the obligation of collecting toner cartridges (except for the quantities left from the previous period). This reduced the quantity of used paper as well.



RECYCLED WASTE	2012	2013	2014	2015	2016	2017*	2018
PAPER (kg)	26,690	29,720	11,350	22,970	10,809	24,592	7,559
ELECTRONIC WASTE (kg)	2,970	2,510	1,235	430	950	3,159	4,475
TONER CARTRIDGE WASTE (kg)	853	754	496	82	62	0	0
PET (kg)	90	150	80	100	61	40	50
PRINTED PVC FOIL (m ²)	350	274	274	520	280	262	
METAL (kg)						214	312

* Owing to cooperation with the Konica Minolta company, used toner cartridges are no longer recorded as Bank waste.

* For the first time in 2017, metal is registered as Bank waste.



Employee Engagement

The Bank recognised very early on the importance of involving employees in initiatives in the area of environmental protection and approached this topic in the right way. This aspect is strategically defined in the Bank and involves constant employee awareness raising about the importance of one's personal contribution to the preservation of the environment and the achievement of set goals. The savings that were realised in previous years are a result of their active engagement both in everyday activities, as well as in volunteering campaigns.

Erste Bank continued to support the humanitarian campaign Bottle Caps for Smiles, which is implemented across Serbia through the eponymous environmental organisation and entails the collection of plastic caps that are then recycled, with recycling proceeds being used for orthopaedic aids for children with disability or another developmental disorder. In 2018, a new volume of 40 kg of bottle caps was collected.

Also, 30 Bank employees went to work on foot or by bicycle, thus supporting the Just Not by Car campaign, which is part of a global initiative for the preservation of the environment through the use of environmentally friendly (sustainable) means of transportation. In this way, they travelled 400 km.

During 2018, Erste Bank supported the Earth Hour campaign by turning off lighting for an hour in the Bank's administrative facilities.

Through a large volunteering campaign on the World Cleanup Day, the Bank marked the tenth anniversary of Erste Bank Serbia's volunteering programme. During this volunteering campaign, our colleagues, in cooperation with Aarhus Centre and PUC Vode Vojvodine, cleaned up and improved the space around the Info Centre of the Jegrička Nature Park near Temerin.

— Investment in Sustainable Development

With the intention of contributing to an ever-greater demand for electric energy in a sustainable, reliable and economical manner, for many years Erste Bank has focused in particular on renewable energy source projects which, despite their complexity, constitute an investment in the future and the preservation of the environment. Responsible financing has thus become a strategic commitment of our Bank, through which we contribute to a sustainable future for our customers, employees and the community. A significant step forward was made by implementing the Natural and Social Environment Protection Policy and the Responsible Financing Policy (read more about the policies in the “Social and Economic Risk Management” section — pp. 67–69).

In Serbia, more than 70% of electric energy consumption still relies on the use of coal, while its use is known to have a very negative impact on the environment. The development of renewable energy source projects in our country began later than in more developed European and global practice. On the other hand, that is precisely what has enabled legislators to put in place laws regulating this area immediately in accordance with EU practice. Implementation of projects that use renewable energy sources involves very complex activities both for the project manager and the financier. The financing is, in every one of those cases, based on successful environmental impact assessment of the project in the community in which it is built, the approval of local authorities, compliance with all local laws and regulations, as well as on respect of specific standards for financing in this area. Erste Bank finances various renewable energy source projects, and recognises the problem of climate change as one of the main collective hazards at the global level. In accordance with the previously mentioned policies regulating this area of operation, the Bank has so far financed three biogas facilities, 14 solar facilities, three wind farms and 31 small hydroelectric power plants.

In 2018, Erste Bank began granting loans as part of the GEF Green Economy Financing Facility programme, aimed at all citizens who wish to invest in energy efficient solutions for their homes. This is the first loan of its kind as part of the GEF programme of the European Bank for Reconstruction and Development (EBRD), confirming Erste Bank’s commitment to actively working, together with its partners from EBRD, on environmental protection and promoting energy efficiency in households. This is the first loan of its kind in Serbia with a return on investment of up to 20 percent and a repayment period of up to 120 months.

