



The Bank Is the People!

ERSTE BANK A. D. NOVI SAD /
CORPORATE SOCIAL RESPONSIBILITY REPORT 2017



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The Bank Is the People!

Erste Bank a. d. Novi Sad
Corporate Social Responsibility Report 2017





Foreword

— **Slavko Carić** • Chief Executive Officer, Erste Bank a. d. Novi Sad



Dear colleagues and friends,

It is my great pleasure that for the third year in a row Erste Bank achieved record results – in its work with retail and corporate clients and entrepreneurs. We supported over 2,000 clients in buying homes for themselves and their families and recorded further increase in our operations with businesses, especially small and medium-sized enterprises. We are particularly proud of this first year's successful implementation of the social banking programme, with which we have once again reminded people that we have not forgotten our two century-old roots and that we are committed to our strategic orientation that it is possible to achieve excellent results in all areas through responsible and sustainable business operation.

For more than 10 years, we at Erste Bank have been committed to being a sound and profitable company, contributing to the empowerment of people in the financial aspect of their lives and spreading prosperity in our region. We have long understood that sustainable business requires a new business concept, a new understanding of the market and the communities in which we operate. Over the years we have remained true to ourselves, constantly upgrading our practices by establishing clear strategic guidelines for corporate social responsibility. Owing to such an approach, today we are able proudly to look back on the period behind us and share with you a very important anniversary – 10 years since the establishment of sustainability reporting.

Sustainability reporting has been an integral part of our CSR strategy since the

very beginning, but strategic commitment to sustainability reporting is not an end to itself. Essentially, to Erste Bank it is a part of a broader process of strategy setting, implementation and performance assessment. Apart from transparent communication with all stakeholders, reporting also enables us continually to assess our achievements and adjust the next steps, in accordance with the defined goals. Since 2009, when our first CSR report 2008 was published, each reporting cycle has constituted a step forward over the previous one – in addition to conforming to the principles of the UN Global Compact, the Bank also introduced the most relevant sustainability reporting methodology, Global Reporting Initiative (GRI), additionally improving the quality and comprehensiveness of the reporting process.

The present report is proof that a CSR strategy can be implemented efficiently in all areas of business operation when sustainability is viewed as an integral part of the business strategy. In this respect, the Bank has achieved a lot in the past decade – it has introduced advanced CSR practices related to its core business, improving in particular the areas of responsible investment and socio-environmental risk management in financing; it has opened the door to financial education and inclusion by introducing special lines of products and services for certain target groups; by using a number of innovative methods it contributed to the development of social entrepreneurship and youth entrepreneurship, as well as promotion of human rights in all aspects of its operation. CSR aspects are included in the standard criteria for choosing suppliers, setting us apart from other

companies with regard to the confirmation of a systemic improvement in CSR practice in the value chain. Since 2010, when the first renewable energy project in Serbia was financed, the Bank has positioned itself as a leader in financing this kind of projects with EUR 80 million invested and about 50 projects supported. With our Step by Step programme which was launched in 2016, we will build on what we have already achieved in this area, in order to increase the number of practical solutions that will directly impact the lives of marginalised people in our region. Through this social banking programme, in 2017 the growth and development of 45 start-up companies and social enterprises were supported, and we also approved the first loan to a civil society organisation. In addition, as part of the programme, more than 850 start-ups and social enterprises from 114 towns across Serbia attended trainings that helped them set up their operations on sound foundations, create new jobs and have a positive impact on their environment.

The key to our success lies in partnerships, in sharing a common vision and values, as well as promoting positive practices in narrower business circles, as well as society at large. Our Bank has been an active member of the UN Global Compact Serbia since its establishment, also participating in founding the Responsible Business Forum, a CSR leader network. Today we are recognised as a trustworthy partner, a leader of change and an active participant in public debate.

Our firm convictions have helped us persevere in difficult periods of financial and economic crisis as well, when it was once

again proven that the trust of our partners, clients, employees and the community is a key precondition for preserving integrity. Therefore, we would hereby like to thank all those who have followed and supported us on this path, our stakeholders to whom this report is addressed. In an age of digitalisation and globalisation, in addition to numerous changes that modern business brings, the Bank has succeeded in staying true to its culture in which people always come first. That is what motivates us to be even better and more successful in the next 10 years, and we hope that through our joint efforts we will achieve just that.

Cordially,
Slavko Carić



Foreword

— **Jasna Terzić** • Member of the Executive Board of Erste Bank a.d. Novi Sad



Dear friends,

During the past year we have continued to provide comprehensive support to the citizens and businesses of Serbia in meeting their financial needs and achieving their goals. Our business principles which have so far borne exceptional results focus on the continuous improvement of services to clients, as well as the constant improvement of internal organisation and efficiency. They will, in the future as well, constitute the foundations of the Bank's operation, in addition to the fact that we are fully committed to promoting responsible and ethical business practices in all aspects of our operation.

In the present report, we have for the first time summarised all Bank programmes, projects, initiatives, products and services in accordance with the Sustainable Development Goals (SDGs) defined in accordance with the United Nations Development Agenda. In doing so, we wanted to clarify further and better connect all efforts with local and international socially responsible and sustainable initiatives acting in the same direction.

With this report we are marking a very important anniversary – 10 years since the strategic establishment of the first CSR practices in our Bank and the publication of the first CSR report. In accordance with our strategic priorities and set goals, during this period we have succeeded in upgrading all areas covered by our report, both in practice and in terms of monitoring and measurement. We have proven that the balance between responsible and profitable operation is achievable, taking into account the needs and views of our employees, customers, partners, as well as fellow citizens from local communities.

How to Read This Report?

For an entire decade now, Erste Bank has been a pioneer in introducing innovative and sustainable solutions combating social and financial exclusion – we are especially proud of the introduction and integration of the Step by Step programme into everyday business operation, which makes the Bank unique in our market. We have combined our key initiatives aimed at the local community in the Superste.net online platform which now brings together around 55,000 active users. Investment in employee development, as well as care for their health and safety, is raised to a higher level each year, while respecting human and labour rights in an inclusive and healthy work environment.

The global framework for our operations and reporting is provided by internationally recognised sustainability standards – United Nations Global Compact principles, which the Bank has actively supported and promoted ever since 2008. The Bank is also one of the first signatories of the UN Global Compact Declaration against Corruption in Serbia, as well as the Women’s Empowerment Principles, which were initiated and defined by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

Responsible business, which is deeply integrated in all our business operations and corporate culture, encourages us to be innovative, promote sustainable development, and responsibly manage risk in all relevant aspects of sustainability, creating additional value for all our stakeholders and communities of which we are a part. We hope that on this path we will remain partners in the coming 10 years as well.

Cordially,
Jasna Terzić



The publication of the Corporate Social Responsibility Report 2017 is a great achievement for the Bank - this report marks a ten-year anniversary of our first CSR report. Therefore, this report is above all an indicator of our firm convictions and perseverance in developing social responsibility as an integral part of a long-term business strategy, investing in long-term and stable relations with all key stakeholders, in the belief that, in doing so, we are achieving stronger business results for our clients and the company, but also for the communities in which we operate. Over the years, we have striven to upgrade our CSR practices, as well as the reporting process itself and to promote the concept of social responsibility primarily by setting an example.

We continued with transparent and high-quality reporting about non-financial aspects of operation in 2017 as well, in particular in the priority areas – corporate governance, customer relations, work environment, investment in the local community, environmental protection, and supply chain management. To all our readers we recommend viewing the Report as a whole, in order to gain a full insight into our approach to the stated areas and the corresponding activities and results. If you nevertheless decide to devote your time especially to certain parts of the Report, we would like to draw your attention to areas and subjects that may be most important to different stakeholders.

If you are...

A REPRESENTATIVE OF THE BUSINESS SECTOR

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

- *Development of corporate social responsibility through joint initiatives*, p. 42.
- *Strategic approach to corporate social responsibility*, p. 18.
- *Sustainability management and contribution of Erste Bank to GDP*, p. 26.

A COLLEAGUE FROM THE BANKING SECTOR

Read more about our responsible financing practices, as well as about the development of products and services for groups and individuals with difficulties in accessing financial services. In addition, learn about our involvement in business and CSR associations, as well as about our advanced practices in the field of digital communication channels and services.

- *Responsible financing and communication: "Responsibility to Customers"*, p. 63 and *"Responsibility to the Environment"*, p. 112.
- *Development of corporate social responsibility through joint initiatives*, p. 42.

AN ERSTE BANK EMPLOYEE

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

- *"Our People"*, p. 46.

A CUSTOMER OF THE BANK

See more details about the broad portfolio of products and services designed according to modern customer needs, about customer satisfaction care and transparent communication. Get informed about the Bank's business results and its contribution to GDP, with its business philosophy, corporate values and good governance practices.

- *Products and services, customer satisfaction and transparent communication: "Responsibility to Customers"*, p. 63.
- *Business results, strategic approach and corporate values: "Company Profile"*, p. 10.
- *Good corporate governance: "Good Corporate Governance"*, p. 28.

OUR FELLOW CITIZEN

See how Erste Bank contributes to the development of local communities and to environmental protection, as well as how we impact the general socio-economic development.

- *Initiatives conducted in local communities: "Our Fellow Citizens in the Communities in which We Operate"*, p. 90.
- *Environmental initiatives: "Responsibility to the Environment"*, p. 112.
- *CSR strategy and key impacts, risks and opportunities in the sustainability context: "Strategic Approach to CSR"*, p. 18.

A REPRESENTATIVE OF THE PUBLIC SECTOR

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

- *Development of corporate social responsibility through joint initiatives*, p. 42.
- *Strategic approach to corporate social responsibility*, p. 18.
- *Sustainability management and contribution of Erste Bank to GDP*, p. 26.
- *Good corporate governance*, p. 28.
- *Support to businesses: "Responsibility to Customers"*, p. 63.

A BUSINESS ASSOCIATION REPRESENTATIVE

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

- *Financial results: "Company Profile", p. 10.*
- *Development of corporate social responsibility through joint initiatives, p. 42.*
- *Strategic approach to corporate social responsibility, p. 18.*
- *Good corporate governance, p. 28.*

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

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

- *Supplier selection and CSR practices: "Responsibility in Supply Chain", p. 85.*
- *Initiatives conducted in local community: "Our Fellow Citizens in the Communities in Which We Operate", p. 90.*

A MEDIA REPRESENTATIVE

See how the Bank aligned its marketing strategy with the principles of responsible business and how it improved its external communication. In addition, you will find many interesting topics of significance to the community at large, such as the Superste platform, the Green Ideas Award and many others.

- *Marketing and external communications "Responsibility to Customers", p. 63.*
- *Initiatives of significance for the community: "Responsibility to Customers", p. 63 and "Our Fellow Citizens in the Communities in Which We Operate", p. 90.*

A REPRESENTATIVE OF THE NON-GOVERNMENTAL SECTOR

See detailed information about local initiatives aimed at young people, with a focus on strengthening youth entrepreneurship and cultural decentralisation, as well as more details about financial inclusion of marginalised groups. In addition, you may be interested in the Bank's responsibility in natural resource management, its well-developed practices of responsible financing, as well as the volunteering engagement of which the Bank is especially proud.

- *Initiatives conducted in local communities and volunteer activities: "Our Fellow Citizens in the Communities in which We Operate", p. 90.*
- *Environmental initiatives: "Responsibility to the Environment", p. 112.*
- *Responsible financing: "Responsibility to Customers", p. 63.*



1. Company Profile

— 1.1 Erste Group

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

Today, Erste Group employs more than 47,400 staff who serve 15.9 million customers in seven Central and Eastern European countries (Austria, Serbia, Czech Republic, Slovakia, Hungary, Romania, and Croatia).

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

Since 1997, when it started its strategic expansion of retail operations to the countries of Central and Eastern Europe (CEE), the Erste Group's customer base increased from 600,000 to 16.5 million owing to numerous acquisitions and organic growth. Today it maintains the position as one of the leading financial institutions in Central and Eastern Europe in terms of the number of customers and total assets.

Erste Group in brief:

- Serves 16.5 million customers
- Employs 47,400 staff
- Operates 2,546 branches in 7 countries.

Erste Group's business position:

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

Key operating results in 2017:

- Total assets: EUR 220.7 billion
- Operating profit: EUR 2,510.8 million
- Net profit: EUR 1,316.2 million
- Return on equity: 10.1%

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



"2017 proved once more that our business model as a bank geared to service the private and corporate clients in Central and Eastern Europe is working, and with great results – including the highest-ever net profit in our history, of EUR 1.31 billion.

The proof is also in the exceptional net inflow of EUR 13 billion in client deposits and the strong demand from entrepreneurs and private households, to whom we granted over EUR 9 billion in new loans to pursue their aspirations. This development was strongly supported by the growth of the CEE economies, which outperformed that in Western Europe and should continue to do so in 2018. In addition, our liquidity and capital situation have been solid pillars for the full-year 2017 results.

With the NPL ratio now at 4 per cent, we have reached a level that we haven't seen since before the global financial crisis, while our risk provisions are at an extraordinarily low 9 basis points. However, we should not forget that the goal is not to completely eradicate risk costs. We are here to take risks – and only by doing so can we support our clients to grow.

Having a positive outlook in mind, we feel that our shareholders should benefit from these good 2017 results and will therefore propose to them a dividend of EUR 1.20 per share, an increase of 20% on the previous year.

For 2018, we have two clear focus areas: investing in the employees so that we can deliver the best advice to clients, and expanding George as the number one digital banking platform in all of our countries. A fully digitalized bank together with the best client relationship manager is what we are ultimately aiming for", said Andreas Treichl, CEO of Erste Group Bank AG, on the occasion of presenting the results.

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

- **The best bank in Austria, the Czech Republic and Montenegro**
- **Romanian subsidiary, BCR, winner of the Best Bank Transformation in Central and Eastern Europe award**

Erste Group Bank AG (Erste Group) is the winner of the 2017 Best Bank in Central and Eastern Europe award, as part of the annual excellence awards ceremony of the Euromoney magazine, one of the leading global financial publications, owing to an exceptional position of the Bank to leverage growth possibilities riding the wave of the digital revolution in the region. The Group is also the winner of awards for best bank in Austria, the Czech Republic and Montenegro, while the Group's subsidiary Banca Comerciala Romana (BCR) in Romania is the winner of the Best Bank Transformation in Central and Eastern Europe award.

Decisions about the awards are taken by a committee of senior journalists of the Euromoney magazine, upon receiving market participants' detailed applications and conducting extensive banking sector and capital market research in the region carried out during the entire year. Excellence awards are granted in the categories best global bank, best-in-category in all regions and best bank in close to a hundred countries around the world.

ERSTE GROUP'S PRESENCE

ČESKÁ SPORITELNA A.S.

CZECH REPUBLIC
Branches: 517
Customers: 4.7 million
Employees: 10,171

ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG, SPARKASSEN

AUSTRIA
Branches: 917
Customers: 3.6 million
Employees: 16,283

ERSTE BANK CROATIA

CROATIA
Branches: 153
Customers: 1.2 million
Employees: 3,201

SLOVENSKÁ SPORITEL'ŇA, A.S.

SLOVAKIA
Branches: 271
Customers: 2.2 million
Employees: 4,250

ERSTE BANK HUNGARY ZRT.

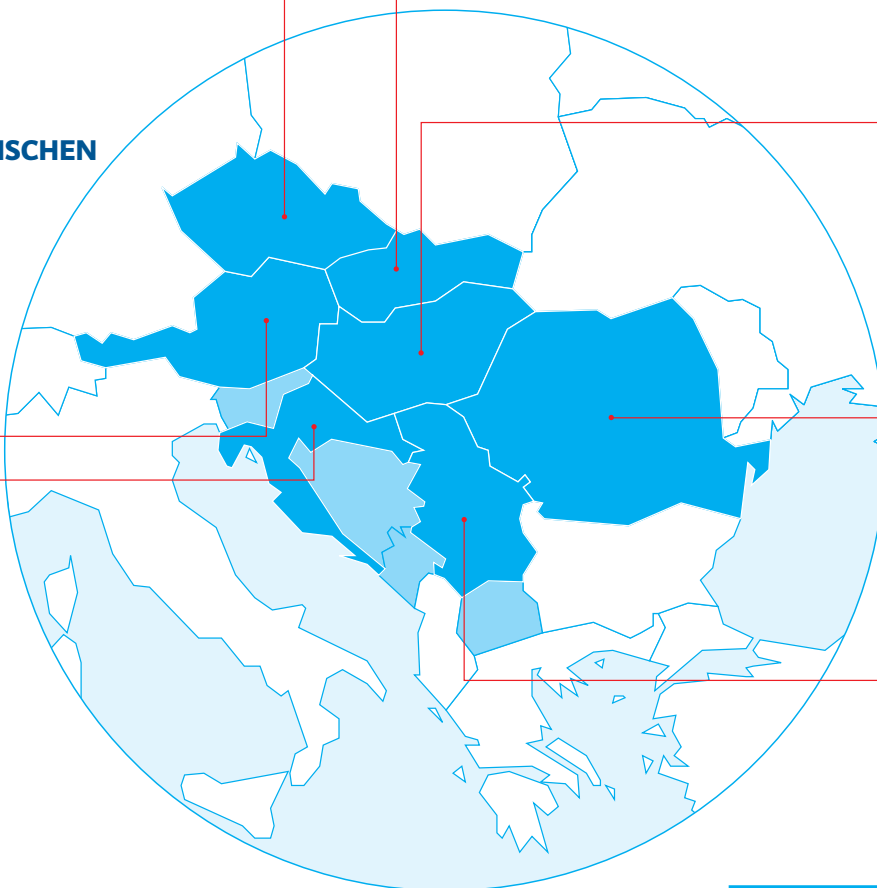
HUNGARY
Branches: 115
Customers: 0.9 million
Employees: 3,047

BANCA COMERCIALĂ ROMÂNĂ S.A.

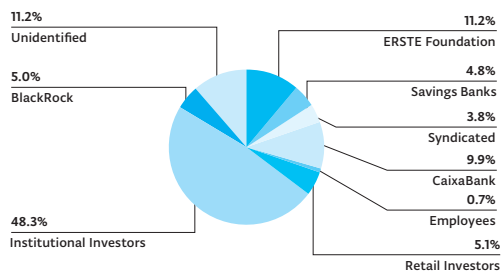
ROMANIA
Branches: 507
Customers: 3.1 million
Employees: 7,265

ERSTE BANK A. D. NOVI SAD

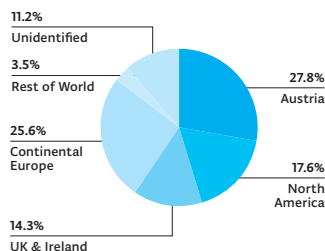
ERSTE BANK a. d. Novi Sad
Branches: 85
Customers: 0.4 million
Employees: 1,075



SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2017 BY INVESTORS (IN %)



SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2017 BY REGION (IN %)



Sustainability Indices

The Erste Group has been included in the VONIX Sustainability Index of Vienna Stock Exchange since 2008, and the Erste Group's efforts and initiatives in the CSR area were recognised again in 2011, when the Group was included in the new sustainability index, the STOXX Global ESG Leaders Index, which represents the best sustainable companies according to STOXX Global 1800. Since 2016, the Erste Group's activities have been included in the FTSE4Good Index Series.

Sustainability at Erste Campus

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

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

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



— 1.2 Erste Banka in Serbia – Tradition and Innovation

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

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

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

Erste Bank a.d. Novi Sad in brief (as of 31/12/2017):

- Serves over 391,000 customers
- Employs 1,075 staff
- Has a network of 85 business outlets

Erste Bank's strategic goals:

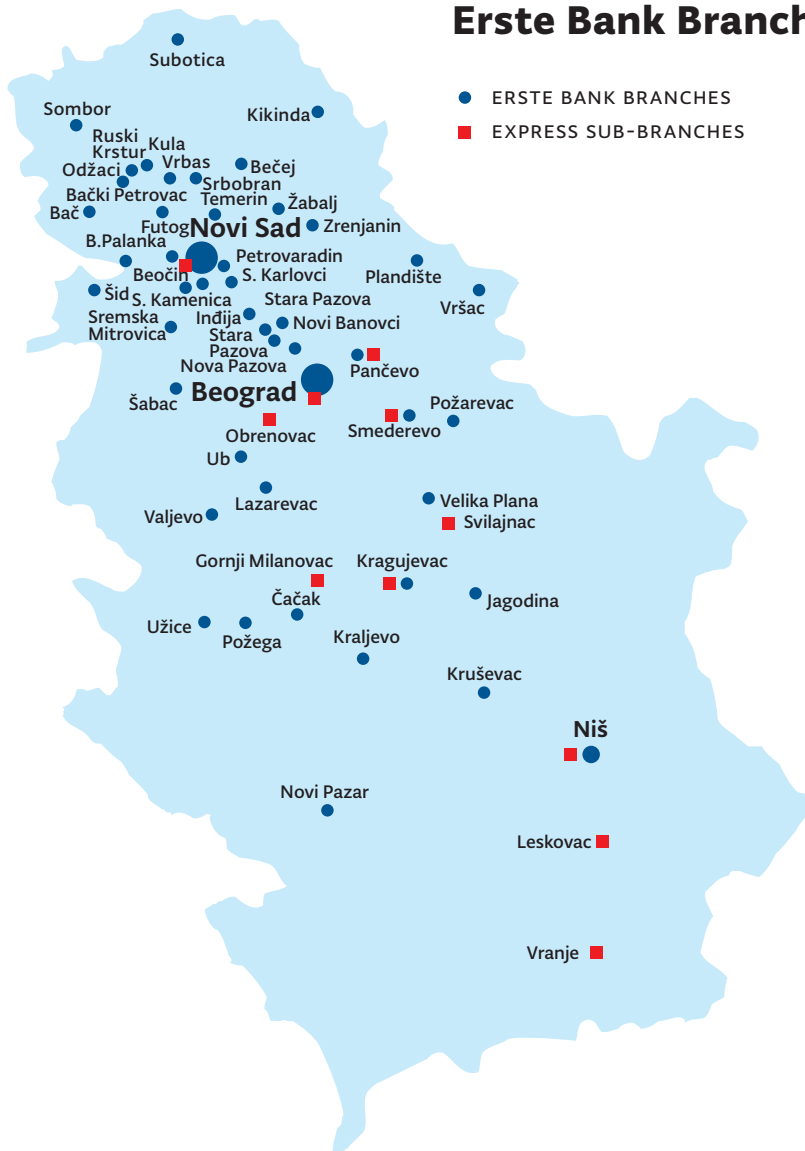
- To be bank № 1 by customer experience
- To become recognised as a long-term partner of the middle class developing in Serbia
- To increase continuously its market shares in key segments of business with individuals and entrepreneurs
- Further development of digital services.

