



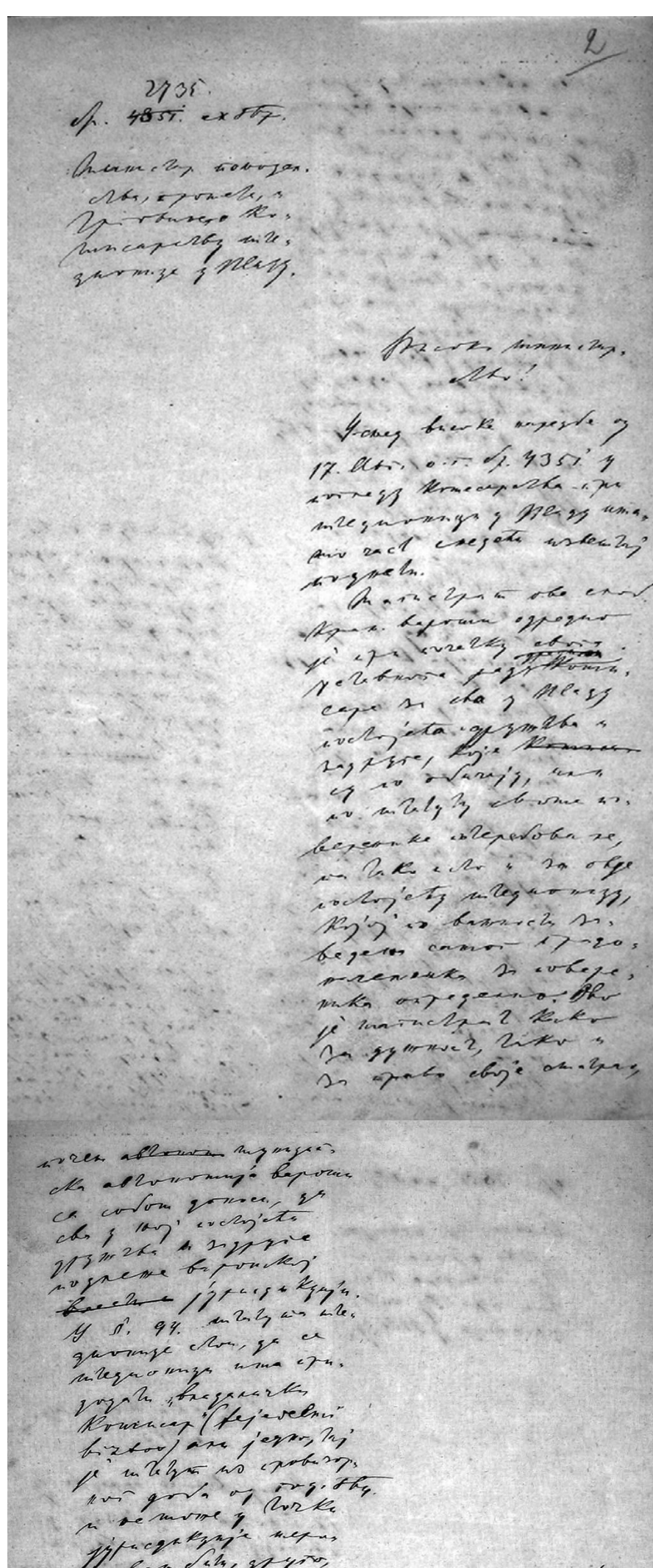
# The Bank Is the People!

**ERSTE BANK A. D. NOVI SAD**  
**CORPORATE SOCIAL RESPONSIBILITY REPORT 2019**



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A group of people in historical attire, possibly from the 18th or 19th century, are gathered in a room with stone walls. A woman in the center, wearing a white dress and a light-colored headscarf, is reading a small book. She is surrounded by other people, including a man in a blue uniform and a top hat in the foreground. The lighting is warm and dramatic, highlighting the woman and the book.

# The Bank Is the People!

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Erste Bank a. d. Novi Sad  
CORPORATE SOCIAL RESPONSIBILITY REPORT 2019

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# Foreword

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

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## DRAGE KOLEGE I PRIJATELJI,

The year 2019 was significant and special for Erste Bank for multiple reasons. Together without our employees, clients, and partners, we marked two important anniversaries – 200 years of Erste Group and 155 years of Novosadska Štedionica.

Our founders' ideas are still current and relevant today, not only for clients and society but also for our employees, because they proceed from the individual, needs and opportunities for prosperity. Helping people achieve financial independence and prosperity and impacting the development of society, while at the same time providing equal opportunities to all – these ideas were revolutionary in Vienna in 1819 and in Novi Sad 45 years later, and they are also very much applicable today.

This kind of approach is reflected in our business operation, through the trust we build with clients and employees, the support we provide them with and the values we create together.

Year 2019 was not only a year of important anniversaries. It was another in a series of years in which we achieved exceptional results by applying a new strategy. We launched a comprehensive financial education programme in order to help citizens make better financial decisions, we further developed our social banking programme which contributes to the creation of new jobs in our country and to the development of local communities.

Regarding plans for the next five years, one of the key goals is to be bank number 1 in terms of customer experience – in line with our corporate culture, we place an emphasis on building personal, stable and long-term partnerships with our clients. In 2019 we achieved growth in all key business segments.

Total assets rose by more than 14 percent in this year relative to the end of 2018, while total loans to clients rose by more than 15 percent, and deposits by more than 12 percent.

When it comes to loans to individuals, small businesses and entrepreneurs, our growth outperformed the market this year by almost two and a half times, and by one and a half times when it comes to deposits. In addition, more than 45,000 new clients decided to place their trust in us.

In the SME business segment, the loan volume grew by 13 percent this year, and bank guarantees grew by as much as 50 percent. In working with large companies, the volume of loans granted in Serbia increased by 15 percent, accompanied by a significant growth of cross-border loans granted by Erste Group to clients from Serbia.

In the future of banking, which is closer than it seems, the keys to success will be innovation and technology. The digital transformation of the banking sector, which involves not only the creation of new applications supported by modern technological solutions, but also a change in the mindset and approach to clients, services and all other operations, is well underway. The habits and expectations of clients are changing, our business environment is changing, the competition is changing.

All of the above presents a great chance for banks that recognise new opportunities and take advantage of them to improve customer experience and adapt business operation to strategic changes in the market.

In Erste Bank, we are in the process of migrating to a new core banking system, with which we wish to assume a leading market role in the digital transformation of financial services.

We are aware that for long-term sustainability, in addition to constant business operation enhancement, the trust of our clients, our employees, as well as our community, is of crucial importance. That is why we remain fundamentally committed to social responsibility in all business segments. Our strategic approach is based on investing in long-term and stable relations with all key stakeholders, and commitment to actively contributing to the development and welfare of society of which we are an integral part.

Reporting on impacts on society 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 more than a decade part of a broader process to which we have a long-term commitment, constant upgrading of the CSR strategy and socially responsible practices. The global framework for our operations and reporting is provided by internationally recognised sustainability standards, as well as United Nations Sustainable Development Goals, which provide us with broader context and direction. The present document is our twelfth Report, and the ninth one that has been compiled 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 and community, with whom we wish to build a common future.

Finally, I would like to use this opportunity to thank you all, with special thanks to the employees of our Bank – your contribution is precisely what makes our bank recognisable and different from other banks in the market. Employee commitment, client trust and the support of our partners and community, motivate us to keep growing and transforming ourselves, as we build the Bank of the Future.

Cordially,  
**SLAVKO CARIĆ**





# Foreword

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

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## DEAR FRIENDS,

Behind us lies another successful year, in which, together with our employees, clients, partners, and the community of which we are an integral part, we strove to contribute to sustainable and sound growth, which includes the welfare of people and society at large.

In order to become the first-choice employer, our socially responsible community approach also pertains to all of us working in the Bank. With the aim of further development, we are investing in training programmes for our employees, constantly working on further improving development programmes and trainings intended for our colleagues. We wish to be a desirable employer not only for those with many years of experience, but also for young people who believe in themselves and wish to try their hand in an inspiring working environment. It is true that, with all the rapid and digital changes, the Bank certainly fits the description.

Our support to the community is likewise aimed at young people, who are a source of inspiration through their ideas and energy. In addition to the Superste.net platform, the Bank provides young people with numerous opportunities for development and gaining work experience, through internship and mentoring

programmes and support to community youth initiatives.

With the aim of achieving further progress in the area of financial inclusion, the idea on which Erste Bank's business operation has been founded since its establishment, we took a systematic approach to informing and educating on financial topics not only our current and potential clients, but also entire communities, through the #ErsteZnali platform. By means of a series of texts, workshops and interactive content, we wish to help citizens make informed financial decisions and, in doing so, improve their quality of life. We are proud of the success of this platform, which has drawn great attention from the public. Financial literacy contributes to the prosperity of society as a whole, to economic growth and reducing the risk of poverty, as well as social inclusion and stability.

Another topic in the focus of attention in Erste Group and Erste Bank in Serbia is gender equality. The Bank is one of the first signatories of 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). For years now, we have traditionally supported the Share Your Knowledge – Become a Mentor programme, devoted to young women's

personal and professional development. In addition, we are committed to promoting gender equality in the workplace. We are proud of the fact that Erste Group is the only Austrian company included in Bloomberg's Gender Equality Index (GEI). Achieving gender equality in all segments of society is also one of the United Nations Sustainable Development Goals, which also guide us in setting our goals and sustainability strategies.

Read about our Bank's contribution to these goals, as well as other global sustainability initiatives, in the pages to follow.

We are witnessing fast-paced changes and that is why it is important that we monitor them, that we change and adapt constantly, make every effort to listen to the needs and pulse of our clients and the community, and be flexible. That is the only way for us to become stronger, a place where our employees' wishes and talents are realised, and a company that gives back part of the value we create to the community we come from and in which we live and work. I believe in our bank and the potential of our people. That is also my final message – the future begins when we believe in ourselves.

Cordially,  
**JASNA TERZIĆ**





# 1. Company Profile

## — 1.1 Erste Grup

Being a part of history, witnessing major events, great people and changes during 200 years, without changing one's core and purpose, speaks to the persistence of the guiding idea that Erste Group has had for two centuries, and with which it is entering its third century of existence. Prosperity and the future – that is the message that has resonated across the region ever since 1819.

The First Austrian Savings Bank (Erste österreichische Spar-Casse) opened its doors to everyone, regardless of their origin, status, nationality, wealth or poverty, 200 years ago. “No age, no gender, no social group, no nationality should be excluded from the benefits that the savings banks offers to depositors”, reads the founding act of the first savings bank in Central and Eastern Europe. Established on this principle in Vienna, Erste Group continues to be committed to the goal of making financial and social progress available to everyone. Based on the bold principle of “spreading and ensuring prosperity“, numerous savings banks were established across the region of Central and Eastern Europe, in the decades following the Bank's establishment in 1819.

### Marie Schwarz – Inspirational Story

When the First Austrian Savings Bank (Erste österreichische Spar-Casse) opened its doors 200 years ago, it opened them to everyone, which was a real, small banking revolution. Twelve-year old Marie Schwarz, a pupil from a working-class suburb of Vienna, opened then her first savings book with 10 guilders she received from prosperity pioneers and fighters for equal rights of all. Thirty years later, Marie had in her checking account a small fortune for that time – 30 guilders and 49 kreutzers, but more importantly, she understood that a better future is available to everyone, regardless of origin and status.

For Erste Group, the anniversary year 2019 began with Marie Schwarz – her story was portrayed in a TV video clip which shows us a link between the past, the present and the future. Namely, the desire for creating equal opportunities for all outlived all upheavals, revolutions, wars and changes, guided by the mission – enabling prosperity for all and ensuring the kind of future we want.

“We are proud of our heritage and the long-term validity and relevance of our founding principles. Those principles and history of progressive thinking are at the foundation of what Erste Group is today: a modern bank that does business with retail and corporate clients and has a strong commitment to Central and Eastern Europe. Our founding principles also provide us with guidelines for the future – we shall continue to help clients take care of their financial health, to create and safeguard prosperity and implement new business ideas and personal goals“, stated Andreas Treichl, CEO of Erste Group Bank AG, on the occasion of marking the anniversary.

The two-century anniversary has been the main topic across the Group throughout the year, all members celebrated it with their clients, partners and friends, and the central event was focused on people who make up Erste Group, because they are the ones carrying the “torch” passed on to them by the founders two centuries ago. At the celebration in Vienna, on 4 October 2019, on Erste Group's 200th birthday, more than 11,000 employees from seven member countries gathered in the Stadthalle in Vienna. In the Musikverein concert hall in Vienna, a celebratory matinee devoted to our anniversary, attended by numerous well-regarded representatives of Austria's business, public and cultural life, was held on 6 October.

Erste Group employs almost 47,300 staff who serve 16.6 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.

Detailed financial report of Erste Group is available at [www.erstegroup.com](http://www.erstegroup.com)





## Andreas Treichl named “Banker of the Year”

Andreas Treichl, CEO of Erste Group Bank AG (Erste Group), was named “Banker of the Year” for 2019 in the annual Awards for Excellence by Euromoney, one of the leading global financial publications. The jury recognised Andreas Treichl’s contribution to the development of the banking sector in emerging Europe, commitment to financial inclusion and the far-sighted digital strategy pursued by Erste with its platform George - the largest pan-European banking platform currently serving a majority of clients in four Erste Group markets. In its decision, the Euromoney jury highlights that in the course of Andreas Treichl’s 22 years as CEO, Erste Group has evolved from a traditional savings bank in Austria to a listed company with subsidiaries in six Central Eastern European (CEE) countries, more than 16 million customers and over 47,000 employees. A spotlight on financial inclusion coupled with an ambitious social banking programme is further strengthening this strategic focus and draws on the bank’s 200-year-old roots as a financial services provider in order to promote prosperity. After more than 20 successful years at the helm of Erste Group, as of January 2020 Andreas Treichl will be succeeded by Bernhard Spalt as CEO.

Decisions about the winners of Euromoney’s prestigious Awards for Excellence are made by a committee of the publication’s senior journalists based on detailed submissions from market participants and extensive year-round research into the banking and capital markets in the region. The Awards cover global categories, best-in-class awards in all regions and the best banks in close to 100 countries around the world.

### Erste Group in Brief:

- Serves 16.5 million customers
- Employs 47,284 staff
- Operates 2,373 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 2019:

- Total assets: EUR 245.7 billion
- Operating profit: EUR 2.97 billion
- Net profit: EUR 1.47 billion
- CET 1 ratio: 13.7%

## 15 Awards for Erste Group Analysts’ Forecasts

Focus Economics, one of the leading providers of economic analysis and forecast quality assessment services in 130 countries around the world, presented awards for most accurate forecasts by analysts – including forecasts by global investment banks and prestigious research institutes. At this year’s award ceremony, colleagues conducting research in Erste Group won 15 awards. “When you think about how many different institutions took part in the assessments, this result is a huge success for Erste Group! When it comes to our key markets, we have every right to say we are better than others!”, said Fritz Mostböck, Head of Group Research.



“Our annual operating result of nearly 3 billion euros, a significant increase of 8.7 percent, proves that Erste is really fit at its core. That is quite rare in European banking at the moment— and gives us a strong foundation for future growth. Thanks to our footprint, we are active in the economically most dynamic region in Europe, with CEE countries posting GDP growth more than twice as high as the Eurozone average. Importantly, this growth is mostly generated by domestic demand, thanks to low unemployment rates and rising real wages. Given the region’s resilient growth path, the scale of our franchise and the strength of our brand, we were able to achieve a 7 percent increase in both deposit and loan volumes. Our operating income rose twice as fast as costs, with advances across all revenue streams. The continued benign risk environment contributed to a further improvement in the NPL ratio to 2.5 percent, reflecting the fundamental health of our assets. We are satisfied with our liquidity position, as we are with our capital: our common equity tier one capital (CET1) ratio stands at 13.7 percent, comfortably above regulatory requirements. We would like to share our good result in 2019 with our shareholders and will therefore propose increasing the dividend to 1.50 euro per share at the annual general meeting”, stated Bernhard Spalt, CEO of Erste Group Bank AG, during the presentation of our results.

## Gender Equality in Erste Group

Erste Group’s diversity and inclusion principles place an emphasis on providing a work environment free of discrimination and harassment and valuing the work and worth of every person, regardless of gender, age, disability, marital status, sexual orientation, skin colour, religious or political affiliation, ethnicity, nationality, or any other aspect unrelated to their employment.



Erste Group has conducted a large number of different initiatives supporting the development of female leadership. In 2019, Alexandra Habeler-Drabek became the first woman to be appointed member of the Management Board of Erste Group. The total share of women in top management positions across Erste Group currently stands at 29 percent, and women held 39 percent of positions in the Supervisory Board of Erste Group at the end of 2019. With the aim of further increasing the number of women in top management, Erste Group intends to improve gender balance in its talent programme, and offers talented women mentoring support programmes. In Austria, the Erste Women’s Hub employee resource group continued with key initiatives, such as networking events, new exchange formats for mothers and fathers during parental leave and Erste WIT, Erste Women in IT initiative.

Erste Group is one of 230 companies selected for the 2019 Bloomberg Gender-Equality Index, which distinguishes companies committed to transparency in gender reporting and advancing women’s equality. Erste Group is the first Austrian company to be selected for inclusion in the index, which includes firms from 10 sectors headquartered across 36 countries and regions, among them 13 markets



represented for the first time in 2019. Collectively, these firms have a combined market capitalization of USD 9 trillion and employ more than 15 million people, of which seven million are women, around the world.

Bloomberg's standardised reporting framework offers publicly-listed companies the opportunity to disclose information on how they promote gender equality across four separate areas – company statistics, policies, community engagement and products and services. Reporting companies that score above a globally-established threshold, based on the extent of disclosures and the best-in-class statistics and policies, are included in the GEI. Erste Group's GEI score (76.20) placed it above the overall average for the 2019 GEI and in line with the average for the 96 financial sector companies included in this year's index.

"Our renewed inclusion in Bloomberg's Gender-Equality Index is welcome recognition of the work that we put into advancing the aim of gender-equality in the workplace. Providing women with equal opportunities to advance in their careers is something that is deeply rooted in the inclusive principles on which Erste was founded two hundred years ago. We have made notable progress in making sure women can excel within our group, even if we have not yet managed to reach our target of having a 35 percent female-share in top management positions across all our markets. We will keep working on that. In pursuing greater gender-equality, we will also continue to pursue policies that are based on evidence, facts and analysis – which is also why we view the Bloomberg GEI as a uniquely useful benchmark," stated Julia Valsky, the Head of Diversity Management at Erste Group.

## Sustainability at Erste Campus

With a surface area of 25,000 m<sup>2</sup> and a gross usable floor space of 165,000 m<sup>2</sup>, since 2016 Erste Campus has brought 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.

Campus building is barrier-free and guarantees access to people with disabilities, and is also characterised by numerous innovations which help reduce its environmental impact: activation of the concrete core for heating and cooling using geothermal pillars in combination with district heating/cooling from the municipality of Vienna, double-skin facades with smart external protection from sunlight and windows that open, night-time temperature reduction, modern LED lighting and energy recovery from the elevator systems.





## EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE

### ČESKÁ SPŮRITELNA A.S.

CZECH REPUBLIC  
Branches: 501  
Customers: 4.6 million  
Employees: 11,115

### SLOVENSKÁ SPORITEL'ŇA, A.S.

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

### ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG, SPARKASSEN

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

### ERSTE BANK HUNGARY ZRT.

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

### BANCA COMERCIALĂ ROMÂNĂ S.A.

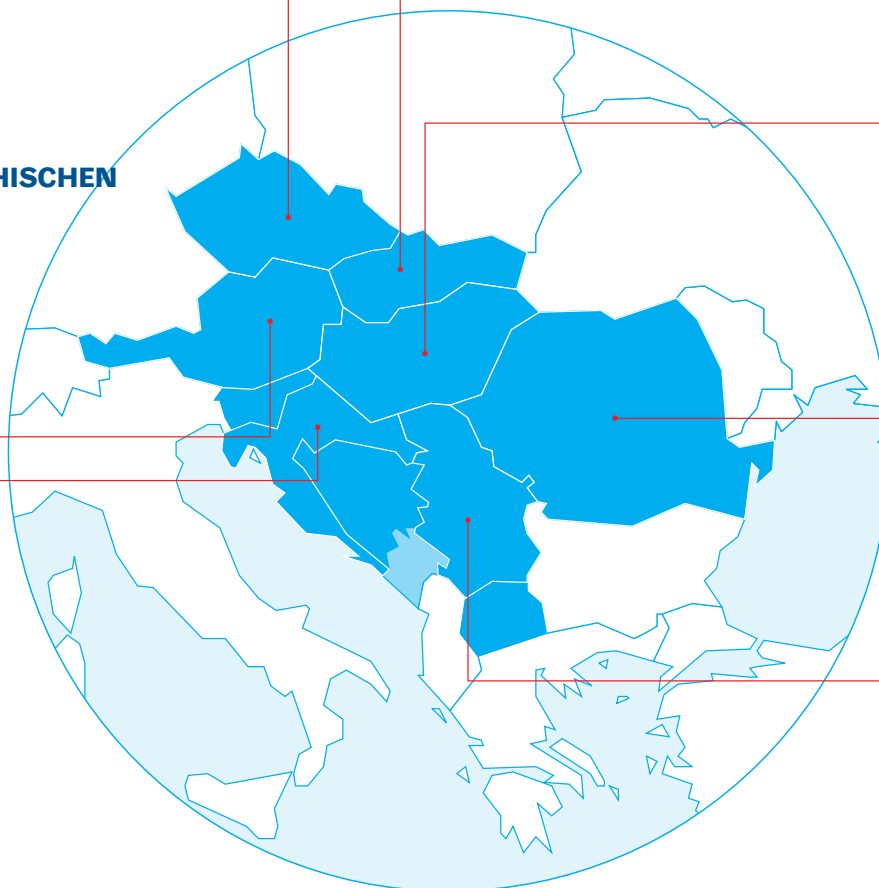
ROMANIA  
Branches: 509  
Customers: 3.1 million  
Employees: 7,237

### ERSTE BANK CROATIA

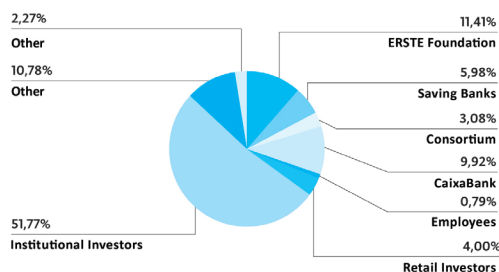
CROATIA  
Branches: 149  
Customers: 1.2 million  
Employees: 3,168

### ERSTE BANK A. D. NOVI SAD

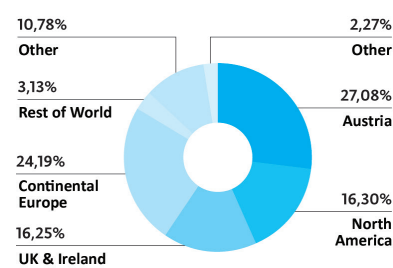
ERSTE BANK a.d. Novi Sad  
Branches: 87  
Customers: 0.5 million  
Employees: 1,117



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



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





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## — 1.2 Erste Bank in Serbia – Tradition and Innovation

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Just 45 years after Vienna, in 1864 in Novi Sad, another group of committed citizens opened the first savings bank in this region as well, on whose tradition our story builds, because today, just as 200 and 155 years ago, the same principles still hold true for us – empowering and developing society, as well as creating equal opportunities for all in our community. The First Savings Bank in Central and Eastern Europe, Erste österreichische Spar-Casse, and the oldest financial institution in the territory of Serbia, Novi Sad Savings Bank, share a long history and were founded on the same values from the very beginnings, when 200 and 155 years ago, respectively, they started from the important idea that creating the financial independence of citizens is a precondition for ensuring and spreading prosperity in society.