During 2018, clients had at their disposal the EIB APEX III/B credit line aimed at small and medium-sized enterprises and other priorities, including the financing of Job Creation Programmes for Young People of the Western Balkans.

EIB and KFW credit lines were also active, from which, since the moment of their activation until the end of 2018, EUR 4,467,707 from the EIB credit line and EUR 1,294,002 from the KFW line were granted for renewable energy sources and energy efficiency.

GEFF Green Economy Financing Facility Programme

This is the first time that, by approving funds to a Serbian bank, the EBRD has supported energy efficiency in the retail lending segment. Loan beneficiaries also have at their disposal financial incentives, grants paid out by EBRD, in the amount from 15 and 20 percent of the total amount of the investment. The loan’s purpose may be the replacement of windows or doors, the adaptation of the façade, procurement of heating equipment or thermal insulation material, the purchase of photovoltaic panels, heat pumps, energy efficient lighting, and other measures that bring cost-effectiveness and savings.

Western Balkans GEF is a regional green economy financing programme developed by the European Bank for Reconstruction and Development (EBRD) with the aim of supporting investments in energy efficiency within the residential sector. The financial incentives were secured from funds provided by the European Union, the Republic of Austria and the Western Balkans Investment Framework, and the programme was implemented in cooperation with the Energy Community Secretariat. Western Balkans GEF is part of an international GEF programme active in 24 countries, which supports its transition to a green economy by presenting technological alternatives and accompanying benefits through a business plan for investments in high-performance technologies, services and practices.

For priority investment projects, the Bank granted EUR 10,285,436. During 2018, the Public Sector and Special Financing Department granted loans totalling EUR 37,265,396 for renewable energy sources from the Bank's funds.

Of the total loans granted in 2018, EUR 43,027,105 or 10.86% was granted for this purpose.

National Forum for Green Ideas

For the sixth year in a row, Erste Bank has supported the National Forum for Green Ideas, recognising the importance of ideas of associations, small enterprises, entrepreneurs and individuals, which will, in addition to their greatest sustainability potential, also create a strong socio-economic development impact on their local community, while preserving natural resources and the environment.

Trag Foundation, the Rockefeller Brothers' Fund (RBF), Erste Bank, Ikea Serbia and CWS Europe, awarded the three best innovative ecologically oriented business projects in 2018, with 5,000 dollars each. Petar Martinović from Kragujevac, Milan Petrović from Niš and Aleksandar Šćepanović from Belgrade, are the recipients of this year's donations for innovative business ideas based on sustainable development principles within the National Forum for Green Ideas.

At the one-day event organised in an Ikea exhibit in Belgrade, 10 finalists of the Green Ideas Forum presented their projects, of which the jury selected the best three projects. The authors of these business projects will also have an opportunity to present their ideas at the regional Philanthropy for Green Ideas Forum organised by the Rockefeller Brothers' Fund, and win an additional 10,000 dollars.

The first award was granted to Petar Martinović from Kragujevac for an innovative project for producing fish food by recycling organic waste. Milan Petrović from Niš won the second award for a 3D printing project recycling plastic and bringing together the local community in an association.

And the third award was won by Aleksandar Šćepanović for the Zanaterija project, an online crafts shop. The winning ideas will be further supported by consultation and mentoring in order to make them competitive and sustainable in the longer term, through the mentors' advice regarding the preparation of the public presentation.

More than 65 projects applied for the competition, and in the selection process, priority was given to projects with the greatest potential to make a significant impact in its local community. Relying on local resources, these projects also included the employment of the local population and the use of their knowledge and skills. In addition, the awarded projects were further evaluated on the basis of their creative approach to solving economic, social and environmental issues.

The National Forum for Green Ideas was launched by Trag Foundation in partnership with the Rockefeller Brothers Fund and Erste Bank, in 2013. Since then, a total of 15 entrepreneurial initiatives from 12 cities in Serbia have been supported. The programme was launched so that individuals, associations, small enterprises and entrepreneurs would receive encouragement and funds to develop innovative entrepreneurial projects based on the principles of sustainable development. These ideas are related to economic development based on the rational use of local resources, traditional production processes adapted to a new environment, preservation of crafts, as well as on continuous environmental improvement.