Erste Bank's values:

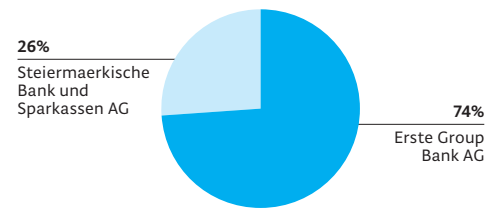
- **Support** – we listen, understand and help
- **Responsibility** – we assume responsibility for the development of the Bank and of ourselves
- **Trust** – we keep our word and build quality relations
- **Innovation** – we encourage the new and constantly improve the existing
- **Creation** – we create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



Erste Bank Branches



SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2017 BY INVESTORS



Shareholder Structure

Erste Bank a.d. Novi Sad shareholders are:

- Erste Group Bank AG with a 74.00% stake
- Steiermaerkische Bank und Sparkassen AG with a 26.00% stake

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.



Sirius Offices Business Complex Opens in Belgrade – Erste Group Investment Valued at EUR 40 Million

At the end of June 2017, in the presence of its business partners, the Erste Group officially opened in Belgrade the Sirius Offices business complex, which is ready for its first users. Erste Bank a. d. Novi Sad moved into this building which has become its new main business headquarters in Belgrade. By leasing 4,000 square metres, Strabag d. o. o. Belgrade, has become the second largest business premise lessee in the complex. The first stage of investment amounts to EUR 40 million, and the complex occupies a surface area of 18,500 gross square metres of business premises. Apart from office space, Sirius Offices will also comprise a restaurant, shop and 230 parking spaces.

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.

Key Business Results in 2017:

- **Loans to retail and micro customers** increased by 34.9% relative to the end of 2016 to RSD 50.8 billion; **deposits of retail and micro customers rose by 10.9% to RSD 56.5 billion.**
- **Corporate loans** decreased by 4.6% relative to the end of 2016 to RSD 56.6 billion; **corporate deposits** decreased by 52.8% to RSD 36.5 billion.
- **Interest income** increased by 6.8% relative to the same period of 2016 to RSD 6,218 million, whereas **fee and commission income** went up by 2.1% to RSD 1,488 million.
- **Net profit** at the end of Q4 2017 amounted to **RSD 2,632 million**, which is a 27.5% better result relative to the same period of 2016.
- **Total assets** went up by 13.3%, from RSD 142.9 billion at the end of 2016 to RSD 161.9 billion at the end of Q4 2017.
- **Capital adequacy** was 17.97%
- **The NPL ratio** was **3.2%** at the end of Q4 2017.

“During 2017 we again received a confirmation of the appropriateness of our business policy that it is possible to operate responsibly and achieve excellent results in all areas. Net profit went up to RSD 2.6 billion, with a large investment in a state-of-the-art operating system forthcoming.

This year was extraordinarily successful, particularly in the retail and entrepreneur segment. We supported over 2,000 customers in buying homes for themselves and their families. Through our Step by Step social banking programme, the growth and development of 50 start-ups and social enterprises were supported, and we also approved the first loan to a civil society organisation that will use it to multiply its positive impact on the community. In working with businesses, we recorded an increase in SME operations through loans, letters of credit and guarantees, while registering somewhat lower lending activity to large corporates.

Years of successful operation also enabled us to take an important decision regarding a large investment in the new IT system and all-encompassing transformation of the bank. In order for our customers to be able to benefit to an even greater extent from all the advantages of digitalisation and personalised approach, we have initiated large investments in a modern and flexible operating system, a cutting-edge technology in the area of global banking software”, stated Slavko Carić, CEO of Erste Bank a. d. Novi Sad, when presenting the annual results.

Detailed financial report of Erste Bank is available at the Bank's website: www.erstebank.rs

Accessibility of the Facilities

In line with our commitment to encourage financial inclusion in all aspects, our Bank's office buildings in Belgrade and Novi Sad, as well as 31 business outlets of the Bank, have been adapted to enable autonomous access to persons with disabilities. Thus, 47.69% (relative to 34.51% in 2016) of all our business facilities (the total number of business outlets includes express sub-branches as well) are accessible to persons with disabilities.

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

After adapting two branches in 207 (Inđija and Odžaci branches), now 15 branches in total have tactile surfaces installed on the floor, clearly leading persons with visual impairments to the nearest teller's counter and advisor's desk.

In 2017, two branches with three or more teller's desks were adapted (EPC and Odžaci branches). Now five branches have a clearly marked part of the teller's counter of appropriate height for working with persons in wheelchairs. Eight branches have an induction loop, which enables direct unhindered communication of the teller with persons who use new-generation hearing aids.

— 1.3 Strategic Approach to Corporate Social Responsibility

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

Since adopting the first CSR Strategy in 2009, Erste Bank has systematically been incorporating corporate social responsibility in its business, which makes it one of the first companies in Serbia approaching this topic in a strategic manner. Precisely this kind of approach has enabled the Bank, from one year to the next, to upgrade its CSR practices, monitoring actual trends in its environment and stakeholder needs, and in that way upgrade and develop its monitoring and measuring system. It is with great pleasure and commitment that the Bank has for 10 years reported on its non-financial performance and sustainability impacts.

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

Achievements in 2017:

- ✓ The CSR Report was published in compliance with the G4 GRI methodology guidelines
 - ✓ The implementation of the Natural and Social Environment Protection Policy and the Responsible Financing Policy was continued
-

10 Years of Sustainability Reporting

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

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

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



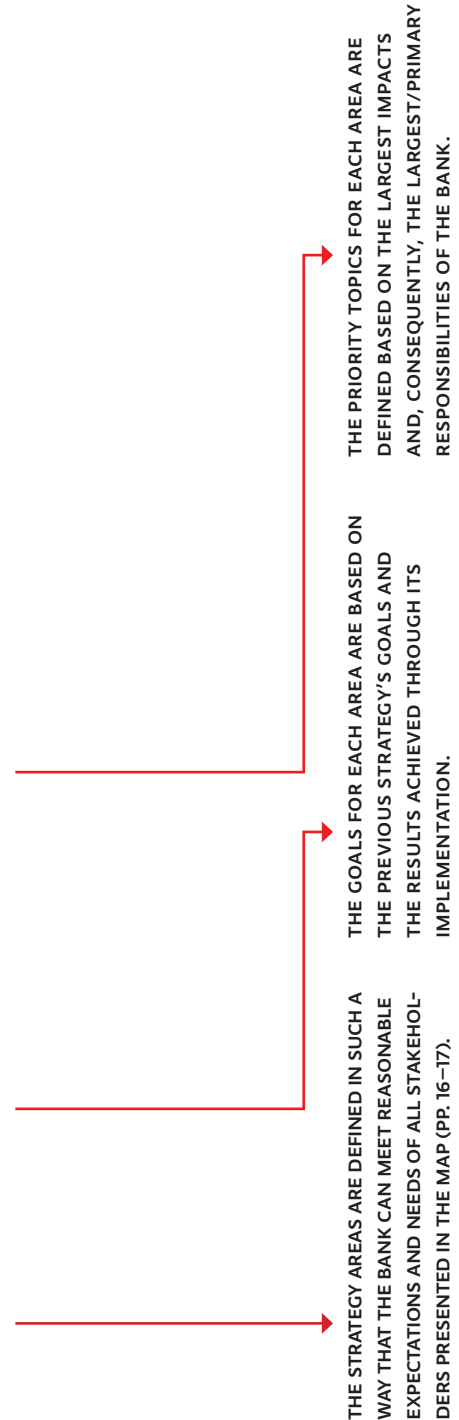
According to the adopted Strategy, the corporate social responsibility framework consists of areas, priority topics and related activities. The areas are permanent elements of the framework and the Strategy of the Bank and, in addition to arising from the definition of the Bank's corporate social responsibility, 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 ACCORDING TO THE ERSTE BANK A. D. NOVI SAD STRATEGY	GOAL ACCORDING TO THE ERSTE BANK A. D. NOVI SAD STRATEGY	PRIORITY TOPICS ACCORDING TO THE ERSTE BANK A. D. NOVI SAD STRATEGY	GRI STANDARDS – TOPICS	IMPORTANCE LEVEL OF TOPICS ACCORDING TO THE ERSTE GROUP'S MATRIX
<p>CORPORATE GOVERNANCE GRI 102 GENERAL DISCLOSURES GRI 200 ECONOMIC</p>	<p>FURTHER IMPROVEMENT OF THE EXISTING GOOD CORPORATE GOVERNANCE PRACTICES</p>	<p>TRANSPARENT GOVERNANCE PRACTICES</p> <p>PREVENTION OF CONFLICTS OF INTEREST</p> <p>CSR DEVELOPMENT THROUGH JOINT INITIATIVES</p>	<p>GRI 102 GENERAL DISCLOSURES 102-18 – 102-26 102-35, 102-36 GOVERNANCE 102-16 VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR 102-17 MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS</p> <p>GRI 102 GENERAL DISCLOSURES 102-25 CONFLICTS OF INTEREST</p> <p>GRI 205 ANTI-CORRUPTION GRI 205-1 OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION GRI 205-2 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION</p> <p>GRI 102 GENERAL DISCLOSURES 102-12 EXTERNAL INITIATIVES 102-13 MEMBERSHIPS OF ASSOCIATIONS</p>	<p>VERY IMPORTANT</p> <p>VERY IMPORTANT</p>
<p>RESPONSIBILITY TO CUSTOMERS</p>	<p>EVEN STRONGER INTEGRATION OF CSR IN CORE BUSINESS</p>	<p>RESPONSIBLE FINANCING AND SOCIAL BANKING</p> <p>FINANCIAL INCLUSION AND LITERACY</p> <p>RESPONSIBLE COMMUNICATION WITH CUSTOMERS AND CUSTOMER SATISFACTION</p>	<p>GRI FINANCIAL SERVICES SECTOR DISCLOSURES PRODUCTS AND SERVICES PORTFOLIO FS 1-5, FS 9 ENVIRONMENTAL AND SOCIAL POLICIES AND AUDIT FS 7 MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC SOCIAL BENEFIT FS 8 MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT</p> <p>GRI 412 HUMAN RIGHTS ASSESSMENT GRI 412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING</p> <p>GRI FINANCIAL SECTOR DISCLOSURES LOCAL COMMUNITY FS 14 INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE</p> <p>MARKETING AND LABELLING OF PRODUCTS AND SERVICES FS 16 INITIATIVES TO ENHANCE FINANCIAL LITERACY</p> <p>GRI 417 MARKETING AND LABELLING OF PRODUCTS AND SERVICES GRI 417-1 REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING GRI 417-2 INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELLING</p> <p>GRI 418 CUSTOMER PRIVACY GGRI 418-1 SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA</p>	<p>IMPORTANT</p> <p>VERY IMPORTANT</p> <p>VERY IMPORTANT</p> <p>VERY IMPORTANT</p>

<p>RESPONSIBILITY IN THE WORKING ENVIRONMENT</p> <p>GRI 400 SOCIAL</p>	<p>FURTHER DEVELOPMENT OF MOTIVATING WORK ENVIRONMENT, BASED ON EMPLOYEES' RIGHTS AND NEEDS</p>	<p>EMPLOYEE DEVELOPMENT AND ADVANCED TRAINING</p>	<p>GRI 401 EMPLOYMENT GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER GRI 401-3 PARENTAL LEAVE</p> <p>GRI 404 TRAINING AND EDUCATION GRI 404-1 TOTAL HOURS OF TRAINING GRI 404-2 PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMMES GRI 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS</p> <p>GRI 405 DIVERSITY AND EQUAL OPPORTUNITY GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES</p> <p>GRI 412 HUMAN RIGHTS ASSESSMENT GRI 412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES</p>	<p>VERY IMPORTANT – RELATES TO THE TOPIC DIVERSITY AND EQUAL OPPORTUNITY</p>
<p>RESPONSIBILITY IN SUPPLY CHAIN</p> <p>GRI 200 ECONOMIC GRI 400 SOCIAL GRI 300 ENVIRONMENT</p>	<p>MINIMISING THE NEGATIVE IMPACTS AND MAXIMISING THE POSITIVE IMPACTS THE BANK HAS ON SOCIETY AND THE ENVIRONMENT THROUGH ITS SUPPLY CHAIN</p>	<p>APPLYING THE SOCIAL ENVIRONMENT CRITERION IN SUPPLIER ASSESSMENT</p> <p>APPLYING THE ENVIRONMENTAL PROTECTION CRITERION IN SUPPLIER ASSESSMENT</p>	<p>GRI 102 GENERAL DISCLOSURES T102-4I COLLECTIVE BARGAINING AGREEMENT GRI 403-4 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS</p> <p>GRI 204 PROCUREMENT PRACTICES GRI 201-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS</p> <p>GRI 414 APPLYING THE SOCIAL ENVIRONMENT CRITERION IN SUPPLIER ASSESSMENT GRI 414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA</p> <p>GRI 308 APPLYING THE ENVIRONMENTAL PROTECTION CRITERION IN SUPPLIER ASSESSMENT GRI 308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA</p>	<p>IMPORTANT</p> <p>IMPORTANT</p>
<p>RESPONSIBILITY TO LOCAL COMMUNITIES</p> <p>GRI 400 SOCIAL GRI 200 ECONOMIC</p>	<p>FURTHER DEVELOPMENT OF LOCAL COMMUNITIES IN ALL RELEVANT ASPECTS</p>	<p>DEVELOPMENT OF THE POTENTIAL OF MEMBERS OF THE COMMUNITIES IN WHICH THE BANK OPERATES</p> <p>PROMOTION OF CORPORATE AND INDIVIDUAL PHILANTHROPY</p>	<p>GRI 413 LOCAL COMMUNITIES GRI 413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMMES</p> <p>GRI 201 ECONOMIC PERFORMANCES GRI 201-1 GENERATED AND DISTRIBUTED ECONOMIC VALUE</p>	<p>IMPORTANT</p>

AREA ACCORDING TO THE ERSTE BANK A D NOVI SAD STRATEGY	GOAL ACCORDING TO THE ERSTE BANK A D NOVI SAD STRATEGY	PRIORITY TOPICS ACCORDING TO THE ERSTE BANK A D NOVI SAD STRATEGY	GRI STANDARDS – TOPICS	IMPORTANCE LEVEL OF TOPICS ACCORDING TO THE ERSTE GROUP'S MATRIX	
RESPONSIBILITY TO ENVIRONMENT GRI 300 ENVIRONMENTAL	CONTRIBUTION TO PRESERVATION OF THE ENVIRONMENT BY MINIMISING THE NEGATIVE IMPACTS AND MAXIMISING THE POSITIVE IMPACTS OF THE BANK	RESPONSIBLE RESOURCE MANAGEMENT	GRI 302 ENERGY GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION GRI 302-3 ENERGY INTENSITY GRI 302-4 REDUCTION OF ENERGY CONSUMPTION GRI 303 WATER GRI 303-1 WATER WITHDRAWAL BY SOURCE GRI 305 EMISSIONS GRI 305-1 DIRECT EMISSIONS GRI 305-2 INDIRECT EMISSIONS GRI 305-4 EMISSIONS INTENSITY GRI 306 WASTE GRI 306-2 TOTAL WEIGHT OF WASTE	IMPORTANT	
			RESPONSIBLE FINANCING	GRI FINANCIAL SECTOR DISCLOSURES PRODUCTS AND SERVICES PORTFOLIO FS 1-5, FS 9 ENVIRONMENTAL AND SOCIAL POLICIES AND AUDIT FS 8 MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT	IMPORTANT
			RAISING EMPLOYEE AWARENESS OF ENVIRONMENTAL PROTECTION	GRI 103 MANAGEMENT APPROACH	



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

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

In order to determine the successfulness of the Strategy implementation and the degree of achievement of the set goals, Erste Bank monitors the performance indicators defined in the annual action plans for each of the areas. Monitoring and measurement process also significantly contributes to a greater transparency and quality of CSR reporting (About this Report, p. 122).

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



Our Key Stakeholders

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

The 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	EB'S FORMAL DECISIONS, BULLETIN, OPEN DOOR DAY AND MEETINGS
	MANAGEMENT (L2 AND L3)	MEETINGS AND CONSULTATIONS
	SALES NETWORK EMPLOYEES	INTRANET, INTERNAL MAGAZINE, CSR REPORT, TRAINING
	TRADE UNION	REGULAR MEETINGS
	VOLUNTEERS	INTRANET, INTERNAL MAGAZINE, CSR REPORT, MEETINGS, SOCIAL NETWORKS
	OTHER EMPLOYEES	INTRANET, INTERNAL MAGAZINE, CSR REPORT, TRAINING
SHAREHOLDERS	/	FINANCIAL STATEMENTS, CSR REPORTS, BANK WEBSITE
ERSTE GROUP	ERSTE HOLDING	CSR REPORTS, MEETINGS AS NEEDED, E-MAIL COMMUNICATION
	ERSTE FOUNDATION	CSR REPORTS, MEETINGS AS NEEDED, E-MAIL COMMUNICATION
	ERSTE GROUP MEMBERS	CSR REPORTS, E-MAIL COMMUNICATION
BUSINESS COMMUNITY	SALES NETWORK OF ERSTE BANK 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
	OTHER	CSR REPORT, BANK WEBSITE

CUSTOMERS	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 AND LARGE CUSTOMERS AND PUBLIC SECTOR	BRANCHES, BANK WEBSITE, CSR REPORT, MEETINGS, CONTRACTS
ENVIRONMENT	/	N/A
COMMUNITY	LOCAL LEVEL (IN PLACES WHERE THE BANK OPERATES)	BRANCHES, BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
	NATIONAL LEVEL	MEDIA, BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
NON-PROFIT ORGANISATIONS	CONSUMER ASSOCIATIONS	
	PARTNERS	BANK WEBSITE, SOCIAL NETWORKS
	OTHER	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT, MEETINGS, E-MAIL COMMUNICATION
MEDIA	SPECIALISED (ECONOMY, FINANCE AND BANKING)	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
	NATIONAL	INTERVIEWS, ARTICLES
	LOCAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
PUBLIC INSTITUTIONS	REGULATORY BODIES	BANK WEBSITE, PROFESSIONAL CONFERENCES
	PUBLIC ADMINISTRATION INSTITUTIONS	BANK WEBSITE, PROFESSIONAL CONFERENCES
	PARTNERS ON PROJECTS	BANK WEBSITE, CSR REPORT, MEETINGS, E-MAIL COMMUNICATION
	LOCAL SELF-GOVERNMENTS (IN PLACES WHERE THE BANK OPERATES)	BANK WEBSITE, PROFESSIONAL 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

Involvement 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 division who is responsible for further activities and implementation. Senior CSR Expert reports to the Director of the Communications Department and the Executive Director of the Marketing and Communication Division, who reports 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 states 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 the 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 are engaged and potential impacts of such financing on society, regardless of the type of customer.

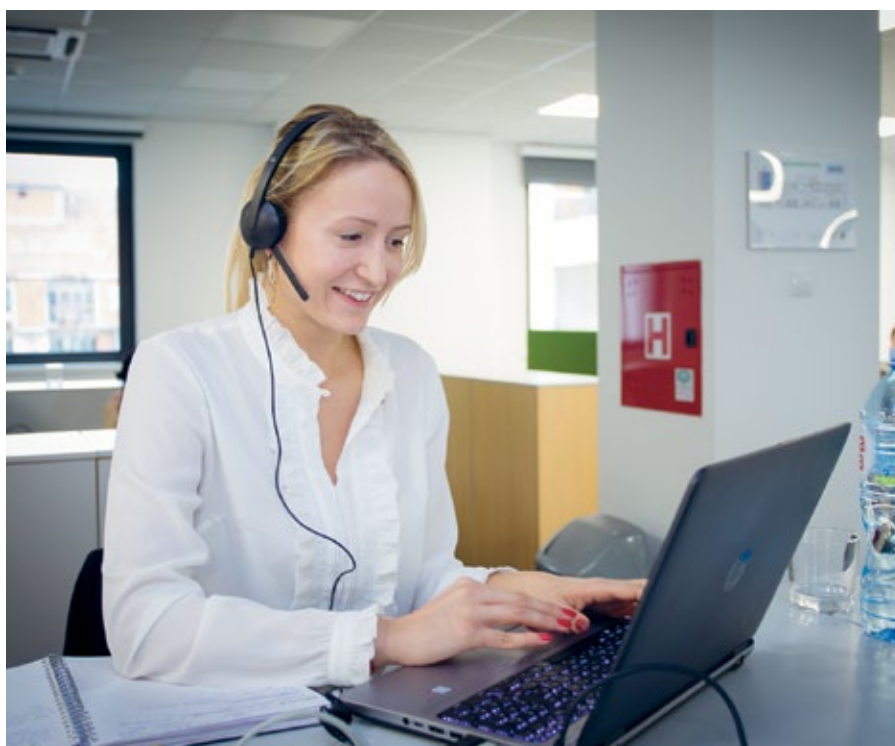
In addition to striving for constant reduction of negative impacts, the Bank supports projects that have positive social and environmental impacts on the community and offers products that contribute to social inclusion. In this way, Erste Bank has once reaffirmed its commitment to contributing to sustainability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

More details about our approach to this area in chapters "Responsibility to Customers" and "Responsibility to the Environment", pp. 63–84 and 112–121.