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. Striving 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.

Erste Bank in Serbia continues to follow its founders' principles and offers support to clients so that, believing in their ideas and potential, they make sound financial decisions – both for themselves and their loved ones, and the growth and development of their business ventures. In order to provide the best financial support to our clients, we are building the bank of the future





### Erste Bank a.d. Novi Sad in Brief (as of 31 December 2019):

- Serves almost 500,000 customers
- Employs 1,154 staff
- Has a network of 89 business outlets

#### Our Key to Success:

**Growth** – Our responsible growth strategy for the next 200 years is not only about finances. Instead, it involves, above all, commitment to the welfare of people and society at large.

**Client-focused culture** – In our work we focus on building personal, stable and long-term partnerships with our clients throughout their private and professional lives.

**Corporate culture** – Believing in ourselves, we challenge traditional views, inspiring and encouraging everyone in our bank to prosper, do better and exceed expectations.

**Enablers** – Supporting client development is an active and interactive journey during which by changing ourselves and others, we steer the bank and the surroundings toward high performance.

**Social smart** – By doing banking in a holistic manner, we are enhancing dialogue within our communities while igniting our digital capabilities to be connected to everyone in real time.

**Regional relevance** – Driven by our continuous success, stability, relevance, and cross-border competences, our goal is to become the leading bank in non-EU countries in our region.

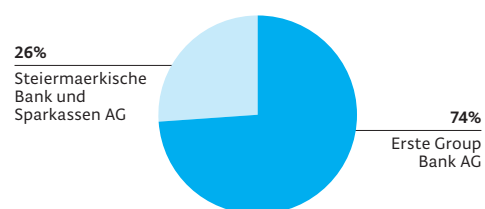


#### Erste Bank's Values:

- **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.



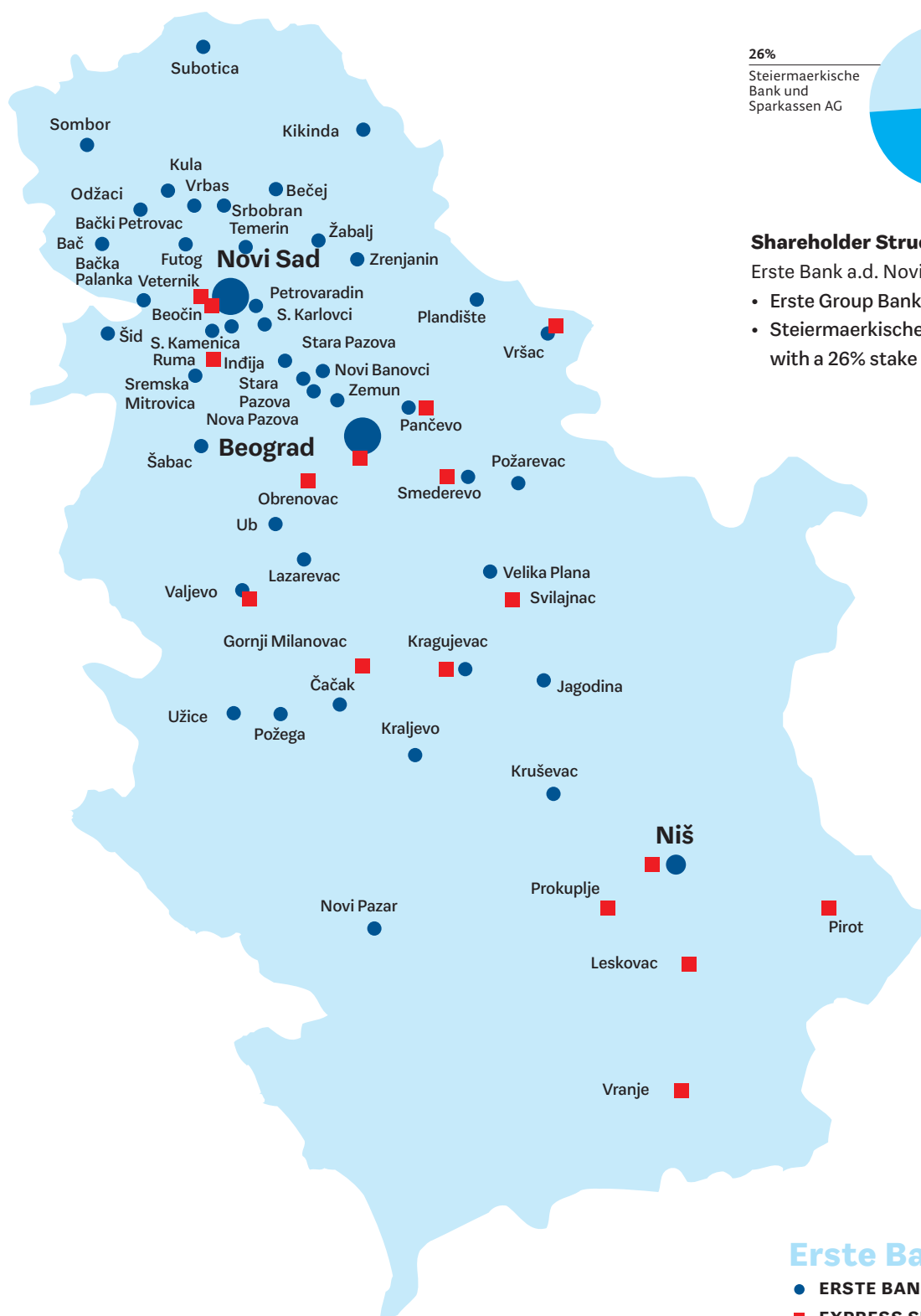
**SHAREHOLDER STRUCTURE AS OF  
31 DECEMBER 2019 BY INVESTOR**



**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





### Key Business Results in 2019:

- **Loans to individuals and micro customers** increased by 22.9% relative to the end of 2018 to RSD 83.70 billion; **deposits** of individuals and micro customers rose by 19.7% to RSD 79.04 billion.
- **Corporate loans** increased by 9.2% relative to the end of 2018 to RSD 79.23 billion; corporate **deposits** increased by 0.3% to RSD 47.20 billion.
- **Net interest income** increased by 9.4% relative to the end of 2018 to 7.32 billion, **whereas net fee and commission income** increased by 11.2% to RSD 1.77 billion.
- **Net profit** at the end of 2019 amounted to **RSD 2.68 billion**. Relative to the same period of 2018, the amount is down by 8.2%, and at the same time it is better than initially budgeted, despite increased investment.
- **Total assets** went up by 14.1%, from RSD 202.93 billion at the end of 2018 to RSD 231.45 billion at the end of 2019.
- The **NPL** ratio was 1.4% at the end of 2019.
- **The number of digital distribution channel users** is higher by 14.32% at the end of 2019 relative to the end of 2018, so now almost 300 thousand Erste Bank clients use internet and mobile banking.

“The growth of all key business indicators from one year to the next and especially our clients’ satisfaction provide us with confirmation of our corporate philosophy that it is possible to achieve growth, while at the same time transforming the bank and investing significant funds in developing our new operating system. “In the retail business segment, we continue to see a high level of interest in housing and cash loans, while deposit growth speaks to the trust placed in our banking group, which has been operating successfully for two centuries now. Support to corporates during 2019 was aimed at their investment activities, and we recorded exceptional results in real estate lending. In addition, through the issuance of long-term dinar bonds, we contributed to the development of the local capital market and the secondary debt securities market”, said Slavko Carić, CEO of Erste Bank a.d. Novi Sad. He added that the goal of the long-term investment in new IT infrastructure is to provide the best user experience to clients, who need to be supported by the bank in all segments of their life and work.

A detailed financial report is available on the Bank’s website: [www.erstebank.rs](http://www.erstebank.rs)



## New Concept of Branch Operation Organisation

Three Erste Bank branches refurbished according to the new concept of operation organisation and opened in Belgrade, Kragujevac and Subotica in 2019, were designed to enable more efficient, faster service, focused on client needs and based on providing advice and financial education.

Bank clients’ habits are changing in line with technological innovation and trends, as well as the digitalisation of banking services. Although various payments, opening an account and submitting a loan application can also be performed through digital services, the traditional branch retains an important role in banking operation and relations between clients and the bank. However, its function has changed and is increasingly centred around counselling and education.



The priorities of these branches are for clients to receive efficient service and appropriate advice based on which they will make the best possible financial decision. In addition to faster service, employees have more time at their disposal precisely for providing clients with advisory services and financial education. The interior design of the new branch offices is completely aligned with this mode of operation.

The new concept of business organisation, which keeps pace with the development of modern banking, has already shown itself to be exceptionally successful in other countries in which Erste Group operates.

The branches are equipped with an ATM and a self-service zone, which are available 24/7. In the self-service zone, there is also an ATM for corporates to deposit daily takings, which will help additionally reduce queuing and increase service speed and efficiency.

## Accessibility of Facilities

In line with our commitment to promote financial inclusion in all aspects, our Bank's office building in Belgrade, as well as 53 business outlets of the Bank, have been adapted to enable autonomous access to persons with disabilities. Thus, 59.55% of all our 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 thirteen branches in 2019, now 44 branches in total have tactile surfaces installed on the floor, clearly guiding persons with visual impairments to the nearest teller's counter and advisor's desk. The number of branches accessible to persons in wheelchairs is 27.

In 2019, four branches with three or more teller's counters were adapted (the Subotica, Kragujevac, Beograd-Knez Mihailova and Bački Petrovac branches). Now eight branches have a clearly marked part of the teller's counter of an appropriate height for working with persons in wheelchairs, and 24 branches have an induction loop enabling direct unhindered communication of the teller with persons who use new-generation hearing aids.

## 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.



## Express Sub-branches

In the second half of 2019, we opened two additional express sub-branches. Our bank offers clients its services in new locations, in Veternik and Vršac. All sub-branches have been designed with the aim of providing the best customer experience. Including newly opened outlets, we currently offer our services in 46 traditional branches and 24 express sub-branches.

## Sirius Offices

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 Immorent is investing an additional EUR 25 million to build another 12,500 gross square metres on eight floors, as well as 200 parking spaces. The total value of the investment, including the first part of the complex that was built in 2017, amounts to EUR 65 million.

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.



## 2. Strategic Approach to Corporate Social Responsibility

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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.

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 will be valid until 2021. The basic principles of the CSR Strategy include the connection of CSR initiatives with business, as well as a balanced, holistic and integrative approach.

It is with great pleasure and commitment that the Bank has for 12 years regularly reported on its non-financial performance and sustainability impacts. 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 more than a 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.

### **Our Achievements in 2019:**

- ✓ We continued to monitor the Bank's contribution to the UN Sustainable Development Goals
- ✓ CSR report in conformity with GRI standards and UN Sustainable Development Goals, was published
- ✓ The implementation of the Responsible Financing Policy continued

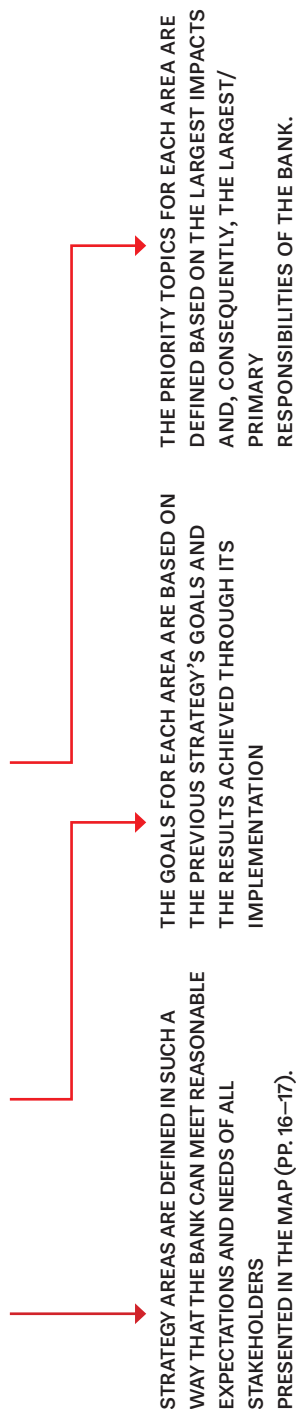
According to the adopted Strategy, the corporate social responsibility framework consists of areas, priority topics and related activities. The areas are permanent elements of the framework and the Strategy of the Bank and, in addition to arising from the definition of the Bank's corporate social responsibility, 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	<b>GRI 102 GENERAL DISCLOSURES</b> 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	<b>GRI 102 GENERAL DISCLOSURES</b> 102-25 CONFLICTS OF INTEREST <b>GRI 205 ANTI-CORRUPTION</b> 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	<b>GRI 102 GENERAL DISCLOSURES</b> 102-12 EXTERNAL INITIATIVES 102-13 MEMBERSHIPS OF ASSOCIATIONS	
			<b>GRI FINANCIAL SERVICES SECTOR DISCLOSURES</b> <b>PRODUCTS AND SERVICES PORTFOLIO</b> 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 <b>GRI 412 HUMAN RIGHTS ASSESSMENT</b> GRI 412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	IMPORTANT
RESPONSIBILITY TO CUSTOMERS	EVEN STRONGER INTEGRATION OF CSR IN CORE BUSINESS	FINANCIAL INCLUSION AND LITERACY	<b>GRI FINANCIAL SECTOR DISCLOSURES</b> LOCAL COMMUNITY FS 14 INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE <b>MARKETING AND LABELLING OF PRODUCTS AND SERVICES</b> FS 16 INITIATIVES TO ENHANCE FINANCIAL LITERACY	VERY IMPORTANT
		RESPONSIBLE COMMUNICATION WITH CUSTOMERS	<b>GRI 417 MARKETING AND LABELLING OF PRODUCTS AND SERVICES</b> 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 <b>GRI 418 CUSTOMER PRIVACY</b> 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	<b>GRI 401 EMPLOYMENT</b> GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER GRI 401-3 PARENTAL LEAVE <b>GRI 404 TRAINING AND EDUCATION</b> 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	
			<b>GRI 405 DIVERSITY AND EQUAL OPPORTUNITY</b> GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	VERY IMPORTANT
			<b>GRI 412 HUMAN RIGHTS ASSESSMENT</b> GRI 412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	
		OCCUPATIONAL HEALTH AND SAFETY	GRI 403 OCCUPATIONAL HEALTH AND SAFETY GRI 403-2 RATES OF INJURIES	IMPORTANT
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	SOCIAL SUPPORT TO EMPLOYEES	<b>GRI 102 GENERAL DISCLOSURES</b> 1102-41 COLLECTIVE BARGAINING AGREEMENT GRI 403-4 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS	
			<b>GRI 204 PROCUREMENT PRACTICES</b> GRI 201-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS <b>GRI 414 APPLYING THE SOCIAL ENVIRONMENT CRITERION IN SUPPLIER ASSESSMENT</b> GRI 414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA	IMPORTANT
		APPLYING THE SOCIAL ENVIRONMENT CRITERION IN SUPPLIER ASSESSMENT	<b>GRI 308 APPLYING THE ENVIRONMENTAL PROTECTION CRITERION IN SUPPLIER ASSESSMENT</b> GRI 308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA	IMPORTANT
		APPLYING THE ENVIRONMENTAL PROTECTION CRITERION IN SUPPLIER ASSESSMENT	<b>GRI 413 LOCAL COMMUNITIES</b> GRI 413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMMES	IMPORTANT
RESPONSIBILITY TO LOCAL COMMUNITIES	FURTHER DEVELOPMENT OF LOCAL COMMUNITIES IN ALL RELEVANT ASPECTS	PROMOTION OF CORPORATE AND INDIVIDUAL PHILANTHROPY	<b>GRI 201 ECONOMIC PERFORMANCE</b> 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	<b>GRI 302 ENERGY</b> GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION GRI 302-3 ENERGY INTENSITY GRI 302-4 REDUCTION OF ENERGY CONSUMPTION <b>GRI 303 WATER</b> GRI 303-1 WATER WITHDRAWAL BY SOURCE <b>GRI 305 EMISSIONS</b> GRI 305-1 DIRECT EMISSIONS GRI 305-2 INDIRECT EMISSIONS GRI 305-4 EMISSIONS INTENSITY <b>GRI 306 WASTE</b> GRI 306-2 WASTE BY TYPE AND DISPOSAL METHOD	IMPORTANT
		RESPONSIBLE FINANCING	<b>GRI FINANCIAL SECTOR DISCLOSURES</b> <b>PRODUCTS AND SERVICES PORTFOLIO</b> 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	<b>GRI 103 MANAGEMENT APPROACH</b>	



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.103).

As in the case of previous strategies, the CSR Strategy 2015–2021 was adopted by the Executive Board of the Bank.



## Our Key Stakeholders

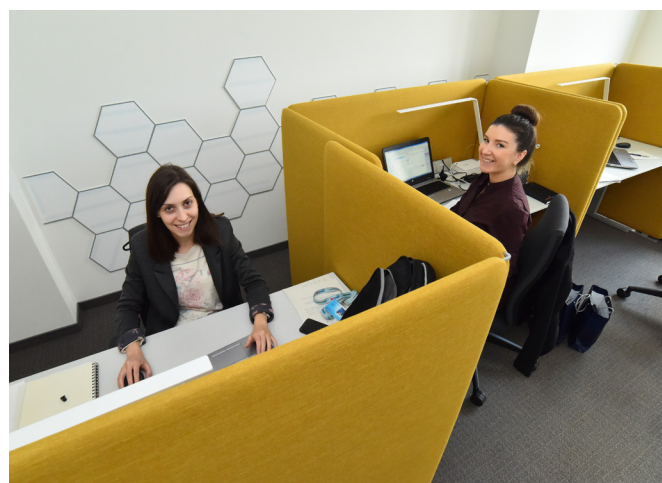
Erste Bank stakeholders are identified in accordance with the principles of the internationally recognised AA1000SE standard (AccountAbility: 2011), which involve assessing the level of dependence on the company activities, types of responsibility, interaction intensity level, impact and different perspectives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

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

More details about our approach to this area in chapters Responsibility to Customers and Responsibility to the Environment, pages 58 and 59.





Erste Bank's Contribution to GDP:

GENERATED AND DISTRIBUTED VALUE IN 000 RSD	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	9,752,719
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	6,204,014
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	2,907,515
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	2,728,180
EXPENSES RELATED TO CAPITAL PROVISION	/	/	/	/	/	/	/	/	/
EXPENSES RELATED TO LIABILITIES TO GOVERNMENT	/	/	68,858	43,948	61,743	50,737	54,635	60,069	6,273
DEPRECIATION COSTS	172,440	211,830	245,825	268,051	257,266	263,278	290,092	320,581	558,283
EXPENSES RELATED TO THE COMMUNITY	27,456	21,875	14,918	12,376	11,476	7,707	5,078	4,131	3,763



# 3. Good Corporate Governance

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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.

## 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.

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



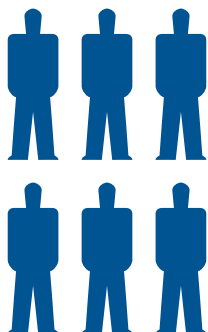
## Code of Business Conduct

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 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.