About This Report

The Corporate Social Responsibility Report 2018 of Erste Bank a.d. Novi Sad is its eleventh CSR report and the eight one that follows the global sustainability reporting methodology, Global Reporting Initiative (GRI).

The Report was prepared in accordance with the Core option of the new version of GRI Reporting Guidelines, while also fulfilling some of the requirements for the Comprehensive option, indicated in the GRI Index (pp. 126–132). The Report presents responses to 31 indicators, including the indicators and relevant management approaches from the GRI Financial Services Sector Supplement (FSSS), which makes this Report a relevant source of information also for the international finance institutions with which the Bank cooperates. The 2016 GRI Standards, as well as the GRI Financial Services Sector Supplement, have undergone changes in the data presentation method since 2015, with certain information presented as management approach instead of as indicators, but the type, quality and level of detail of the data provided by the Bank Report have remained unchanged. An overview of changes in the method of information presentation can be found in the GRI Index on pp. 126–132.

According to the current agreement between the Global Reporting Initiative and United Nations Global Compact (UNGC), the Bank Report meets all the requirements of the UNGC Communication on Progress (UNGC COP). In addition, it brings an overview of activities aimed at enhancing gender equality and women's empowerment in accordance with the United Nations Women's Empowerment Principles, signed by the Bank. The Report also provides an insight into how the Bank contributes to new sustainable development goals, by reviewing activities and results realised so far and taking into account its impacts in the broader context of sustainability.

www.globalreporting.org

www.ungc.rs

2011	2012	2013	2014	2015	2016	2017	2018
13 GRI INDICATORS G3.1 C LEVEL	26 INDICATORS GRI G3.1 B LEVEL 2 INDICATORS GRI G3.1 FSSS	32 INDICATORS GRI G3.1 B LEVEL 10 INDICATORS GRI G3.1 FSSS	37 INDICATORS GRI G4 10 INDICATORS GRI G3.1 FSSS	37 INDICATORS GRI G4 3 INDICATORS GRI G4 FSSS*	37 INDICATORS GRI G4 3 INDICATORS GRI G4 FSSS*	28 INDICATORS GRI STANDARDS* 3 INDICATORS GRI FSSS	28 INDICATORS GRI STANDARDS* 3 INDICATORS GRI FSSS

* In the G4 version of the Financial Services Sector Supplement, as well as in the current version of the GRI Standards, certain pieces of information are presented not as indicators but in the management approach, which led to a decrease in the total number of indicators on which the Bank reports, while the type and quality of performance data the Report provides have remained at the same level. A detailed review of changes in the manner of presenting information can be found in the GRI Index, pp. 126–132.

Representatives of all organisational parts of the Bank worked on the collection of the information necessary for the preparation of this Report, using their internal methods of performance monitoring and reporting. The Communication Department, in cooperation with its partner Smart Kolektiv, consolidated all the data obtained and prepared the Report, with approval by the Compliance and Security Risk Management Service. All financial data relating to the company's operation are presented on the basis of the 2018 non-consolidated financial report.