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

Erste Bank's contribution to GDP:

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



2. Good Corporate Governance

Good corporate governance is a prerequisite and 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 and they are adjusted as needed. We are fully committed to compliance with all legal provisions and the regulatory framework relating to our business.

AS ONE OF THE CORPORATE SOCIAL RESPONSIBILITY PIONEERS, THE BANK WAS AMONG THE FIRST TO CONFIRM ITS STRATEGIC ORIENTATION TOWARDS CSR

- ✓ THE BANK HAS BEEN AN ACTIVE MEMBER OF THE UN GLOBAL COMPACT – UNGC IN SERBIA SINCE ITS ESTABLISHMENT AND IS ONE OF THE FOUNDERS OF THE RESPONSIBLE BUSINESS FORUM IN SERBIA
- ✓ THE BANK WAS A PIONEER IN CSR REPORTING WHICH IT HAS CONTINUOUSLY UPGRADED BY INTRODUCING INTERNATIONAL RULES AND STANDARDS SUCH AS: UNGC PRINCIPLES, GRI METHODOLOGY, SUSTAINABLE DEVELOPMENT GOALS (SDGS)
- ✓ THE BANK IS AMONG THE FIRST COMPANIES IN SERBIA THAT SIGNED THE DECLARATION AGAINST CORRUPTION INITIATED BY THE UNGC AND THE WOMEN'S EMPOWERMENT PRINCIPLES INITIATED BY THE UN ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN (UN WOMEN)

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

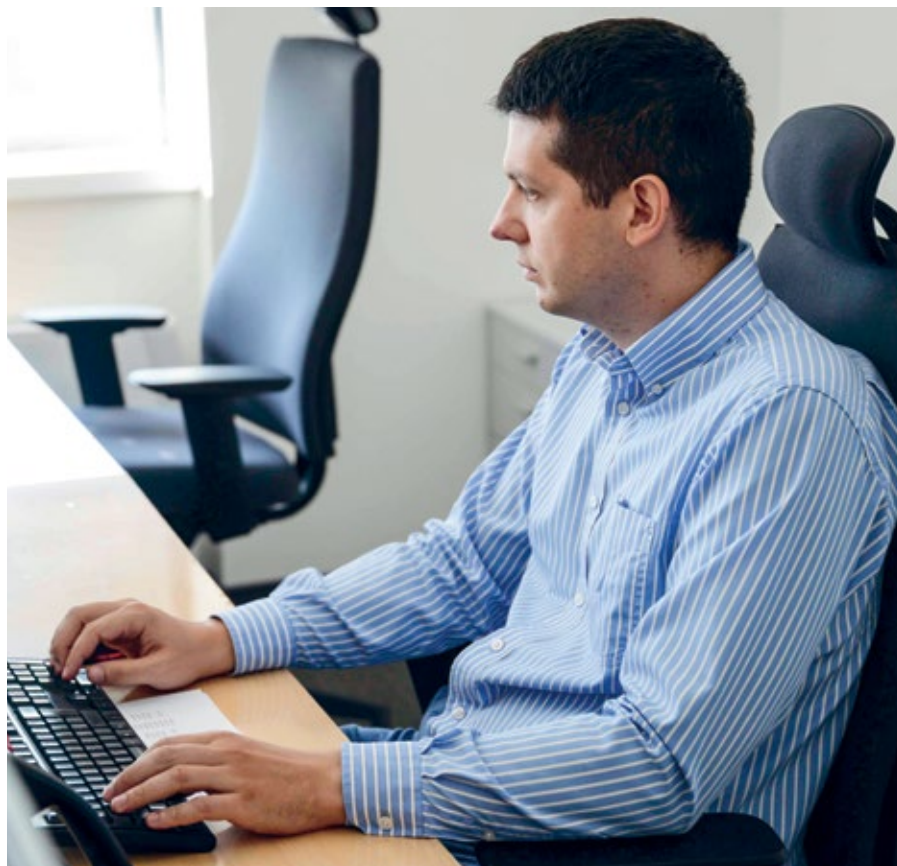
Relationship with Regulatory Bodies

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.

Apart from 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 (for the Compliance and Bank Management)
- 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

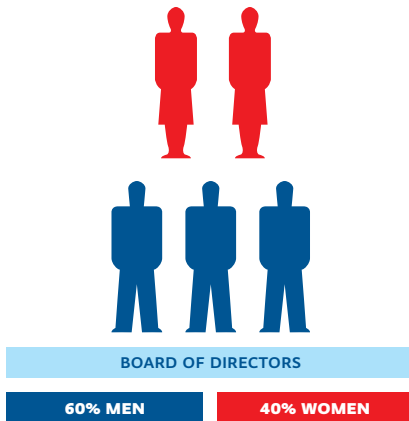


New Code of Business Conduct

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 employees at Erste Bank. The Code further underlines what the Bank as an employer and provider of financial services and products appreciates and values, clearly defines obligations and provides the basis for all employees acting together to present the company as a good corporate citizen. It is a guide for all employees, regardless of the management level.

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

— Transparent Governance Practices



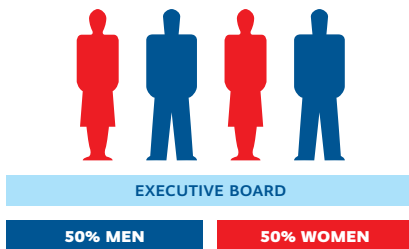
Erste Bank Board of Directors comprises five members:

- Gernot Mittendorfer, Chairman of the Board of Directors
- Aleksandar Vlahović, non-executive member of the Board of Directors
- Sava Dalbokov, member of the Board of Directors
- Suzan Tanriyar, member of the Board of Directors
- Dragana Plavšić, non-executive member of the Board of Directors

The Executive Board comprises four members:

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

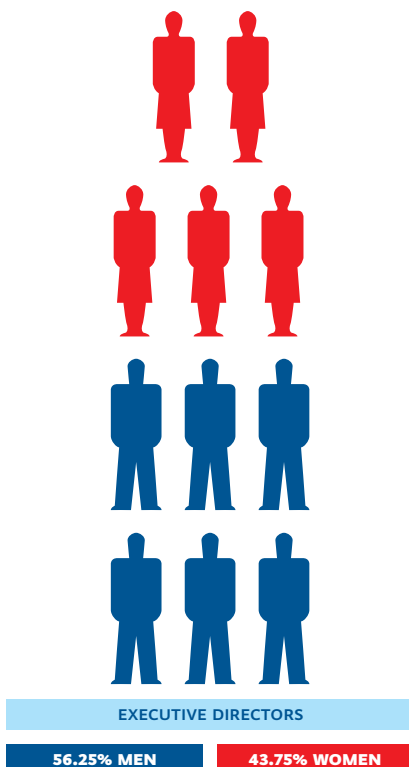
The Executive Board of Erste Bank received reinforcements with the arrival of two new members. Aleksandra Radić took over as Chief Risk and Financial Officer (CRO/CFO), while Tomislav Stena became the Chief Operations Officer (COO). In those positions, they succeeded Frank Michael Beitz, who retired.



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.



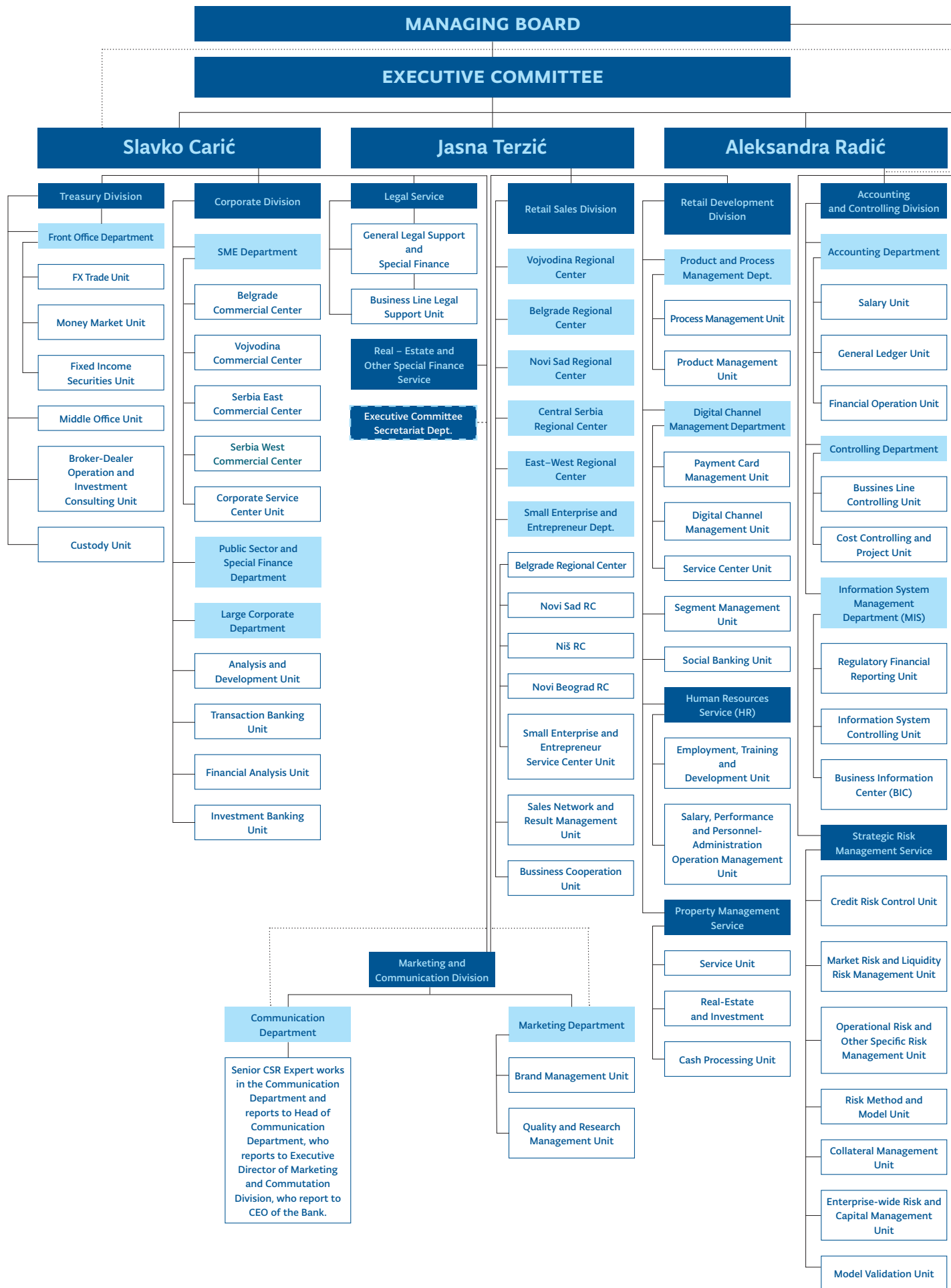
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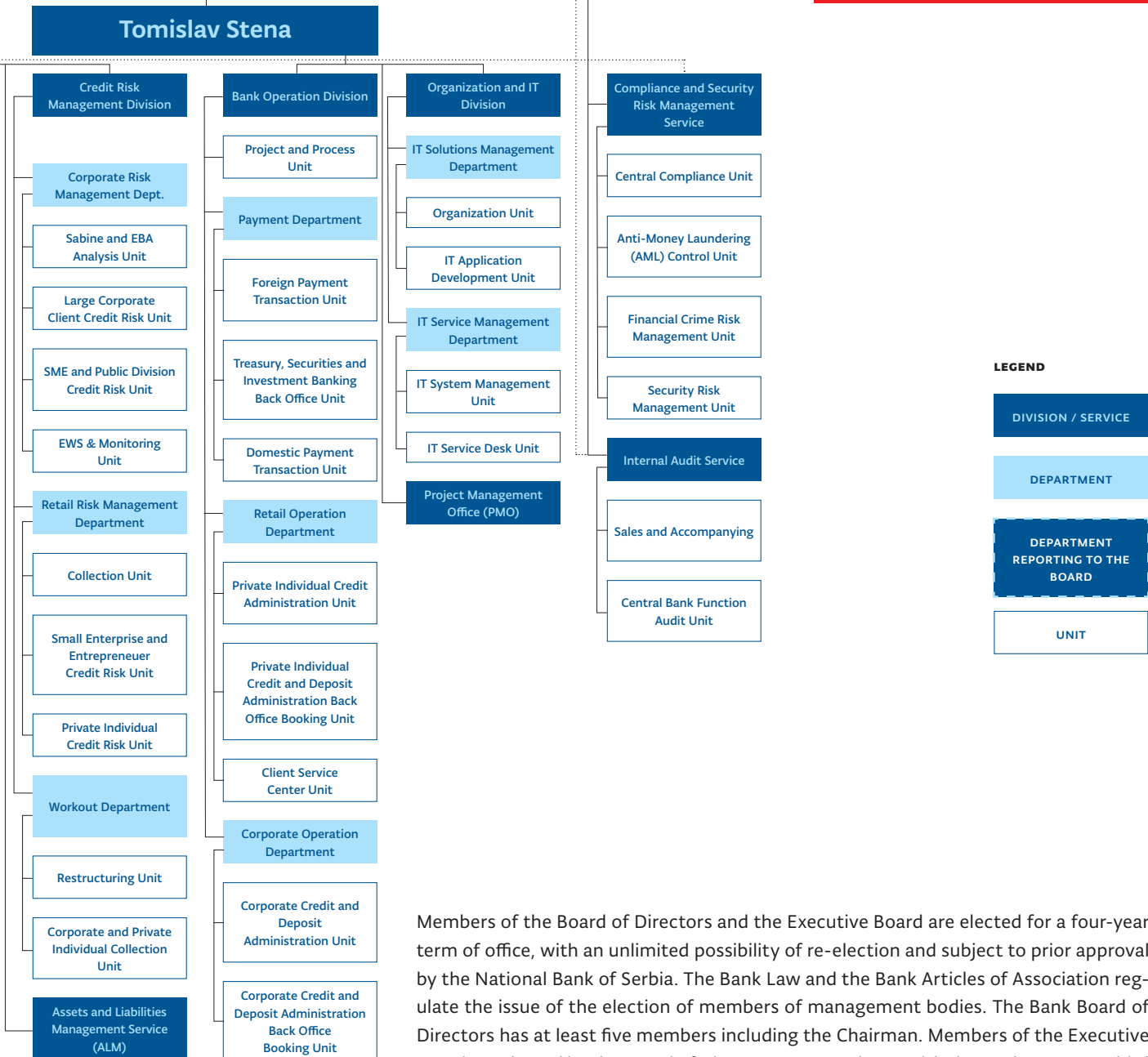
User name:
ErsteFilijala*

Šifra za pristup:
ErsteBank789

*Nepoželjno je da na početku poslovnog dana u vašem pretraživaču postane aktivna kartica.



**Organisational Chart of
Erste Bank a. d. Novi Sad
as at 31 December 2017**



Members of the Board of Directors 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 Board of Directors has at least five members including the Chairman. Members of the Executive Board are elected by the Board of Directors. In accordance with the Bank Law, one-third of the Board of Directors 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 Board of Directors members must have a good business reputation and relevant qualifications prescribed by the National Bank of Serbia. At least three members of the Bank Board of Directors must have relevant experience in the area of finance and at least one member of the Board of Directors must have active knowledge of the Serbian language and permanent residence in the territory of the Republic of Serbia.

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

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

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 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 Remuneration Committee, where the top (competent) management of the Group and the Board of Directors 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 Board of Directors. 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 Board of Directors. The Executive Board is responsible for its work to the Board of Directors and to the shareholders of the Bank. The Bank Board of Directors is responsible to the General Meeting, i.e. the shareholders of the Bank, and its work is regulated by the Bank Law, the Bank's Articles of Association and the Board of Directors 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 Board of Directors of Erste Bank address the employees by video messages or e-mail. Meetings of all trade unions of the Group, attended also by Mr Treichl, CEO of Erste Group, are held three times a year, and Erste Bank Serbia employees may ask the CEO questions through the Trade Union, since the Chairman of the Trade Union attends these meetings.

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

E-mail address **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, and we optimise 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.

The Bank is exposed, or may be exposed, to the following risks in its business operations:

- Credit risk, including residual risk, asset impairment risk, settlement/delivery risk, counterparty risk and currency-induced credit risk
- Liquidity risk
- Interest rate risk
- Market risks, including foreign exchange risk, price risk related to debt securities, price risk based on equity securities and commodity risk
- Concentration risk, which includes in particular the risk of exposure to a single party or a group of related parties
- Investment risk
- Country risk
- Operational risk, including legal risk in particular
- Compliance risk (conflict-of-interest risks, reputational risk, fraud/financial crime risk, securities risk, money laundering risks, regulatory sanction risks)
- Strategic risk
- Security risks (information security and physical security risks, business continuity risks)
- Other risks (macroeconomic risk, security risk, business risk, etc.)



The role of internal audit is to identify the existing controls in processes, test the efficiency of established controls, propose the introduction of additional ones, as well as report to the top management accordingly. The second role of internal audit relates to the provision of consulting services upon the management's request. The result of internal audit's work is an audit report with recommendations that aim to add value to a particular process.

In their work, the auditors are required to follow the internal audit standards and their specific code of ethics. In order to determine whether their work complies with these standards, regulations and best practice, they are subject to two types of audits: one performed by the Group and one performed by certified reviewers of internal audit quality.

Compliance Practices

Our compliance programme is aimed at ensuring trust in our Bank. It includes the prevention of, and fight against, money laundering and terrorism financing, violation of financial sanctions, as well as fraud and corruption, all for the purpose of preserving and reinforcing customers' trust in our Bank and preserving its reputation. The programme also covers safety and security issues 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 disclose any issues raising concern, provide a whistleblower protection programme (ensuring anonymity) and monitor the implementation of adequate measures if there has been any 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.

Erste Group's Spring Project

In 2012 the Erste Group began work on a solution with which it would meet regulatory demands relating to reporting to the National Bank of Austria and the European Central Bank, and upgrade the management function of the Bank. The SPRING programme was established in July 2016, by combining an earlier SPRING programme (with a strong focus on IT) and the Business Transformation project. This is one of the Erste Group's largest projects and it focuses on data excellence, consistency, effective reporting and data harmonisation.

Regulatory demands were a major driver of this project, considering that the Bank must ensure compliance with current and future regulatory demands, which is not helped by the large amount of data within the Erste Group in relation to which different systems and different processes are used. After a sustainable organisation programme was established in 2016, in which Operations, IT and all local organisations worked together, and the first major milestone was achieved, in 2017 the Group's SPRING programme was focused on data delivery and processing.

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

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

The Group SPRING programme functions as an actual umbrella organisation. Identical projects with the same organisations were established for the Holding, in Austria and all six countries. The Group SPRING programme creates solutions for the Group, and the Erste Group's local subjects work on their local solutions according to their needs. The goal is to develop joint databases, while the Erste Group significantly improves its data storage capabilities and simultaneously reduces the impact on business processes. This requires perfect coordination among the Accounting, Controlling, Risk, Operations and IT, as well as between the Holding and countries.

SPRING Project Priorities:

- Data excellence is priority no. 1 for Erste Group in order to provide a broader and faster foundation for taking decisions regarding the management of the Bank and secure its future growth, as well as a foundation for future-oriented approach to customers based on innovative and appropriate services and products;
- SPRING is tasked with delivering data so as to ensure high data quality, consistency within the Erste Group as well as an efficient and effective reporting system. This will enable harmonisation with current and future regulatory demands. We will have at our disposal reliable data that will enable the Erste Group to provide better and more targeted services to its customers;
- At the same time, SPRING is creating the necessary tool and process bases in order to develop new ways of cooperation and new and exciting jobs.



Prevention of Fraud and Abuse

There is a unit in Erste Bank that is engaged solely in abuse and fraud prevention, the Financial Crime Risk Management Unit, but the prevention of fraud requires constant support by all colleagues. One of the basic tools for internal fraud management is the reporting of any suspicion of fraud – the so-called Whistleblowing – where reports are 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 puts 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 bad loans and, ultimately, making the future products cheaper for customers and making 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 and information obtained in the communication with the other Forum members, in line with regulations and Bank business policy documents.

Anti-corruption

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

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

Internal conflict of interest that may indicate corruption is defined as any conflict that may occur, among other things, as a difference between an employee's private and business interests, where the private interest is expressed in monetary terms, while the business interest is expressed in loyalty to the employer, respect for customers, implementation of

and compliance with all regulations, preservation of the employer's reputation and one's own reputation, etc. The mechanisms that reduce this type of conflict of interest include the raising of employees' awareness of the Bank's organisational culture and policy regarding these acts, pointing to the consequences of these acts, mandatory reporting of private business activities of all employees and their analysis in terms of conflict of interest, possibility of reporting perpetrators or suspicion regarding perpetrators through the Whistleblowing Policy, 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 their private interest in savings, more favourable terms, an easier and faster way of getting to money in general, and interest in fair business, compliance, respect for banking institution, etc. The mechanisms that reduce 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 activities that may lead to conflict of interest to other organisational units where this conflict cannot emerge or at least can be controlled, 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 2017, an official fraud risk analysis was performed, and among others corruption risk was analysed. The risk assessment was performed on 31 January 2017. The stated 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 risks were identified: bribery, abuse of authority, falsifying documents, failure to perform assigned tasks, causing damage to integrity and reputation. An elevated level of risk considering the activity brings a risk of abuse of authority, but this risk is also estimated to be at the lower end of the medium risk level.

Also, an official assessment of risks related to corruption and risk factors in financial crime risk assessments shows that there are no significant risks. Anti-corruption Policy (adopted in 2016) was raised from the guideline level to an A1-level document, i.e. the highest document adopted by the Executive Board, which is a demonstration of the importance that the Bank attaches to the anti-corruption issue.

As already mentioned, employee awareness raising and dedicated trainings are extremely important parts of the system of managing corruption-related risks. A so-called Tone at the Top training, dealing with general topics relating to corruption and reputational risks, is conducted for the top management levels. The management training also includes



e-learning modules, as well as special presentations for specific positions. In 2017, two executive directors attended a special targeted anti-corruption training, which is 8% of the top management.