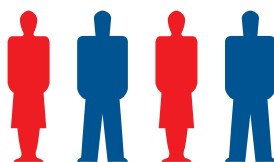
## — Transparent Governance Practices



MANAGEMENT BOARD

100% MEN

0% WOMAN



EXECUTIVE BOARD

50% MEN

50% WOMEN



EXECUTIVE DIRECTORS

58% MEN

42% WOMEN

### The Management Board of Erste Bank has six members:

- Ingo Bleier, 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
- David O'Mahony, member of the Management Board
- Goran Pecikoza, non-executive member of the Management Board

### The Executive Board has 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

**Management Board: 100% men**

**Executive Board: 50% men, 50% women**

**Executive Directors: 58% men, 42% women**

### Age structure of the Executive Board of the Bank:

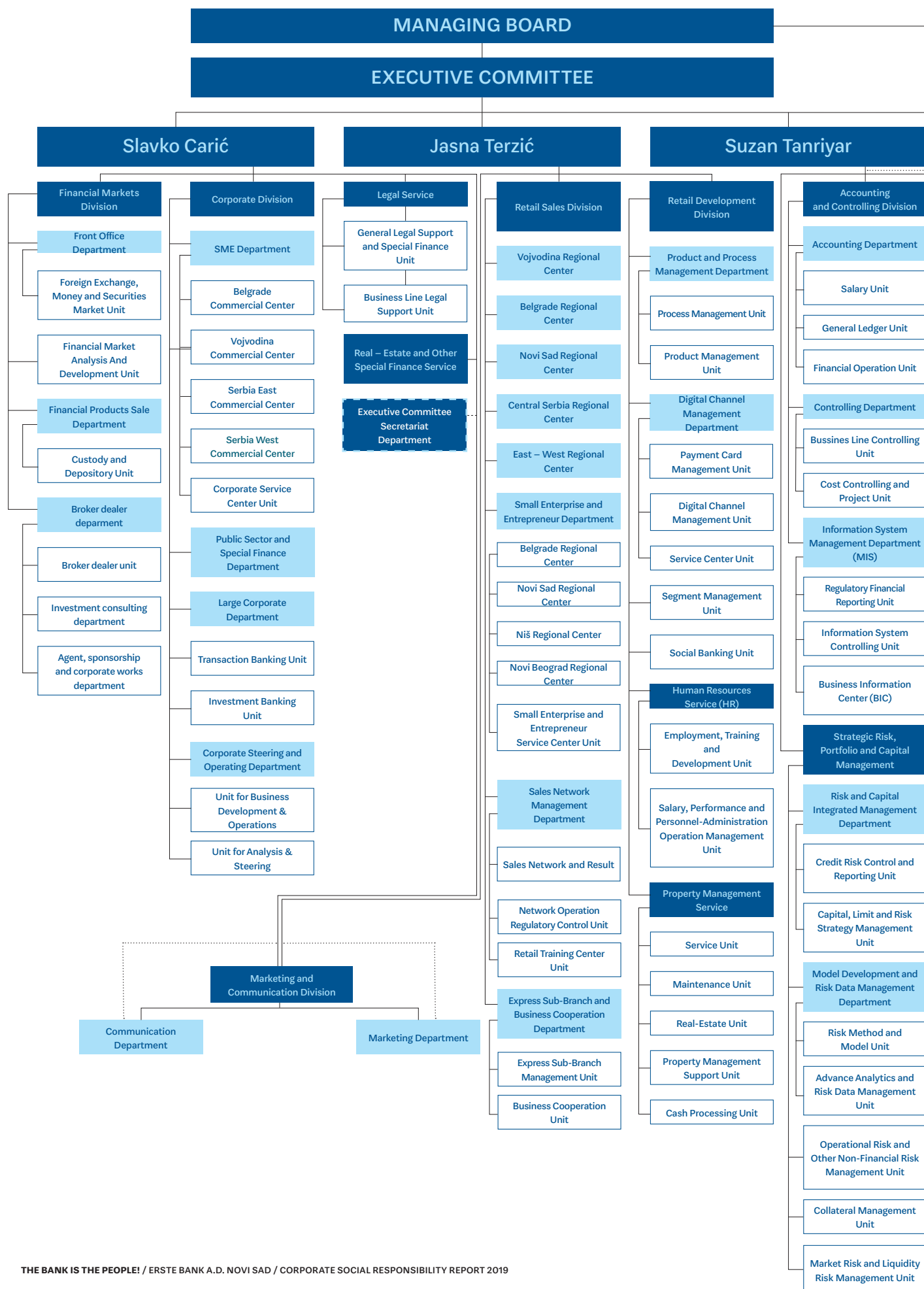
Under 30 years: /

30–50 years: 75%

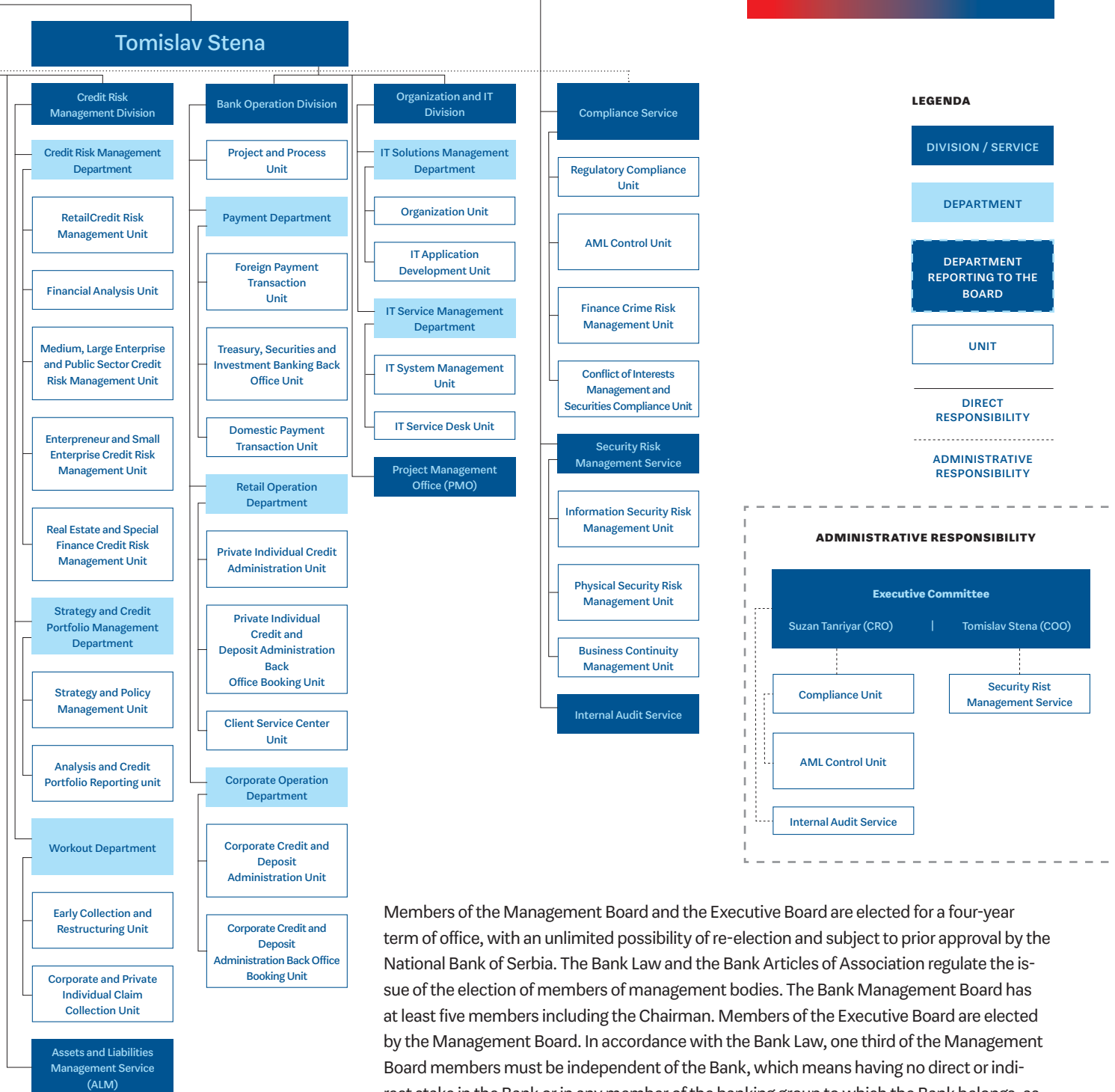
Over 50 years: 25%

Information about shareholders and members of the top management bodies of Erste Bank a. d. Novi Sad is available at [www.erstebank.rs](http://www.erstebank.rs)





**Organisational Chart of  
Erste Bank a.d. Novi Sad  
as of 31. 12. 2019.**



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 business 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, as defined by the Procedure for Managing Conflicts of Interest and the Policy for Managing Conflicts of Interest. 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.

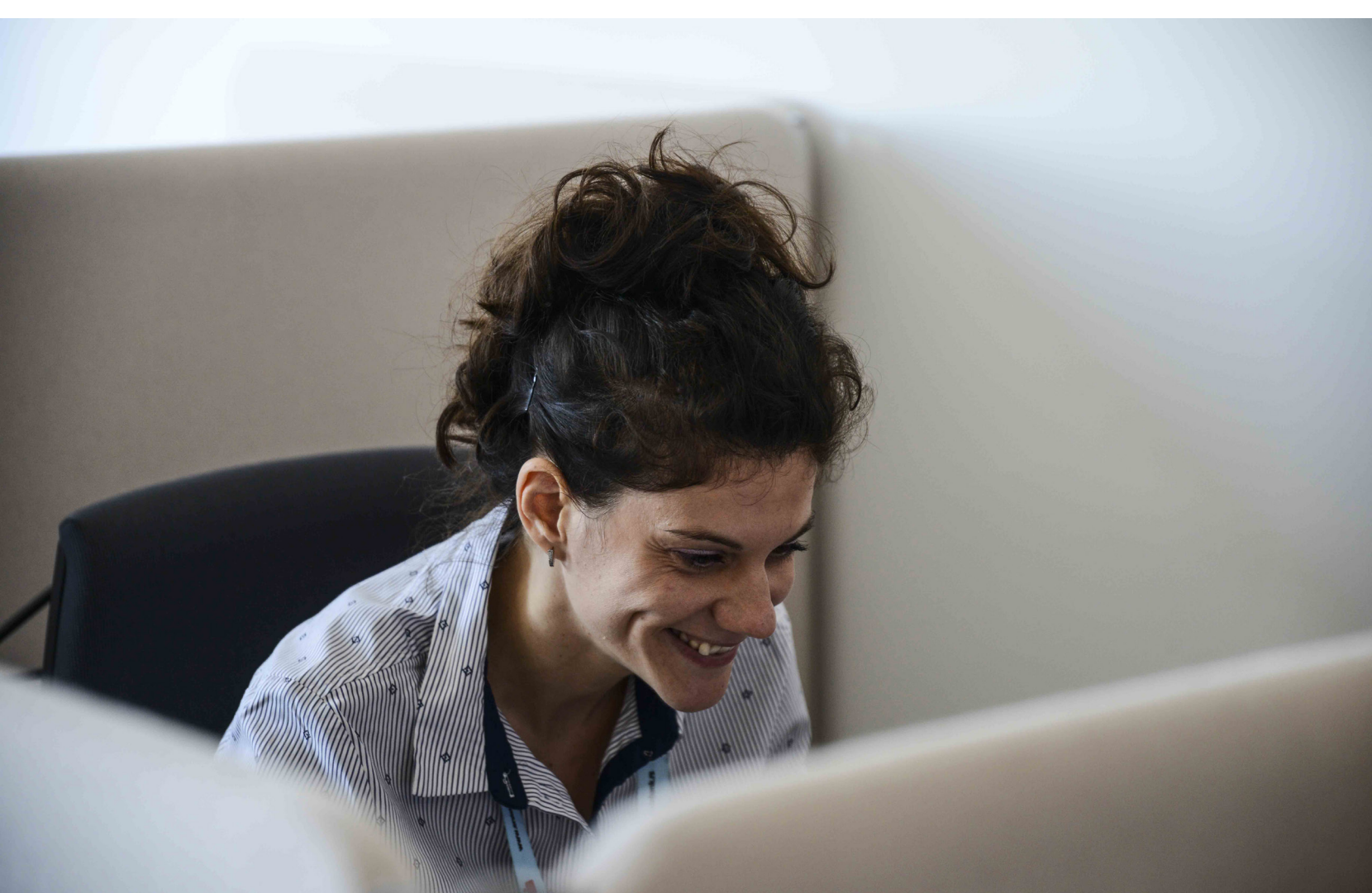
The work of the Executive Board is evaluated by quarterly reports on the Bank's operation that are considered by the Management Board. The duties, rights and responsibilities of the Executive Board Chairman and members are regulated by the Bank Law, the Bank's Articles of Association, the Rules of Procedure of the Executive Board, as well as the decisions of the Management Board. The Executive Board answers for its work to the Management Board and to the shareholders of the Bank. The Management Board of the Bank answers 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's Rules of Procedure.

## 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 Andreas 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 Executive Board of the Bank, 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](mailto:otvoreno@erstebank.rs) is open for any questions, proposals, ideas or suggestions of employees.





## 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 materiality assessment, the Bank is exposed to the following materially significant risks:

- Credit risk, including default risk, country risk, credit exchange risk, credit interest risk and credit 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;
- AML and FT 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

The goal of our compliance programme is to ensure trust in our Bank. It includes the prevention of the prevention and fight against money laundering and terrorism financing, violation of financial sanctions, fraud and corruption, all for the purpose of preserving and reinforcing customers' trust in our Bank and preserving its good reputation. The programme also encompasses the issues of security and safety and meets all international regulatory requirements and compliance standards.

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;
- 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 engagement and support of all colleagues. One of the basic tools for internal fraud management is the reporting of any suspicion of fraud – the so-called Whistleblowing – 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 most relevant global association - ACFE.

## First Erste Security & Fraud Conference

In 2019, Erste Bank organised the first Security and Fraud Conference focusing on the topics of cybercrime, social engineering, digital forensics and other titles in the area of general security and financial crime risk management. The conference was attended by more than 70 colleagues from the banking sector, experts from Serbia in this area, but also colleagues from the Erste and Sparkasse group. The pervasiveness and importance of this issue was reflected in participants' high level of satisfaction, as well as the plans for the coming period.



## Anti-corruption

In line with the framework 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 arise, 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 all employees' private business activities 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 of interest of a customer (or other business partner) between the private interest to save, obtain more favourable terms, an easier and faster way of obtaining money in general, and interest in fair business, compliance, respect for the banking institution, 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, as well as advising employees on transferring the activ-

ities that may give rise to a conflict of interest to other organisational units where this conflict cannot arise or can, at least, be managed, 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. This analysis is carried out every two years, subject to mandatory review in case new relevant information to be assessed appears. In 2019, given that there was no new relevant data affecting the assessment, the analysis was not carried out. The 2018 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 due to the business activity is related to the 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 (first adopted in 2016) was raised from the guideline level to an A1-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.

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. During 2019, anti-corruption policies and procedures were communicated to all 29 members of top management. The Management Board adopts these policies by majority vote, while the Executive Board adopts these policies by signing off on them, and they provide their suggestions and comments and familiarise themselves in detail with the subject-matter in the course of their adoption. Thus, the members of these bodies become acquainted with the documents 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 their adoption. During 2019, 4 EB members (100%), as well as all 19 executive directors, attended a special targeted training on anti-corruption.

The Bank's anti-corruption policies and procedures are available to all employees through our internal portal, and all employees have an obligation to get informed regularly about newly adopted documents. During 2019, internal and external trainings were held comprising all compliance-relevant topics (bribery, corruption, fraud, occupational safety and health), as well as a dedicated targeted training on anti-corruption. These trainings were attended by 76% employees.

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 legal provisions and documents containing them, as well as risk mitigation measures and persons in charge of risk management.

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 2019, a total of 174 new employees received this training.

In 2019, 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 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. 112–114.

[www.ungc.rs](http://www.ungc.rs)


[www.odgovornoposlovanje.rs](http://www.odgovornoposlovanje.rs)







## — How Erste Bank Supports UN 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
	<b>1 NO POVERTY</b> 			<b>1 NO POVERTY</b> 		<ul style="list-style-type: none"> <li>✓ Social banking</li> <li>✓ Inclusive products</li> <li>✓ Financial literacy</li> <li>✓ Erste Foundation programmes</li> <li>✓ Superste donation programme</li> <li>✓ Corporate volunteering</li> </ul>
	<b>2 ZERO HUNGER</b> 			<b>2 ZERO HUNGER</b> 		<ul style="list-style-type: none"> <li>✓ Social banking</li> <li>✓ Financing sustainable agriculture through social banking</li> </ul>
		<b>3 GOOD HEALTH AND WELL-BEING</b> 				<ul style="list-style-type: none"> <li>✓ Annual employee medical check-ups</li> <li>✓ Modern working conditions</li> <li>✓ Flexible working hours</li> <li>✓ Solidarity Fund</li> </ul>
		<b>4 QUALITY EDUCATION</b> 		<b>4 QUALITY EDUCATION</b> 		<ul style="list-style-type: none"> <li>✓ Cooperation with high schools, post-secondary colleges and universities, as well as certain student organisations</li> <li>✓ Superste donation programme</li> <li>✓ Financial literacy</li> <li>✓ Employee development</li> <li>✓ Accessibility of the facilities</li> </ul>
		<b>5 GENDER EQUALITY</b> 		<b>5 GENDER EQUALITY</b> 		<ul style="list-style-type: none"> <li>✓ EBS Diversity and Inclusion Policy</li> <li>✓ Collective Bargaining Agreement</li> <li>✓ UN Women's Empowerment Principles</li> <li>✓ Share your Knowledge – Become a Mentor</li> <li>✓ Support to programmes especially aimed at empowering women and girls</li> </ul>
					<b>6 CLEAN WATER AND SANITATION</b> 	<ul style="list-style-type: none"> <li>✓ EBS Environmental Protection Principles</li> <li>✓ EBS Energy Management Policy</li> <li>✓ Special financing</li> </ul>
					<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	<ul style="list-style-type: none"> <li>✓ Special Financing</li> <li>✓ Retail energy efficiency loans</li> <li>✓ EBS Energy Management Policy</li> <li>✓ EBS Environmental Protection Principles</li> </ul>



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

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"> <li>✓ EBS Environmental Protection Principles</li> <li>✓ EBS Energy Management Policy</li> <li>✓ Recycling</li> <li>✓ Use of recycled and FSC paper</li> <li>✓ Special financing</li> </ul>
						<ul style="list-style-type: none"> <li>✓ Corporate volunteering</li> <li>✓ Use of recycled and FSC paper in everyday operation</li> </ul>
						<ul style="list-style-type: none"> <li>✓ Bank operation in this area is regulated by a series of documents relating to responsible financing, anti-corruption and anti-money laundering</li> </ul>
						<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"> <li>✓ UN Global Compact in Serbia</li> <li>✓ Responsible Business Forum</li> <li>✓ Trag Foundation</li> <li>✓ Smart Kolektiv</li> <li>✓ Erste Foundation</li> <li>✓ EcoNomics Expert Community Association</li> <li>✓ Business Innovation Programs</li> <li>✓ Kragujevac Business Innovation Centre</li> <li>✓ Swisscontact</li> <li>✓ KfW</li> <li>✓ EBRD</li> <li>✓ EIB</li> <li>✓ EIF</li> <li>✓ MIGA</li> <li>✓ Arhus Centre</li> <li>✓ CIPS – The Chartered Institute of Procurement and Supply</li> </ul>

# Our People

Support, responsibility, trust, innovation and creation – those are the values that guide us in doing business with clients, but also in mutual relations in the Erste Team. Based on these values, together we are creating the bank of the future.

We wish to provide an attractive work environment for engaged and committed people, who are ready to learn and develop professionally. That is why caring for the satisfaction and motivation of our employees is at the top of Erste Bank's priorities, in addition to the imperative of providing equal opportunities, the protection of rights and transparent communication.

## Our Achievements in 2019:

- ✓ Continuation of activities aimed at enhancing gender equality
- ✓ Further development of the system of standardised and continuous internal education for employees in the Retail Division
- ✓ RSD 58 million invested in employee development, with over 32,100 hours of training conducted
- ✓ In 2019, the number of employees who used the possibility of receiving free annual medical check-ups reached 258.

With the aim of providing and enhancing the stimulating 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 2019, the total number of employees in the Bank was 1,154, of which 26% men and 74% women. In the Bank's Executive Board, which has four members, women are also equally represented, occupying two positions in the Executive Board. The top management body of the Bank is the Management Board, which has six members.

Erste Bank views diversity and inclusion as an essential part of its business strategy and a key to attracting the best talent, capable of developing and offering innovative and modern financial products and services to a large and very diverse customer base. Teams made up of employees with a broad range of professional and other interests, work experience, life experience and cultural perspectives, achieve greater potential for innovation and growth. Diversity and inclusion principles, as well as general guidelines for the development and implementation of goals and strategies related to these topics, are defined by the Diversity and Inclusion Policy adopted in 2017. This Policy was updated in 2019 in order to align it with Erste Group's policies. The amendments relate to employee guidelines, in terms of introducing and describing the operational conflict management process, starting from determining the person in charge of the process itself – the ADR, to whom employees and other interested parties may turn in case they feel discriminated against or mistreated at work and in relation to their work, or believe that there are aforementioned cases, to defining the concrete steps to be undertaken with the aim of resolving the issue.

The Bank's operations in this area are fully compliant with the current Law on Gender Equality and the Rulebook on the Contents and Manner of Delivery of the Plan of Measures for Removing or Mitigating Gender Imbalance and the Annual Report on its Execution. Since 2018, gender sensitive language has been introduced into new general enactments, as well as verbal and written communication.