REPORT PARAMETERS	2018 CORPORATE SOCIAL RESPONSIBILITY REPORT OF ERSTE BANK A.D. NOVI SAD	
REPORTING CYCLE	ANNUAL	
REPORTING PERIOD	FOR 2018 (REPORT PUBLISHED IN 2019) RELATES TO THE FINANCIAL YEAR FROM 1 JANUARY 2018 TO 31 DECEMBER 2018	
PREVIOUS CSR REPORT	FOR 2017 (REPORT PUBLISHED IN 2018)	
FIRST CSR REPORT PUBLISHED	FOR 2008 (REPORT PUBLISHED IN 2009)	
REPORTING METHODOLOGY	GLOBAL REPORTING INITIATIVE (GRI STANDARDS) (GRI INDEX, PP. 126–132) GRI FINANCIAL SERVICES SECTOR DISCLOSURE UNITED NATIONS GLOBAL COMPACT (UNGC) COP	
OTHER STANDARDS	AA 1000SE STANDARD (ACCOUNTABILITY:2011)	
LIMITS	DEPENDING ON THEIR AVAILABILITY, CERTAIN DATA RELATE TO THE TWO MOST SIGNIFICANT FACILITIES OF THE BANK, ITS HEADQUARTERS IN BELGRADE AND NOVI SAD, WHILE OTHER DATA ALSO INCLUDE ALL ERSTE BANK BRANCHES ACROSS SERBIA. OTHER ERSTE GROUP MEMBERS IN SERBIA (P. 20) ARE NOT INCLUDED IN THIS REPORT.	
EXTERNAL ASSURANCE	/	
CONTACT	SONJA KONAKOV SVIRČEV, SENIOR CSR EXPERT DOP@ERSTEBANK.RS SONJA.KONAKOV.SVIRCEV@ERSTEBANK.RS + 381 (0) 112015011 + 381 (0) 608747497 THE REPORT IS AVAILABLE AT: WWW.ERSTEBANK.RS • WWW.UNGC.RS	

REPORTING PRINCIPLES	CORPORATE SOCIAL RESPONSIBILITY REPORT 2018 OF ERSTE BANK A.D. NOVI SAD
THE REPORT CONTENT WAS DEFINED SO AS TO PRESENT THE TOPICS WHOSE MATERIALITY WAS RECOGNISED DURING THE PREPARATION OF THE CSR STRATEGY, ACCORDING TO THEIR STRATEGIC IMPORTANCE TO THE BANK AS WELL AS ITS STAKEHOLDERS (PP. 23–25)	STAKEHOLDER ENGAGEMENT IS A FUNDAMENTAL TOOL THE BANK USES TO UNDERSTAND AND MEET THE NEEDS AND EXPECTATIONS OF ITS STAKEHOLDERS (PP. 27–28)
THE BROADER SUSTAINABILITY CONTEXT IS A FRAMEWORK IN WHICH THE BANK CONSIDERS ITS OPERATION AND ITS SOCIALLY RESPONSIBLE ACTIVITIES, TAKING INTO ACCOUNT NATIONAL AND INTERNATIONAL TRENDS, IN PARTICULAR THOSE WITHIN THE BANKING SECTOR.	THE PRIORITY REPORTING ASPECTS RELATE TO 2018 AND THE ENTITIES DEFINED BY THE BANK AS INCLUDED (PAGES 17 AND 20). COMPARATIVE DATA RELATIVE TO THE PREVIOUS YEARS ENSURE THE REPORT'S COMPLETENESS , AND PROVIDE STAKEHOLDERS WITH THE POSSIBILITY OF REVIEWING IN THEIR ENTIRETY THE RESULTS OF THE BANK'S OPERATION.
THE BANK STRIVES TO CONSIDER ITS SUSTAINABILITY IMPACTS IN AN OBJECTIVE MANNER AND PROVIDE AN UNBIASED VIEW OF ITS PERFORMANCE, THUS ACHIEVING BALANCED REPORTING.	IN LINE WITH GLOBAL REPORTING TRENDS, ERSTE BANK CONTINUES TO PRESENT DATA IN THE REPORT IN A CONSISTENT AND CONTINUOUS MANNER, RELYING ON THE GRI METHODOLOGY FOR THE SEVENTH CONSECUTIVE YEAR, ENSURING COMPARABILITY IN RELATION TO PREVIOUS REPORTING PERIODS AND OTHER NATIONAL AND INTERNATIONAL COMPANIES.
AS PART OF THE REPORTING PROCESS UPGRADING, THE BANK DEVELOPS AND IMPROVES ITS DATA MONITORING AND COLLECTION METHODS, GUARANTEEING THE ACCURACY OF THE STATED INFORMATION.	FOR ITS STAKEHOLDERS, THE BANK ENSURES THE TIMELINESS AND REGULAR AVAILABILITY OF INFORMATION, CONSIDERING THAT THE SCHEDULE OF ANNUAL PUBLICATION OF CSR REPORTS HAS BEEN ALIGNED WITH THE PUBLICATION OF ANNUAL FINANCIAL REPORTS SINCE 2008.
THE BANK STRIVES TO ENSURE THE ACCESSIBILITY AND CLARITY OF INFORMATION TO ALL READERS, ESPECIALLY BEARING IN MIND THE COMPLEXITY AND COMPREHENSIVENESS OF THE TOPIC.	ALL CLAIMS IN THE REPORT ARE SUPPORTED BY APPROPRIATE RELEVANT INFORMATION AND MAY BE VERIFIED, AND THE BANK GUARANTEES THEIR RELIABILITY , CONSISTENTLY COMPLYING WITH INTERNATIONAL STANDARDS AND METHODOLOGIES, AS WELL AS ERSTE GROUP GLOBAL GUIDELINES.