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

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. Looking forward, the plan is to integrate the anti-corruption training through 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.

Training in handling the information relevant for compliance is conducted annually, as a reminder to the employees exposed to corruption risks and reputational risks. During 2017 internal and external trainings were held, covering topics such as bribery, corruption, fraud, and occupational safety and health. In that year 131 non-managerial staff (14.62%) and 11 managers (6.92%) attended the training.

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 contract with each customer and are publicly available on the Bank's website, as well as 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 and 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.

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

- Fair competition – compliance 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 significance of competition protection issue and providing information about the detrimental consequences of violation of competition protection regulations. A total of 137 new employees received the competition protection training during 2017.

In 2017, quarterly reporting to the 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 as an active member of business and industry associations dedicated to corporate social responsibility, participates in joint initiatives and shares good practices in corporate governance, but also other CSR areas.

Since its very establishment, 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.

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 which were defined in late 2016. Read more about the Global Compact principles and the Bank reporting on pp. 133–135.

In 2017, the Bank again participated in a survey of the contribution of the Responsible Business Forum member companies to the community, and at the CSR Forum annual conference, for the second consecutive year, we were rewarded for our contribution to the development of non-financial reporting and for our many years of reporting in accordance with the GRI guidelines. This presents another confirmation of the appropriateness of our business philosophy, based on the belief that it is possible to achieve profitability and business stability, while at the same time working responsibly, taking into account the needs of the social and natural environment.

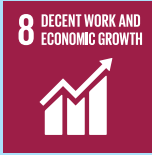
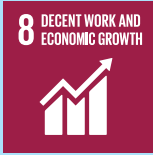






In addition, in December 2017, at an event at the National Theatre in Belgrade, awards were given to personalities with noteworthy lifestyles, with Erste Bank being one of the winners. Our Bank received the Company with Noteworthy Business Style recognition for 2017. Our friends from the *LiceUlice* magazine were among the other winners.





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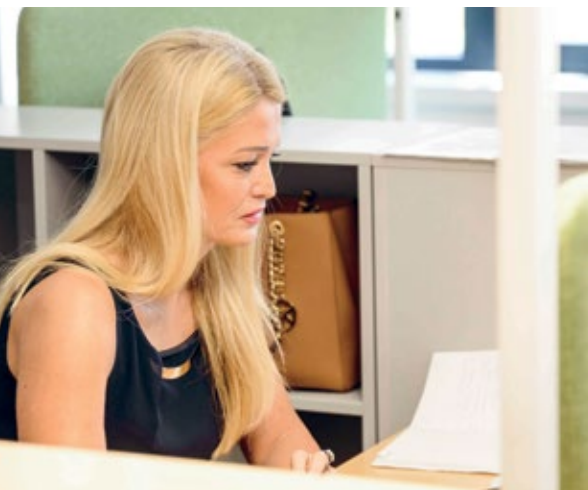
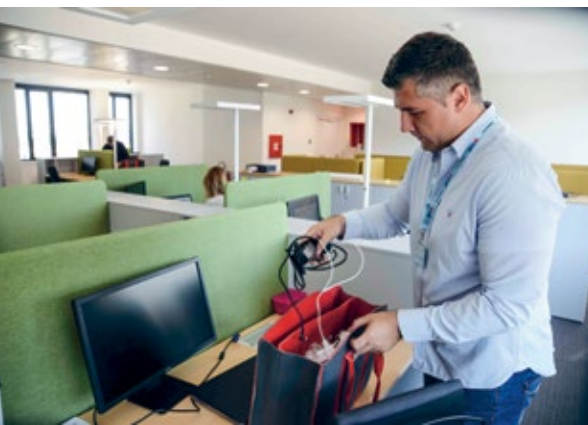
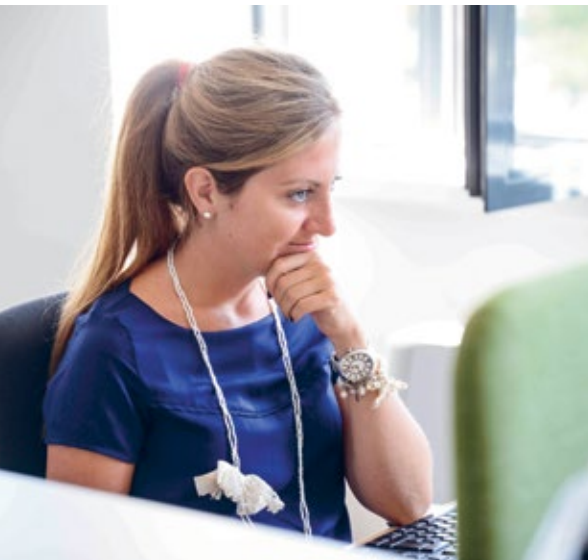
— How Erste Bank Supports New Sustainable Development Goals (SDGs)

CORPORATE GOVERNANCE	RESPONSIBILITY TO CUSTOMERS	RESPONSIBILITY IN THE WORK ENVIRONMENT	RESPONSIBILITY IN THE SUPPLY CHAIN	RESPONSIBILITY TO LOCAL COMMUNITIES	RESPONSIBILITY TO THE ENVIRONMENT	ERSTE BANK SUPPORTS THE GOAL OF THE FOLLOWING PROGRAMMES, PROJECTS, ACTIVITIES
	 <p>1 NO POVERTY</p>			 <p>1 NO POVERTY</p>		<ul style="list-style-type: none"> ✓ Social banking ✓ Inclusive products ✓ Improving financial literacy ✓ Erste Foundation programmes ✓ Superste donation programme ✓ Corporate volunteering
	 <p>2 ZERO HUNGER</p>			 <p>2 ZERO HUNGER</p>		<ul style="list-style-type: none"> ✓ Social banking ✓ Financing sustainable agriculture through social banking
		 <p>3 GOOD HEALTH AND WELL-BEING</p>				<ul style="list-style-type: none"> ✓ Annual employee medical check-ups ✓ Modern working conditions ✓ Flexible working hours ✓ Solidarity Fund
		 <p>4 QUALITY EDUCATION</p>		 <p>4 QUALITY EDUCATION</p>		<ul style="list-style-type: none"> ✓ Cooperation with high schools, post-secondary colleges and universities, as well as certain student organisations ✓ Superste donation programme ✓ Improving financial literacy ✓ Employee development ✓ Accessibility of the facilities
		 <p>5 GENDER EQUALITY</p>		 <p>5 GENDER EQUALITY</p>		<ul style="list-style-type: none"> ✓ EBS Diversity and Inclusion Policy ✓ Collective Bargaining Agreement ✓ UN Women's Empowerment Principles ✓ Share your Knowledge – Become a Mentor ✓ Support to programmes especially aimed at empowering women and girls
					 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> ✓ EBS Environmental Protection Principles ✓ EBS Energy Management Policy ✓ Special financing
					 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> ✓ Special Financing ✓ Retail energy efficiency loans ✓ EBS Energy Management Policy ✓ EBS Environmental Protection Principles

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

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

Our People



Ever since its establishment, Erste Bank has recognised caring for employees as a key precondition for the realisation of its goals, as well as for business sustainability. Employee satisfaction and motivation, investment in their continuous growth and advancement have become part of the strategic approach to this topic, and all activities are founded on an absolute respect of their rights and needs. We foster transparent communication and a relationship of respect toward our employees, in order to attract and retain talented and dedicated people and be recognised as a company that provides a sound work environment.

OUR PEOPLE, OUR STRENGTH

- ✓ THE ERSTE BANK TRADE UNION HAS BEEN OPERATING SUCCESSFULLY FOR 12 YEARS, AND THERE IS ALSO AN ANTI-MOBING COUNSELLING OFFICE
- ✓ SOLIDARITY AT WORK: THE SOLIDARITY FUND IS AIMED AT ALL EMPLOYEES AND EVERY YEAR IT HELPS ABOUT 100 EMPLOYEES IN VARIOUS DIFFICULT LIFE SITUATIONS. SO FAR, IT HAS HELPED EMPLOYEES WITH OVER RSD 32.34 MILLION WHICH WERE JOINTLY RAISED BY THE EMPLOYEES, THE TRADE UNION AND THE EMPLOYER. THE SOLIDARITY FUND WHICH HAS BEEN IN EXISTENCE FOR ONLY TWO YEARS, BUT IS SUPPORTED BY OVER 300 EMPLOYEES, HAS SO FAR HELPED 19 TELLERS TO COVER A SHORTFALL OF ABOUT RSD 220,000.
- ✓ SINCE 2013 ABOUT 70% OF EMPLOYEES ANNUALLY USE FREE PREVENTATIVE GENERAL HEALTH CHECK-UPS, WHICH ARE ORGANISED BY THE EMPLOYER
- ✓ RESPECTING GENDER EQUALITY, SO FAR A TOTAL OF RSD 269 MILLION HAS BEEN INVESTED IN EMPLOYEE DEVELOPMENT AND EDUCATION

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

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

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

- Code of Business Conduct
- Employment 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 2017 the total number of employees in the Bank was 1,075, of which 72% female and 28% male. The share of women in managerial positions at the Bank is 54%, and the share of men is 46%. The top management body of the Bank is the Board of Directors, which has five members, two of whom is women. The Bank Executive Board has four members – two men and two women.

The year 2017 was marked by the adoption of the Diversity and Inclusion Policy. This policy defines our diversity and inclusion principles according to which Erste Bank has committed to living. It also provides a general understanding of what diversity and inclusion mean for Erste Bank and states the roles and responsibilities, as well as general guidelines about how to develop, implement and adapt the goals and strategy of diversity and inclusion. Erste Bank views diversity and inclusion as an essential part of its business strategy and a key to attracting the best and most intelligent talents, who are capable of offering the right products and services to a diverse customer base. There can only be innovation and growth through the use of skills and abilities of individuals with a broad range of education, professional and other interests, work experience, life experience and cultural perspectives. The basis for Erste Bank's approach to diversity and inclusion is found in the Erste Group's Charter from 1819, in which it is stated:

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

During 2017 Erste Bank applied affirmative business practices in the area of improving gender equality. That resulted in changes in the gender structure of the overall number of employees compared to 2016, as well as changes in the gender structure in the overall number of employees in managerial positions and non-managerial positions compared to the previous year. The planned measures also covered changes in the gender structure in the overall number of employees undergoing advanced or regular professional training in 2017.

Also, the Executive Board adopted planned measures for the following year 2018, with the aim of establishing, by means of a gradual staff restructuring, a gender balance in the Bank, and in accordance with the Law on Gender Equality and the Rulebook on the Contents and Manner of Delivery of a Plan of Measures for Removing or Mitigating Gender Imbalance and the Annual Report on its Execution. They will mainly relate to the introduction and fostering of gender sensitive language in new internal documents, in verbal and written communication, as well raising awareness about this topic through internal trainings.

Achievements in 2017:

- ✓ Diversity and Inclusion Policy adopted
 - ✓ New Collective Bargaining Agreement signed
 - ✓ Measures for improving gender equality implemented
 - ✓ RSD 53 million invested in employee development, with over 23,500 hours of training conducted
 - ✓ The number of employees who received free annual medical check-ups during the past five years reached 2,830
 - ✓ New onboarding programme for new employees launched
-

Changes in the total number of employees by gender

TOTAL NUMBER OF EMPLOYEES 31/12/2016	1,021	TOTAL NUMBER OF EMPLOYEES 31/12/2017	1,075
WOMEN	722	WOMEN	773
MEN	299	MEN	302

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

TOTAL NUMBER OF MANAGERIAL POSITIONS	2016	2017	TOTAL NUMBER OF NON-MANAGERIAL POSITIONS	2016	2017
	178	179		843	896
WOMEN	95	96	WOMEN	627	677
MEN	83	83	MEN	216	219

Changes in the total number of employees sent to training or advanced training by gender

TOTAL NUMBER OF EMPLOYEES PROVIDED TRAINING OR ADVANCED TRAINING	2016	2017
	683	986
WOMEN	439	694
MEN	244	292

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

TOTAL NUMBER OF EMPLOYEES	2011		2012		2013		2014		2015		2016		2017	
	MEN	WOMEN	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
BELGRADE	101	162	95	185	101	164	103	169	108	179	87	164	96	172
OTHER	66	208	109	293	68	213	69	216	67	216	89	256	86	281
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722	302	773

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

EMPLOYEE STRUCTURE BY CATEGORY	2011		2012		2013		2014		2015		2016		2017	
	MEN	WOMEN	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
NON-MANAGERS	206	619	204	619	193	605	219	609	233	626	216	627	219	677
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722	302	773

EMPLOYEE AGE STRUCTURE	2012	2013	2014	2015	2016	2017
BELOW 30 YEARS OF AGE	13%	15%	14%	13.4%	9%	11%
30–50 YEARS OF AGE	61%	62%	63%	63.9%	67%	67%
OVER 50 YEARS OF AGE	26%	23%	23%	22.7%	24%	22%

Non-discrimination and Equal Opportunities

The prohibition of discrimination on any basis is a pillar of our approach to responsibility in work environment. Transparency, the equal opportunity principle, and the exclusive application of the quality criterion apply to all the stages – from hiring to opportunities for development and advancement. All new Erste Bank employees, well as interns, are informed of this approach during the two-day Welcome to ERSTE training, covering all the information regarding employee rights, anti-discrimination, 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 2017, 135 employees attended the Welcome to Erste training, of which 24 hours were dedicated to human right-related topics.

Since we believe that the process of introducing a new employee in the Bank should consist of much more than merely providing support in the first days of work, during 2017 and the following year the process was upgraded with respect to its contents and its duration extended. The systemic support that we will provide to new employees, will, according to the new concept, last for six months, from the moment a person accepts our offer until the end of the trial period. For seven years there has been an Anti-Mobbing Counselling Office at Erste Bank, 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 proud of the fact that during 2017, 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.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT TYPE	2011		2012		2013		2014		2015		2016		2017	
	FT	P	FT	P	FT	P	FT	P	FT	P	FT	P	FT	P
NOVI SAD	17	434	29	282	7	256	14	421	23	434	28	397	39	401
BELGRADE	12	251	8	272	18	410	17	255	18	269	25	226	30	238
OTHER	9	265	9	393	8	273	9	276	19	264	33	312	54	313
TOTAL	38	950	46	947	33	939	40	952	60	967	86	935	123	952

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE	2011		2012		2013		2014		2015		2016		2017	
	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
BELGRADE	262	1	278	2	264	1	271	1	286	1	250	1	267	1
OTHER	271	3	402	0	281	0	285	0	283	0	345	0	367	0
TOTAL	983	5	989	4	971	1	991	1	1,026	1	1,020	1	1,074	1

Onboarding in Erste Bank

Erste Bank has recognised that a standardised onboarding programme for all new employees is an important part of training and development. New colleagues go through the Welcome to Erste two-day programme, during which colleagues from different organisational units acquaint them with the functioning of their division or service. Taking on board the experiences of new colleagues, we have decided that one of our priorities in this year will be further work on improving the onboarding programme.

Providing all important information is of exceptional importance to the Bank in order for the new employee to be able to begin working at full capacity as soon as possible, as is providing all the conditions for efficient adjustment to the new environment and playing an active role in managing the new employee's career. Since 2018 a new concept is being introduced, Erste Buddy – a person from the Bank on whom the new employee's onboarding process relies. It is the Erste Buddy's role, in the first days, to help the new employee adjust to the new workplace in the most efficient way.

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

* 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

Benefits of a Quality Onboarding Programme

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

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

ONBOARDING PROGRAMME

✓ **77%** of new employees meet their short-term targets on time

✓ **54%** higher productivity

✓ **50%** higher retention rate



New Collective Bargaining Agreement

A new Collective Bargaining Agreement, as a reflection of quality cooperation between the Trade Union and the Bank, was signed in 2017. All areas of employee relations are regulated by this document, from employing an individual, his/her rights and obligations, to his/her advanced training, safety and health. The Collective Bargaining Agreement guarantees benefits to employees beyond the statutory minimum provided for by the Labour Law. The Collective Bargaining Agreement applies to all employees, and its entire content is accessible to colleagues on the Bank's internal portal.

Erste Bank provides its employees with the following benefits:

- Retirement gratuity
- 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 employee due to prolonged or serious illness of the employee or a member of his/her immediate family
- Solidarity financial assistance to employee because of his/her poor financial situation
- New Year's gifts to employees' children up to ten years of age
- Gift to employees for child birth
- Anniversary award for years of service
- The employer may also grant an anniversary award to an employee on the occasion of marking another important event relating to the employer
- Maternity leave with a guaranteed schedule of wage payment and return to job



RIGHT TO MATERNITY LEAVE	2012	2013	2014	2015	2016	2017
NUMBER OF EMPLOYEES WHO EXERCISED THE RIGHT TO MATERNITY LEAVE*	40	69	67	80	85	79
NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF MATERNITY LEAVE **	36	33	17	33	35	47
NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF MATERNITY LEAVE AND WHO REMAINED EMPLOYED 12 MONTHS AFTER RETURNING TO WORK***	34	52	51	56	40	5
RATE OF RETURN TO WORK AFTER MATERNITY LEAVE	85%	100%	100%	100%	100%	100%
RATE OF REMAINING IN EMPLOYMENT 12 MONTHS AFTER RETURNING TO WORK	100%	100%	100%	100%	100%	100%

* The number refers to the employees who exercised the right to maternity leave in the January–December 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

Fostering open and two-way communication, as well as creating room for the emergence and voicing of new ideas, are of exceptional importance for developing a stimulating work environment, and therefore for achieving business results. The approach to internal communication at Erste Bank is defined by the umbrella document, the Communications Strategy 2017-2019.

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

On the Bank's internal portal, in addition to a multitude of information and opportunities for interacting with colleagues, there is also the Idea Market platform. This platform enables all employees to nominate their ideas for improving operation efficiency, whether by proposing changes to the existing procedures and processes, or by introducing completely new solutions. During 2017 as many as 51 new ideas were submitted on the Market, of which as many as 8 received small financial awards. All the ideas that received awards, as well as other ideas received, are transparently available at the

Portal. In addition to improving Bank operation, the Idea Market facilitates the development of a climate of innovation and presents the best way for all employees to feel they can change the internal environment, processes, products and services, in accordance with the needs of customers and the organisation in which they work.

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

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

otvoreno@erstebank.rs

berza.ideja@erstebank.rs

otvorena.vrata@erstebank.rs

komunikacije@erstebank.rs



— Development and Advanced Training of Employees

Erste Bank provides employees with a possibility of managing their own career and continuously working on developing personal and professional competencies. A work environment offering great prospects, along with ongoing training, education and challenging experiences, help employees shape themselves professionally. We strive to inspire all Bank employees proactively to take part in personal development.

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

Employees are offered specially designed professional trainings, as well as a lifelong education and learning programme, which provides the employees with an opportunity to acquire necessary knowledge and skills with which they increase their overall employability. Additionally, as part of our efforts to encourage mobility in the Erste Group and become the most attractive employer in the market, we also offer our employees a possibility of integration in the internal job market in all our seven countries.

Considering that banking services are already largely based on new technologies, as well as that in the future this trend will only intensify, our focus is on a timely strengthening of our employees' capacities in this area. Our aim is to support employees in becoming active participants in the digital world, coming closer to customers who are themselves increasingly active in this area, and applying in the best way in their daily work the changes brought on by the digital world. The workshops designed in line with the advisory concept provided guidelines to our managers how best to approach customers' actual needs, as well as keep abreast of digital trends and banking of the future. In addition to meeting new customer needs, digitalising certain processes also brings with it more time that the colleagues in the branches may devote to customer care, facilitating the development of long-term cooperation and mutual trust.

Workshops that were held for managers in 2017 are:

Digitalisation & change of employee mind-set – with a focus on the topic of modern banking and communication channels in the digital world.

Ready for Advisory – training aimed at branch managers, with a focus on the customer and viewing her or him from the perspective of her or his needs. The workshop placed customer's needs first, as well as how to strive to be true advisers that will care for their customer, while the focus on sales with regard to the sales target remained second.

Changing Habits as a Path to Excellence – changes in one's personal behaviour were discussed with the aim of achieving better results, leading to greater customer satisfaction and long-term cooperation with her or him.



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

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

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

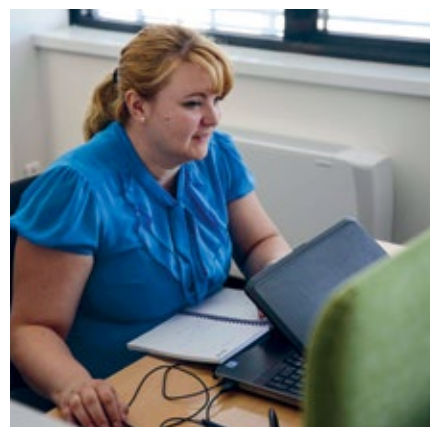
AVERAGE NUMBER OF TRAINING HOURS PER YEAR BY GENDER	2011	2012	2013	2014	2015	2016	2017
MEN	20.95	19.24	16.7	21.1	26.49	23.7	27
WOMEN	22.23	18.38	9.6	13.5	22.30	16.96	21.06

Personal development plans are prepared for all employees, with formal assessment of work performance and individual development being carried out every year and covering all employees. At the end of each year, the goals for the following year are defined for every 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 assessment also includes a competency assessment, and based on the overall performance assessment, possibilities regarding career development total agreed wages are assessed.

The Erste Group, as well as Erste Bank Serbia, are recognised as companies that keep up with modern trends, and with the new EMMA platform, we have demonstrated that an individual's development is, for us, just as important as the development of new technologies.

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

In 2016, in cooperation with the Mastercard company, an incentive programme for employees in the Bank branches was launched, called the Culture Tour. Colleagues with the best results in each quarter were awarded trips to some of the world centres of culture and art – Milan, Paris and Moscow, while in 2017 the Q4 winners won a trip to New York.



New EMMA – Faster and Simpler, Transparent and Flexible

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

Unlike the system that has been used so far, one of the most important innovations featured on the new EMMA platform is that only one step is needed to set goals – just one click is enough to “activate” goals and make them transparent and valid. In addition, since with the new EMMA platform, sector goals as well as the Bank goals are visible, employees have a possibility of easier and simpler planning and definition of their goals in accordance with them, i.e. of fitting them more easily into the Bank's planned goals.