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	TOTAL NUMBER OF EMPLOYEES AS OF 31/12/2019	1,154
WOMEN	722	WOMEN	773	WOMEN	810	WOMEN	850
MEN	299	MEN	302	MEN	307	MEN	304

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.	2019.	TOTAL NUMBER OF NON-MANAGERIAL POSITIONS	2016.	2017.	2018.	2019.
	178	179	175	95		843	186	942	968
WOMEN	95	96	82	91	WOMEN	627	677	717	755
MEN	83	83	93	93	MEN	216	219	225	213

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.	2019.
	683	986	1.043	999
WOMEN	439	694	743	709
MEN	244	292	300	290

	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
TOTAL NUMBER OF EMPLOYEES	988	993	972	992	1.027	1.021	1.075	1.117	1.154
TOTAL NUMBER OF PERMANENT THIRD PARTIES	166	31	165	226	209	173	174	180	157
TOTAL NUMBER OF ENGAGED WORKERS	1.154	1.024	1.137	1.218	1.236	1.194	1.249	1.297	1.311

TOTAL NUMBER OF EMPLOYEES	2011.		2012.		2013.		2014.		2015.		2016.		2017.		2018.		2019.	
	MEN	WOMEN	M	W	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	99	278
BELGRADE	101	162	95	185	101	164	103	169	108	179	87	164	96	172	120	197	90	149
OTHER	66	208	109	293	68	213	69	216	67	216	89	256	86	281	61	241	115	423
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722	302	773	307	810	304	850

EMPLOYEE PERCENTAGE BY GENDER	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
MEN	28%	29%	30%	30%	29%	28%	27%	26%
WOMEN	72%	71%	70%	70%	71%	72%	73%	74%

EMPLOYEE STRUCTURE BY CATEGORY	2011.		2012.		2013.		2014.		2015.		2016.		2017.		2018.		2019.	
	MEN	WOMEN	M	W	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	91	95
NON-MANAGERS	206	619	204	619	193	605	219	609	233	626	216	627	219	677	225	717	213	755
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722	302	773	307	810	304	850

EMPLOYEE AGE STRUCTURE	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
UNDER 30 YEARS	13%	15%	14%	13,4%	9%	11%	12%	14%
30–50 YEARS	61%	62%	63%	63,9%	67%	67%	68%	68%
OVER 50 YEARS	26%	23%	23%	22,7%	24%	22%	20%	18%

TOTAL NUMBER OF EMPLOYEES BY TYPE OF CONTRACT	2011.		2012.		2013.		2014.		2015.		2016.		2017.		2018.		2019.	
FIXED-TERM CONTRACT OR PERMANENT CONTRACT	FTC	PC	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	27	350
BELGRADE	12	251	8	272	18	410	17	255	18	269	25	226	30	238	25	292	21	218
OTHER	9	265	9	393	8	273	9	276	19	264	33	312	54	313	49	253	95	443
TOTAL	38	950	46	947	33	939	40	952	60	967	86	935	123	952	116	1.001	143	1.011

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT	2011.		2012.		2013.		2014.		2015.		2016.		2017.		2018.		2019.	
FULL-TIME (FT) OR PART-TIME (PT)	FT	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	377	0
BELGRADE	262	1	278	2	264	1	271	1	286	1	250	1	267	1	316	1	238	1
OTHER	271	3	402	0	281	0	285	0	283	0	345	0	367	0	302	0	538	0
TOTAL	983	5	989	4	971	1	991	1	1.026	1	1.020	1	1.074	1	1.116	1	1.153	1



## Non-discrimination and Equal Opportunities

Prohibition of discrimination on any basis is the absolute precondition and the pillar of our approach to responsibility in work environment. In addition, the Bank applies the equal opportunity principle, which relates to all the stages of employment – from recruitment to opportunities for learning, development and advancement. The Bank's Employment Policy was updated during 2019 with provisions relating to, inter alia, specifying the equal opportunity principle in the recruitment process and the safeguarding of documentation gathered in the recruitment and selection process.

In 2018, the Bank supported the UN Standards of Conduct for Business on Tackling Discrimination against Lesbian, Gay, Bi, Trans and Intersex People (LGBTI People). We are proud that we were among the first companies in Serbia publicly committing to leveraging its influence and its relations with numerous local players in order to advocate greater equality of LGBTI persons, both among its employees and in society at large.

The adopted principles of equality and respect for diversity are an integral part of two-day Welcome to Erste training, which is aimed at familiarising all new Erste Bank employees, well as interns, with 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 2019, 174 employees, or 20.27% of the total number of employees took part in trainings dedicated to human rights-related topics.

Erste Bank has had an Anti-Mobbing Counselling Office for nine 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 2019, 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.



### Onboarding in Erste Bank

**Onboarding, as the process of introducing a new employee to the organisation, is key to quick and efficient familiarisation with the values, organisational culture, colleagues, rules, procedures and processes. A quality onboarding programme enables the new employee to understand the new environment and expectations, and thus leads to stress reduction, higher new employee retention rates, better work performance, and higher satisfaction with the work environment. That is why this process is approached in a very systematic manner in Erste Bank – in addition to the Welcome to Erste two-day programme, during which colleagues from different organisational units acquaint them with the functioning of their division or service, since 2018 the concept of Erste Buddy has been introduced, which includes seven days of additional support from the employee-buddy to the new employee.**

**During 2019, the first day of the programme was upgraded, placing an emphasis on familiarisation with the Bank's history, values, organisational culture, strategy, as well as the Erste brand. All new employees are acquainted with the work day in the branch, as well as the in the divisions related to work with individuals, through an original board game. New colleagues are acquainted with the part of the Bank which works with legal persons by watching a film we recorded with our employees. We continue to upgrade the new employee onboarding programme, through which we will formalise the first six months spent in the Bank.**

EMPLOYEE TURNOVER	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
TOTAL NUMBER OF NEW EMPLOYEES	74	44	89	87	96	167	144	174
TOTAL NUMBER OF EMPLOYEES WHO HAVE LEFT THE COMPANY	69	65	69	51	102	113	102	132
TURNOVER RATE*	6,97%	6,6%	7%	5%	10%	11%	9%	10%

\* 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 for which we are constantly striving. 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. In 2019, amendments to the Collective Bargaining Agreement were adopted, increasing the minimum wage by pay grade.

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 the 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 with the employer
- 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
- Amounts of certain wage benefits and other receipts exceeding 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.	2019.
THE NUMBER OF EMPLOYEES WHO EXERCISED THE RIGHT TO MATERNITY LEAVE*	40	69	67	80	85	79	48	35
THE NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE EXPIRY OF MATERNITY LEAVE**	36	33	17	33	35	47	19	31
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	4
RATE OF RETURN TO WORK AFTER MATERNITY LEAVE	85%	100%	100%	100%	100%	100%	100%	100%
RATE OF RETENTION 12 MONTHS AFTER RETURNING TO WORK	100%	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



Access to internal communications in Erste Bank is defined by the Communications Strategy 2017-2019. Adequate information exchange and timely familiarisation with Bank news are key to the efficiency of processes, but also to the engagement and satisfaction of employees.

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.

Since 2015, the employees have also had at their disposal an internal social network, 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](mailto:otvoreno@erstebank.rs)  
[otvorena.vrata@erstebank.rs](mailto:otvorena.vrata@erstebank.rs)  
[kommunikacije@erstebank.rs](mailto:kommunikacije@erstebank.rs)



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## — Employee Development and Advanced Training

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The personal and professional development of employees is one of Erste Bank's most important strategic priorities. Our approach to employee development includes 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. Apart from contributing to higher motivation and satisfaction of our employees, this comprehensive approach also enables us to upgrade constantly our business processes. The Employee Training and Development Policy was updated during 2019 with provisions relating to redefining the responsibilities of participants in the process of training and development of employees in the Bank in line with practice and future development plans, to envisaging coaching as an additional development activity, the manager's role in the fulfilment of the employee's personal plan and such.

Our employees are offered carefully designed professional trainings, as well as a lifelong education and learning programme, which provides them with an opportunity to acquire necessary knowledge and skills with which they increase their competitiveness in an increasingly challenging labour market. In addition to internal trainings, Erste Bank enables the referral of its employees to external trainings, as well as study periods with a guaranteed return to work. We also offer our employees a possibility of integration in the internal Erste Group job market in all our seven countries, which is as part of our efforts to encourage mobility within the Group and become the most attractive employer in the financial market.

### Effective Management Practices Programme

This programme is intended for the development of L4 management and is based on the blended learning approach, which is aimed at harmonising and upgrading practices in the area of management, as well as upgrading the overall capacity of management through the combination of an e-learning platform and traditional classroom learning methods.

The key areas covered by the programme are:

- Employee and team development
- Delegation
- Feedback
- Effective meeting management
- Managing response to change – change model

In developing the programme, we sought to provide employees with continuous training in line with their needs, and use time in such a way as to avoid disrupting employees' regular work activities. They were presented with concrete management tools which they can use in their everyday work. The programme also encourages better connections and the promotion of cooperation between participants at the same level of management, and above all fosters a culture of learning and knowledge sharing.

The project of the entire Effective Management Practices training programme combines:

- A one-day training – The 6 Critical Practices for Leading a Team, carried out by Franklin Covey Serbia;
- Half-day „espresso“ training sessions and a one-day follow-up session carried out by Viga Consulting;
- Franklin Covey e-learning platform content (all material on the All Access Pass platform is available to programme participants).

## Business Muscle Training

In our Retail Division, during 2019 as well, continuous work was done on the concept of trainings defined in 2018, which 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 employees' habits and mindset. 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.

## Internal Trainers

In the Bank, special attention is paid to work with internal trainers. During 2019, 8 employees received the Master Trainer – Trainer of Trainers diploma for trainers who further pass on knowledge to other trainers. Through employee selection in 2019, we increased our pool of trainers by 25 and held our first internal Train the Trainer session conducted by Master Trainers, at which trainers were taught the skills and knowledge required to conduct trainings.

**First-time manager training** - in 2019, 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 for the first time.

**Group trainings** – another Group Graduate programme, implemented at the level of Erste Group, was completed during 2019. The programme combines classroom and remote learning, on-the-job training and project work, lasts for eighteen months and gives participants an opportunity to gain new knowledge about modern banking. Twenty-two participants from different Erste Group members, including Serbia, received certificates of programme completion. In 2019, a new cycle of this programme lasting a year and a half began, in which our colleague Stefan Drljača is taking part.

Employees in the Micro Client Department had a **refresher training under the working title Module V for employees in the sales network** during 2019. The training lasted for 3 days and comprised the most important elements of work in the Micro Client Department, in addition to providing a broader picture related to developments in the banking market, digitalisation, price-setting of products and other important topics. All areas also included work with practical examples.

During 2019, a **refresher training was organised under the working title Module V for employees in the sales network**, occupying teller and branch manager positions, as well as employees in express sub-branches. 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.

## #Erste Talks

Bearing in mind the speed which characterises the modern age, the lack of time, the large amount of information we process during the day and the need to keep up with modern trends, the Human Resources Service piloted #ErsteTalks with employees in Belgrade and Novi Sad in 2019. The format is one-hour sessions towards the end of the work day, at which we exchange knowledge and deal with various interesting and relevant topics to which we do not have enough time to devote due to everyday obligations.

During 2019, we discussed blockchain, intergenerational differences, little secrets of great masters of innovation – start-ups and artificial intelligence. Our guests were representatives of Blockchain Hub Serbia, AIESEC, ICT Hub and a speaker from the Data Science Conference.

TOTAL NUMBER OF TRAINING HOURS BY EMPLOYEE CATEGORY	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
MANAGERS	5.549,28	3.538	3.901	6.446,48	5.830	5.783	7.579	5.409	9.784
NON-MANAGERS	16.052,72	14.939	7.457,5	9.278,52	15.511	13.546	16.858	25.257	22.340

TOTAL NUMBER OF TRAINING HOURS BY GENDER	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
MEN	5.906,5	5.388	4.678	6.290	6.780	7.085	8.157	7.944	10.704
WOMEN	15.695,5	13.089	6.680,5	9.435	14.561	12.244	16.280	22.722	21.420

AVERAGE NUMBER OF TRAINING HOURS ANNUALLY BY EMPLOYEE	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
MANAGERS	34,04	20,811	22,4	39,3	33,05	32,49	42,3	30,91	52,6
NON-MANAGERS	19,46	6,693	9,3	11,2	17,34	16,07	18,8	26,81	23,08

AVERAGE NUMBER OF TRAINING HOURS ANNUALLY BY GENDER	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
MEN	20,95	19,24	16,7	21,1	26,49	23,7	27	25,88	35,21
WOMEN	22,23	18,38	9,6	13,5	22,30	16,96	21,06	28,05	25,2

In Erste Bank, all employees have the possibility of creating personal development plans and formal appraisal of work performance and individual development is carried out for all employees as well, once a year. 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.

Erste Group, as well as Erste Bank Serbia, are recognised as companies that keep up with modern trends, and with the new EMMA platform which we launched in 2018 and which helps employees set their business goals more comprehensively, present them adequately and realise them more easily, we have demonstrated that the development of the individual is just as important to us as the development of new technologies.

Erste Bank fosters a fair employee remuneration practice 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. 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. For key employees involved in the LIFT project, compensation via a half-year bonus was introduced, in order to reward and additionally motivate colleagues who, with their efforts, actively contribute to this project, which is of key importance for the Bank.



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## — Occupational Health and Safety and Social Support to Employees

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

The Security Risk Management Service is in charge of physical protection, technical protection, IT security, business continuity management, fire protection, emergencies and occupational health and safety. Since 2019, there has been an appointed occupational health and safety officer in the Bank, while that function was previously outsourced to an external company. Regular trainings are organised with the aim of informing the employees of the procedures in the event of robbery and other emergencies, as well as training on handling aggressive customers, basic fire protection training, first aid training (which are attended by all managers and at least 2% of the total number of employees), training of employees for safe and healthy work and trainings 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*.

Occupational health and safety in Erste Bank are regulated by the Rulebook on Occupational Health and Safety. In addition, the Instruction for Occupational Injury Reporting, the Instruction for Occupational Accident Reporting, the Instruction for Reporting Accidents to Wiener Insurance, and the Employee Training Programme for Safe and Healthy Work, are applied.

Erste Bank provides its employees with basic health check-ups once a year. 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. Medical check-ups provided to our employees include 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 health check-ups also continued in 2019, and benefited 258 employees.

We place the highest emphasis on preventing the most common health problems related to many hours spent in front of the computer, so through various internal communication channels we encourage employees to engage in physical activity, providing useful advice on incorporating healthy habits into one's daily routine.

In 2019, a total of 14 occupational injuries were recorded, which were light. There were no injuries with serious consequences.



RATE OF SERIOUS INJURIES AT WORK*	2018.	2019.
EMPLOYEES	0,44	0
ENGAGED WORKERS (SECURITY, CLEANING ETC.)	0	0
INDEPENDENT SUBCONTRACTORS	0	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.	2019.
EMPLOYEES	1,50	1,20
ENGAGED WORKERS (SECURITY, CLEANING ETC.)	0	0
INDEPENDENT SUBCONTRACTORS	0	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.	2019.
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	7.594	/	/
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 lost days / 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.





## **Bofosiade – Banking Games We Win**

At the Banking Games, organised by SS BOFOS (Autonomous Trade Union of Employees in Banks, Insurance Companies and Other Financial Organisations in Serbia), the Erste team won first place for the third time.

The 2019 Bofosiade Trade Union Sports Games were held in Kladovo in early June 2019. The sports teams of Vojvođanska Banka, KSO DDOR a.d.o. Novi Sad, SO SS Erste Bank, SO SS National Bank of Serbia, SO SS NLB Banka, SO SS of APV Guarantee Fund employees, the United Bulgarian Bank Trade Union, the Trade Union of Financial Organisations of Montenegro, the Union of Free Trade Unions of Montenegro, Stopanska Banka from North Macedonia, and the Terapia Trade Union from Romania, competed in volleyball, table tennis, bowling, cooking fish stew, archery, chess, darts, tennis, 3x3 basketball, futsal, tug of war and standing long jump.

Erste Banka succeeded in winning numerous first places with 35 athletes compared to teams which had 50 and more athletes, and taking the winning trophy with 47 points won.

## **Erste Bank Trade Union**

The Erste Bank a. d. Novi Sad Independent Trade Union (SOSS) has been active for fourteen 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.

### **Based on the 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.

The year 2019 was certainly also marked by the third consecutive victory of Erste Bank athletes at the Bofosiade Trade Union Sports Games (interbank – industry sports games), whereby the interim trophy became the permanent property of EBS, which was unprecedented in our Trade Union's long history. The distribution of gifts and vouchers to employees was again organised, with the traditional event at which children receive Christmas gifts with sweets in Novi Sad and Belgrade enriched with new content organised by the HR – employees' children enjoying themselves with their

parents and entertainers in the Bank premises.

During 2019, 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.

For fourteen 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 2019, through voluntary direct contributions of employees and the allocation of part of the trade union membership fee, RSD 566,133.80 was raised, accompanied with the transfer of voluntary payments from the Teller Solidarity Fund in the amount of 650,000.00 dinars, while the Bank paid RSD 2,400,000 into the fund. The funds raised in 2019 benefitted 111 employees and nine children beneficiaries of solidarity scholarships.

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 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.





# Responsibility to Customers



## Our Achievements in 2019:

- ✓ 201 start-ups, social enterprises and civil society organisations financed through the Step by Step programme
- ✓ 296 new jobs created in enterprises and organisations supported through the Step by Step programme
- ✓ Over 150,000 separate visits to the ErsteZnali platform
- ✓ Erste Bank is the first bank in the market according to the Customer Experience Index (CXI)

Erste Bank strives to be recognised by its clients as a reliable and responsible financial institution, which provides the best possible service in the market. We place customer satisfaction first. That is why we are committed to listening to their needs and developing products and services that meet those needs in the best possible way, while aligning processes with the demands of modern banking. As a socially responsible company, we are particularly focused on the development of social banking and inclusive financial products, as well as investing in citizens' financial literacy, thus contributing to inclusive growth and sustainable development of society.

In the area of responsibility to customers, Erste Bank has strategically defined the following priority topics:

- Responsible financing
- Financial inclusion
- Responsible communication with customers



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## — Responsible Financing

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In assessing customers and selecting projects it will finance, Erste Bank is guided by the principles and objectives of natural and social environment protection management, which are defined in the eponymous policy, as well as the principles of responsible financing in relation to socially, environmentally and ethically sensitive sectors which are defined by the Responsible Financing Policy.

**Natural and Social Environment Protection 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 and 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.

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.

**Responsible Financing 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 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 the production process, 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 2019, 49 customers were checked for compliance with the Responsible Financing Policy of a total of 100 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.

This, as well as other internal documents of the Bank, are subject to reviews and updates if necessary at least once a year, in line with the General and Individual Enactment Management Policy of Erste Bank a. d. Novi Sad.

## Financial Inclusion

In Erste Bank we believe the preconditions for inclusive and sustainable growth lie in eliminating barriers and improving access to financial products and services for all citizens and sectors of society. We place a special emphasis on innovation in the development of entrepreneurship, which we believe to be a pillar of economic growth and social prosperity. We are also strategically committed to supporting the development of social entrepreneurship in Serbia, as one of the sustainable ways of resolving social challenges, and, in addition to creating inclusive programmes and financial products and services, we also strive to create, through our work on improving financial literacy, the preconditions for better economic sustainability of society as a whole.

## Step by Step Programme

Towards the end of 2016, Erste Bank Serbia launched a social bank programme called Step by Step which supports the promotion of financial literacy and the inclusion and brings banking services closer to society in the broadest sense of the term. This programme is implemented across Erste Group with the aim of improving financial stability and prosperity in our region.

The Programme is aimed at supporting start-up business owners in creating jobs, empowering non-governmental organisations to contribute to further development of our society, as well as supporting low-income individuals. These are clients who very often cannot get adequate banking services from conventional banks.

In order to provide our clients with the opportunity to improve their economic situation, we offer banking products such as checking and savings accounts, insurance products and financing. By providing special purpose loans, we help our clients start a small business, finance home renovations, attain more education, increase their mobility and obtain the right to health protection.

We combine products with financial education and business trainings to help clients make good financial decisions. With the aim of ensuring long-term success, we provide a continuous mentoring programme for clients to support them in overcoming financial and business challenges.

As part of the Step by Step programme, the Bank works together with the organisations Smart Kolektiv, Eneca, Kragujevac Business Development Centre, Business Innovation Programmes and Katalist Foundation on education, preliminary selection and mentoring support to start-ups and civil society organisations.

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 provide a total of EUR 50 million in loans to more than 500 social enterprises and non-profit organisations during the coming five years in Austria, Serbia, Croatia, the Czech

During the first three years of implementing the Step by Step social banking programme in Serbia, 165 start-up companies, social enterprises and civil society organisations (CSOs) across our country received financial, training and mentoring support. As part of the training component of the programme, close to 4,400 people gained knowledge in different areas of entrepreneurship, including the preparation of business plans. Fifty experts provided programme beneficiaries with mentoring support in all phases of business development, which lasted 420 days, and loans were also granted in the amount of 1.3 million euros. Thus, the programme has helped create 280 jobs in Serbia, as well as preserve more than 50 jobs.

At the level of the region, with the help of Erste Group's social banking programme, 15,000 jobs were created and 30,000 preserved across Central and Eastern Europe so far. Since the beginning of the programme, 30,000 clients received financial, training and mentoring support. Erste Group has granted 235 million euros in loans across CEE so far, 65 million of which were granted in the period 2018/2019 alone. More than 19,000 people with financial difficulties, 7,000 farmers and 3,100 entrepreneurs started their business in areas with high unemployment and poverty, and 600 social enterprises across the CEE region took part in the Erste social banking programme.

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.

Types of support:



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.

## Our approach to starting entrepreneurs

### Identified problems

- Unemployment
- Limited or no access to financing

### Our solutions

- Providing start-up loans
- Delivering business trainings
- Offering E-learning
- Connecting to peers & partners
- Mentoring and business plan assessments

The Impact  
**Creating new jobs**



## Results in 2019:

- ✓ 1350 financing applications
- ✓ 4245 people took part in e-learning
- ✓ 7500 hours on e-learning
- ✓ 296 new jobs
- ✓ 201 start-ups, social enterprises and civil society organisations financed
- ✓ >2 million euros in granted funds

## Our Village

Through the social banking programme, in 2019 we joined the Our Village project, which is implemented by Delta Holding at Dubočani and Mala Jasikova villages near Zaječar. The project is aimed at improving agricultural production and social life in these localities. We provided support in the form of loans products under favourable terms for 20 agricultural households, in the total amount of about EUR 120,000. Likewise, a training and mentoring programme specially adapted to the needs of the agricultural households was created and carried out for them.