In developing the CSR report, the Bank relied on the GRI Reporting Principles defined with the aim of providing each reader with a clear insight into all aspects of operation, with an emphasis on the topics that are of the greatest importance to them.

GRI Index and Indicators

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2.	204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS	○	○	○	●	●	●	●	●	88	SDG 12
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3.	205-1 TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	○	○	●	●	●	●	●	●	40	PRINCIPLE 10 SDG 16
4.	205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	○	○	●	●	●	●	●	●	41, 42	PRINCIPLE 10 SDG 16
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5.	302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION* * for 2012 and 2013, reported according to GRI G3.1. EN4: indirect energy consumption by primary energy source	○	●	●	●	●	●	●	●	116	PRINCIPLES 7,8 SDGs 7, 8, 12,13
6.	302-3 ENERGY INTENSITY	N/A	N/A	N/A	●	●	●	●	●	117	PRINCIPLE 9 SDGs 7,8,12,13
7.	302-4 REDUCTION OF ENERGY CONSUMPTION* * for 2012 and 2013, reported according to GRI G3.1 EN5: Energy saved due to conservation and efficiency improvements	○	●	●	●	●	●	●	●	116	PRINCIPLES 8,9 SDGs 7, 8, 12, 13
	ASPECT: EMISSIONS - MANAGEMENT APPROACH GRI 305									114–116	
8.	303-5 WATER WITHDRAWAL* * former indicator 303-1 total water withdrawal by source	○	●	●	●	●	●	●	●	116	PRINCIPLES 7,8 SDG 6

	ASPECT: EMISSIONS — MANAGEMENT APPROACH GRI 305									114–116	
9.	305-1 DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)* * reporting for 2012 AND 2013 according to GRI G3.1 EN 16: Total direct and indirect emissions of greenhouse gas	○	●	●	●	●	●	●	●	117	PRINCIPLES 7,8 SDGs 3,12,13,15
10.	305-2 INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)* * reporting for 2012 and 2013 according to GRI G3.1 EN 16: Total direct and indirect emissions of greenhouse gases	○	●	●	●	●	●	●	●	117	PRINCIPLES 7,8 SDGs 3,12,13, 15
11.	305-4 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY	N/A	N/A	N/A	●	●	●	●	●	117	PRINCIPLE 8 SDG 13, 15
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	ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT - MANAGEMENT APPROACH GRI 308									88	
13.	308-1 SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA	N/A	N/A	N/A	●	●	●	●	●	90–91	PRINCIPLE 8
	CATEGORY: SOCIAL – MANAGEMENT APPROACH - GRI 400									48–49, 66, 88, 92, 112–113	
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16.	403-9 WORK-RELATED INJURIES* * former indicator 403-2 types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	○	●	●	●	●	●	●	●	62	SDGs 3, 8