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

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

Recognitions for Best Colleagues

Group Recognition for Miloš Zečević

Once a year at the level of the Erste Group, a conference is held which is attended by colleagues from the entire ALM community (the Holding, together with all its members). At the meeting held in Zagreb in 2017, colleagues whose work contributed most to the development of assets and liabilities management in 2016, were selected.

The nominees are experts, with colleagues from the Holding (Group ALM) nominating colleagues from other members (Croatia, Serbia, Czech Republic, Hungary, Slovakia, Romania, Austria) who they believed contributed most to the development of the ALM community and were most engaged and contributed to the successful realisation of their projects.

For exceptional performance in ALM activities and projects, this time the winners of the award were a colleague from Austria and our colleague Miloš Zečević, currently the Head of the Assets and Liabilities Management Service.

Nikola Lapčević Makes the List of Top Legal Experts

Colleague Nikola Lapčević, Head of the Legal Service, was selected for the GC Powerlist, for the Central and Eastern Europe region (inhouse General Counsel Powerlist, CEE), as a result of which he made the list of top legal experts in this region. Last year the nomination came from a Belgrade legal office, citing Nikola's long and successful career, bearing in mind not only his business experience in large financial companies, but also in the domestic legal system and courts.

The selection for the list of the most distinguished legal firms and legal experts was organised by one of the two largest global magazines and databases for legal expert ranking – The Legal500, which has for 30 years been monitoring the work of legal offices and legal experts around the world.



— Occupational Health and Safety and Social Support to Employees

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

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

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

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

Our Golden Boys

EBS futsal team participated in the Erste Football Cup 2017 EBH in Budapest this year again and did not fail us: they came back with another golden medal. The winning team was composed of colleagues from the Retail Division – Branislav Kuzminac, Sreten Vranić and Nenad Tadić, Compliance Service – Vladimir Mičić and Slobodan J. Popović, Risk Division – Miloš Popov Žikelić, Marko Džogović, Borislav Vujčić and Slobodan Ilić and Maksim Dragić from the Controlling Department. Owing to this triumph, by the end of 2017 we expect an invitation to take part in the tournament at the Erste Group level, where other members will also join the competition, thus raising the quality of this sports event.



	2012	2013	2014	2015	2016	2017
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.

INJURY RATE	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

LOST DAY 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

For five years now employees have had an opportunity to undergo free full health check-ups, which we organise in cooperation with the Vizim Health Centre. Mobile teams are organised for our employees in the towns where our branches and business centres operate, which, in accordance with defined schedule, come to agreed locations, in order to ensure maximum coverage of all our employees with this preventive health care measure. Full medical check-up provided to our employees includes the following set of preventive check-ups: basic medical check-up, full blood test, ophthalmological examination, ECG, ultrasound test of breasts, thyroid or abdomen. The new cycle of full health check-ups in 2016/2017 included 597 employees, raising the total number of employees having undergone full health check-ups in the past five years to 2,830.

Erste Bank Trade Union

The Erste Bank a. d. Novi Sad Independent Trade Union (SOSS) has been active for twelve 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 board comprising 14 representatives from all organisational units and a Chairperson elected every five years.

During 2017 the trade union conducted a series of significant activities. The first and most important Trade Union activities pertained to partaking in negotiations regarding the conclusion of a new Collective Bargaining Agreement, which resulted in its signing at the end of the year.

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

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

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

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



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

Since 2007, the Commission for Culture has been active as part of the Trade Union, whose goal it is to enable new Trade Union members to obtain benefits related to cultural events and travel. Employees also have a possibility of suggesting themselves the activities in which they would like to take part. During 2017 numerous activities were organised: attendance of theatre performances, excursions in cooperation with tourist agencies, as well as a traditional distribution of Christmas gifts for children. The theatre performances were organised in Novi Sad and Belgrade, where we spent time with well-known children's characters and heroes with whom we waited for Santa Claus to arrive. Since we have become a much "younger" company, the number of Bank employees' children has been increasing every year. Thus, with toys and Christmas gifts containing sweets, we brought joy to as many as 680 children. We also donated part of the Christmas gifts containing sweets, along with toys, to the children in the Drop-in Centre and the Children's Hospital.

In the course of the year the Red Cross Chapter was launched, which, in collaboration with Red Cross Serbia, will take part in organising humanitarian campaigns, as well as the activities of organising, motivating and bringing together blood donors.

Furthermore, as part of the programme of social support to employees, for twelve years the Trade Union has been managing, together with the Bank, the Marina Ćurčić Solidarity Fund, which aims to help employees who find themselves in an adverse financial situation. Over the course of 2017, through voluntary direct contributions of employees and the allocation of part of the trade union membership fee, RSD 632,404 was raised, while the Bank paid RSD 2,400,000 into the fund. The Fund also included loans paid back by employees, so the total amount of RSD 4,938,044 was used to make 113 different disbursements aiding employees.

Funds raised from the employer, the Trade Union and voluntary employee contributions, were used to finance the aid benefitting 99 employees and 14 children beneficiaries of solidarity scholarships. Also, a humanitarian aid account was activated as well, where owing to voluntary employee contributions, significant funds were raised for the medical treatment of a little girl, our colleague's daughter.

The Trade Union intends to continue to be active in 2018 in the area of protection of employees' socio-economic status. Preparation of a new Trade Union portal has begun, and the Trade Union will also direct significant attention to the activation of new members.

Golden Athletes

A great success in the promotion of our Bank was achieved by winning first place overall at the 2017 Bofosiade Trade Union Sports Games which were organised by our industry trade union and held at Lake Bor.

Competing against 14 teams from seven countries in 10 sports events, our team, led by the best captain and coach Zoran, although outnumbered, demonstrated superior courage, enthusiasm and unity, which contributed to our golden victory for the first time after more than 30 years of participation.

Active in the Group as Well

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

European Workers' Organisation for Social Affairs has launched the "help4health" initiative aimed at forming the Fund and more precisely defining 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 will be implemented through our Solidarity Fund, making it possible to raise more substantial funds for necessary treatments abroad.

Responsibility to Customers

Striving to justify the customers' trust in the best way possible, the Bank approaches the designing of products adjusted to their needs and desires with great dedication, with transparent communication and constant introduction of technological innovations as the necessary precondition for modern banking. Apart from consistent implementation of activities in the area of responsible financing, by developing social banking and inclusive financial products, as well as investing in citizens' financial literacy, Erste Bank strategically provides support to economic empowerment of society and individuals.

FROM SUPPORTING INDIVIDUAL ENTREPRENEURSHIP SUCCESS STORIES TO A SOCIAL BANK INTEGRATED IN THE BANK'S DAILY OPERATION

- ✓ THE BANK CREATED ITS FIRST PACKAGE OF SERVICES FOR NON-PROFIT ORGANISATIONS BACK IN 2009, AND THE FIRST SOFT LOAN IN THE AMOUNT OF EUR 10,000 FOR A SOCIAL ENTERPRISE WAS DISBURSED IN 2011.
- ✓ IT WAS A LONG ROAD FROM SUPERSTEP – THE FIRST COMPREHENSIVE PROGRAMME FOR YOUNG ENTREPRENEURS, WITHIN YOUTH BUSINESS SERBIA, TO THE STEP BY STEP PROGRAMME – A COMPREHENSIVE LINE OF PRODUCTS AND SERVICES, ALONG WITH A BANK MENTORING PROGRAMME, WHOSE LAUNCH MADE THE BANK THE FIRST IN THE MARKET TO PROVIDE THIS TYPE OF SUPPORT TO SOCIAL ENTREPRENEURSHIP AND START-UPS.
- ✓ IN THE FIRST YEAR OF DOING BUSINESS, 45 START-UPS WERE FINANCED THROUGH THE SOCIAL BANK, WHICH RESULTED IN THE CREATION OF 38 NEW JOBS
- ✓ 47.69% OF ALL OUR BUSINESS FACILITIES ARE ACCESSIBLE TO PEOPLE WITH DISABILITIES

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

- Responsible financing
- Financial inclusion
- Responsible communication with customers



Achievements in 2017:

- ✓ The Step by Step programme providing funding and support to first-time entrepreneurs and social enterprises was launched
- ✓ 45 start-ups were financed through the social bank, opening 38 new jobs
- ✓ The 2017 Customer Satisfaction Index was 92.3%

— Responsible Financing



We in Erste Bank are aware that our impacts on society and the environment cannot be limited solely to direct impacts of our activity and that, instead, they also include the impacts of activities of all our customers. Therefore, when assessing customers and selecting projects to be financed by the Bank, exceptional attention is paid to the principles and objectives of natural and social environment protection management, which are defined in the eponymous policy adopted in 2012. The adoption of the Natural and Social Environment Protection Policy, on which several divisions worked as a team, was initiated by the Bank Executive Board.

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

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

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

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

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

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

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

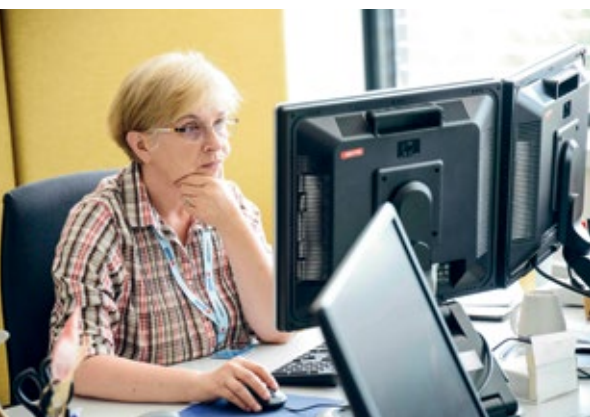
- Operation in accordance with the national and international legal regulations related to natural and social environment protection;
- Impacts of raw materials, semi-finished and finished products of the company on natural and social environment;
- Threats to waters, soil, air and/or population in the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

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

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

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





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

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

- Corporate Division and Retail Sales Division, in which the employees gain a comprehensive picture of the customer and the type of financing, compare the requested financing with the Policy and make a preliminary assessment of the effects of financing in relation to the environment.
- Compliance and Security Risk Management Service assists the employees of the Corporate Division and the Risk Management Division in giving recommendations concerning the assessed effects of financing, interpreting the Policy provisions, obtaining additional opinions / analyses regarding customers and the effects of their earlier similar financing, and in giving the final opinion about whether that financing has detrimental effects on society and the environment.
- Credit Risk Management Division – when preparing the final recommendation on financing, it takes fully into account the opinion of the Compliance Service and orders measures of risk mitigation or control arising from the Policy if deemed necessary.

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

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

Since 2014 the Responsible Financing Policy has been an integral part of training courses conducted by the Central Compliance Unit. This Policy, with its practical examples, is presented to all new employees through the Welcome to Erste induction training programme. In 2017, the training was held 24 times.

In 2017, 13 customers were checked for compliance with the Responsible Financing Policy of a total of 61 cases – individual customer applications. There were no cases of termination of cooperation.

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

In accordance with the General and Individual Act Management Policy of Erste Bank a. d. Novi Sad, the internal documents of the Bank must be reviewed at least once a year. The updating of internal acts is within the competence of the document owners who, when reviewing them, take into account changes in regulations, organisational changes, changes in methodology and other. The Compliance Service takes care of the process of harmonisation, official adoption and timely revision of documents. The Internal Audit Service assesses the application of internal documents in the processes that are the subject of audit in accordance with the adopted Annual Plan and the Individual Audit Programme. The Natural and Social Environment Protection Policy and the Responsible Financing Policy applied in 2017 in the same form as in the previous year.

In the area of environmental protection, Erste Bank has for years been among the leaders when it comes to investments in energy efficiency and renewable energy source projects and is recognised as a true partner to all companies interested in starting and developing such projects (read more about these initiatives in the "Responsibility to the Environment" chapter, pp. 112–121).

Financial Inclusion

Bearing in mind the unenviable position of certain segments of society, such as start-ups with no access to financial capital, as well as more than 10,000 civil society organisations that cannot get financial support due to business models based on grants and project financing, Erste Bank has sought to contribute, in an innovative manner, to the development of entrepreneurship as the basic pillar of development of prospects of our national economy. In addition to creating innovative support programmes and inclusive financial products, we also strive to create, through our dedicated work on improving financial literacy, the preconditions for better economic sustainability of society as a whole.





Step by Step Programme

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

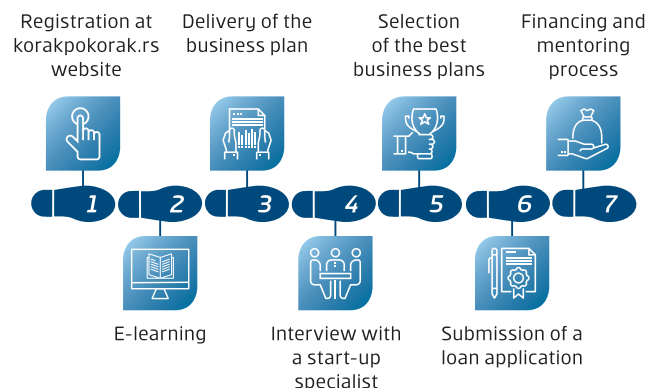
Towards the end of 2016, Erste Bank Serbia launched the Step by Step programme, which was preceded by a rich experience gained through the Superstep programme – a comprehensive education and support programme for young entrepreneurs which was implemented in the 2010-2015 period, and which has since 2011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

Comprehensive Support

The Step by Step programme goals are to create new sustainable businesses, increase employment, provide financial and mentoring support, illustrating the Bank's commitment to developing and supporting responsible and sustainable programmes that contribute to positive changes in society.

With the programme launch in 2016, comprehensive support to start-ups that have been in business for less than two years and social enterprises regardless of their business history, was implemented. In 2017, we began supporting non-governmental organisations, and in the final stage of 2018 we also plan to support individuals with lower incomes than the official minimum, living at risk of poverty.

The programme steps are the following:



Programme Requirements

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

Requirements for participation in the programme:

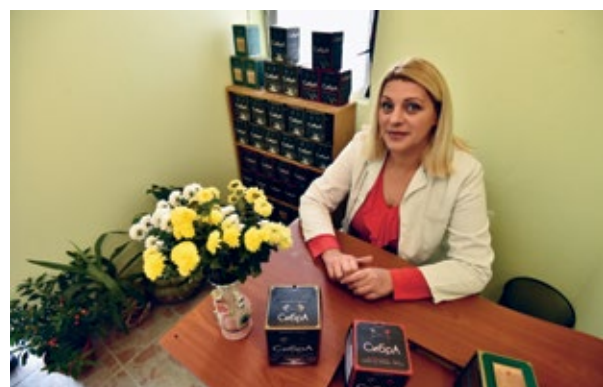
- The business has been operational for **less than 24 months** (applies only to start-ups)
- There are no **related legal entities**
- **Clean** credit bureau report of the business and the business owner
- Mandatory **10% participation** in investment
- Submitting proforma invoices aligned with the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

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

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

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

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



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

Results in 2017

During 2017, through the social bank, loans amounting to **EUR 400,000** were granted. Although the volume of these loans is not too large (1.3%), in the coming period they are expected to grow more significantly as part of the Bank's micro portfolio.



Additional information regarding the programme:

- The Step by Step programme loan portfolio amounts to EUR 4.7 million, intended for close to 850 Serbian micro enterprises, which will be able to benefit from loans under favourable terms, without providing additional collateral. The portfolio is a result of a guarantee agreement that Erste Bank has signed with the European Investment Fund (EIF) towards the end of 2016, under the EU Programme for Employment and Social Innovation (EaSI). It is the first guarantee scheme of the European Investment Fund for start-ups in Serbia.
- Under the Step by Step programme, the Bank is working together with the organisations Smart Kolektiv, Eneca, Kragujevac Business Development Centre and Business Innovation Programmes on education, preliminary selection and mentoring support to start-ups and social enterprises.

- The expansion of the programme to all of Erste Group's seven core markets will be completed by 2019. The programme is aimed at helping create 5,000 new jobs in the Central and Eastern Europe region, securing funding for 500 social enterprises and improving the financial stability of 25,000 formerly low-income individuals, by 2019.



— Financial Literacy

As a responsible financial institution, the Bank takes seriously the issue of promoting financial literacy and inclusion and approaches it in a strategic and proactive manner. In the belief that a financially literate society can take better financial decisions and steps, the Bank deems it important that all its clients, potential clients, as well as society at large be informed and educated in this area. Therefore the Bank has committed to approaching the topic of financial literacy in several ways:

- By launching the Step by Step programme, as a uniquely comprehensive programme aimed at training and providing multi-layered support to start-ups, social enterprises, civil society organisations and individuals at risk of poverty;
- By providing direct support to existing social enterprises through different forms of mentoring, counselling, product purchases, marketing support and such;
- By taking part in and supporting programmes, conferences and events that promote entrepreneurship, self-employment and self-sufficiency.

Financial Literacy through the Step by Step Programme

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

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

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

In addition, after defining and providing financial support – a loan, our partners continue to support clients during a one-year mentoring programme that is customised to customer needs and aimed at their personal and professional development. Mentors are experienced entrepreneurs from different industries, who, with their knowledge and experience, help entrepreneurs take their businesses to the next level. The Bank carries out a programme in cooperation with partners from the civil sector, the Start-up Alliance and Smart Kolektiv.

Apart from the training under the Step by Step programme, the Bank has for several years been working on improving the financial literacy of its customers, but also the broader community – through its network, sponsorship activities, participation in working groups and expert volunteering. In order to provide its customers with complete and reliable information relating to finances, as well as advisory and any other type of help, in 2017 Erste Bank also provided information through all the Bank's official profiles on social networks by publishing specialised blogs on topical issues in the area

of proper financial management, results of surveys on financial habits of the population and other useful information on financial trends, products and benefits for customers.

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

We have traditionally supported and actively participated in conferences such as: wwvrsac: Live Locally – Work Globally!, Webiz, etc., which feature the topics of entrepreneurship, online communication and promotion, financial education with regard to online banking, etc.

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

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

A traditional Christmas Bazaar was also organised in the Bank premises, at which the following organisations sold products: Milan Petrović Special Primary and Secondary School, SOFI Kozmetika and Youth Centre Vega with Koba Yagi educational programme for children.

During 2017 special attention was paid to the education of the youngest, so in our branches in Žabalj, Novi Sad and Bečej we hosted several groups of kindergarten and primary school children, in order to show them on the spot and as vividly as possible what it is like to work in a bank. There was talk of loans, interest rates, keeping valuables in safes, but what the children liked most was the story about payment cards, so they were delighted when they received their first cards with a picture of Medvedica and Meda Šteda on them – well-known Erste Bank mascots.

Also, Radmila Božidar, our colleague from the Digital Channel Management Unit, was a guest lecturer at the Singidunum University in Novi Sad, where she presented her career path to students and gave them an idea of how changes in the banking sector shape operations in the bank. Radmila had an opportunity to participate in the Bank Officer event at the National Bank of Serbia as well, together with professors from several universities in Serbia.

Master students at the School of Organisational Sciences attended a lecture by our colleague Jelena Vasilev, from the Communication Department, who spoke on the topic of integrated business communication. Jelena also took part in the lecture under the Social Impact Award programme, which was held at the School of Economics in Belgrade.





Sreten Vranić, Step by Step programme manager, worked at the Youth Business Forum together with 60 young entrepreneurs under the Training For Young Entrepreneurs programme, where he presented to them a business life cycle. As part of that event, he was also a member of the jury tasked with selecting the best business ideas.

Read more about the financial literacy programmes in the “Fellow Citizens in the Communities in which We Operate” chapter, pp. 90–111.

Inclusive Products and Services for Elderly Fellow Citizens

The pensioners’ loan with the life insurance policy included in the loan price was introduced 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.

In 2017, 3,778 loans were granted to pensioners in the total amount of RSD 1,187,151,889, so pensioners’ loans accounted for 8.28% of the total loan volume or 12.93% of the number of dinar cash loans and refinancing loans.

New Credit Line for the Youth

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

Savings Habits in Serbia

Half of the citizens of Serbia save money, saving an average of RSD 4,621 a month, the latest Erste Group survey on savings habits and attitudes in our country has shown. Monthly savings are thus somewhat larger than last year, by RSD 406. Respondents state that they are most often able to save up to two thousand dinars, close to a third of them, while five percent of respondents save more than 12,000.

Saving is important for 71 percent of citizens, and it is most important to those over the age of 50. Although monthly savings and satisfaction with money saved are higher than in 2016, 44 percent of savers are still dissatisfied with the amount they set aside (10 percent less than last year), while 29 percent of them are satisfied.

The main motivation for saving money in Serbia is still the formation of financial reserves for emergencies, for close to two thirds of citizens, while almost a fourth of them save money for the purpose of financial security and to be able to afford care for themselves in old age. Compared to last year, 18 percent more citizens save in order to make purchases – 37 percent in order to be able to “afford something”, while close to a third does that to be able to cover refurbishment costs, and 28 percent for vacations and travel.

On order to seek advice regarding saving or investing money, 44 percent of respondents turn to family, on the one hand, and just as many to banks, on the other. Almost a third says that they do not need advice and that “they themselves know best”. Information and advice is sought online and in the media by 12 percent of respondents.

In our country people still most often keep their savings in cash, at home or in a safe. Since 2013, however, the number of savers has been constantly decreasing, from 48 to 30 percent at present. At the same time, the number of those who do not save has increased, from 36 in 2013 to 50 this year.

The IMAS International market research agency conducted a survey on behalf of the Erste Group on the habits, behaviour, attitudes, motives and concerns of the citizens of Serbia in connection with savings. A telephone poll was conducted in September on a sample of 500 respondents representing the population over 15 years of age capable of saving. Apart from our country, the same survey was conducted in Austria, Czech Republic, Slovakia, Hungary, Romania and Croatia.