The majority of start-ups which are part of the programme are from industries such as construction, transport, tourism, the food industry, IT, wholesale and retail trade. The programme is also completely adapted to businesses in specific industries, the operation of which requires a certificate, such as preschool institutions, driving schools, opticians or nursing homes.

Research conducted by Erste Bank has found that during the first two years in business, 38 percent of start-ups in Serbia shut down. In the case of Step by Step programme beneficiaries, more than 90 percent of start-up clients continued to do business after the first two years of operation.

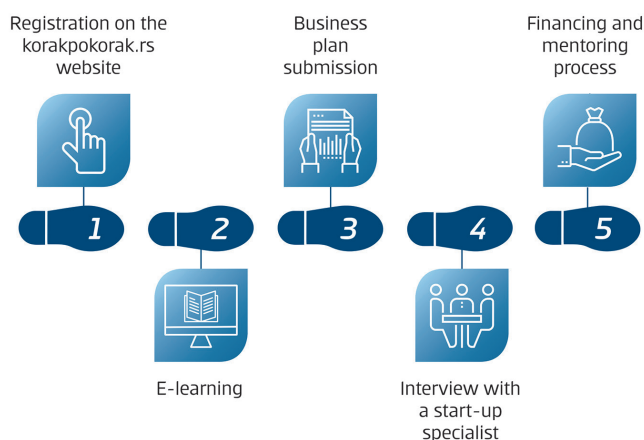
In addition to start-ups, 12 civil society organisations were also supported as part of the programme. Close to 150 people took part in the training programme, and the comprehensive support helped create and preserve more than 90 jobs.

All the organisations state that following their participation in the programme, they are more efficient and better at fulfilling their social goals, and have improved their liquidity and revenue. Through the work of these organisations, about 500 people from socially excluded groups in Serbia received direct and indirect support.

## Our approach to social organisations



## Programme steps:



## Programme Requirements

### Preconditions for Start-up companies

- The company has been in business for **less than 2 years**
- There are no **related legal entities**
- **Clean** Credit Bureau report of the business and the business owner
- Mandatory **10% participation** in investment
- Submission of proforma invoices aligned with the **loan purpose**
- The business owner is of a Serbian **national**
- The business does **not have more than nine employees**
- Filled out business plan and CV submitted

### Preconditions for social enterprises and civil society organisations:

- The business has been operational for **more than 2 years**
- You are making a **positive impact** on the development of society/community
- **Clean** Credit Bureau report of the enterprise/institution
- **No account freezes** in past 12 months
- Financial statements submitted



**1350**

financing applications



**4245**

number of people on the education platform



**over 7500**

hours spent on the education platform



**296**

number of new jobs created under the programme



**201**

number of start-ups and social enterprises financed



**EUR 2 million**

funds approved



### Activities financed by us:

transport, trade, services, production, video production, recyclables collection, tourism and hospitality industry



### Towns from which financed clients come:

Novi Sad, Beograd, Zrenjanin, Lebane, Leskovac, Niš, Kraljevo, Kruševac, Užice, Zaječar, Kragujevac, Smederevo, Vršac, Šabac, Obrenovac, Vranje...

## Original Leaders

As part of the Social Banking Unit, a partnership with the Novak Đoković Foundation is also implemented as part of the Original Leaders project. The aim of the project is to strengthen the capacity of social enterprises in Serbia, and the role of the Social Banking Unit is to provide training and mentoring support to project participants on the topic of finances.

## Mentoring Support

At the strategic level, cooperation with the USAID Economic Growth Project has been established with the aim of improving the non-financial support programme, but also with the aim of promoting the availability of capital for starting one's own business and the importance of non-financial support for success in business.

The mentoring programme for first-time business owners has been upgraded, with the inclusion of 35 colleagues from the Bank into the mentor network. To that end, an internal advertisement was issued in the bank and a five-day mentor training was organised for selected candidates. During 2019, together with external associates, internal mentors provided over 700 hours of mentoring support to first-time business owners and non-governmental organisations and social enterprises.

Five training manuals on the topic of finance, customer relations, sales, offer preparation, as well as a start-up company guide, were developed. In addition, we recorded six video podcasts with experts, because we believed that the experiences and advice of our interlocutors could be extremely useful to first-time business owners.

Our clients' success stories were recorded and broadcast, with the aim of promoting the clients themselves, entrepreneurship more broadly, and the importance of the possibility of receiving funds for starting one's own business.

Part of the impact achieved through this programme:

## Personal life

74% 

can better cover unexpected private expenses

79% 

feel more respected by their family and friends

100% 

are now more optimistic about future

100% 

are now more motivated to get things done



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## — Financial Literacy

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With the aim of achieving further progress in the area of financial inclusion, Erste 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. Financial literacy enables citizens to plan their finances in a sound manner as well as manage them adequately, making informed and responsible decisions which contribute to their sustainability and can have a positive impact on their future.

The Bank approaches the topic of financial literacy in several ways:

- By implementing the Step by Step programme, which provides comprehensive education and support to start-ups, social enterprises, civil society organisations and individuals at risk of poverty;
- By 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 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

The **Step by Step** programme's contribution to the development of financial literacy is comprised of several elements:

- **An online training platform** aimed at providing support in developing business plans. The platform combines several types of content (presentations, video, collaborations, etc. in order to enable beneficiaries to attain the necessary knowledge in a way that is most suitable to them;
- **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;
- **One-year mentoring support** to which each programme beneficiary is entitled. Mentors are experienced entrepreneurs from different industries, who, with their knowledge and experience, help new entrepreneurs take their businesses to the next level. 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 community at large. As in the past, in 2019 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

ErsteZnali is an innovative and comprehensive financial education programme, launched with the desire for all citizens to make informed and sound financial decisions, which is a precondition for the prosperity of society and business sustainability. The activities were designed to be interactive, interesting as well as useful to the majority of beneficiaries, accompanied with examples from everyday life and the use of games and knowledge competitions to motivate the younger population. The programme was preceded by a survey of financial habits and financial literacy which the Bank conducted at the start of the year among its clients. On the platform itself and during the workshops, no specific Bank products are mentioned. Rather, only knowledge and advice on different aspects of money management are shared.

The book *Guardians of the Dragon's Treasure*, which teaches children how to take care of money and provides them with the knowledge that is the foundation of future financial literacy, is also part of our ErsteZnani comprehensive financial education programme. The book's author is Dragica Mujković, the Head of the Communications Department of Erste Bank, and it was published by Kreativni Centar, with the support of the Bank.

Good money management and sound spending habits are established from an early age and that is why it is important that we teach our kids on time and set good examples for them. When did money minting begin in Serbia? Why is gold valuable, and why did it not bring happiness to King Midas? Answers to these and many other questions can be found in the book *Guardians of the Dragon's Treasure*, intended for the financial education of children from first through sixth grade. In addition to numerous fun facts from the history of money, the book contains assignments that take readers on an interesting adventure during which they also gain new knowledge. At various events, over 500 copies of this book have been distributed to the children so far.

“I wish to express my particular satisfaction with the appearance of a beautiful, useful, amusing and witty #ersteznali application and campaign!!! Congratulations on every segment of the application from the design and execution with which you piqued my interest, to the useful content aimed at teaching us, the uninitiated, to manage financial affairs or at least give us hope that we can manage money better.”  
Mirjana Bošković (Bank client)



Twenty-five 25 expert volunteers from various Bank divisions were involved in the preparation of the content on the Platform. The Platform quickly drew the attention of the public and 153,000 separate visits were recorded by the end of the year. Visitors tested their financial knowledge more than 11,800 times. In the past year, the programme was covered in the media 104 times.

After the Platform, a cycle of workshops on personal finance intended for all citizens (Bank clients and non-clients alike) was also launched during the autumn of 2019, with the aim of empowering participants to manage money and get out of debt, plan finances and save for the future, and prevent and protect themselves from financial scams. Under the title 7 Steps to Sound Finances, 15 workshops with a total of 500 participants were held in the space of 4 months.

Erste Bank published, in cooperation with its media partners, over 30 texts which did not promote the Bank or any specific bank products, but rather solely educated citizens on financial products and good habits, e.g. How Not to Get Hooked or Pocket Money – Investing in Developing Your Child's Good Financial Habits.

- 25 experts from various Bank divisions involved in the preparation of platform content
- 8 training courses on the platform
- 150,000+ separate visits to the platform
- More than 11,000 tests taken
- 20 colleagues from various Bank divisions involved in the preparation of workshops
- 500 volunteering hours invested by experts in training and preparation of workshops
- 24 events and workshops
- 1 published children's book

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## Lecture on Saving in the ICT Hub

The Global Money Week was marked by a free lecture on saving and finance management organised by the Centre for Financial Education and Empowerment. The lecture was held in the premises of the ICT Hub, and all those interested had an opportunity to receive useful advice on how to create savings, preserve or increase their value, as well as learn about the implications of saving in a bank, via investment funds and insurance. At the event, the #ErsteZnali financial education platform was also presented. In parallel with the lecture for adults, an interactive workshop for children aged six to ten was also organised, at which piggy banks were discussed, as well as whether money grows on trees or hides in the ATM. The workshop was an introduction to the children's market, where the children sold objects they had made themselves. The Global Money Week is aimed at increasing financial literacy and developing the entrepreneurial skills of children and young people. More than 32 million children in more than 165 countries around the world have so far taken part in this global initiative of the Child and Youth Finance International (CYFI).



## Support to Youth Career Development

One of the initiatives of the Human Resources Service which was launched in 2018, is the strategic recruitment 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 Bank's internship programme.

During 2019, 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 and transferred our expert knowledge from various areas.

Our colleagues were lecturers at workshops on first career steps and selection of the employer at the Congresses of Students of Economics and the School of Organisational Sciences (FOS), as well as at the Novi Sad Business College. In cooperation with the AIESEC organisation, at the New Leaders Conference, the topics of our workshops were Prioritisation and Time-Management and Soft Skills Advantage. In order to share expert knowledge in the area of finance and budgeting, colleagues Nikola Milićević and Aleksandar Mladenović from the Strategic Risk Management Division held workshops for AIESEC members at their annual National Conference.

During the Internship Days at the School of Organisational Sciences, we participated in the Job Interview Try-out, in which we helped students to experience a job interview for the first time. Economics students also gained their first job interview experience during the Interviewing Week, in mock jobs interviews with Ivana Nikolić, senior recruitment associate. At a lecture at the School of Economics, Nikola Maslovarić, the Head of the SME Department, shared with the students his career path and experiences after graduating. Danijela Pankas, senior training and development associate, was one of the speakers on the From College to a Great Job panel at the Belgrade Youth Fair, and shared her first-hand experiences.

As every year, together with the University of Graz and the Sparkasse Bank, we awarded a Best of South East scholarship, and Petar Kolundžija was the scholarship beneficiary of the class of 2018/19. After the experience of studying and internship abroad, Petar also had an opportunity to gain an insight into the mode of operation of our Legal Service in Serbia.

Spreading knowledge and better information about financial products was also continued through active participation in conferences such as: wwwrsac: 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. Likewise, in the course of the year the Bank supported and took part in organising other programmes aimed at improving financial literacy, such as activities of the Global Money Week and the European Money Quiz for high school students.



## Treasure Hunt

In cooperation with the Student Alliance of Belgrade, we organised a Treasure Hunt in order to welcome all freshmen to the University of Belgrade. The Treasure Hunt is an exciting one-day competition in which thirty two-member teams had an opportunity to take part. The students began their adventure at the Stari Grad Culture Centre, visited several locations, and each step concealed a riddle for the competitors, which at the same time informed them about the history and the function of the locations they visited. At certain points, they stopped for a while to solve problems through which the organisers tried to emphasise for them the importance of certain skills and informal education. As a general project partner, we brought another important dimension to the competition, namely the improvement of youth financial literacy, so we provided students with the opportunity to spin the financial wheel of knowledge and learn something new about saving, managing personal finance and other financial topics.



Read more about the financial literacy programmes in the Fellow Citizens in the Communities in which We Operate chapter, p. 83–84.

## 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 2019, 3,808 loans were granted to pensioners, amounting to 1,359,287,786 dinars.

## Savings Habits in Serbia

According to the Erste Group survey on savings habits and attitudes of the citizens of Serbia, 52 percent of our citizens save money in some form. On average, we save 4,771 dinars a month, which is close to last year's average monthly savings. The number of citizens who manage to set aside somewhat larger amounts has been growing steadily in the past three years, with 25 percent of them saving from six to 20 thousands dinars a month this year, four percent more than last year and 11 percent more than in 2016. Two thirds of respondents believe saving is important, and just over a third of them believe it is very important. It is most important to citizens between the ages of 30 and 49.

Close to one third of citizens, 31 percent of them, are satisfied with the amount they are currently able to set aside as savings. The level of satisfaction with savings amounts has been rising slightly for the past five years, bearing in mind that the share of satisfied respondents stood at 18 percent in 2015. On the other hand, 43 percent of savers are not satisfied with the amount they are setting aside (four percent fewer than last year). Progress is visible also when it comes to citizens' perception regarding the development of their financial situation in the past two to three years, considering that 25 percent of them stated that the situation had improved – four percent more than last year and 14 percent more than in 2016.

The interest of citizens in the savings products of banks and other financial institutions is nine percent higher compared to last year – most notably term savings deposits, sight deposits and life insurance, as a form of savings product. The share of those who keep cash at home or in a safe is at its lowest level in the past seven years and stands at 23 percent (half as many as in 2013).

When it comes to saving motives, creating financial reserves for emergencies is still the most common motive, which was stated by 73 percent of respondents, seven percent more than last year. Minor and major purchases and renovations, stated by 32 percent of citizens, six percent more than in 2018, rank second.



## Support to Entrepreneurship

In line with the SME Customer Strategy which involves partnerships and provision of access to favourable sources of funding at a lower interest rate, as is the case with large companies, Erste Bank implemented several programmes which were very well received by the SME sector in 2019.

As part of the COSME programme, entrepreneurs and micro, small and medium-sized enterprises gained access to loans with a longer payback period and reduced collateral requirements. Clients recognised this support as important, which is also reflected in a very high level of interest in them, especially in working capital loans with a term over 36 months. During the first quarter of 2019, Erste Bank increased its total loans to micro enterprises by 20 percent relative to the same period of the previous year. The purpose of the COSME programme is to help promote entrepreneurship, facilitate access to financing and improve the internationalisation and competitiveness of small and medium-sized enterprises. The Ministry of Economy of the Republic of Serbia is in charge of coordinating the activities under the programme.

During 2019, a new credit line of the European Bank for Reconstruction and Development (EBRD) and Erste Bank in the amount of 40 million euros for financing small and medium-sized enterprises in Serbia was also launched. This segment of the economy will thus have at its disposal short-term, medium-term and long-term general-purpose loans, from financing investment and working capital to revolving loans. The credit line envisages the granting of close to half of the loans to small and medium-sized enterprises seated outside of Belgrade. The maximum loan amount is 2.5 million euros, with a repayment term of up to seven years. The loan intended for small and medium-sized enterprises is Erste Bank's third consecutive credit line in cooperation with the European Bank for Reconstruction and Development.

In 2019 Erste Bank took part, for the third time, in the Programme of Support to Small Enterprises for the Procurement of Equipment, which is implemented by the Ministry of Economy in partnership with banks and leasing companies, and facilitates access to financing required to improve business operation for entrepreneurs. Through this programme, small and micro enterprises, entrepreneurs and cooperatives are offered grants for the procurement of equipment in the total amount of a billion dinars, i.e. a maximum of five million per business. The Ministry cofinances a fourth of the cost, the enterprise or cooperative contributes five percent, while 70 percent of the cost is financed through bank or leasing company loans. Loans do not have to be secured by a mortgage, but rather by a pledge on purchased equipment or machinery.

Furthermore, the European Investment Fund (EIF) and Erste Bank signed an InnovFin SME Guarantee Facility Agreement in 2019, based on which Erste Bank will grant up to 70 million euros in loans under more favourable conditions to innovative companies in Serbia in the next two years. The loans are intended for companies with up to 499 employees, which need investment and working capital loans in order to develop and upgrade processes, products and services. The minimum loan amount is 25,000 euros, while the maximum is seven and a half million euros, with a maturity of one to 10 years. The loans can be in euros or in dinars. The guarantee enables lending at a reduced interest rate and with reduced collateral requirements for those investing in the production or development of innovative products, processes and services which may present a certain risk.



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## — Responsible Communication With Customers

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Erste Bank complies with the principles of responsible communication with customers, which are reflected in transparency and accessibility in communication and the development of products and services tailored to their needs.

In addition to digitalisation, outlets continue to have a very important role in communication with customers. Our business network had 90 outlets in 2019, and express sub-branches largely helped us be more accessible to our customers.

### 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 has taken over the task of entering trial balances for the existing corporate clients, enabling a more rational and efficient use of resources of the Corporate Service Centre Unit.

## Digital banking

Through the introduction of digital services, bank clients' habits are changing and traditional branches are increasingly taking on an educational and advisory function, providing support to clients in making the best financial decisions. According to research conducted on behalf of Erste Group in the countries of Central and Eastern Europe (CEE)\* by IMAS International in mid-2019, bank clients are increasingly using digital banking services, but they continue to regularly visit branches in order to talk and consult with their banking advisors.

When it comes to the use of digital channels, there are significant differences among CEE countries. In Serbia and Croatia, slightly more than 40 percent of bank clients say they have used digital banking services in the past six months, and four percent of bank clients in Serbia have completely eliminated branch visits. In contrast, more than a quarter of all respondents in the Czech Republic and a similar share of citizens of Slovakia have not visited a branch a single time in the same period and relied exclusively on digital channels.

On average, six in ten bank clients in the CEE regularly use digital banking. The use of digital channels has been recording modest but stable year-on-year growth, which is fueled by significant increases in the use of mobile banking, especially in South Eastern Europe.

In Serbia, thus, an increase in the number of digital banking users exclusively via mobile phone has been recorded, from 14 percent in the first half of 2018 to 32 percent in the same period of 2019. Serbia and Romania are the first two CEE markets in which digital services are more commonly accessed exclusively on mobile phones. However, in these countries as well, a majority of clients often use both their phone and computer for digital banking – in Serbia, slightly over half of them.

In the majority of CEE countries, the share of clients aged 15 to 29 who used digital channels was more than 20 percent higher than the share of clients of all age groups. There is also a similar difference when it comes to mobile banking acceptance. Although the combination of digital channel use and branch visits is the current trend, all of the above indicates that, in the future, more and more clients will be using only digital, or even exclusively mobile banking.

## New Convenient Feature for Clients – Instant Payment

Since 1 April 2019, Erste Bank has enabled all its clients to use a new payment option – instant payment. The service is available at all times (24/7 all year-round) and enables the execution of payment within several seconds (making the paid amount instantly available to the payment recipient). This service relates to dinar payments, in the amount of RSD 300,000 per transaction and it has been enabled on all electronic channels and at tellers' desks.

With the instant payment option, clients are now conveniently able to execute at any time of day exchange transactions, including on weekends and holidays and be alerted via a text message about changes in their account. In addition, QR codes are printed out on the bills of monthly issuers (EPS and Informatika), so clients can pay their bill through the mBanking application without entering any data on the account, but rather execute the payment by simply scanning the QR code. For every IP transaction executed by mistake, clients have the possibility of submitting a request for a refund.

## L.I.F.T

Erste Bank is migrating to a modern, flexible and stable core banking system with global application and an excellent reputation. In order to ensure the preconditions for successful implementation and functioning of the future system, a comprehensive transformation programme called L.I.F.T. – Link to the FuTure, has been launched, in which a large number of employees and external associates are involved.

The year 2019 was very significant and dynamic for the L.I.F.T. programme. It was marked by extensive and detailed analysis, the selection and involvement of new partners, as well as the application of a new approach which emphasises the importance of integration. Almost 200 project participants invested a lot of time, effort, knowledge and enthusiasm, bearing in mind a common goal – laying down solid and stable foundations for building our bank of the future.

The transformation is aimed at additionally fuelling our growth and efficiency – through the implementation of innovation and advanced solutions, enabling us to optimise processes and improve customer experience. After the analysis phase, which was largely implemented during 2019, the design, development, testing and roll-out phases follow.

With the L.I.F.T. programme we are creating the bank of the future – for our current and future clients, employees and shareholders, with the aim of enabling a stimulating work environment and a superior banking experience.

## Customer Information

Information about products and services is provided to consumers pursuant to the Law on the Protection of Financial Service Users, 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
- Information about the total amount of deposit/loan
- Information about all costs.

This data relates to all retail deposit and loan products, which are among the most common products of the Bank. When it comes to corporate customers, information is provided at meetings with clients.

During 2019, 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, or complaints regarding the loss of customer personal data or complaints regarding the respect of human rights were recorded, either.

## Superdigitals

Digitalisation is an important step and change which has a major impact on business operation and our community. Erste Bank is undergoing a digital transformation and, in 2019, we organised our colleagues into a Superdigitals digital community, the members of which are there to help both colleagues and our clients to quickly adapt to change. Superdigitals actively share knowledge, monitor trends, detect and solve problems they encounter in using electronic services, answer questions, comment and exchange experiences.

## Recognition for LIFT

Our bank has received the PRiZNaNJE (Recognition) award for best project in the internal communications category for yet another consecutive year, namely for the communication as part of the L.I.F.T. project. When it comes to the L.I.F.T. project, we are dealing with a multitude of individual parts which must ultimately be combined into an ideal whole. Communication is important for combining these parts, not just among programme participants but also other employees. PRiZNaNJE (Recognition) is a prize awarded by the Public Relations Society of Serbia and it is awarded for the highest quality communication activities in the previous year. The winners of prizes for best agencies, projects, initiatives, individuals and campaigns were decided by 14 renowned experts in the area of communications.