17.	403-4 WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY* * former indicator 403-4 health and safety topics covered in formal agreements with trade unions	○	●	●	●	●	●	●	●	54–55, 64–65	SDG 8
	ASPECT: TRAINING AND EDUCATION - MANAGEMENT APPROACH GRI 404									57	
18.	404-1 AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY	●	●	●	●	●	●	●	●	59	PRINCIPLE 6 SDGs 4, 8
19.	404-2 PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMMES	○	→	→	→	→	→	→	→	57	SDG 8
20.	404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	●	●	●	●	●	●	●	●	59	PRINCIPLE 6 SDGs 5,8
	ASPECT: DIVERSITY AND EQUAL OPPORTUNITY - MANAGEMENT APPROACH GRI 405									48–49, 52	
21.	405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	○	●	●	●	●	●	●	●	33, 48	PRINCIPLE 6 SDGs 5,8
	ASPECT: HUMAN RIGHTS ASSESSMENT - MANAGEMENT APPROACH GRI 412									48–49, 52, 68, 83–84, 90–91	
22.	412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	○	○	●	●	●	●	●	●	52	PRINCIPLES 1,4,5
23.	412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	○	○	●	●	●	●	●	●	67–70	PRINCIPLES 2,4,5
	ASPECT: LOCAL COMMUNITIES - MANAGEMENT APPROACH GRI 413									92	
24.	413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMMES	●	●	●	●	●	●	●	●	92	PRINCIPLE 1
25.	FS 14 C INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE	○	●	●	●	●	●	●	●	19	SDGs 1, 4, 8, 10

	ASPECT: SUPPLIER SOCIAL ASSESSMENT - MANAGEMENT APPROACH GRI 414									88	
26.	414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA* * former indicators G4-LA14, G4-HR10 and G4-SO9 were combined into 414-1 with the introduction of the gri standards. ** indicators LA 14 and SO9 were fully met each year since their introduction in the GRI G4 in 2014, while indicator HR10 was fully met each year starting with the 2012 report.	N/A	N/A	N/A	N/A	N/A	N/A**	●	●	90–91	PRINCIPLES 2,4,5 SDGs 5,8,16
	ASPECT: MARKETING AND LABELLING - MANAGEMENT APPROACH GRI 417 (INCLUDES FORMER INDICATOR FS16-INITIATIVES TO ENHANCE FINANCIAL LITERACY BY TYPE OF BENEFICIARY)									66, 70–79, 83–84	SDGs 1, 8,10
27.	417-1 REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING	●	●	●	●	●	●	●	●	83–84	SDG 12
28.	417-2 INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELLING	○	○	●	●	●	●	●	●	84	SDG 16
	ASPECT: CUSTOMER PRIVACY - MANAGEMENT APPROACH GRI 418									83–84	
29.	418-1 SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA	●	●	●	●	●	●	●	●	84	SDG 16
SECTOR-SPECIFIC ASPECTS ACCORDING TO GRI FINANCIAL SECTOR DISCLOSURES											
	ASPECT: PRODUCT AND SERVICE PORTFOLIO - MANAGEMENT APPROACH (FORMER INDICATORS FS1, FS2, FS3, FS4, FS5)									67–70	SDG 10
30.	FS 7 C MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC SOCIAL BENEFIT FOR EACH BUSINESS LINE BROKEN DOWN BY PURPOSE	○	○	●	●	●	●	●	●	70–75, 79	SDGs 1, 4, 8, 9, 10, 11
31.	FS 8 C MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT FOR EACH BUSINESS LINE BROKEN DOWN BY PURPOSE	○	○	●	●	●	●	●	●	121–122	
	ASPECT: AUDIT - MANAGEMENT APPROACH (FORMER INDICATOR FS9)									70	SDG 10

GRI INDICATOR COMPLIANCE LEVEL

● FULLY MET

→ PARTIALLY MET

○ NOT MET

* RED COLOUR MARKS INDICATORS FROM THE FINANCIAL SERVICES SECTOR SUPPLEMENT

** THE REPORT WAS PREPARED IN ACCORDANCE WITH THE CORE OPTION OF THE GRI STANDARDS.
ADDITIONALLY, SOME OF THE REQUIREMENTS FOR THE COMPREHENSIVE OPTION HAVE BEEN MET:
102-15, 102-19, 102-22 DO 102-26, 102-35, 102-36, 102-17

ADDITIONAL REMARKS:

ACCORDING TO THE NEW GRI INDEX, FORMER INDICATORS EN27, EN30 AND EN31 ARE NOT PRESENTED IN THE FORM OF INDICATORS, BUT THROUGH THE ASPECT MANAGEMENT APPROACH: MATERIALS, ENERGY, EMISSIONS, EFFLUENTS AND WASTE AND GENERAL MANAGEMENT APPROACH.