Support to Entrepreneurship

Managing one's own company, whether newly founded or one that has been in the market for a long time despite the many challenges placed before it, is no easy task. It is precisely in such conditions that the importance of trust and mutual understanding between customers and the bank increases, while the simplification and acceleration of procedures necessary to obtain a loan and specially designed credit line offers can be a precious advantage by which the bank will stand out among its competitors. Apart from that, the importance of entrepreneurship, especially small and medium-sized enterprises, for the economic development of Central and Eastern Europe, is exceptionally high.

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

In accordance with set principles and goals, during 2017 activities aimed at improving SME customer services were stepped up, while the most significant novelty is reflected in the establishment of cooperation between the Bank's Risk and Corporate Divisions.

After designing a special application for carrying out transactions and establishing a Local Investment Committee for all transactions over one million euros, members of two divisions began with joint visits to clients. The improvement of service quality and agility in the form of direct participation and assistance in structuring complex transactions, but also giving concrete suggestions in the strategic approach to the customer, had a favourable impact on the Bank customer satisfaction, but also yielded exceptional results:

- An increase in production by about 30%
- Growth of banking guarantees by over 70%
- A negligible number of rejected transactions and new non-performing loans
- Time to Yes halved (time needed to create a loan application and approve a loan) and is now 7 days, which has placed Erste Bank Serbia at the very top of the Erste Group.

In 2017, Erste Bank was pleased to join the Government programme of support to small and medium-sized enterprises for the purchase of

- 1) New manufacturing equipment and/or machines;
- 2) Transportation-handling equipment used in the manufacturing and internal transport process;
- 3) New parts, specialised machine tools or other capital goods.

This programme is intended for legal entities registered with the Business Registers Agency (BRA) as companies or cooperatives, which are classified as micro and small legal entities in accordance with the Law on Accounting (Official Gazette of RS, no. 62/13) according to financial reports for 2015, as well as entrepreneurs registered with the BRA.

These businesses were able to acquire the right to a grant in the amount of 25% of the investment value. The basic characteristics of the programme are the following:

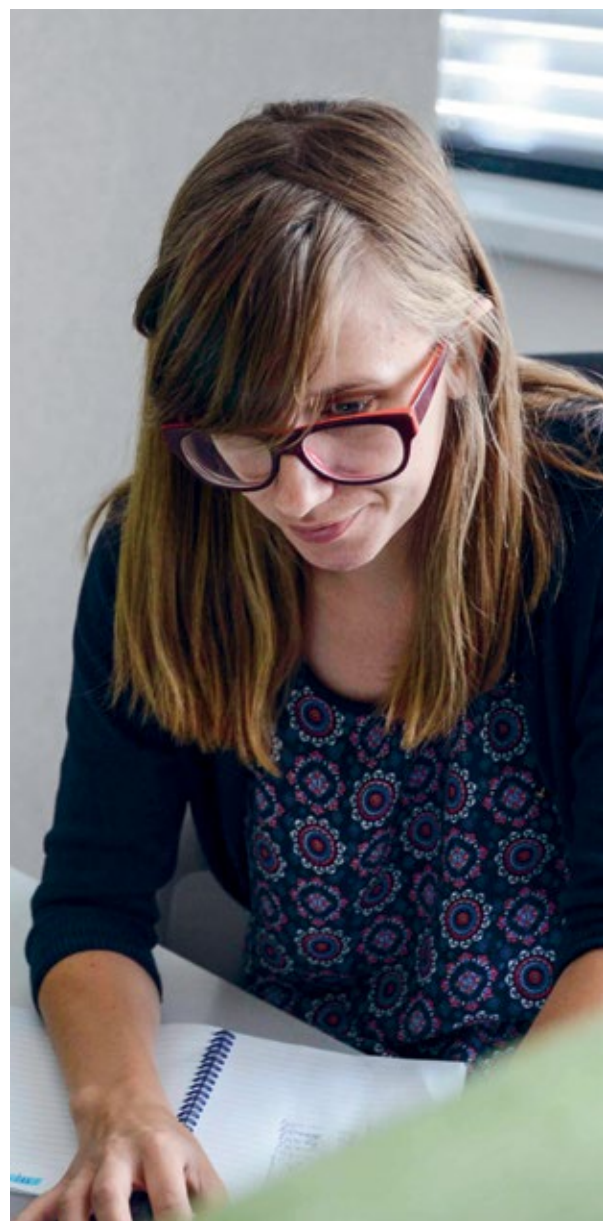
- Fixed interest rate 2.99% in EUR and 6.45% in RSD, while the variable interest rate in RSD was 1.85%+3M Belibor
- No approval or early repayment fees
- Loan repayment period: 18, 24, 36, 48 and 60 months with a possibility of a 6-month grace period..

Support to the Development of Social Entrepreneurship

The First Austrian Savings Bank (Erste oesterreichische Spar-Casse), the predecessor of Erste Group, was founded back in 1819 with the aim of making banking available to all segments of the population, rather than only to the richest. The importance of social banking has not decreased two centuries later, nor has the Bank's commitment to contributing, through the development of innovative programmes such as Step by Step, to a better accessibility of financial products and services to all organisations and individuals that need them.

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

In addition, the Bank regularly orders products from social enterprises, which guarantees a steady cash inflow to them, as well as their survival in the market, while it guarantees the Bank a supply of quality and unique products. In 2017, the Bank mostly cooperated in this way with social enterprises Eko BaG, Bioidea Sapuni, the Work Centre of the Milan Petrović Special Primary and Secondary School and Super Natural, investing over RSD 600,000 in purchasing their products.



— Responsible Communication with Customers



Process digitalisation and optimisation marked the period behind us, but the main goal remained the same, and that is customer care. In 2017, we continued with the education and training programmes aimed at placing the customer even more successfully in the centre of our business, we increased our sales efficiency, additionally improved the motivation and education of our employees, and all of us together became active participants of the digital world.

Towards the end of 2016 and during 2017, we also worked on the Transformers 2 project, **designed for the purpose of enhancing the process of opening accounts of businesses including additional products** (VBE cards and e-banking).

One of our main goals was the improvement and simplification of processes, including the complete documentation used during account opening. We also worked on improving control points with the aim of protecting against fraud as well as increasing efficiency by monitoring and reducing the percentage of case files being returned for completion and eliminating unnecessary steps in the process.

Main savings as regards documentation are:

- The number of documents was reduced by **18%**
- The number of fields to be filled in was reduced by **47%**
- The number of fields to be checked was reduced by **55%**

It is worth pointing out that in improving the Protrek application which is used in the account opening process we applied, for the first time, the Agile approach.

Striving to accelerate as much as possible the development process of the Sabine Report for micro and corporate clients, during 2017 Erste Bank completed the implementation of the SabineGO project.

Faster Reports, Higher Customer Satisfaction

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

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

- SABINE reports for micro customers are delivered on the same day (compared to 2-3 days in the previous period).



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

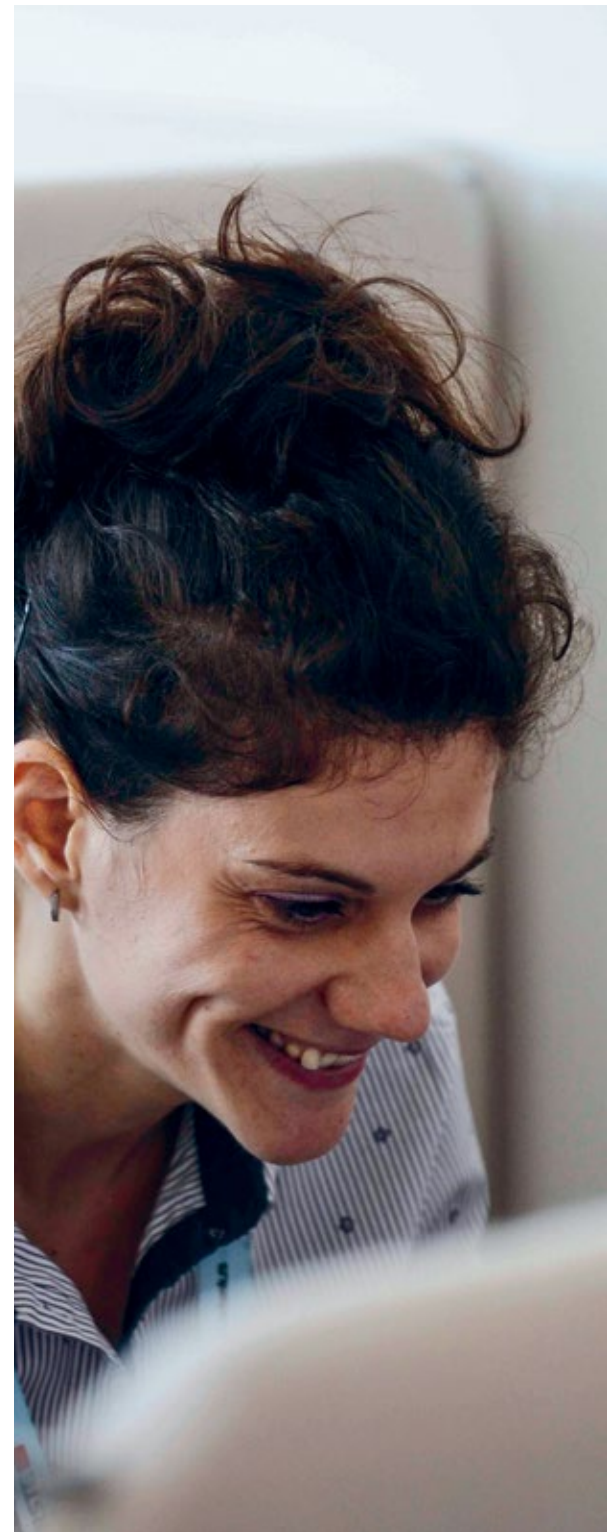
Digital Hub – Team for Change

Last year was marked by the establishment of the Digital Hub team, employees that are the agents of digital changes in our Bank and who believe deeply in its digital transformation which was initiated long ago.

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

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

In 2017, the Digital Hub team worked on a project for the improvement of customer experience in interaction with the bank through online channels, with a special emphasis on retail loans and current account opening. Owing to the Digital HUB, the process of online loan application and current account opening was completely redesigned and back office processes monitoring sales on digital channels were restructured. The goal of these changes was to maximise customer experience at all points of contact with the Bank. Customers had several opportunities to test the process at different stages of development and gave us feedback that was immediately taken on board. Thus, the customer and his or her experience were given priority. The launch of the new platform was scheduled for 2018.



Customer-friendly Website

In early 2017 Erste Bank launched a new website designed to meet, in the simplest and visually most appealing manner possible, the needs of existing and potential clients in the digital environment.

The website called Emil is aligned with new technology trends, and its content completely adapts to the device from which it is accessed. It was developed in line with the highest visual standards, with the aim of creating a unique user experience for all customers within the Erste Group.

Creating menus called "I wish" is a good example of the improvement of user experience. Its basic purpose is to shorten the time it takes to reach the goal, i.e. required information, by recognising customer's needs. "I wish" presents a "shortcut" to the fulfilment of user's wishes (I wish to have a secure future for my family; I wish to have money available to me at all times; I wish to have a life with minimum risk...).

Starting from the needs presented in the stated website section, website users are faced with a logical, intuitive navigation experience. The language is familiar to the users, without verbiage, but containing all relevant information based on which a decision can be taken regarding a given product or service.

Interesting Figures:

- More than 50 of our colleagues participated in the project in its different stages: at the beginning during the new content design stage, at workshops, with the largest number of them involved in the testing stage;
- The impact of the new website on sales is apparent: in the first month after launching Emil, the number of current accounts that were opened online increased by 70% compared to the previous month;
- New forms are showing excellent results: the number of loan queries made through the website increased daily by 100% compared to the previous period. On average, about seven meetings are scheduled daily with customers at the desired branch, while the number of customers submitting questions to us has increased 10 times.

Improving User Experience by Optimising the Bank's Website

After launching Emil, our new website, we wished to verify how useful, simple to use, efficient and intuitive it really was for our users, in particular with the aim of establishing points for improving user experience, both for our customers and new website visitors. In addition to customers, our colleagues from different organisational parts of the Bank also had an opportunity to test the website before its launch.

Apart from the improvements that can be executed quickly, the testing also pointed to potential changes which could be made in the websites' structure and which require more time for implementation and are essential for the improvement of the overall user experience. For example, during work on redesigning the online account and loan application processes, various forms of testing were used in each stage, in order to ensure that the final result would be adapted to customer needs to the maximum extent possible.

Customer Information

The Law on the Protection of Financial Service Consumers also regulates the issues of providing information about products and services to consumers and the Bank strives to ensure that every form of information is clear and accurate for customers. Easily accessible and transparent information about Bank products and business practices is needed 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 borne by the customer
- Information about deposit insurance and its effects

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

During 2017 Erste Bank did not record any cases of non-compliance with the regulations on adequate customer information about the products and services, which was established by a detailed review of the grievance and complaint management application. No cases of customer privacy violation, no complaints regarding the loss of customer personal data and no complaints regarding the respect of human rights were recorded, either.

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.

Your Opinion Matters to Us!

Active customer communication channels:

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

Responsible Marketing

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

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

Customer Satisfaction

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

- Customers who predominantly use branches for performing transactions with the Bank (72 branches, stratified sample according to the total number of customers of each branch, total sample 4440 customers)
- Customers who predominantly use e-banking – the NetBanking product for performing transactions with the Bank (350 customers)
- Customers who predominantly use Mobile Banking – the mBanking product in performing transactions with the Bank (400 customers)
- Micro customers (350 customers) and
- SME customers (300 customers).

Customers rate more than 40 aspects of their cooperation with the Bank. The survey is conducted using the face-to-face method at the Erste Bank branches, by completing an online survey (Netigate tool for NetBanking and mBanking customers) and CATI – method of telephone survey of corporate customers. A seven-degree scale is used for rating satisfaction from 1 to 7, where 1 is the lowest rating and 7 is the highest rating. The rating of overall satisfaction of all three customer segments is consolidated in a single rating, the CSI – Customer Satisfaction Index, on the scale from 1% to 100% satisfaction level. The survey results or its parts are used for the Bank's internal purposes and serve for improving the service and increasing the customer satisfaction level.



The 2017 Customer Satisfaction Index at the Bank level was 92.30%, and the average rating was 6.48 out of 7. All planned goals have been realised. The general satisfaction with products and services is 93% among retail customers, 90% among micro customers and 91% among corporate customers. The satisfaction is the highest with the current account, reaching 96% among individuals.

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

Moments of Truth – From Survey to Service Quality Improvement

Our Bank is highly committed to service quality and to satisfying the needs of each customer with whom we do business. We work tirelessly on improvements in each business aspect where educated and informed customers demand and expect more engagement from us. In addition to our own achievements, we monitor what our competitors do, listening and keeping abreast of the modern trends of turbulent financial market development. Small innovations and daily improvements make a major difference in business and help us gain competitive edge.

In 2017, we worked on resolving the agreed upon and defined priority moments of truth from 2016:

- **Informing and educating customers about e-services** – The greatest changes occurred in simplifying the interface of our mBanking product and recording additional video tutorials for our customers to help them get educated in the use of mBanking, i.e. enable them to utilise its full potential in order to get all technological benefits that Erste Bank provides at this moment. With a video tutorial, we additionally clarified the use of Mtoken, transfer between accounts (within the Bank), the Take a Picture and Pay option and creation of payment samples.
- **Improving the functionality of foreign exchange operations** – foreign payment transactions – The main goal of all actions taken is the liberalisation of foreign exchange operations, i.e. making it easier for all Erste Bank customers to do business with us by freeing them from the obligation to submit documents for each foreign currency payment, where the customers sign a Documentation Non-submission Agreement. This does not mean that we increase risks by taking this approach, but that, on the one hand, we got to know our customers well and increased our

responsibility to an even higher level from the existing one and, on the other hand, that we accelerated and simplified the process. We are currently working on the elimination of all factors that slow us down on this road (changing the procedures, old policies, harmonising with the new Law on Foreign Exchange Operations, changing the payment codebook, implementing a new information system, etc.).

New Branch Concept

Removing physical barriers between customers and Bank employees and changing the role of employees towards a more flexible work organisation within the branch are some of the main changes that will result in meeting customer needs in a faster and higher-quality manner. In addition, by directing customers to digital channels and self-service zone, advisors and tellers will have more time to provide advisory services, while customers will be able to perform some of the basic operations independently and without unnecessary waiting.

The new work method and organisation were first applied in our new branch opened in the Sirius business complex.

The following innovations were introduced:

- Info desk at which customers will be welcomed and directed by all employees according to agreed plan
- Place for fast consultation (card handover and other fast services lasting up to 10 minutes)
- Meeting room for conducting advisory discussions
- 24/7 self-service zone: Cash-in ATM for corporate customers, Cash-out ATM for retail and corporate customers, Drive-in ATM – cash withdrawal for retail and corporate customers.

Express Sub-branches

After launching the intermediation network expansion project (Refresh), the Refresh 2 project started in 2016 as well, with the aim of improving the business processes relating to express sub-branches, as well as integrating them even more deeply in the Bank's business network. The project continued during 2017, and so today we have 19 sub-branches at the locations that are strategically important for increasing the Bank accessibility to customers, both retail and corporate.

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

Responsibility in the Supply Chain

Expanding responsible practices beyond the direct impacts of the company and especially taking responsibility for the impacts that the company has through its supply chain have been one of the most important trends in the development of corporate social responsibility for years. Taking into account the Bank's aspiration to align its strategic priorities with the current social context and needs, as well as with global sustainability trends, responsibility in the supply chain was introduced as a new area in the CSR Strategy for 2015-2019. Since then, this topic has been equally represented in the Bank priorities.

A STEP FURTHER – CONTINUOUS IMPROVEMENT OF PRACTICES IN THE VALUE CHAIN

- ✓ SUPPLY CHAIN BECAME A PART OF THE CSR STRATEGIC PILLAR BACK IN 2012, AND RESPONSIBILITY IN THE SUPPLY CHAIN BECAME THE BANK'S SPECIAL STRATEGIC PRIORITY TOPIC IN 2015
- ✓ THE BANK WAS AMONG THE FIRST ONES TO INTRODUCE E-AUCTION, WHICH SIGNIFICANTLY IMPROVED TRANSPARENCY OF PROCUREMENT PROCEDURES
- ✓ ON AVERAGE, THE BANK ALLOCATES AROUND 95% OF ITS TOTAL ANNUAL PROCUREMENT BUDGET TO SUPPORTING LOCAL SUPPLIERS
- ✓ CSR CRITERIA FOR SUPPLIER ASSESSMENT WERE INTRODUCED IN THE STANDARD QUESTIONNAIRE OF THE INVITATION TO BID IN 2014, AND MANDATORY CONTRACTUAL CLAUSES ON HUMAN RIGHTS WERE INTRODUCED IN 2013
- ✓ SUPPLIER CODE OF CONDUCT WAS ADOPTED

Demonstrating an exceptional understanding for monitoring its own indirect impacts, Erste Bank significantly improved this aspect in previous years and fully implemented the corporate social responsibility concept by developing and improving responsible procurement practices.

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

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





Our Supply Chain

The procurement approach of the Erste Group as well as Erste Bank Serbia is such that it focuses on local suppliers. In 2017, Erste Bank cooperated with 940 suppliers in total, and cooperation with 144 new suppliers was considered. The total expenses for all procurement were EUR 13,072,645.06. In line with our commitment to focus on local suppliers, as much as 93.17% of expenses was allocated to the suppliers registered in the territory of the Republic of Serbia.

Procurement at Erste Bank is a duty of the Erste Group Procurement (EGP), which coordinates procurement in all seven countries in which the Erste Group operates. The 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.

Our commitment to transparency in the procurement process and to the improvement of partner relations with our suppliers is also evidenced by the fact that we are among the first banks in Serbia to have introduced transparent procurement notice. All invitations to bid are posted on the Bank website, making the information about current procurements available to all interested bidders.

The eRFX tool, translated into the local languages of all seven countries in which the Group operates, is used for conducting the procurement processes at the Erste Group. A detailed request is entered in the eRFX tool, after which the system sends invitations to all interested bidders. All bidders registered for the relevant procurement category in the Bank's database, as well as the bidders who applied for the relevant procurement through the Bank's website and who can meet the requirements in the Invitation to Bid, have a right to participate. Information is sent to all bidders at the same time and in the same format, which ensures equal conditions for all bidders. Equal conditions are also ensured during the bidding process, since the bids that the bidders enter in the eRFX tool are only visible after the expiry of the deadline for their submission. Bid evaluation is performed based on the evaluation matrix designed by the budget owner before starting the procurement process.

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

In meeting their contractual obligations, the suppliers of office supplies, equipment and services selected to be our partners must operate in accordance with state and local laws, decrees and regulations, fulfil all their legal obligations in connection with the

safety and health of their employees and contractors, strictly comply with environmental protection legislation, as well as respect and apply the basic principles of corporate social responsibility (protection of fundamental human rights and labour rights, environmental protection, promotion of occupational health and safety, anti-corruption).

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

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

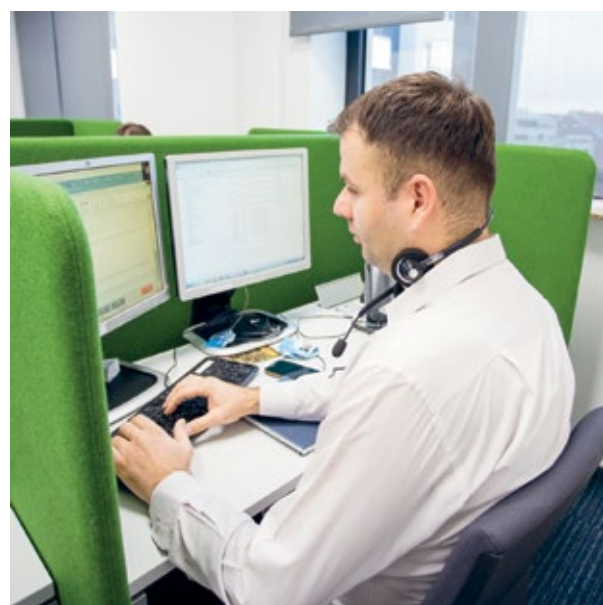
In case of non-compliance with the Supplier Code of Conduct, the appointed compliance representatives decide, if needed, on further measures.