## Your Opinion Matters to Us!

Communication channels available to our customers:

- Through the Suggestions and Complaints section on the Bank's website [www.erstebank.rs](http://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](mailto:info@erstebank.rs)  
[dop@erstebank.rs](mailto:dop@erstebank.rs)  
[zivotnasredina@erstebank.rs](mailto:zivotnasredina@erstebank.rs)
- Complaint channels:  
[zalbe.stanovnistvo@erstebank.rs](mailto:zalbe.stanovnistvo@erstebank.rs)  
[zalbe.mikro.preduzeca@erstebank.rs](mailto:zalbe.mikro.preduzeca@erstebank.rs)  
[zalbe.preduzeca@erstebank.rs](mailto:zalbe.preduzeca@erstebank.rs)  
[dop@erstebank.rs](mailto:dop@erstebank.rs)
- Brochure available at all Bank branches

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

Erste Bank is guided by the principles of responsible advertising, self-regulatory behaviour and clear and precise communication which is unambiguous to the message recipients. The key principles in advertising Bank products and services in the media, are: relevant, clear, transparent, ethical and human/righteous approach. In surveys carried out at regular time intervals, we monitor these principles through a set of questions, in such a way as to check and measure these aspects through each advertising message, or advertising campaign.



In the course of implementing advertising campaigns, the Bank strictly complies with the provisions of the Advertising Law, Consumer Protection Law and the Law on the Protection of Financial Service Users, which largely regulate the area of marketing communications, but also individual NBS provisions and regulations which govern this area, serve to ensure responsible business operation and provide additional consumer protection. Apart from the adopted values which the Bank promotes and applies and based on which, in a self-regulatory manner, the entire communication of products and services is also designed, the Bank did not adopt any special internal standards or codes.

Likewise, attention is paid to ensure that Bank suppliers (e.g. printing companies) necessarily meet ISO quality standards. The Bank and its employees strictly comply with the rules which state that subcontractors, e.g. creative and media agencies as well as production companies, do not exploit their workers, do not hire or exploit minors, as well as complying with other public regulations in the implementation of advertising campaigns.

In selecting manufacturers, the Bank prioritises partner, social enterprises, thus supporting their employees as well as their overall business.

## Customer Satisfaction

Our Bank continued to listen to its clients' needs in 2019 as well and is committed to meeting them. The transformation in the work upgrading the user experience (CX) which we launched in 2018 entered the full implementation stage in 2019.

In addition to our sales employees who are in contact with clients every day and provide an excellent user experience, CX Hub and CX Tribe have become operational, in order to give additional importance to this topic and involve more employees in work on improvements. CX Tribe, as a central organisational body chaired by the entire Executive Board of the Bank, strategically steers CX activities, allocating funds and resources for their implementation and supervising. Meanwhile, CX Hub, as a multifunctional team comprised of employees from several organisational parts of the Bank, works with improvement teams every day on raising the user experience to a higher level.

In 2019, CX Hub was centred around the following activities: improving the language of communication with clients through notifications which the Bank sends them, improving the work of the Service Centre in order to reduce the number of abandoned calls and call waiting time, improving customer care for small enterprises and entrepreneurs, improving the user experience when using the Bank website and the work on eliminating queues in branches and reducing the service waiting time.

Validation of our continuous work on exceptional user experience also arrived in form of results of the Customer Experience Index (CXI) according to which our Bank is number one in the market in 2019.

Erste Group continuously conducts satisfaction surveys among clients of banks in the Serbian market. For individuals, the Banking Market Monitor survey is carried out every quarter, on a total annual sample of 2,000 bank clients. For small enterprises and entrepreneurs, the Micro Market Vision survey is conducted, on a total annual sample of 1,000 bank clients. Finally, for SME clients, the SME Market Vision survey is carried out, on a total annual sample of 550 bank clients. All the surveys are conducted by the IMAS agency based in Austria. Through these surveys, key aspects of Customer Experience (CX) are measured: trust, referrals, satisfaction, repeat purchase, simplicity of doing

## Together for Responsible Advertising

**Business ethics, which implies ethics in marketing and communications as well, is becoming the new leadership paradigm – an approach firmly rooted in truthfulness, trust, integrity, openness, equality, legality, mutual respect, dignity, compassion, decency, and above all, care for the community and every individual potentially impacted by the advertising message.**

**Having realised the need for forming an association, the members of which would work together on improving advertising practices, modelled on developed European countries, at the initiative of the International Advertising Association Serbia (IAA), the first National Association for Ethical Standards in Advertising (NAESA) was founded, a self-regulatory body that would work to promote ethical standards in advertising and marketing communications, in partnership with all media market players, government institutions, expert associations, as well as international organisations. We are proud that in line with its Corporate Social Responsibility Strategy in all segments of its operation, including the area of advertising, Erste Bank recognised the importance of establishing this self-regulatory body and became one of the first, original members of this association.**

business with the bank and changing banks. In addition to these general categories, there is more detailed examination of satisfaction through aspects related to employees, products, bank's client-orientation, digital services and aspects related to image. Based on the results of these surveys, CX indexes are calculated – the Net Promoter Score (NPS) and the Customer Experience Index (CXI).

The NPS index is part of the bonus model for members of the Executive Board, B-1 level directors, as well as employees at lower levels of management.

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 business 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. Based on this survey, the CEX satisfaction index is calculated.

The CEX index is part of the bonus model for employees in the sales network.

#### Survey results:

- According to the NPS index, Erste Bank recorded a score of 62, and has a score of +1 compared to the average for its Top 3 competitors.
- According to the CXI index, Erste Bank recorded a score of 67.8, and has a score of +3 compared to its Top 3 competitors.

*Indices at the Bank level are calculated by aggregating the results by segment, where the weight is taken to be the operating income of each segment as a share of total bank income.*

### Our Employees Are Also Our Clients

**In 2019 as well, we surveyed our employees' level of satisfaction as Bank clients. Analysing the survey results helped us gain a complete picture regarding the improvements we can and must implement in order to truly be bank number one in terms of customer experience. The survey on employee satisfaction with Bank services provided us with a new perspective and important information and input for further improvements in operation.**

#### Individuals:

- 94% of clients surveyed stated that they were completely satisfied or satisfied with the quality of the service they received when opening an account in a branch.
- 97% of clients surveyed stated that they were completely satisfied or satisfied with the quality of the service when getting a cash loan or refinancing loan approved.

*Source: Event-triggered surveys on satisfaction with granted products, sample of more than 3,000 EBS clients who acquired a given product.*

#### Small businesses and entrepreneurs:

- 95% of clients surveyed stated that they were completely satisfied or satisfied with the quality of service when getting a business loan approved.

*Source: Event-triggered surveys on satisfaction with granted products, sample of more than 500 EBS clients who acquired a given product.*



# Responsibility in the Supply Chain

**Erste Bank is aware of indirect impacts occurring through its chain of suppliers and has included this topic among its strategic priorities as part of the CSR Strategy for 2015-2019. In this period, significant development and improvement of responsible procurement practices took place, aimed at minimising the negative impacts and maximising the positive impacts the Bank has on society and the environment through its supply chain.**

In this area, the following priority topics were identified:

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

## Our Supply Chain

The approach to procurement of Erste Bank in Serbia is aligned with Erste Group's approach and places an emphasis on local suppliers, i.e. suppliers registered in the territory of the Republic of Serbia. In 2019, Erste Bank cooperated with 1,030 suppliers in total, and cooperation with 48 new suppliers was considered. Total expenses for all procurement were EUR 20,608,461, and in line with our commitment to focus on local suppliers, as much as 83.53% of expenses was directed to the suppliers registered in the territory of the Republic of Serbia, which is an increase in the share of local suppliers in the procurement budget relative to 2018.

Procurement in Erste Bank is centralised at the Erste Group level and performed by 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 languages of all seven countries in which the Erste Group operates, is used for conducting the procurement. All bidders registered for the relevant procurement category in the Bank's database, as well as the bidders who can meet the requirements in the Invitation to Bid, who apply through the Bank website, have the right to participate. In the procurement process, equal conditions for all bidders are ensured: information is sent to all bidders at the same time and in the same format, and the bids 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 uses for procurement, and was among the first introduced in Serbia owing to the support of the Erste Group Procurement, is e-Auction. E-Auction is used in cases when specified technical criteria for goods and services are met and equal, whereby the price becomes the most important procurement criterion. Prior to the start of the auction, the bidders are informed in detail about all the auction terms, and during the auction itself, they can view their position in the ranking.

## Supplier Code of Conduct

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's compliance with the Code, application, monitoring and compliance with the specified goals.

Our suppliers must operate in accordance with national 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).

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 promotes compliance with social, environmental and ethical standards in the operation of its suppliers which it considers partners in the sustainable approach to business. That is why procurement decisions at the Erste Group level and locally also include a social and environmental impact assessment, which is conducted by suppliers whose turnover exceeds EUR 100,000 filling out the Supplier Audit Questionnaire (SAQ). This questionnaire has been applied since April 2014 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. 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.

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 SUPPLIER'S 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	

Questions related to environmental protection relate to compliance, environmental impact of products and services, waste treatment and investment in environmental protection, and additionally, and in case of goods procurement, the SAQ questionnaire contains questions relating to potentially hazardous chemicals, the possibility of product recycling, the policy for taking over products at the end of their useful life and similar standards (such as the Energy Star standard).

During 2019, Erste Bank Serbia considered cooperation with a total of 48 new suppliers. Of the 46 suppliers in total that recorded a turnover of over EUR 100,000, 35 suppliers (76.09%) 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

**In 2019 as well, Erste Bank strategically met the needs of society by providing support to the development of the communities in which it operates. As one of the responsible social actors, the Bank has sought to empower, from one year to the next, positive change initiated by individuals, informal groups and organisations in Serbia.**

In line with our five-year Corporate Social Responsibility Strategy for 2015–2019, we are focused on two priority areas of community investment:

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

The Bank seeks continuously to connect community initiatives with its core business. That primarily involves supporting initiatives which have the potential for self-sustainability and have an entrepreneurial character. For such initiatives, support in the very beginning is crucial, which is when the Bank strives to empower them through financial and non-financial instruments.

The Bank, furthermore, takes great care to economically and socially empower hard-to-employ groups (unemployed young people, women, persons with disabilities, persons at risk of poverty etc.), and all Bank programmes encourage inclusion and equality and strictly forbid discrimination.

Bank programmes are guided by transparency principles and are announced publicly as open invitations. Competition results are also publicly announced, as well as the amounts of total budgets for programme support. 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. Each Bank programme has clearly defined rules, schedule, conditions and, when necessary, appeals mechanisms. The Bank also has a rule to respond to any support inquiry.

All Bank programmes are reviewed, revised and improved in line with feedback and the modern trends of life and communication. The Bank conducts regular surveys about its programmes through questionnaires and more extensive needs assessment surveys when formulating a new Corporate Social Responsibility Strategy. The Bank's strategic approach involves assessing the real needs of communities and a broad consultative process in designing programmes, based on which the appropriate support mechanisms are defined.

The Bank supports local communities through a sponsorship programme, a donor programme, the development of individual philanthropy, employee volunteering campaigns, by providing expert, consulting, mentoring and training support, as well as through the networking of partners and multiplying the effects of related initiatives.

Guidelines for the area of responsibility to local communities are defined by important strategic Bank documents. Apart from the Corporate Social Responsibility Strategy, which defines long-term goals, appropriate activities and performance indicators, the Bank is also guided by the Corporate Volunteering Policy and Corporate Volunteering Procedure.

## Our Achievements in 2019:

- ✓ In the fifth cycle of the Superste.net programme, 80 great ideas from 18 towns across the country were considered, of which 11 were supported, and 500 hours of mentoring work and 5,1 million dinars were invested in their realisation.
- ✓ Over 27.5 million dinars were invested in more than 35 different community festivals, events and projects through Erste Bank donation and sponsorship programmes.
- ✓ 250 students and graduates had an opportunity to develop professionally through Erste Bank's internship programme.



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## — Support to the Youth

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Young people are the driving force of society and we believe that it is the responsibility of all of us, as individuals and organisations, to support them in their beginnings – in studying, personal development, employment, entrepreneurship, as well as in their social and environmental initiatives. Precisely for them, we have developed various support mechanisms, and placed at their disposal our resources and encourage them in the mission of translating their ideas into reality.

### Superste.net

Superste.net is a platform aimed at young and creative people firmly determined to change their community for the better through their innovative projects and inspire others to do the same. Erste Bank helps them achieve their ideas, but also to connect with others and work on their own personal development, through mentoring support, networking and financial resources.

Platform is 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. As part of the platform, the Superste+ segment was also created, intended precisely for the alumni of the Superste programme.

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

Undergraduates and graduates of law and economics from Serbia and the region had the opportunity, during 2019 as well, to apply for the new cycle of “Best of South East” scholarships, which were implemented by Erste Group and Steiermärkische Sparkasse Bank in cooperation with the Graz University. The programme offers participants an opportunity to upgrade the knowledge gained during their studies at one of the oldest Austrian universities, experience what it is like to work in a multicultural environment and more easily enter professional life.

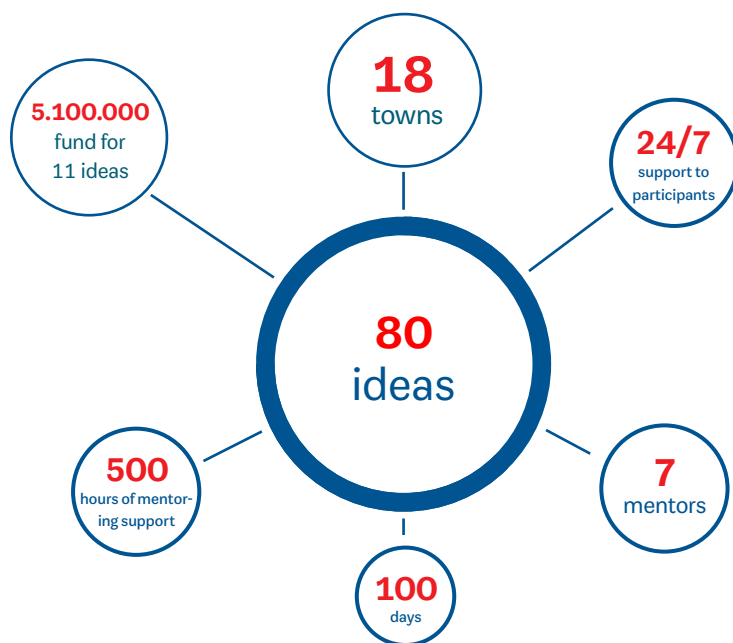
During the one-year programme, the scholarship holders are registered at the Graz University and exempted from tuition fees. They are provided a EUR 690 monthly allowance, as well as an intensive German language course at the Treffpunkt Sprachen University Language Centre.

The scholarship will enable them to combine the international experience of studying at the Graz University with an internship, i.e. to gain practical experience, in addition to learning German, in one of the most modern banking institutions in Styria. The scholarship holders from Serbia will have an opportunity to continue their development by learning from Erste Bank experts upon returning from Austria.

Superste.net is also 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 wish to change the world for the better.

Since 2018, Erste Bank has been implementing the Superste programme in cooperation with the Trag Foundation.

## Superste in 2019 – Interesting Figures



## Centrifuge

During the 2019 Centrifuge programme cycle, 33 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](http://www.superste.net) platform.

At the Centrifuga competition in 2019, 80 applications were submitted, of which Superznalkinje teams consisting of Sonja Konakov Svirčev (Erste Bank), Ivana Marković (Trag foundation) and Svetlana Stefanović (BFPE) selected 40 projects which entered the semi-finals, specifically 20 projects in the area of education, 13 in the area of culture and seven in the area of art. The selected semi-finalists had an opportunity to present their ideas and additionally develop them at the Ideadrome, which was held on 5 and 6 September 2019.

The programme mentors in 2019 were similar as before: Dragica Mujković (Erste Banka), Ivan Ćosić (Plani & Hill), Sonja Dakić (Daj Daj d. o. o.), Biljana Dakić Đorđević (Trag Foundation), Đorđe Krivokapić (Share Foundation), Dejan Ubović (Kulturni Front and KC Grad), Marko Radenković (Nova Iskra), so there were 7 mentors in total available to the participants in 2019.





The Centrifuge finals, where 20 finalists presented their ideas, was held on 9 October 2019. The jury consisting of Hana Škero Kosić, Biljana Stepanović, Kosta Jovanović, PhD, Dušan Čavić and Boško Radojković chose by joint decision 10 ideas which were awarded #Superste support, namely:

- **Zoundark audio game**
- **M.art**
- **Cultural Exchange Theatre**
- **Pick and choose**
- **Roaming with Dunja – Child Economy**
- **Up Close an Personal with Alzheimer**
- **Block Profile / New Belgrade Memory Archive**
- **Sinbad's Travels**
- **Trag po Trag (Clue by Clue)**
- **Microzord – Educational Robotics Set**

Special community award was granted to the **Young people Want to Go to the Theatre** project.

Superste.net platform in figures:



**10.023**  
followers



**1.469**  
followers



**1.318**  
followers

## Superste.net in 2019

Number of visits to the platform

**82,258**

Number of separate users

**59,615**

Number of pages opened

**249,216**

Total number of votes

**42,515**

Number of votes for projects in  
the finals

**34,352**

## Superste Summer Academy

As part of the Superste programme, the Superste Summer Academy was held for the first time in Belgrade and Novi Sad in 2019, at which lecturers and mentors gave useful advice for defining more clearly ideas and their successful implementation, as well as developing entrepreneurial and communication skills.

1. **Sreten Vranić and Vladimir Jovanović: Entrepreneurship – Practical Advice and Ideas**
2. **Biljana Dakić Đorđević: Project Management – How to Get the Funds for Project Implementation?**
3. **Sonja Konakov Svirčev: Strategic Partnerships – Corporate Social Responsibility and Sustainable Development (Corporate Philanthropy: Writing Project Proposals and Fundraising)**
4. **Marija Mutić: Financial Education – How to Manage Finances (#ErsteZnali)**
5. **Srđan Obrenović: Digital Communication – How to Build an Audience and How to Retain Attention on Social Media?**

According to a survey, 33 Centrifuge finalists rated usefulness of the knowledge gained at the Superste Summer Academy above 4.5 out of 5.

## 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 launch their professional career and adjust to work in a business environment. During 2019, we organised the 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 250 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 education 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 Commerce High School, Niš Economics High School, Bosa Milićević High School of Economics Subotica, Svetozar Miletić 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, Nikola Tesla Electrical Engineering and Transport Technical School in Kraljevo. 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

In 2019, Erste Bank again supported the Social Impact Award programme by providing one of the awards and taking part in the mentoring programme for young social entrepreneurs whom we helped develop their business ideas. The Social Impact Award 2019 was closed at a ceremony on 3 October 2019 in the GRAD Culture Centre as part of the Može Drugačije 2.0 (Another Way Is Possible) conference. The ten teams which entered the finals had an opportunity to present their final solutions in front of the jury and audience.

The jury selected three ideas with the greatest potential to help solve social or environmental problems. Another award – the Community Award was granted to the team whose idea received the largest number of votes via online voting. The jury award consists of mentoring and financial support in the amount of 1500 euros and a trip to the international SIA Summit in Kiev, where winners from all the countries in which this programme is implemented come together.

Winners of SIA 2019:

- **ANORA** – a smart glove for the blind. Igor Sužnjević and Nikola Krstić are the masterminds behind the glove which enables blind people to distinguish between different bank notes, colours, objects and helps them with everyday activities.
- **ZIPOVER** – Tijana Savić and Kristina Radovanović are in the business of manufacturing impermeable bags, employing a vulnerable group of women living in correctional institutions, thereby empowering and training them for work once they are released.
- **TAKE CARE** – A team consisting of five friends – Stefan Đokić, Vojislav Dimitrijević, Milan Ivković, Marko Ilić and Nenad Đorđević set to work on caring for the elderly. These guys made a smart medication box intended for elderly and cognitive-impaired persons. The box notifies the user when they need to take which medication and in what dosage and records this data to provide a clear overview of the quantity of medication taken.
- **PUBLIC KITCHEN INFRASTRUCTURE** – A team combating the problem of wasting and throwing away edible food, by developing a food distribution application and network among major producers and

supermarkets with organisations (such as the Red Cross) and end users – vulnerable families. The members of this team are Tomas Momčilović, Gordana Jovanović, Filip Krivokapić, Dušica Mladenović and Ilija Veselinović. The Social Impact Award is the largest European competition aimed at young people who wish to get involved in social entrepreneurship. The programme was launched by the Institute for Entrepreneurship and Innovation at the Vienna University of Economics and Business in 2009. Social Impact Award Serbia is implemented by the Razlivalište association in cooperation with partners.

## Share Your Knowledge – Become a Mentor

The Share Your Knowledge – Become a Mentor programme is a unique programme devoted to the 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 first Mentoring Walk in Serbia was organised in Belgrade in 2008 and, so far, 16 walks have been held in Belgrade, Novi Sad, Niš, Kraljevo, Valjevo, Subotica and Kruševac, with more than 750 female participants. So far 180 mentor pairs have participated in the programme, including Sonja Konakov Svirčev, Aleksandra Kosanović Strižak, 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 others.

The traditional Mentoring Walk on the occasion of the International Women's Day, was organised on 9 March in Kruševac. 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 Kruševac was part of a global initiative of Mentoring Walks coordinated by Vital Voices and is one of 174 walks in 62 countries. After the Walk a debate was also organised on the topic of Women Role in Socio-economic Development, at which our Danijela Vuković, director of the Erste branch in Kruševac, was one of the speakers.