WITH THE INTRODUCTION OF THE GRI STANDARDS, FORMER INDICATORS EN34, LA16 AND HR12 HAVE BEEN COMBINED INTO 103-2-C (GENERAL MANAGEMENT APPROACH).

INDICATOR PR5 HAS BEEN TRANSFERRED TO 102-43 AND 102-44, WHILE INDICATOR PR6 IS NOW PART OF 102-2.

* WITH THE INTRODUCTION OF THE GRI STANDARD, FORMER INDICATORS G4-LA14, G4-HR10 AND G4-SO9 HAVE BEEN COMBINED INTO 414-1.

Cross Reference Table of the United Nations Global Compact Principles and GRI Indicators

UNITED NATIONS GLOBAL COMPACT (UNGC) PRINCIPLES	CORRESPONDING ITEMS IN GRI STANDARDS
HUMAN RIGHTS	
PRINCIPLE 1 BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS	412-2 413-1
PRINCIPLE 2 AND MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.	412-3 414-1
LABOUR STANDARDS	
PRINCIPLE 3 BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;	102-41
PRINCIPLE 4 THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR;	412-2* 412-3* 414-1*
PRINCIPLE 5 THE EFFECTIVE ABOLITION OF CHILD LABOUR; AND	412-2* 412-3* 414-1*
PRINCIPLE 6 THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.	102-8 401-1 401-3 404-1 404-3 405-1
ENVIRONMENT	
PRINCIPLE 7 BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;	302-1 303-1 305-1 305-2
PRINCIPLE 8 PROMOTE PROJECTS WITH GREATER ENVIRONMENTAL RESPONSIBILITY; AND	302-1 302-3 302-4 303-1 305-1 305-2 305-4 306-2 308-1
PRINCIPLE 9 USE AND DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.	302-4
ANTI-CORRUPTION	
PRINCIPLE 10 BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.	102-16 102-17 205-1 205-2

* According to the assessment of the of the report author.

Additional remarks: Under the new GRI index, former indicators EN27, EN30 and EN31 are not presented in the form of indicators, but through the aspect management approach: materials, energy, emissions, effluents and waste and general management approach.

— Overview of the United Nations Women's Empowerment Principles

In 2012, Erste Bank was one of the first signatories of the **United Nations Women's Empowerment Principles** which present guidelines for the business sector on how to empower women in the workplace, market and the community. This report provides an insight into our long-standing engagement aimed at enhancing gender equality and empowering women in all areas of our activities.

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATED TO SUPPORTING THE EMPOWERMENT OF WOMEN AND ENHANCING GENDER EQUALITY IN THE WORK ENVIRONMENT:		
ACHIEVING AND MAINTAINING GENDER EQUALITY IN TOP MANAGEMENT AND BOARD POSITIONS	✓	
ACHIEVING AND MAINTAINING GENDER EQUALITY IN MIDDLE MANAGEMENT POSITIONS	✓	
EQUAL PAY FOR WORK OF EQUAL VALUE	–	
FLEXIBLE WORK OPTIONS	–	
	✓	
AVAILABILITY OF SERVICES FOR CHILD CARE AND DEPENDENT PERSON	✓	
SUPPORT FOR PREGNANT WOMEN AND WOMEN RETURNING FROM MATERNITY LEAVE	✓	
RECRUITMENT AND RETENTION IN THE WORKPLACE, INCLUDING TRAINING AND DEVELOPMENT, OF FEMALE EMPLOYEES	✓	
SPECIFIC ISSUES OF HEALTH AND SAFETY FOR WOMEN	–	
GENDER-BASED VIOLENCE AND HARASSMENT	✓	
EDUCATION AND TRAINING OPPORTUNITIES FOR FEMALE EMPLOYEES	✓	
CREATING AND MAINTAINING AWARENESS OF GENDER EQUALITY IN THE WORKPLACE AND OF INCLUSION AND NON-DISCRIMINATION FOR ALL EMPLOYEES	–	
MENTORING AND SPONSORSHIP OPPORTUNITIES FOR WOMEN	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	–	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS		