Applying Social and Natural Environment Protection Criteria in Supplier Assessment

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

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

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



sensitive, the questions relating to the protection and respect of human rights of employees, as well as certification, are an integral part of the Request for Proposal.

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

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

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

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

During 2017, Erste Bank Serbia considered cooperation with a total of 144 new suppliers. Of the 38 suppliers in total that recorded a turnover of over EUR 100,000 in 2017, 21 suppliers (55.26%) were subjected to an analytical review according to the criteria mentioned. 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



Investment in local community development is an area in which Erste Bank is extremely recognisable. In order to justify the trust placed in it, the bank continues its partnership and donation programmes, paying special attention to the development of its own programmes of providing financial and technical assistance, which improve the quality of life of its fellow citizens in an innovative and sustainable manner.

STRATEGIC APPROACH TO THE NEEDS OF OUR FELLOW CITIZENS

- ✓ SINCE THE START OF ITS OPERATION IN SERBIA TO DATE, THE BANK HAS SUPPORTED OVER 900 PROGRAMMES, PROJECTS, EVENTS, INITIATIVES AND ORGANISATIONS WITH EUR 3.3 MILLION THROUGH ITS SPONSORSHIP AND DONATION PROGRAMMES, AS WELL AS THE SUPERSTE PROGRAMME, CONSISTING OF: CENTRIFUGE, SUPERSTE CLUB AND SUPERSTE +
- ✓ WITH THE NEW SUPERSTE.NET PLATFORM, WHICH IN 3 YEARS BROUGHT TOGETHER OVER 55,000 ACTIVE USERS, THE BANK NOT ONLY INTEGRATED ALL DONATION PROGRAMMES BUT ALSO INCLUDED THE COMMUNITY IN THE PROCESS OF MAKING DECISIONS ON FINANCING THE BEST PROGRAMMES
- ✓ SINCE THE FIRST VOLUNTEER CAMPAIGN ORGANISED IN 2008 TO DATE THE VOLUNTEER CLUB HAS CONDUCTED AROUND 60 GROUP ACTIVITIES AND INVESTED AROUND 9,500 HOURS IN VARIOUS LECTURES, TRAININGS AND MENTORING WORK
- ✓ SINCE 2010, 170 WOMEN MENTORS PARTICIPATED IN THE WOMEN'S EMPOWERMENT PROGRAMME SHARE YOUR KNOWLEDGE –BECOME A MENTOR

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

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

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

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

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

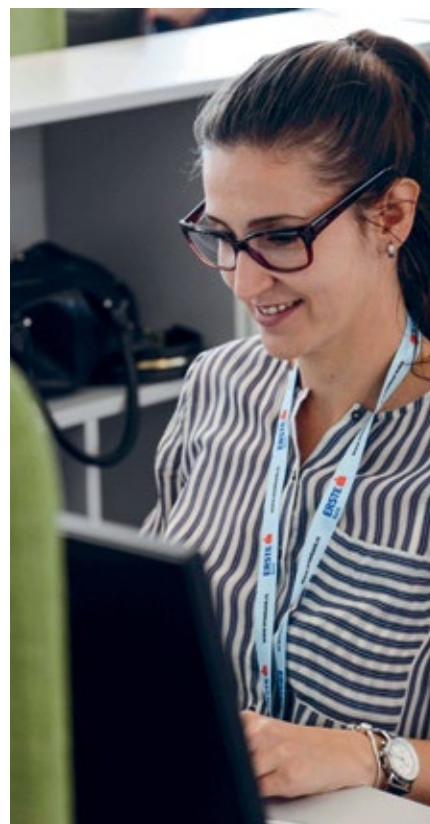
All programmes encourage inclusion and equality, strictly forbidding discrimination, and particularly working on the economic and social empowerment of the hard-to-employ groups (unemployed youth, social entrepreneurs, women, persons with disabilities).

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

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

Our Achievements in 2017:

- ✓ The third cycle of the Superste.net programme supported 17 projects in total, with RSD 7.2 million and more than 500 hours of mentoring work invested in the realisation of their ideas
- ✓ We supported over 70 projects and programmes through our sponsorship and donation programmes
- ✓ Over RSD 14.6 million was invested in the community through Erste Bank donation and sponsorship programmes
- ✓ More than 130 Erste volunteers donated around 700 hours to the community through five volunteer campaigns across Serbia, as well as different expert volunteering programmes



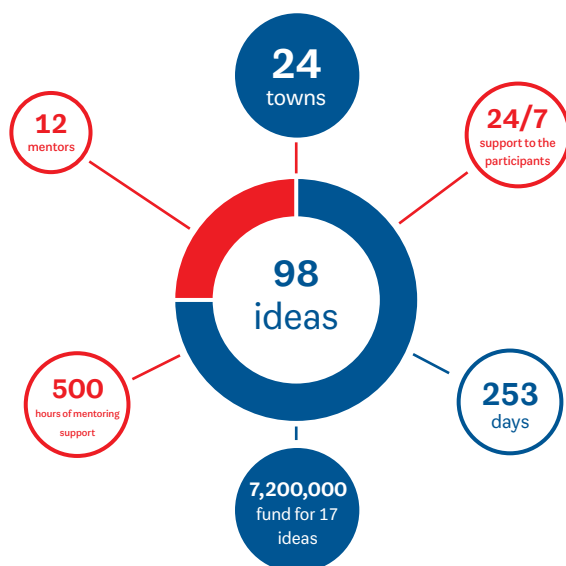
— Support to the Youth

Activism and energy of young people are an inexhaustible source of inspiration and opportunities for creating a better, more just and more advanced society. Wishing to help young people realise their ideas, Erste Bank develops and supports numerous programmes tailored particularly to their specific needs, habits and values in which they believe.

Superste.net

Superste.net is a platform that brings together young, creative and determined people from 16 to 35 years of age who need support, resources and mentoring to translate their ideas into quality and concrete programmes and projects with which they contribute to the improvement of their communities. It is based on Erste Bank's community support principles – focus on local initiatives, sustainability, openness and two-way communication. The platform was created by integrating Erste Bank's long-standing donation programmes – Centrifuge and Superste Club, and adapting them to the digital world, which is an inseparable part of life of the youth. Further development of the programme in 2017 made room for designing a new competition, specifically the Superste+, intended exactly for the Superste alumni. In addition, the portal is a source of information about competitions organised by Erste Bank throughout the year, a platform for the promotion of successful initiatives and projects of social significance and a space for building a special community of young people who believe in positive social changes. The Superste programme was implemented in cooperation with the Dokukino Foundation in 2017 as well.

Superste in 2017 – Interesting Figures



Scholarships for Studies at the Graz University

In November 2016, Sparkasse Bank and Erste Bank, in cooperation with the Graz University, announced the Best of South East 2017/2018 competition for scholarship programmes. The competition was open to graduates and graduate students of law and economics from accredited universities in Slovenia, Croatia, Bosnia & Herzegovina, Serbia, Montenegro and the Republic of Macedonia, as well as to the students from the above countries who had already studied at the Graz University. The scholarship winners from Serbia in 2017 were Kana Bošković, graduate from the Belgrade School of Law, Dunja Đurđić and Jelena Malidžan from the Novi Sad School of Economics. With the possibility of improving their knowledge in the above fields during one year, combining practice with studying, the scholarship holders were fully exempted from tuition fees; they were provided accommodation at one of the student residences in Graz and a EUR 420 monthly allowance. They also got the possibility to attend social and cultural events throughout the year, as well as to take an intensive German language course.

The Superste competition was open from 22 March until 17 May 2017 for applications through the www.superste.net platform, with almost 100 ideas arriving from young people who want to change their communities for the better using new and innovative ways of thinking. Fifty-nine ideas arrived for the Centrifuge programme intended for formal and informal groups, 20 applications for the Superste Club, which is aimed at individuals, while seven applications arrived for the new Superste+ programme intended for alumni.

Last year, the Superste Club was transformed with the aim of directing it to supporting young creative people who were invited to contribute with their work to the strengthening of the Superste.net brand in the period of open programme cycle and to contribute to the creative energy of the Superste.net programme, while Superste+ was initiated with the aim of supporting further development of earlier Centrifuge semi-finalists who now have ideas how to upgrade the programmes and launch new contents by networking with other semi-finalists.

During the competition, the Superste roadshow visited Novi Sad, Novi Pazar, Niš and Belgrade to present the programme goals and conditions to local communities. The Superste.net programme was also presented in Belgrade at the Black Sheep Base, at the School of Media and Communication, School of Arts and Design, School of Fine Arts, School of Dramatic Arts, School of Applied and Performing Arts, as well as the Belgrade City Hall, while it was presented in Novi Sad as part of a forum organised by the 2016 Centrifuge winner – the BOOK-MARK project.

The Project Clinic was held on 8 June at Dorćol Platz, Belgrade, and representatives of over 40 teams took part in it. In addition to speed mentoring, the participants had an opportunity to get more information about the process itself, as well as to hear Sreten Vranić's All That Finance workshop, which was later transformed into a webinar for Summer Incubation. At this event, the participants had an opportunity, for the first time, to meet mentors, eminent experts in various fields: from communication and marketing to human resources to entrepreneurship. The programme mentors in 2017 were the same as before: Aleksandra Kosanović Strižak (Erste Bank), Andrea Brbaklić (Axis Consulting), Ivan Ćosić (Plain & Hill), Sonja Dakić (Daj d.o.o.), Biljana Dakić Đorđević (Trag Foundation), Dragana Đermanović (BEE Premium Group), Đorđe Krivokapić (Share Foundation), Aleksandar Maćašev (designer), Dejan Ubović (Kulturni Front and KC Grad), Marko Radenković (Nova Iskra), with Sreten Vranić as reinforcement from Erste Bank, so there were 12 mentors in total available to the participants in 2017. As many as 93.7% of the Project Clinic participants said that it had met their expectations.

Based on the following criteria: innovation, impact on society, team and feasibility, the superexperts: Vladimir Todorović (Erste Bank), Ivana Marković (Trag Foundation) and Darko Soković (Dokukino Foundation) selected 35 semi-finalists, who were then invited to the Ideadrome. More precisely, out of the 59 projects from Centrifuge, 30 teams and ideas entered the semi-finals, while 5 of the 7 Superste+ projects went through to the next phase.

Superste Webinars

During the Summer Incubation, the Superste programme organised and presented to the Superste community 12 quality webinars prepared by programme mentors, which are still available at the YouTube channel named [Superste webinars 2017](#):

1. **Aleksandar Maćašev**
Graphic Communication
 2. **Aleksandra Kosanović Strižak**
Present Your Idea
 3. **Aleksandra Vesić**
Budgets and What to Do with Them
 4. **Andrea Brbaklić**
Team Member Development
 5. **Biljana Dakić Đorđević**
Project Management
 6. **Dejan Ubović**
Project Writing
 7. **Dragana Đermanović**
Strategic Communication
 8. **Đorđe Krivokapić**
Rights and IT
 9. **Ivan Ćosić**
Branding
 10. **Marko Radenković**
Fundraising
 11. **Sonja Dakić**
Entrepreneurship Lessons
 12. Sreten Vranić
All That Finance
-

In 2017, the Ideadrome concept was updated with the Superste conference What Gets Culture Going?, which took most of the first day of the traditional two-day hackathrone. As previously, the Ideadrome did not have a knock-out phase; instead, the participants attended several workshops and speed-mentoring, and then prepared presentations in the abbreviated PechaKucha format and presented them to the mentors, as a form of dress rehearsal. Two workshops were held: Sustainability and Budgeting, held by mentors Aleksandra Vesić and Sonja Dakić, and the Preparation for Presentation, held by Vladica Jovanović with the assistance of Sonja Dakić.

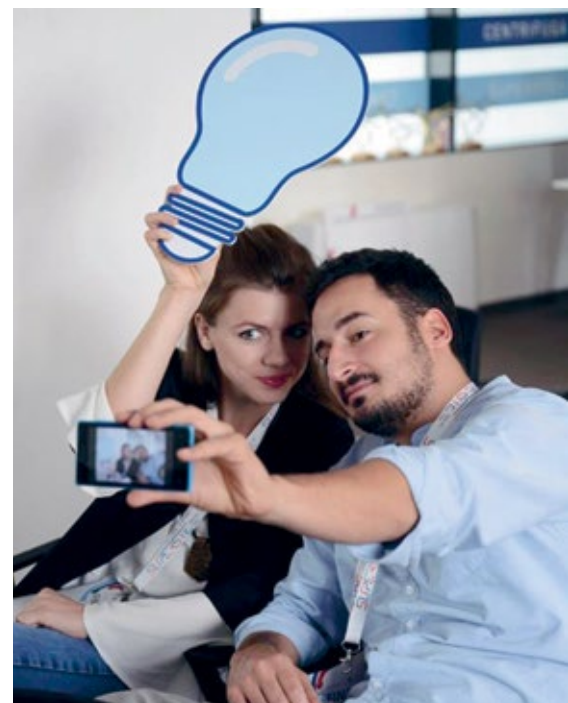
During voting, when the community was invited to comment on the quality of the proposed programmes and ideas, 10,794 votes were received on the Superste.net platform, 8,895 Twitter followers and 9,950 likes on Facebook.

Under the Centrifuge programme, a total of 11 projects were supported, as well as three projects through Superste +, while three Superste Club winners received support for their ideas.

The 2017 Centrifuge winners are:

- **Birds in Hand – Serbian Society for Bird Protection and Study (Belgrade)** – educating the citizens of Serbia about birds found in Serbia
- **Pedalling – Beo Cycling (Belgrade)** – an application facilitating cyclists’ movement through the city and a platform for them to network and exchange information
- **Virtual Guide through Novi Pazar – A Guide through Novi Pazar** – an application with a map of Novi Pazar and information about current events in the city
- **Hacker Space – Informaton System Agency (Novi Pazar)** – strengthening the local software developer and IT community, through workshops in cooperation with schools and faculties
- **Visiting Classical Music – Visiting Classical Musicians (Belgrade)** – a series of classical music concerts for people in hospitals and old peoples’ homes
- **Monument (Re)Animation – #HeriTag (Belgrade)** – reviving stories about monuments and historical structures in Srem
- **Workshops for Expert Carpenters – Two chairs and Expert Carpenters (Belgrade)** – organising old furniture repairing, restoring and recycling in Zemun
- **Let’s Make a Drama Together – CEPORA – Centre for Positive Youth Development (Belgrade)** – Improving young peoples’ skills for reacting to problematic situations
- **Operation Youth Activation – Gozo (Belgrade)** – an application in the form of a quiz that links the virtual and real world and motivates children to engage in physical activity
- **Videopark – Association of Visual Artists (Užice)** – launching a modern art festival in Užice

The Guardians of Nature won the special audience award for an education programme for primary school pupils on nature, domestic animals and recycling in the Zoo Corner, which houses more than 90 rescued animals.



As was already mentioned, special segments of the Superste programme are Superste+, aimed at providing support to the implementation of former programme participants' projects, and the Superste Club, which brings together content creators – young people working in the area of visual communications, design, video, journalism, social media, spatial interventions and other creative areas. The winning projects as part of the Superste+ competition brought innovative and interesting ideas which, with the help of cultural contents, innovative ways of learning and developing creativity, are attempting to empower members of certain vulnerable groups

ARTYSH Maštalica – silent musical book is a manually bound book for children with disabilities on the subject of musical instruments. By observing instruments during a music concert, children will be able to recognise them in the book and in doing so develop tactile attention, the encouragement of which is particularly important at their age. In order to implement its idea, the team behind this project plans to organise concerts for children from the Centre for the Care of Infants, Children and Youth in Zvečanska and their peers with disabilities, during which these special books will be used.

The Art and Work project seeks to help residents of juvenile detention centres learn to attain, through workshops at which they will be learning how to use a computer, write stories and poems, and then also publish their work on the Blacksheep portal, the skill of creative self-expression and prepare in the best possible way for social inclusion after leaving these institutions. Another winning project is the **Theatre Badge**, which is aimed at motivating primary school children from the outskirts of Smederevo to visit the theatre and develop their own artistic taste, just like their peers from the city.

The main actors of the 2017 Superste Club are Tijana Banović, Viktorija Ćosić and Marko Bugarski, who, in the coming period, will be the creators of content aimed at the Superste community, in the area of design, writing and video-material.

The winners were chosen by a jury composed of Mia David Zarić, School of Technical Sciences, Novi Sad; Zoran Stanojević, Serbian Broadcasting Corporation; Dušan Čavić, Ciklotron Produkcija; Jasna Terzić, member of the Erste Bank Executive Board, and Maja Lalić, Mikser House. In the selection process it rated the projects' impact on society, their feasibility, innovation and candidate experience.



Superste.net platform in figures:

SUPERSTE Rade nas ideje

29,639
votes of support

54,915
active users

219,420
visits to the platform

**HALF A MILLION
PAGE VIEWS**



Recognitions for Superste and Its Winners' Achievements

In the past two years the Superste.net programme has brought about important changes in local communities in different cultural/artistic and educational projects. The programmes' success and impact were recognised by domestic, but also foreign players; Erste Bank is the proud winner of the 2016 UEPS Silver Award for Socially Responsible Companies in the For-profit Sector, the 2016 VIRTUS Special Award for Most Innovative Project, which is awarded by the Trag Foundation and the Bronze Media Innovation Award of the New-York based The Internationalist magazine.

The broader community also began granting awards to winners of the 2016 Superste programme. Danilo Grbović's team, who won the audience award in the 2016 Superste Club, with the FilterApp application, won the Best INAT Potential award at the first INAT Summit.

The Blacksheep base has become a genuine hub for creative people in Belgrade – those who share their literary and artistic achievements at exhibitions and those who are still in the process of creating them in schools for blogging, creative writing, scenario and story writing of different genres.

An education programme for the young on the subject of astronomy called The Sky is the Limit was successfully launched in Kruševac, while high-school students at the Click IT Centre are learning programming and are organising hackathons in the newly-established CoderDojo in Pančevo, and an elgralište (e-playground) team from Niš are holding what is now the tenth competition which brings together future gamers, who learn history and geography by constructing Serbia's historical buildings.

The Belgrade winner, led by Nataša Danilović, winner of the 2017 Superste Club, launched an Android game that enables everyone to hunt, instead of Pokemon, riddles from modern Belgrade history, getting to know it better.

Internships for Young Talents

Providing opportunities for one's first work experience is an important step that enables young people to gain practical knowledge and skills that will help them position themselves in the competitive labour market. Through cooperation with education institutions and the development of internship programmes, Erste Bank seeks to help young people to start their professional career in the best possible way and gain their first work experiences.

During 2017 alone, more than 230 interns had an opportunity to develop and gain experience in different positions in banking, such as relationship manager, teller, adviser, officer for employment, training and development, marketing and communications, payment operations and credit administration, investment banking. The Bank helped the development of young people in banking and finance from the following educational institutions: Belgrade Law and Business High School, Novi Sad Business College, Subotica School of Economics, Belgrade Business School, Kruševac Economics and Trade High School, Niš Economics High School, Bosa Milićević High School of Economics Subotica, Union University School of Law, Alpha BK University, University of Belgrade School of Economics, Niš School of Economics, School of Economics, Finance and Administration (FEFA), Belgrade Banking Academy, Belgrade School of Applied Management, Economics and Finance, Leskovac Business College, Svetozar Miletić Grammar School and Economics High School in Srbobran, First Belgrade High School of Economics, Užice High School of Economics and Business College for Economics and Entrepreneurship. In addition, Erste Bank strives to establish partnerships with youth and student organisations and continuously support their work.

Social Impact Award

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

A team called Pirate Art developed a project aimed at developing aesthetic covers for prosthetic aids, developed via 3D printing, which users can design as they wish.

The second winning team – UrbiGo, develops smart vertical gardens, in which spices or vegetables can be planted. The garden is connected to an application in which, using sensors, you can monitor the garden's humidity, temperature and lighting in real time. The Eyephones team designs glasses for hearing-impaired people, which help them stay safe in transport using light signals activated by sounds indicating danger.

The Community Voice award, which is granted by the audience, was won by the Mini Home project, whose idea was to create a compact, pre-fabricated residential unit that meets basic housing needs with the aim of improving the housing conditions of socially and economically vulnerable groups.

The winners of the competition were decided by a jury consisting of: Branka Novčić (School of Organisational Sciences), Dušan Čavić (Ciklotron Production), Dušan Šaponja (Ciklotron Production), Dušan Vukanović (ICT Hub), Ivana Stančić (Smart Kolektiv), Jovana Paljić (Coca-Cola HBC Serbia) and Sanja Mitić (School of Economics).

The launching of the contest for the Social Impact Award was also followed by the launch of the project titled #MožeDrugačije (#ThereIsAnotherWay). Its main goal was to bring closer to the general public the stories and experiences of entrepreneurs who, through their businesses, have a positive impact on society. The project idea is to inspire and move others, by spreading the enthusiasm of these young people, to design their own ideas for creative entrepreneurial activities aimed at resolving social or environmental problems and apply to the competition.

ERSTE Foundation has been a long-standing regional partner of the Social Impact Award project, which is implemented in Serbia by the Razlivalište organisation, in cooperation with the Ministry of Youth and Sports of the Republic of Serbia, Coca Cola Hellenic Serbia, Erste Bank Serbia, the ERSTE Foundation and Impact Hub, with the support of Smart Kolektiv.

Share Your Knowledge – Become a Mentor

Share Your Knowledge is a unique programme in Serbia, which for the eighth year in a row has created possibilities for the development of leadership, networking and exchange of experiences of successful women in different areas. The programme is jointly implemented by the European Movement in Serbia, the U.S. Embassy, Erste Bank and the OSCE Mission to Serbia. 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 through networking and the empowerment of women. Through mentoring support by some of the most successful women in our country, of different skills and professions, over several months, young women at the beginning of their career get an opportunity to acquire new knowledge and receive invaluable advice that will help them in their further personal and professional development and independence. Under the programme special support is provided to young women from groups facing multiple marginalisation, such as Roma women, and women entrepreneurs in the area of agriculture.