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## — Individual and Corporate Philanthropy

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Erste Bank seeks to support the creation of conditions for the highest possible quality of life in all the communities in which it is present. Considering that we are all, as organisations, but also as individuals, part of a broader environment in which we cannot make progress without the progress of people and organisations around us, we are strategically focused on developing and promoting corporate and individual philanthropy in Serbia.

In 2019, as in previous years, the Bank supported through sponsorships numerous festivals, conferences and projects. Criteria for Erste Bank sponsorships include 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, financial literacy, education and sport. Sponsorship decisions are, in addition, also taken in accordance with the specific rules and the available budget for the current year.



### 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 renowned Serbian inventor 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 primary schools across Serbia for the procurement of computers, projectors, interactive boards, as well as bee-bot robots to be used in the education of children with developmental disabilities.

### Our Village

Aware of the importance of investing in the development of rural communities, we began our cooperation with Delta Holding as part of the Our Village project in 2019. The project is implemented in the Dubočane and Mala Jasikova villages near Zaječar and is aimed at improving agricultural production and social life in these localities. As part of the Our Village project, eleven children from Mala Jasikova started attending classes in the renovated school building this autumn. The school, which was built by locals back in 1939, had not been renovated until now. This summer, extensive works were carried out: the roof and facade were refurbished, the woodwork was replaced, the toilets were renovated, new floors were laid down, the electrical installations were replaced, the school playground was renovated. In addition to school renovation, the children and locals will enjoy various cultural activities and theatre plays, and we additionally launched a campaign of collecting books among employees, in order to help renew the library. The first phase of the project was aimed at educating the population in the area of livestock farming and fruit-growing, financing agricultural production, joining forces and applying for funds from domestic and international sources, more information about this on pages 61–62.

## Major Sponsorships for 2019

### Culture and Art

- Re:Art: **General Sponsorship of the XX Guitar Art Festival**
- Belgrade Dance Festival: **16th Dance Festival**
- Museum of Contemporary Art: **The Cleaner Exhibition by Marina Abramović**
- Bel Art Gallery: **Danube Dialogues Exhibition**
- Belgrade Youth Centre: **35th Belgrade Jazz Festival**
- Firefly Association: **New children's musical**
- Parnas Civic Association: **17th Festival Seize This Day with Me**
- Per.Art Association: **Art and Inclusion**
- Sterijino Pozorje Theatre Festival: **Youth Theatre**
- International Children's Literature Centre ZMAJ CHILDREN'S GAMES: **61st Zmaj Children's Games**

### Education and Science Promotion

- Social Responsibility Promotion Association: **I learn + I know = I am valuable**
- FENOMEN Science and Art Promotion Centre: **Science Festival, Belgrade**
- Creative Mentoring Association: **Creative Mentoring 2019, Belgrade**

### Entrepreneurship and Co-working

- Young Ambassadors Civic Association: **KreNI – Conference of Creative Industries**
- Trag Foundation: **National Forum for Green Ideas**
- Webiz – Association for the Promotion of Information Technologies and Improvement of Internet Culture: **Webiz Conference**
- BIZNISNOVA – Proactive Business Centre: **Women in IT**
- Best Brand Friendly: **Business Forum NS**
- European Movement in Serbia: **Programme Share Your Knowledge – Become a Mentor - new cycle 2019**

### Sports

- Belgrade Running Club: **Belgrade Business Run, Beograd**
- Belgrade Running Club: **Novi Sad Business Run, Novi Sad**



## Individual Philanthropy

Bearing in mind the importance of humanitarianism, collegiality and the readiness to help those who have found themselves in a difficult situation, 14 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 facing financial or health problems. During 2019, funds raised by the employer, the Trade Union and voluntary employee contributions, financed the support which was used by 111 employees and nine children beneficiaries of solidarity scholarships. Bank employees traditionally support the BELhospice humanitarian bowling tournament, at which EUR 8,500 was raised in 2019 to help provide palliative care to oncology patients. The funds raised were used to finance 170 free home visits of the BELhospice multidisciplinary team to oncology patients and their family members.

Back 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 2019 as well, a new batch of bottle caps weighing about 30 kilogrammes was dispatched.

In 2019, a traditional Christmas Bazaar was again organised in the Bank premises in Belgrade and Novi Sad at which the social organisations: Milan Petrović Special Primary and Secondary School, Šuma Pastry Shop, Dolovac Organic and the Šekspirova daycare centre sold their products. At the bazaar, visitors also had at their disposal the latest edition of the LiceUlice magazine.

In 2019 as well, our colleagues gladly spent time with our especially dear guests – vendors of the Lice Ulice magazine. 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 vendors' visits to the administrative buildings, between 70 and 100 copies of the magazine are sold.

## Erste Volunteers

Erste volunteers have over 10 years of volunteering work, more than 60 group volunteering campaigns in 25 cities and towns across Serbia behind them, and they also gladly take part in other organisations' initiatives. The practice of corporate volunteering is deeply rooted in the culture of Erste Bank and constitutes a source of pride and satisfaction for its employees.

The number of Erste Club volunteers is growing from one year to the next. This is a testament to our colleagues' recognition of the benefits of a strong team spirit, the feeling of belonging and the quality of communication, as well as the possibility of also personally taking part in creating volunteering programmes.

In early March 2019, our volunteers helped clean up the Petrovaradin Fortress. Refuse-free Fortress is a series of environmental campaigns for cleaning up the Petrovaradin Fortress which were created following Ugripa campaigns organised every week, in which, as part of 300 campaigns and over a period of 25 months, more than 250 tonnes of rubbish were removed from the underground of the world's best preserved anti-mine defence system. The Refuse-free Fortress initiative was the second consecutive mass overground clean-up campaign in more than 20 locations, or 30 points, organised with the aim of persisting in carrying out this large-scale, enormous task, the end of which is now in sight and within reach.



Erste volunteers again took part in a large volunteering campaign in Belgrade, which brings together more than ten socially responsible companies every year. This year we helped make the Stepin Lug forest more beautiful and improved its usability. At the eleventh volunteering campaign called Our Belgrade, organised by Smart Kolektiv and the Responsible Business Forum, the picnic area was improved by setting up benches and tables, putting up info signs and cleaning up waste and fallen branches from the forest. New bird houses were set up for birds looking for shelter during cold days, while at the same time volunteers took part in creative workshops together with the beneficiaries of the KEC MNRO association. The youngest had an opportunity to learn about environmental protection and the natural environment through the European Green Lizard's Adventure environmental education programme. Those a bit older had an opportunity to hear practical advice from the organisation ImpactEko on how to be more environmentally responsible or how to better communicate about socially responsible topics at a workshop led by Represent Communications.





## ERSTE Foundation

ERSTE Foundation was established in 2003 by Erste Österreichische Spar-Casse Anteilsverwaltung, the successor of Erste Österreichische Spar-Casse. Back in 1819, this association of savings banks in Vienna opened the first bank for people who, until then, had no way of providing for their future. The foundation inherited its commitment to the people from its founders. Today ERSTE Foundation is a creative workshop for ideas, a lab for topics of the future which increases its effectiveness through strategic cooperation in different networks. The Foundation invests a portion of its dividends in regions in which Erste Group operates. Its goals are to strengthen democracy in Europe, promote socially disadvantaged groups through social innovation, and support contemporary culture in Europe.

## 200 Years of the Savings Bank Idea

In 2019 Erste Bank and ERSTE Foundation celebrated their founding and 200 years of the savings bank idea in Austria, which, in the times of industrialisation and urbanisation, was not only civic-minded and economically viable, but also innovative and bold. In order to explore what the savings bank idea means in 2019, ERSTE Foundation organised a series of events. For the Tipping Point talks, the foundation invited renowned thinkers, scientists and pioneers from around the globe. Identity, normativity, possibility and audacity – these four topics served as guiding lights relating to the following questions: Who are we in the Central, Eastern and South-Eastern European region 30 years into an era of profound transformation that has shaped the lives and future of every family? What do we strive for as societies? And how do we deal with the challenges along the way?

Invitation to keynote speeches on these topics was accepted by economist Francis Fukuyama in March, by historian Timothy Snyder for Europe Day in May, former politician and advocate of fundamental digital rights Marietje Schaake in September and, finally, by author, economist and social scientist Felwine Sarr in November. The speeches were accompanied by discussions and intensive workshops (Think Camps) with ERSTE Foundation stakeholders and networks working in the same field. Artistic interventions, collaboration with local institutions, live streaming, publications, media reports and social media commentary have made these debates accessible to a global audience.

## Preserving a Democratic Europe

A conference in Budapest in May 2019 marked the launch of the pilot phase of a new three-year project Reporting Democracy. After 13 successful years of supporting journalism in South-Eastern Europe through the Balkan Fellowship for Journalistic Excellence, which was last awarded in 2019, ERSTE Foundation, together with its longstanding partner BIRN, co-founded a cross-border journalism platform. Independent journalists investigate the issues, trends and events shaping the future of democracy in Central, Eastern and South-Eastern Europe. Alongside the Balkan states, the Visegrád Group countries are also taking part in the project.

Europe's Futures, a collaboration with the Institute for Human Sciences in Vienna aimed at exploring the key risks and problems faced by Europe and its liberal democratic order, welcomed the second generation of fellowship-holders in 2019. In addition to the longstanding collaboration through the European Funds for the Balkans, ERSTE Foundation is also taking part in the Civitates platform, a global foundation initiative addressing democracy and solidarity in Europe.



### **Financial Health for All**

*Zweite Sparkasse* has moved its Vienna branch and company address to a location close to the Erste Campus and ERSTE Foundation. In 2019, the bank also created the conditions for a new product. In association with social organisations, a micro loan will be offered in 2020 to people who wish to have their own home but lack the funds for a deposit or basic equipment..

### **Tools for Social Change**

The *BeeTwo* association deals with digital social innovation. In 2019, the *Digital Social Innovation Lab* involving numerous Austrian NGOs was introduced as a standard process. An idea is developed in just five months, from identifying a social problem to designing a digital prototype. The NGO Academy was also the largest management capacity building programme in 2019 for civil society organisations in Central and Eastern Europe.

### **Protecting Contemporary Culture**

In June the *Kontakt Collection* organised the Collective Exhibition for a Single Body – The Private Score – Vienna 2019 at Haus Wittgenstein in Vienna. The works of artists from Central, Eastern and South Eastern Europe were (re-)activated through performances taking place in a supermarket. The first major European retrospective of Marina Abramović, *The Cleaner*, also made a stop at Belgrade's Museum of Contemporary Art in September, sponsored by ERSTE Foundation.

[www.erstestiftung.org](http://www.erstestiftung.org)



# Responsibility to the Environment

Erste Bank has fostered a longstanding strategic approach to environmental protection ever since 2009 when the first CSR strategy was adopted. The Bank's responsibility consists in reviewing the environmental risks of our operation and striving to reduce negative and maximise positive impacts. We continuously monitor and measure our impacts with the aim of identifying them as precisely as possible and, from one year to the next, reducing them. In relation to this, in the past years we have significantly upgraded our quantitative reporting practices, by setting clear goals and monitoring indicators.

In addition to the consumption of resources, the Bank's largest environmental impact is caused by financing its clients' projects and operation. That is why we are focused on high standards in the area of responsible financing, where we strive to set an example for others and be one of the leaders in financing renewable energy projects.

Relevant topics in the area of environmental protection are defined based on the Bank's impact assessment, namely 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.

Thus, the Bank's Corporate Social Responsibility Strategy 2015–2019 defines three priority areas of the Bank's activities:

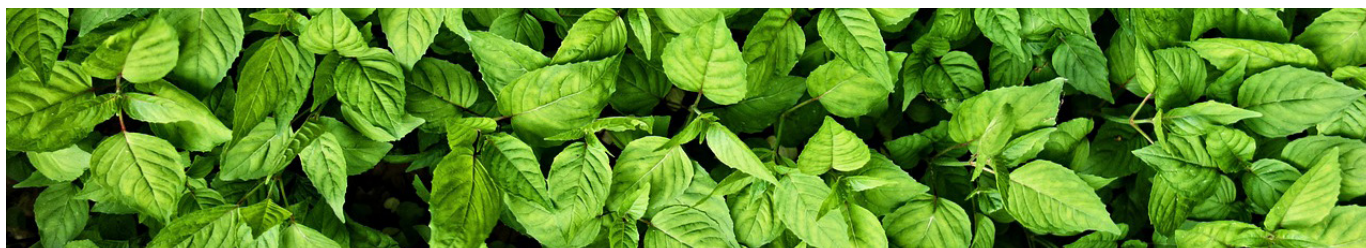
- Responsible resource management
- Responsible financing
- Raising employee awareness of environmental protection

When it comes to direct impacts, the Bank continuously records reduction in consumption based on all the most significant parameters (energy, emissions, water, waste, transportation). Furthermore, initiatives have been implemented aimed at reducing the impacts caused by transportation, as well as indirect impacts occurring through its chain of suppliers.

Apart from its compliance with all current regulations relating to environmental protection, the Bank is guided in its operation by the Natural and Social Environment Protection Policy and the Responsible Financing Policy. You can find more information about these policies on page 59. In addition to these policies and the current CSR Strategy, the Bank also relies on other adopted documents such as the Waste Management Procedure, the Energy Management Policy of Erste Group and the Basic Principles of Environmental Protection Management.

## Our Achievements in 2019:

- ✓ Total investment of RSD 59,039,738.93 in environmental protection management
- ✓ Additional EUR 25 million invested in the second phase of the construction of the Sirius business complex (Sirius Offices), in accordance with the highest environmental construction standards.
- ✓ Loans granted as part of the GEF Green Economy Financing Facility programme aimed at all citizens who wish to invest in energy efficient solutions totalling RSD 168,809,251.



# Responsible Resource Management

## 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 2019.

Systematic approach to environmental management in Erste Bank has resulted in the establishment of a system for the precise tracking of parameters and considerable reduction in the consumption of all resources. Bank has defined parameters for reporting on the consumption of energy sources, water and the quantity of produced waste, as well as on emissions and transport.

Some of the most important measures which the Bank has implemented in previous years include:

- Developing the energy management system;
- Power supply generated from renewable energy sources (since mid-2019);
- Applying environmental standards in the interior decoration of branches;
- Reduced operation of advertising signage in accordance with available possibilities;
- Installation of 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;
- 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.

TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)	2011.	2012.	2013.*	2014.	2015.	2016.	2017.**	2018.	2019.
	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	59,039,738.93

\* 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

In 2017, Erste Bank officially opened the Sirius Offices business complex, which is an Erste Group investment worth EUR 40 million. The complex 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. Sirius Offices also became the new Belgrade headquarters of Erste Bank in the same year. During 2019, the construction of the second phase of the project was ongoing, in which Erste Group Immorent is investing an additional 25 million euros for the construction of another 12,500 gross square metres on eight floors, as well as 200 parking spaces.

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.

In the administrative building of Erste Bank in Novi Sad, the cos Fi factor reduction system was installed, the existing valves on radiators with thermostatic valves were replaced, as well as environmentally friendly carpeting was installed back in 2016. These improvements were implemented based on a detailed energy efficiency study which the Bank carried out in 2014 as a part of cooperation with the Denkstatt company on local projects in Serbia.

### 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), while three branches in Subotica, Belgrade and Kragujevac were moved to new locations designed according to eco-friendly criteria in 2019.





## Energy and Emissions

Erste Bank is strategically committed to reducing the consumption of energy and emissions which is enabled by, inter alia, putting in place a comprehensive system of measuring all important parameters.

In 2019, energy from renewable sources accounted for about 30% of total energy consumption in Erste Bank. It is green energy from the Electric Power Industry of Serbia (JP EPS) that is generated in hydroelectric power plants.

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 2019 relative to the previous year (9,608 m3 of water from the city water supply network in 2018 and 9,810 m3 in 2019)

KEY INDICATORS / ENERGY		2013.	2014.	2015.	2016.****	2017.	2018.*****	2019.*****
TOTAL ENERGY CONSUMPTION (GJ)*	<b>19.344,86</b>	<b>18.016,5030</b>	<b>15.661,60</b>	<b>15.579,4110</b>	<b>15.811,5454</b>	<b>16.783,8125</b>	<b>16.098</b>	<b>16.115</b>
ELECTRICITY	10.042,488	9.963,2772	9.121,14	9.050,4565	9.173,3413	9.844,2926	9.315	9.498
HEATING AND COOLING	9.544,1976	8.053,2258	6.500,9124	6.528,9545	6.638,2040	6.939,5199	6.783	6.617
DIESEL FOR GENERATORS**	N/A	N/A	39,546	N/A	N/A	N/A	N/A	N/A
TOTAL ENERGY CONSUMPTION (GJ)*	<b>3.060</b>	<b>1.570</b>	<b>1.552,42</b>	<b>70,68***</b>	–	–	<b>686</b>	–

\* Relates to energy from non-renewable energy sources up to 2018. In 2019, relates to energy from non-renewable (11,366 GJ) and renewable (4,749 GJ) energy sources. The source of renewable energy in 2019 is JP EPS Green Energy (energy generated in hydroelectric power plants). 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.

\*\*\*\*\* Due to the full effects achieved by the initiatives implemented in the previous period, there were no significant deviations in 2019 relative to 2018.

ENERGY INTENSITY (KWH/A PER EMPLOYEE)*	2014.	2015.	2016.	2017.	2018.	2019.
ELECTRICITY	2.554,08	2.447,92	2.495,73983	2.543,7449	2.316,43	2.286
HEATING AND COOLING	1.820,37	1.765,92	1.806,01915	1.793,1576	1.686,80	1.593

\* 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 31/12/2019 was taken as the parameter for calculating energy intensity.

KEY INDICATORS / EMISSIONS	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
TOTAL EMISSIONS CO2 (T/CO <sub>2</sub> EQ)*	4.405	4.188	3.636	2.935	3.115	3.128	2.842	1.514

\* CO<sub>2</sub> 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.	2019.
DIRECT GREENHOUSE GAS EMISSIONS (GHG – SCOPE 1)*	443 t/CO <sub>2</sub> eq**	420 t/a CO <sub>2</sub> eq**	398 t/a CO <sub>2</sub> eq**	383 t/a CO <sub>2</sub> eq**	591 t/a CO <sub>2</sub> eq	339 t/a CO <sub>2</sub> eq
INDIRECT GREENHOUSE GAS EMISSIONS (GHG – SCOPE 2)***	3.193 t/CO <sub>2</sub> eq****	2.515 t/a CO <sub>2</sub> eq****	2.717 t/CO <sub>2</sub> eq****	2.745 t/a CO <sub>2</sub> eq****	2.252 t/a CO <sub>2</sub> eq	643 t/a CO <sub>2</sub> 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 CO<sub>2</sub>eq 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 CO<sub>2</sub>eq equivalent emission factor (kg/kWh).

INTENSITY OF GREENHOUSE GAS EMISSIONS* (T/CO <sub>2</sub> EQ PER EMPLOYEE)	2014.	2015.	2016.	2017.	2018.	2019.
	3.636	2.935	3.115	3.128	2.842	1.514
TOTAL GREENHOUSE GAS EMISSIONS (T/CO <sub>2</sub> EQ)	992	1.027	1.021	1.075	1.117	1.154
TOTAL NUMBER OF EMPLOYEES	3,66	2,86	3,05	2,9098	2,54	1,31
INTENSITY OF GREENHOUSE GAS EMISSIONS (CO <sub>2</sub> EQ T/A PER EMPLOYEE)						

\* Emission intensity includes CO<sub>2</sub> 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 materiality is determined based on the following criteria:

- CO<sub>2</sub>eq emission based on annual mileage and annual fuel consumption of company vehicles

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 CO<sub>2</sub>eq limits of 120 g/km to 140 g/km.

SIGNIFICANT ENVIRONMENTAL IMPACTS DUE TO TRANSPORT	2013.	2014.	2015.	2016.	2017.	2018.	2019.
DIESEL (L/A)	40.700	62.000	80.837	68.552	90.829	91.000	90.000
PETROL (L/A)	48.000	33.000	40.678	43.757	3.859*	1.655	3.500
CO <sub>2</sub> EMISSIONS T/A CO <sub>2</sub> EQ	328	380	302	327	383	333	339

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

## Waste Management and Recycling

The issue of responsible waste management is of strategic importance to Erste Bank and this area is regulated by an internal document titled the Waste Management Procedure.

Considering the nature of its operation, Erste Bank defined the reduction of paper consumption as a special goal under the CSR strategy. Our everyday activities result in the creation of significant amounts of paper waste, which is why we are focused primarily on reducing paper use and using certified paper, as well as recycling.

Since 2009, the Bank publications, including the 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 from responsibly and sustainably managed forests. This certificate reflects the highest level of quality assurance and sustainability in forestry, the timber industry and paper industry. Since 2019, the Corporate Social Responsibility Report has been published only in electronic format, while the transition to exclusively electronic publication of the internal magazine Pulse is also planned for 2020.

When it comes to recycling, the Bank strives to have a positive impact on sustainability by separating and delivering waste for recycling. Our business facilities in Novi Sad and Belgrade are equipped with bins for PET packaging and glass waste, as well as office paper collection boxes.

An initiative from 2014 contributed to the decrease in generated waste, 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.



WASTE AND RECYCLING	2012.	2013.	2014.	2015.	2016.	2017.*	2018.	2019.
TOTAL GENERATED WASTE VOLUME (T)*	30,603	32,755	13,161	23,582	11,882	28,005	12,396	19,98
HAZARDOUS WASTE	2,97	2,510	1,115	0,43	0,950	3,159	4,475	2,814
NON-HAZARDOUS WASTE	27,633	30,245	12,046	23,152	10,932	24,846	7,924	17,166
TOTAL VOLUME OF RECYCLED WASTE	30,603	32,755	13,161	23,582	11,882	28,005	12,396	19,98

\* The stated quantity of waste refers to paper, electronic waste, toner cartridges, PET. and in 2019 also to metal waste. The Bank does not keep records of other types of waste.