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATED TO SUPPORTING WOMEN AND ENHANCING GENDER EQUALITY IN THE WORK ENVIRONMENT:		
DIVERSITY PROGRAMME FOR SUPPLIERS	–	
SUPPLIER BASE GENDER STRUCTURE	–	
SUPPORT FOR WOMEN BUSINESS OWNERS AND WOMEN ENTREPRENEURS	–	
MONITORING AND ENGAGING SUPPLIERS IN CONNECTION WITH WOMEN'S EMPOWERMENT AND GENDER EQUALITY, INCLUDING THE PROMOTION OF THE WOMEN'S EMPOWERMENT PRINCIPLES TO THE SUPPLIERS	–	
GENDER-SENSITIVE MARKETING	–	
GENDER-SENSITIVE DEVELOPMENT OF PRODUCTS AND SERVICES	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	✓	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS	–	

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATED TO SUPPORTING THE EMPOWERMENT OF WOMEN AND ENHANCING GENDER EQUALITY IN THE COMMUNITY:		
CREATING DISCRIMINATION-FREE/STEREOTYPE-FREE AND GENDER-SENSITIVE PROCESS OF STAKEHOLDER ENGAGEMENT IN THE COMMUNITY	✓	
GENDER IMPACT ASSESSMENT OR CONSIDERATION OF IMPACTS IN CONNECTION WITH GENDER ISSUES AS PART OF SOCIAL AND/OR HUMAN RIGHTS IMPACT ASSESSMENT	–	
WOMEN AS BENEFICIARIES OF PROGRAMMES IN THE COMMUNITY	✓	
	✓	
INITIATIVES IN THE COMMUNITY SPECIFICALLY AIMED AT THE EMPOWERMENT OF WOMEN AND GIRLS	–	
STRATEGIES ENSURING THAT THE COMMUNITY INVESTMENT PROJECTS (INCLUDING ECONOMIC, SOCIAL AND ENVIRONMENTAL) HAVE A POSITIVE IMPACT ON WOMEN AND GIRLS	–	
STRATEGIES ENSURING THAT THE COMMUNITY INVESTMENT PROJECTS (INCLUDING ECONOMIC, SOCIAL AND ENVIRONMENTAL) INVOLVE FULL ENGAGEMENT OF WOMEN AND GIRLS	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	–	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS		

THE REPORT CONTAINS GENDER-DISAGGREGATED DATA OR RELATES TO THEM:		
ACHIEVING AND MAINTAINING GENDER EQUALITY IN TOP MANAGEMENT AND BOARD POSITIONS	✓	
ACHIEVING AND MAINTAINING GENDER EQUALITY IN MIDDLE MANAGEMENT POSITIONS	✓	
EQUAL PAY FOR WORK OF EQUAL VALUE	–	
FLEXIBLE WORK OPTIONS	–	
AVAILABILITY OF SERVICES FOR CHILD CARE AND DEPENDENT PERSON	✓	
SUPPORT FOR PREGNANT WOMEN AND WOMEN RETURNING FROM MATERNITY LEAVE	✓	
RECRUITMENT AND RETENTION IN THE WORKPLACE, INCLUDING TRAINING AND DEVELOPMENT, OF FEMALE EMPLOYEES	✓	
SPECIFIC ISSUES OF HEALTH AND SAFETY FOR WOMEN	✓	
GENDER-BASED VIOLENCE AND HARASSMENT	–	
EDUCATION AND TRAINING OPPORTUNITIES FOR FEMALE EMPLOYEES	✓	
CREATING AND MAINTAINING AWARENESS OF GENDER EQUALITY IN THE WORKPLACE AND ON INCLUSION AND NON-DISCRIMINATION FOR ALL EMPLOYEES	✓	
MENTORING AND SPONSORSHIP OPPORTUNITIES FOR WOMEN	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	–	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS	–	

The Bank Is the People!

Erste Bank a. d. Novi Sad
Corporate Social Responsibility Report 2018

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We invite you to send your comments, proposals, suggestions and questions related to corporate social responsibility of Erste Bank Serbia to: dop@erstebank.rs.

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