## Employee Engagement

Employee awareness raising about the importance of responsibility and one's personal contribution to the preservation of the environment is one of the priority topics in Erste Bank's CSR strategy. That involves continuous communication and enabling employees to make a personal contribution as part of this globally important issue. We are proud to say that the reduction in waste generated and savings realised in previous years are a result of our employees' active engagement – both in everyday business activities, as well as in volunteering campaigns which are most commonly centred around environmental protection.

In 2019, we 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 2019, another 30 kg of bottle caps were collected.

During 2019, Erste Bank continued to support the Earth Hour campaign by turning off lighting for an hour in the Bank's administrative facilities.

In early March 2019, Erste Bank volunteers took part in improving the Petrovaradin Fortress, as part of the Refuse-free Fortress initiative. It was the second consecutive mass clean-up campaign of the overground at over 20 locations, or 30 points, in which 35 tonnes of rubbish were removed from the Petrovaradin Fortress. In May 2019, our volunteers helped make the Stepin lug forest more beautiful and improved its usability, as part of the Our Belgrade traditional volunteering campaign which is organised every year by the CSR Forum and Smart Kolektiv.

RECYCLED WASTE	2012.	2013.	2014.	2015.	2016.	2017.*	2018.	2019.
	26.690	29.720	11.350	22.970	10.809	24.592	7.559	15.561
PAPER (KG)	2.970	2.510	1.235	430	950	3.159	4.475	2.814
ELECTRONIC WASTE (KG)	853	754	496	82	62	0	0	0
TONER CARTRIDGES (KG)	90	150	80	100	61	40	50	65
PET (KG)	350	274	274	520	280	262		
PRINTED PVC FOIL (M <sup>2</sup> )						214	312	1.540
METAL (kg)								

\* 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.

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# Investment in Sustainable Development

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## GEFF Green Economy Financing Facility Programme

Western Balkans GEFF 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 GEFF is part of an international GEFF programme active in 24 countries, which supports their 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.

Responsible financing is a strategic commitment of our Bank, through which we contribute to a sustainable future for our customers, employees and the community. Recognising climate change as one of the biggest global challenges of today's society, Erste Bank is committed to financing various energy efficiency and renewable energy source projects. The Bank has so far financed 5 biogas facilities, 14 solar facilities, three wind farms and 34 small hydroelectric power plants. However, bearing in mind the project complexity, the need for compliance with international and domestic regulations, and taking into account all relevant impact factors, both for project managers and financial institutions, the Bank has decided to hire as part of the permanent team an expert on social and environmental impact assessment, in order to ensure that financing is aligned with the highest standards implemented by international financial institutions, which also provided trainings and education programmes related to this area.

In cooperation with international consultants, a risk matrix which takes into account all social and environmental factors has been developed in order to ensure that financing is in compliance with international standards in this area.

Read more about these policies in the Social and Economic Risk Management section – p. 59.

In 2019, Erste Bank continued granting loans as part of the GEFF Green Economy Financing Facility programme. The Bank thus confirmed its commitment to working actively, together with its partners from the EBRD, on environmental protection and promoting energy efficiency. Loans are intended for 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 GEFF programme of the European Bank for Reconstruction and Development (EBRD) and 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 95 months. In 2019, these loans were granted in the total amount of 168,809,251 dinars.

During 2019, 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. From the line in question, loans totalling EUR 309,789.00 were granted in 2019. The Corporate Division did not grant any loans to job creation projects 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 2019, the following amounts were granted for renewable energy sources and energy efficiency:

- From the EIB 2012 credit line, the Corporate Division granted investment loans in the amount of EUR 1,999,114.00 in 2019
- From the EIB 2015 credit line, the Corporate Division granted loans for investment and permanent working capital in the amount of EUR 6,926,631.00 in 2019

- From the EIB 2018 credit line, the Corporate Division granted loans largely for investment in the amount of EUR 9,848,441.00 in 2019
- From the KfW 2017 credit line, the Corporate Division granted loans for renewable energy sources in the amount of EUR 4,612,911.00, and for energy efficiency in the amount of EUR 9,469,082.00 in 2019

In mid-June 2019, the Bank signed an agreement with the European Bank for Reconstruction and Development for financing micro, small and medium-sized enterprises in the total amount of EUR 40 million.

From the EBRD 2019 credit line, in the Corporate Division working capital and permanent working capital loans, as well as revolving loans, were granted from Tranche 1 in the total amount of EUR 7,198,352.00. In financing small and medium-sized enterprises, as well as small and medium-scale infrastructure projects implemented by municipalities, the Bank uses funds of the European Investment Bank (EIB), the German Development Bank (KfW) and the European Bank for Reconstruction and Development (EBRD).

The Bank signed four agreements with the EIB for the purpose of financing small and medium-sized enterprises, as well as small and medium-scale infrastructure projects implemented by municipalities, namely in 2010, 2012, 2015 and 2018 in the total amount of EUR 175 million.

By signing the agreement with the German Development Bank (KfW) at the end of 2012, the Bank granted funds in the amount of USD 10 million for the purpose of financing micro, small and medium-sized enterprises and energy efficiency/renewable energy projects.

By signing the second agreement with the German Development Bank (KfW) in 2014, the Bank granted funds in the amount of EUR 20 million for the purpose of financing micro, small and medium-sized enterprises and energy efficiency/renewable energy projects.

At the end of 2017, the Bank signed a new agreement with KfW in the amount of EUR 23 million for the purpose of financing energy efficiency and renewable energy. In mid-December 2018, the Bank signed a new agreement with the German Development Bank (KfW) for financing renewable energy sources for small and medium-sized enterprises in the total amount of USD 10 million.

For the purpose of financing corporate loans, the Bank signed a long-term loan agreement in the amount of EUR 100 million with Erste Group Bank AG on 3 December 2015. At the end of 2017, a new long-term loan agreement was signed in the amount of EUR 53 million.

In June 2018, the Bank signed a new agreement with Erste Group AG for the purpose of financing corporate loans in the total amount of EUR 65 million.

At the end of June 2018, the Bank signed an agreement with the EBRD for the purpose of financing energy efficiency projects in the residential housing sector. The total agreement amount is RSD 600 million.

In July 2017, the Bank signed an agreement with the National Bank of Serbia as the government agent for the disbursement of funds from the Apex loan for small and medium-sized enterprises and other III/B priorities. Loans received from foreign credit institutions during 2019 amounted to RSD 43,305,233 thousand (in 2018: RSD 41,184,587).



## The Forum for Green Ideas

The Forum for Green Ideas was launched by the Trag Foundation in partnership with the Rockefeller Brothers Fund and Erste Bank in 2013. 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.

In 2019, Erste Bank provided mentoring support to finalists. At the event where 10 finalists presented their green ideas, the Trag Foundation and the Rockefeller Brothers Fund awarded 3 projects with USD 5,000 each. They also gained the right to take part in the Philanthropy for Green Ideas regional competition, at which they had an opportunity to win additional funds for implementing their projects.



## Erste Smart Bench

In 2019 Erste Bank, together with several other socially responsible companies, supported the installation of solar-powered smart benches in Belgrade that enable battery charging and free internet for fellow citizens. The Erste smart bench is located at the Republic Square, and the solar energy that powers it is the ideal solution because it does not require maintenance, and is completely free. Three years ago, London recognised these benefits and launched, in cooperation with Serbian start-up company Strawberry Energy a network of 40 benches which have had more than half a million users so far.







# About This Report

**The Corporate Social Responsibility Report 2019 of Erste Bank a.d. Novi Sad is its twelfth CSR report and the nine 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. 106–111). 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 financial 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. 106–111.

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](http://www.globalreporting.org)  
[www.ungc.rs](http://www.ungc.rs)

2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
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 FSSS	37 INDICATORS GRI G4 10 INDICATORS GRI 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	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, quality and the level of detail 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. 106-111.

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 2019 non-consolidated financial report.



REPORT PARAMETERS	2019 CORPORATE SOCIAL RESPONSIBILITY REPORT OF ERSTE BANK A.D. NOVI SAD	
REPORTING CYCLE	ANNUAL	
REPORTING PERIOD	FOR 2019 (REPORT PUBLISHED IN 2020) RELATES TO THE FINANCIAL YEAR FROM 1 JANUARY 2019 TO 31 DECEMBER 2019	
PREVIOUS CSR REPORT	FOR 2018 (REPORT PUBLISHED IN 2019)	
FIRST CSR REPORT PUBLISHED	FOR 2008 (REPORT PUBLISHED IN 2009)	
REPORTING METHODOLOGY	GLOBAL REPORTING INITIATIVE (GRI STANDARDS) (GRI INDEX, PP 106-111) GRI FINANCIAL SERVICES SECTOR SUPPLEMENT 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 17) ARE NOT INCLUDED IN THIS REPORT.	
EXTERNAL VERIFICATION	/	
CONTACT	<b>TAMARA JOVANOVIĆ,</b> <b>INTERNAL COMMUNICATIONS AND CSR ASSOCIATE</b> DOP@ERSTEBANK.RS TAMARA.JOVANOVIC@ERSTEBANK.RS + 381 (0) 112015011 +381(0) 608747875  THE REPORT IS AVAILABLE AT: WWW.ERSTEBANK.RS • WWW.UNGC.RS	

In the preparation of 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.

REPORTING PRINCIPLES	CORPORATE SOCIAL RESPONSIBILITY REPORT 2019 OF ERSTE BANK A.D. NOVI SAD
THE REPORT CONTENT WAS DEFINED SO AS TO PRESENT THE TOPICS WHOSE <b>MATERIALITY</b> WAS RECOGNISED DURING THE PREPARATION OF THE CSR STRATEGY, ACCORDING TO THEIR STRATEGIC IMPORTANCE TO THE BANK AS WELL AS ITS STAKEHOLDERS (PP 19-21)	<b>STAKEHOLDER ENGAGEMENT</b> IS A FUNDAMENTAL TOOL THE BANK USES TO UNDERSTAND AND MEET THE NEEDS AND EXPECTATIONS OF ITS STAKEHOLDERS (P 23-24)
THE <b>BROADER SUSTAINABILITY CONTEXT</b> 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 (P....). COMPARATIVE DATA RELATIVE TO THE PREVIOUS YEARS ENSURE THE REPORT'S <b>COMPLETENESS</b> , 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 <b>BALANCED</b> 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 <b>COMPARABILITY</b> 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 <b>ACCURACY</b> OF THE STATED INFORMATION.	FOR ITS STAKEHOLDERS, THE BANK ENSURES THE <b>TIMELINESS</b> 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 <b>CLARITY</b> 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.



## GRI Index and Indicators

GRI STANDARDS	GRI 102: GENERAL DATA	PAGE	CROSS REFERENCE TABLE - UNGC PRINCIPLES AND UN SUSTAINABLE DEVELOPMENT GOALS
	COMPANY PROFILE	PAGE	
	NAME OF THE ORGANISATION		
102 - 2	ACTIVITIES, BRANDS, PRODUCTS/SERVICES		
102 - 3	LOCATION OF COMPANY'S HEADQUARTERS		
102 - 4	LOCATION OF OPERATIONS		
102 - 5	LEGAL FORM AND NATURE OF OWNERSHIP		
102 - 6	MARKETS SERVED		
102 - 7	SCALE OF THE ORGANISATION		
102 - 8	INFORMATION ON EMPLOYEES AND OTHER WORKERS		PRINCIPLE 6 SDG 8
102 - 9	SUPPLY CHAIN		
102 - 10	SIGNIFICANT CHANGES TO THE ORGANISATION OR ITS SUPPLY CHAIN		
102 - 11	PRECAUTIONARY PRINCIPLE APPROACH		
102 - 12	EXTERNAL INITIATIVES		
102 - 13	MEMBERSHIP IN ASSOCIATIONS		
2.	STRATEGY		
102 - 14	STATEMENT FROM THE CEO		
102 - 15	KEY IMPACTS, RISKS AND OPPORTUNITIES		
3.	ETHICS AND INTEGRITY		
102 - 16	VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR		PRINCIPLE 10 SDG 16
102 - 17	MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS		PRINCIPLE 10 SDG 16
4.	GOVERNANCE		
102 - 18	GOVERNANCE STRUCTURE		
102 - 19	DELEGATING AUTHORITY FOR ECONOMIC, SOCIAL AND ENVIRONMENTAL TOPICS		
102 - 22	COMPOSITION OF THE HIGHEST GOVERNANCE BODY		SDGS 5, 16
102 - 23	CHAIR OF THE HIGHEST MANAGEMENT BODY		SDG 16
102 - 24	NOMINATING AND SELECTING THE BOARD MEMBERS		SDGS 5, 16
102 - 25	CONFLICTS OF INTEREST		SDG 16
102 - 26	ROLE OF THE BOARD AND SENIOR EXECUTIVES IN SETTING MISSION, STRATEGY, POLICIES, AND OBJECTIVES RELATED TO SUSTAINABILITY		



102 - 35	REMUNERATION POLICY FOR THE HIGHEST GOVERNANCE BODY AND SENIOR EXECUTIVES		
102 - 36	PROCES ODREĐIVANJA NAKNADE		
5.	STAKEHOLDER ENGAGEMENT		
102 - 40	LIST OF STAKEHOLDERS ENGAGED		
102 - 41	COLLECTIVE BARGAINING AGREEMENT		PRINCIPLE 3 SDG 8
102 - 42	IDENTIFYING AND SELECTING STAKEHOLDERS		
102 - 43	APPROACH TO STAKEHOLDER ENGAGEMENT		
102 - 44	KEY TOPICS AND CONCERNS RAISED		
6.	REPORTING PRACTICE		
102- 45	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT		
102 - 46	DEFINING REPORT CONTENT AND TOPIC BOUNDARIES		
102 - 47	LIST OF MATERIAL ASPECTS		
102 - 48	RESTATEMENT OF INFORMATION		
102 - 49	CHANGES IN REPORTING		
102 - 50	REPORTING PERIOD		
102 - 51	DATE OF MOST RECENT REPORT		
102 - 52	REPORTING CYCLE		
102 - 53	CONTACT POINT FOR QUESTIONS REGARDING THE REPORT		
102 - 54	CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS		
102 - 55	GRI CONTENT INDEX		
102 - 56	GRI AND UNGC CROSS REFERENCE TABLE		
	REVIEW OF UNITED NATIONS WOMEN'S EMPOWERMENT PRINCIPLES		
	EXTERNAL ASSURANCE		

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	2016	2017	2018	2019	PAGE	CROSS REFERENCE TABLE - UNGC PRINCIPLES AND UN SUSTAINABLE DEVELOPMENT GOALS
	<b>GRI SUSTAINABLE REPORTING GUIDELINES (STANDARDS)*</b>											
	<b>CATEGORY: ECONOMICS – GRI 200</b>											
	<b>ASPECT: ECONOMIC PERFORMANCES – MANAGEMENT APPROACH GRI 201</b>										13, 25	
1.	201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	●	●	●	●	●	●	●	●	●	26	SDGS 2, 5, 7, 8, 9
	<b>ASPECT: PROCUREMENT PRACTICES – MANAGEMENT APPROACH GRI 204</b>										77–78	
2.	204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS	○	○	○	●	●	●	●	●	●	77	SDG 12
	<b>ASPECT: ANTI-CORRUPTION - MANAGEMENT APPROACH GRI 205</b>										36	
3.	205-1 TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	○	○	●	●	●	●	●	●	●	36–37	PRINCIPLE 10 SDG 16
4.	205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	○	○	●	●	●	●	●	●	●	37	PRINCIPLE 10 SDG 16
	<b>CATEGORY: ENVIRONMENTAL MANAGEMENT APPROACH GRI 300</b>											
	<b>ASPECT: ENERGY - MANAGEMENT APPROACH GRI 302</b>										92–95	
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	○	●	●	●	●	●	●	●	●	95	PRINCIPLES 7,8 SDGS 7, 8, 12,13
6.	302-3 ENERGY INTENSITY	N/A	N/A	N/A	●	●	●	●	●	●	96	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	○	●	●	●	●	●	●	●	●	95	PRINCIPLES 8,9 SDGS 7, 8, 12, 13
	<b>ASPECT: WATER - MANAGEMENT APPROACH GRI 303</b>										92–95	
8.	303-5 WATER WITHDRAWAL* *FORMER INDICATOR 303-1 TOTAL WATER WITHDRAWAL BY SOURCE	○	●	●	●	●	●	●	●	●	95	PRINCIPLES 7,8 SDG 6
	<b>ASPECT: EMISSIONS - MANAGEMENT APPROACH GRI 305</b>											
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	○	●	●	●	●	●	●	●	●	96	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	○	●	●	●	●	●	●	●	●	96	PRINCIPLES 7,8 SDGS 3,12,13, 15
11.	305-4 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY	N/A	N/A	N/A	●	●	●	●	●	●	96	PRINCIPLE 8 SDGS 13, 15
	ASPECT: EFFLUENTS AND WASTE - MANAGEMENT APPROACH GRI 306										97	
12.	306-2 WASTE BY TYPE AND DISPOSAL METHOD	○	●	●	●	●	●	●	●	●	98	PRINCIPLE 8 SDGS 3, 6, 12
	ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT - MANAGEMENT APPROACH GRI 308										78–79	
13.	308-1 SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA	N/A	N/A	N/A	●	●	●	●	●	●	79	PRINCIPLE 8
	CATEGORY: SOCIAL – MANAGEMENT APPROACH - GRI 400											
	ASPECT: EMPLOYMENT - MANAGEMENT APPROACH GRI 401										44, 47	
14.	401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER	●	●	●	●	●	●	●	●	●	48	PRINCIPLE 6 SDGS 5, 8
15.	401-3 PARENTAL LEAVE	○	●	●	●	●	●	●	●	●	49	PRINCIPLE 6 SDGS 5,8
	ASPECT: OCCUPATIONAL HEALTH AND SAFETY - MANAGEMENT APPROACH GRI 403										53	
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	○	●	●	●	●	●	●	●	●	53–54	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	○	●	●	●	●	●	●	●	●	53, 56	SDGS 8
	ASPEKT: OBUKE I OBRAZOVANJE – PRISTUP UPRAVLJANJU GRI 404										50	
18.	404-1 AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY	●	●	●	●	●	●	●	●	●	52	PRINCIPLE 6 SDGS 4, 8
19.	404-2 PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMMES	○	→	→	→	→	→	→	→	→	50	SDG 8
20.	404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	●	●	●	●	●	●	●	●	●	52	PRINCIPLE 6 SDGS 5,8



	ASPECT: DIVERSITY AND EQUAL OPPORTUNITY - MANAGEMENT APPROACH GRI 405										44, 47	
21.	405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	○	●	●	●	●	●	●	●	●	29; 45–46	PRINCIPLE 6 SDGS 5,8
	ASPECT: HUMAN RIGHTS ASSESSMENT - MANAGEMENT APPROACH GRI 412										44, 47	
22.	412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	○	○	●	●	●	●	●	●	●	47	PRINCIPLES 1,4,5
23.	412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	○	○	●	●	●	●	●	●	●	60	PRINCIPLES 2,4,5
	ASPECT: LOCAL COMMUNITIES - MANAGEMENT APPROACH GRI 413										80	
24.	413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMMES	●	●	●	●	●	●	●	●	●	80	PRINCIPLE 1
25.	FS 14 C INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE	○	●	●	●	●	●	●	●	●	60–64	SDGS 1, 4, 8, 10
	ASPECT: SUPPLIER SOCIAL ASSESSMENT - MANAGEMENT APPROACH GRI 414										78–79	
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	N/A	N/A	N/A	N/A	N/A	N/A	N/A**	●	●	79	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)										65–66; 73–75	SDGS 1, 8,10
27.	417-1 REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING	●	●	●	●	●	●	●	●	●	73	SDG 12
28.	417-2 INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELLING	○	○	●	●	●	●	●	●	●	73	SDG 16
	ASPECT: CUSTOMER PRIVACY - MANAGEMENT APPROACH GRI 418										73	
29.	418-1 SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA	●	●	●	●	●	●	●	●	●	73	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)										59–60	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	○	○	●	●	●	●	●	●	●	68, 70	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	○	○	●	●	●	●	●	●	●	99–100	
	ASPECT: AUDIT - MANAGEMENT APPROACH (FORMER INDICATOR FS9)										34	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 TO 102-26, 102-35, 102-36, 102-17
<b>ADDITIONAL REMARKS:</b> 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
<b>HUMAN RIGHTS</b>	
<b>PRINCIPLE 1:</b> BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS	412-2 413-1
<b>PRINCIPLE 2:</b> AND MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.	412-3 414-1
<b>LABOUR STANDARDS</b>	
<b>PRINCIPLE 3:</b> BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;	102-41
<b>PRINCIPLE 4:</b> THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR;	412-2* 412-3* 414-1*
<b>PRINCIPLE 5:</b> THE EFFECTIVE ABOLITION OF CHILD LABOUR; AND	412-2* 412-3* 414-1*
<b>PRINCIPLE 6:</b> THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.	102-8 401-1 401-3 404-1 404-3 405-1
<b>ENVIRONMENT</b>	
<b>PRINCIPLE 7:</b> BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES;	302-1 303-5 305-1 305-2
<b>PRINCIPLE 8:</b> PROMOTE PROJECTS WITH GREATER ENVIRONMENTAL RESPONSIBILITY; AND	302-1 302-3 302-4 303-5 305-1 305-2 305-4 306-2 308-1
<b>PRINCIPLE 9:</b> USE AND DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.	302-4
<b>ANTI-CORRUPTION</b>	
<b>PRINCIPLE 10:</b> 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.



## — Principi Ujedinjenih nacija za osnaživanje žena

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.sr](mailto:dop@erstebank.sr)