So far 170 women mentors have participated in the programme, including Brankica Janković, Mirjana Karanović, Ana Sofrenović, Aja Jung, Nevena Petrušić, Sonja Liht, Sonja Stojanović Gajić, Milena Dragičević Šešić, Tanja Mišćević, Gordana Čomić, Andrea Brbaklić and many others.

The Mentoring Walk is also part of the programme, and also part of a major global campaign organised and coordinated by the Global Women's Leadership Network and the organisation Vital Voices in dozens of cities around the world. The first Mentoring Walk in Serbia was organised in Belgrade in 2008 and, so far, 14 walks have been held in Belgrade, Novi Sad, Niš, Kraljevo and Valjevo, with more than 600 female participants.

On the occasion of the International Women's Day, on 11 March 2017, a mentoring walk was organised in Valjevo. After the walk, a public debate was organised in the Valjevo City Administration, titled The State of Gender Equality in Serbia Today, with a commemoration of the role of women's movements in the promotion of women's rights. The traditional mentoring walk in Belgrade marked the end of the eighth cycle of the Share Your Knowledge project, when seventy mentors and programme participants walked through the streets of the capital; future female leaders, successful women from the area of business, public life, culture and the non-governmental sector, who at the same time announced the new cycle of this mentoring programme and called on other young women to apply to participate in the programme.



— Individual and Corporate Philanthropy



Erste Bank regularly conducts programmes that are aimed at empowering those parts of society that need help and support the most, as well as individuals, organisations and institutions which prominently contribute to the development of areas that are in accordance with the Bank's Corporate Social Responsibility Strategy. The Superste programme, which encourages innovative ideas that bring positive changes in society, is the most prominent project that the Bank is conducting in this area. Read more about the programme on pp. 92–96.

In 2017, a sponsorship competition was also launched, to which registered civil society organisations, institutions and the media could apply. Erste Bank supports through sponsorship projects that are implemented in the towns in which the Bank operates, and which relate to the areas that are in accordance with our approach to community investment – culture and art, science promotion, entrepreneurship and sports. In addition to being based on the alignment with the Bank's strategic commitments, the decision is also taken in accordance with the rules of the ongoing competition and the available budget for the current year.

Major Sponsorships for 2017

Culture and Art

- 33rd Belgrade Jazz Festival, Belgrade, organised by the [Belgrade Youth Centre](#)
- 8th Subotica International Jazz Festival Jazzik, Subotica, organised by the [Jazzik Civic Association](#)
- 20th Pančevo Jazz Festival, Pančevo, organised by the [Pančevo Culture Centre](#)
- Concert of Vasil Hadžimanov and Bojan Zulfikarpašić, Kolarac, BeogradBiro Lost and Found: Belgrade a Conquered City exhibition, Belgrade, organised by the [UPBeat Production Agency](#)
- Digital presentation of gallery stock, Sombor, organised by the [Milan Konjović Gallery](#)
- 6th International Jazz Festival Jazzibar 2017, Kraljevo, organised by the [Ribnica Culture Centre](#)
- Jazz Music Concert Synthesis devoted to Vojin Mališa Draškocije, Belgrade, organised by the [World Music Association of Serbia](#)
- 18th Guitar Art Festival 2016, Belgrade, organised by the [Association of Classical Guitar Players of Serbia](#)
- Quantum Music, musical/scientific multimedia event, Belgrade, organised by the [Centre for New Art – CENU](#)
- Good Habits, a Walk through Modern Art of Belgrade, Belgrade, organised by [Remont – Independent Art Association](#)
- Hero's Club, Novi Pazar, organised by the [Front Foundation](#)
- Danube Dialogues 2017, contemporary art festival of countries bordering the Danube, Novi Sad, organised by the [Bel Art Gallery](#)
- Mamutfest 2017, Kikinda, organised by the [National Museum of Kikinda](#)
- The World of Sound, interactive exhibition, Belgrade, organised by [Ilija M. Kolarac Foundation](#)
- Crocodile's Residential Programme For Writers 2017, Belgrade, organised by the [Crocodile Association](#)
- Arise! Poetry! Belgrade Festival of Poetry, Belgrade, organised by the [Third Square Civic Association](#)
- Book Talk 2017 Book Conference, Novi Sad, organised by the [HBO Color Media Events Civic Association](#)
- Magic Pot, inclusive children's musical, Belgrade, organised by the [Firefly Association for Affirmation and Creativity](#)
- Seize This Day with Me/Seize the Film – 15th Film Festival, Novi Sad, organised by the [Parnas Creative-Affirmative Association](#)
- Art and Inclusion, Novi Sad, organised by the [Per.Art Association](#)
- 61st June Programmes of Zmaj Children's Games, Novi Sad, organised by [Zmaj Children's Games International Centre for Children's Literature](#)
- Creative Europe Forum, Belgrade, organised by [Creative Europe Desk Serbia](#)
- Doctor Clowns, Belgrade, organised by the [Doctor Clowns Civic Association](#)





Education and Science Promotion

- 12th Science Festival, Belgrade, organised by the **FENOMEN Science and Art Promotion Centre**
- Battle for Knowledge, Belgrade, organised by the **B92 Foundation**
- Progress toward a Circular/Sustainable Economy in Vojvodina – **Drivers and Impediments of the Eco-initiative, Novi Sad**
- Creative Mentoring 2017/2018, Belgrade, organised by the **Creative Mentoring Association**
- I learn + I know=I am valuable, Novi Sad, organised by the **Social Responsibility Promotion Association**



Entrepreneurship and Co-working

- iDEALab, Idea Generation Laboratory, Novi Sad, organised by the **Creative Education Centre**
- ReCup, Belgrade, organised by **Impact Hub Belgrade**
- DELI, Space for Creative Action, Niš, organised by **Proaktiv**
- Social Impact Award, Smederevo, organised by **Tok**
- National Forum for Green Ideas, Belgrade, organised by the **Trag Foundation**
- Rural Hub, Vrmdža, organised by **Ventre for Socially Responsible Entrepreneurship (CDOP)**
- Webiz, Zrenjanin, organised by **Webiz – Association for Promotion of Information Technologies and Improvement of Internet Culture**
- wwwvrsac 2017 Conference: Live Locally – Work Globally Conference, Belgrade, organised by **Plain&Hill**
- Women in IT 4, Novi Sad, organised by **Biznisnova, Proactive Business Centre**
- Programme supporting organisations and social enterprises, Belgrade, organised by **Culture Code**
- StartUp Summer Camp, Niš, organised by **Kamenički Vis**
- Startit Forward, Belgrade, organised by the **SEE ICT Association**
- Belgrade Venture Forum, Belgrade, organised by the **Serbian Venture Network – Seven**
- KreNI - Conference of Creative Industries, Niš, organised by **Young Ambassadors Civic Association**
- Youth Entrepreneurship Fair, Belgrade, organised by the **Youth Business Forum**



Sports

- Paralympic Committee of Serbia, Belgrade
- Serbian Ice Hockey Association – Ice Hockey; Belgrade

Individual philanthropy

The feeling of happiness and satisfaction after helping others is the main motivation of the Bank's employees to assist their fellow citizens from different vulnerable groups, but also their colleagues who have found themselves in a difficult situation. Precisely for that reason, 12 years ago the Marina Ćurčić Solidarity Fund was founded, which is jointly run by the Bank and the Trade Union. The Fund's aim is to help employees or their family members with financial or health problems. During 2017, funds raised from the employer, the Trade Union and voluntary employee contributions, financed the support which was used by 99 employees and 14 children beneficiaries of solidarity scholarships.

In 2016, Erste Bank joined the humanitarian campaign Bottle Caps for Smiles, which is implemented across Serbia, with the aim of raising money for orthopaedic aids for children with disability or another developmental disorder. In the Bank boxes are placed for collecting plastic bottle caps, which are then sent to be recycled, and the proceeds go to charity. Owing to employees from Novi Sad, Nova Pazova and Belgrade, during 2017, a new batch of bottle caps weighing about 130 kilogrammes was dispatched.

Our female colleagues took part in the 8th humanitarian bowling tournament, which was organised by BELhospice on the occasion of the 8 March in the Colosseum Bowling Centre, and at which, owing to the participation of 19 companies, EUR 10,000 were raised for the care of oncology patients at advanced stages of illness. The funds raised will be sufficient to cover the expenses of hiring two medical nurses for almost a year. One medical nurse provides care to about 30 patients at any given moment. The Christmas Bazaar was, in keeping with tradition, held in December in the halls of three Bank business centres in Novi Sad and Belgrade. The employees brought joy to their loved ones by buying various colourful, cheerful and aromatic gifts, thus helping social enterprises such as Sofi Cosmetics, the Vega Youth Centre and Milan Petrović Special Primary and Secondary School. In the Novi Sad business centres, during those days a special humanitarian sale of bracelets was organised in support of the May Nađa Win! campaign, through the purchase of which employees supported the treatment of little Nađa, our colleague's daughter.

Our colleagues in Belgrade and in Novi Sad have already become accustomed to these very dear guests – vendors of the LiceUlice magazine, who also visited us this year on several occasions. We would also like to thank them and all the colleagues who provided support to marginalised groups in Serbia through the purchase of the magazine. The LiceUlice magazine is the only media platform of its kind in the entire region, directed at affirming activism and promoting the values of civil society, and is distributed through a network of vendors – socially vulnerable and marginalised persons, who earn 50 percent of each copy they sell. On average, during each of the visits to the administrative buildings between 80 and 100 copies of the magazine are sold.



VIJEMENSKA PROGNOZA: DIVNO VREME ZA BORAVAK VAN KONFERENCIJE

NJUZ webiz

11. MART 2017. • 11.000 KUPON ZA POCETAK PROMERENJA IZ OBLASTI NEKRETNOSTI

ERSTE banka u Srbiji ERSTE banka u Srbiji ERSTE banka u Srbiji ERSTE banka u Srbiji

30. MART 2. APRIL 2017. • 11.000 KUPON ZA POCETAK PROMERENJA IZ OBLASTI NEKRETNOSTI

ŠOKANTNO: IT-JEVKA USPELA FAMILIJI DA OBJASNI ČIME SE BAVI!

MARK ZAKERBERG PRIZNAO DA GA JE NAJVIŠE INSPIRISAO SRPSKI STARTAPER!

POTRESNA ISPOVEST IT-JEVKE TIJANE

USPELA SAM FAMILIJI DA OBJASNIM ČIME SE BAVIM!





Erste Volunteers

The practice of corporate volunteering is deeply rooted in Erste Bank's values and constitutes a source of pride and satisfaction for its employees. Our numerous volunteering campaigns, which have for years now been actively attended by our employees, are also a testament to that, brightening up our fellow citizens' everyday life across Serbia. In addition to physical work, which most often involves refurbishing and improving certain spaces, volunteers contribute to the transfer of expert knowledge and skills to young people and non-profit organisation representatives through individual engagement as well.

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

At the beginning of 2017, on the Bank's Intranet portal an internal competition was conducted, titled Propose a Volunteering Campaign in Your Town, as part of which all employees had an opportunity to send us their ideas how Erste volunteers can contribute to improving, with the Bank's donor support, the quality of life in the communities in which we operate. The Commission in charge of the selection of three winning initiatives was comprised of our colleagues who were the most active Erste volunteers in 2016 – a total of 20 from the entire network who participated in several campaigns during the previous year and made a major contribution to our volunteering programme. The following locations were chosen: Gospođinci, Čačak and Banoštor, while, as every year, Erste volunteers also took part in a large volunteering campaign titled Our Belgrade organised by Smart Kolektiv and the Responsible Business Forum.

Improving the building and garden of the Gospođinci school, which is over 150 years old, was the main task for more than 40 volunteers who gathered from nearby Žabalj, Novi Sad, Pazova, Belgrade and other places. Activities included painting the school exterior, improving the school yard and nearby kindergarten, beautifying the monument in front of the school, helping workers remove branches. After the campaign, the volunteers also enjoyed the famous Vojvodina goulash prepared by the hosts, and a tourist tour to the Jegrička park, as well as a geography class that was held by the pupils of the school.

Another winning volunteering initiative of the Bank employees took us to Čačak. The tireless team from Novi Sad with reinforcements from Belgrade set off, singing and laughing, on a long journey, while in the Technical School yard a team from Valjevo, Kraljevo and Čačak waited eagerly. The task of painting the school facade was successfully completed, the school pupils expressed their gratitude by offering welcome and cream puffs in the staff common room. The visit ended with a visit to the Park of Knowledge.

The campaign in Banoštor was conducted on 10 June as one of three winning employee initiatives – our colleague Ognjen, Beočin Branch Manager, in agreement with the

Banoštor kindergarten staff, designed a series of activities through which our Bank helped the children obtain a more beautiful dayroom and playroom. There were about 30 participants. The work part of the campaign included the improvement of the kindergarten yard: painting playground equipment, as well as landscaping.

The major Our Belgrade campaign, which every year brings together more than 10 socially responsible companies, this year as well attracted Erste Bank volunteers. Their task was to paint the fence of the Miloje Pavlović School for Children with Developmental Disorders at Banovo Brdo. Some twenty volunteers from Novi Sad, Pančevo, Indija and Belgrade once again dispelled prejudices about “bankers who are there only for the photo opportunity”. With laughter and conversation, the task was completed in no time at all. The children were again in charge of the positive atmosphere, taking very seriously their painting obligations.



— Erste Foundation

ERSTE Foundation is a creative workshop for ideas and innovation, a lab for topics of the future which increases its effectiveness through strategic cooperation with networks. As the main shareholder of the Erste Group, the ERSTE Foundation secures the independent future of one of the largest financial services providers in Central, Eastern and South Eastern Europe. Serbia is one of the countries where the foundation is active. As a private foundation of Austrian savings banks, the foundation is committed to serving the common good.

We invest parts of our dividends into the region in which the Erste Group operates. Our goals are to empower civil society, foster the inclusion of socially vulnerable groups and promote contemporary culture in Europe. We focus on three thematic fields:

- **Social innovation**

We team up to develop social infrastructures – from financial services for people without a bank to capacity building for NGOs, or to digital solutions for social problems. We convey inspiring models of successful social integration, intervention and innovation. The Foundation would like to encourage others to commit. Our projects should serve as a model for partnerships with other actors in the non-profit sector.

- **European cohesion and democracy**

We want to raise awareness for burning topics and create knowledge for mature, active citizens of Europe. Liberal democratic values and European cohesion must be accessible and promoted. To understand Europe and its crises is the basic prerequisite for addressing current challenges and creating new prospects together.

- **Contemporary culture**

We promote engagement with critical societal developments by artists and cultural creators and connect their works to civil society actors and general public.

For more information visit: www.erstestiftung.org



ERSTE
Stiftung

ERSTE Foundation in Serbia in 2017

Balkan Fellowship for Journalistic Excellence

Since 2007 the fellowship programme has supported investigative, high-quality journalism in South-Eastern Europe. It is organised by the ERSTE Foundation and the Open Society Foundations in cooperation with the Balkan Investigative Reporting Network (BIRN). The programme aims to foster high-quality reporting and encourage regional networking among journalists. By helping to enhance their skills and knowledge, in particular on topics related to European policy, we want to enable them to provide more in-depth information to the public in South-Eastern Europe. Furthermore, we want to spark interest among the fellows in the work done by the media in their neighbouring countries.

Each year, the jury selects ten experienced journalists from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Kosovo, Macedonia, Montenegro, Romania and Serbia. Three best articles are awarded a prize at the end; along with the other articles, they are published in numerous reputable media. CHANGE was the topic of the 2017 fellowship edition.

Fellows from Serbia in 2017:

Vladimir Kostić is an investigative journalist specialising in public financing, corruption and crime. He has worked for almost eight years for the Centre for Investigative Journalism in Serbia, as a reporter and deputy editor-in-chief. In 2017, Vladimir took part in the Balkan Fellowship for Journalistic Excellence winning the second prize for his story on donors financing election campaigns in Serbia.

Miloš Stanić is a Novi Sad-based journalist for the Serbian daily Blic and a contributor to VOICE, a centre for research and analysis in Vojvodina. Specialising in crime and corruption, he is a member of the Independent Journalists Association of Vojvodina. His investigation and project conducted in the framework of the fellowship, "Toxic Taps: Arsenic in Water" was showcased by the European Data Journalism Network.



Social Impact Award

This award supports young innovators in establishing social enterprises that aim to tackle the most challenging issues of our time. Events and workshops are designed to raise awareness of social entrepreneurship, impart the skills necessary to turn vague intentions into promising projects, enable access to networks and promote the best teams with the Social Impact Award.

The award offers new opportunities to the next generation of social innovators. Young people are provided with the necessary input to set up a social enterprise as well as feedback by experts and like-minded individuals. They get an idea of social entrepreneurship as a potential career opportunity, and gain expertise, incubation support and seed financing. Currently, the project spans Albania, Austria, Bosnia and Herzegovina, Croatia, Czech Republic, Georgia, Greece, Hungary, Kosovo, Macedonia, Montenegro, Romania, Russia, Serbia, Slovak Republic, Slovenia, Switzerland and Tunisia. There are plans to further extend the programme.

Social Impact Award 2017

- 227 workshops
- 172 incubated, highly talented teams
- 791 project applications
- 55 winning social projects



ERSTE Foundation's NGO Academy

The ERSTE Foundation's NGO Academy was founded in 2013 with the aim of empowering the civil society sector in Central and South-Eastern Europe by providing educational services. It offers executive directors and members of NGOs a range of especially designed, high-quality programmes to strengthen organisational structures and enhance management skills. They are designed in cooperation with the Competence Centre for Non-profit Organisations and Social Entrepreneurship of the Vienna University of Economics and Business (WU Wien) and include the Social Innovation and Management Programme for NGO Executives and the Regional Programme, which focuses on local contexts and is offered in five languages. The lecturers' high level of expertise, high-quality content and its practical applicability, the building of international networks with like-minded professionals and experts, and insight into current developments and trends are of key importance.

In 2017 the programme lecturers also published a study on civil society in the region: Civil Society in Central and Eastern Europe: Challenges and Opportunities. Twenty-seven authors analysed the situation in 16 countries in Central and Eastern Europe: Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Kosovo, Macedonia, Republic of Moldova, Montenegro, Poland, Romania, Serbia, Slovak Republic and Slovenia.

Largest capacity building programme for civil society organisations in CEE

- 40 events a year (further education and training, workshops, seminars)
- 120 lecturers and experts
- 400 participating organisations
- 1,000 participants
- 4,500 participant days

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

✓ 90%	"WE HAVE INITIATED NEW PROJECTS DUE TO THE PROGRAMME."
✓ 55–75%	OF CLASS PROJECTS ARE IMPLEMENTED
✓ 90–100%	OF PARTICIPANTS STILL KEEP IN TOUCH
✓ 50%	ARE IN CONTACT WITH THE FACULTY
✓ 40%	HAVE COOPERATED PROFESSIONALLY (E.G. NEW PROJECT)
✓ 65%	HAVE ASSISTED OTHER PARTICIPANTS IN A PROFESSIONAL CONTEXT
✓ 95%	WANT TO COOPERATE IN THE FUTURE OR SUPPORT OTHER PARTICIPANTS
✓ 100%	WOULD "HIGHLY RECOMMEND" THE PROGRAMME

Ideas for Actors – Europe’s Futures

We need platforms to renew and re-invent Europe. In 2017 we joined forces with the Institute for Human Sciences in Vienna and its social and political scientists, with leading European organisations and think-tanks to tackle some of the most crucial topics: asylum and migration, rule of law and democracy, European enlargement and social inclusion. We are creating a network of important EU actors, in particular between Austria, the Visegrád 4 countries and South-Eastern Europe. Europe’s Futures has clear objectives: a European Union that protects its citizens and offers more sustainable livelihoods than before; where Member States defend the fundamental values of a democratic order and rule of law; and where countries such as Austria continue to protect the Union’s democratisation and enlargement agenda.

European Fund for the Balkans

Founded in 2007, the European Fund for the Balkans (EFB) is a joint initiative of the ERSTE Foundation, Robert Bosch Stiftung and King Baudouin Foundation that conceives, implements and supports projects aimed at strengthening democracy, promoting European integration and reinforcing the role of South-Eastern Europe in tackling the emerging challenges in Europe. The EFB strives for the continuous “Europeanisation” of politics and practices of Western Balkan countries working towards EU accession and puts a clear focus on training, strategic development and regional cooperation. During the past ten years, the initiative, for example, worked on creating capacities for 56 think-tanks. 115 young government officials and 203 young executives benefited from its training programmes. It supported 120 scientists as well as 35 research groups and their joint projects. The EFB published five books and 70 position papers. It hosted two Balkan festivals, and organised 15 summer schools and academies, 21 road shows, 30 international events, 60 debates and 95 panel discussions. The only TV show to be broadcast across South-Eastern Europe, Vicinities, continues in its sixth season.



Civil Society Forum of the Western Balkans Summit Series in Trieste

This platform, founded in 2015, provides input to the Berlin Process, a diplomatic initiative to support the future enlargement of the EU with bilateral partnerships. The European Fund for the Balkans has been organising the platform since 2016. The civil society of the Western Balkans works on regionally relevant issues and policies and monitors the progress in implementing them. Annual meetings, workshops and an online consultation interface provide opportunities for comprehensive decision-making processes. Experts help formulate policy recommendations to decision-makers in the region.

The annual Civil Society Forum organised on 11 and 12 July 2017 in the framework of the Western Balkans Summit in Trieste, was an event where fresh ideas were launched on how to overcome the challenges facing the Western Balkans. The new regionally important topics and the policy recommendations prepared in the previous period by the civil society were discussed and presented to officials from the region and the European Union.

In order to influence the decisions of the intergovernmental summit, the civil society representatives met with European Commissioner for Neighbourhood Policy and Enlargement Negotiations, Johannes Hahn, Italian Minister of Foreign Affairs, Angelino Alfano, as well as Ministers of Foreign Affairs of the Western Balkan countries. On this occasion, policy recommendations were presented on the topics of the Western Balkan regional cooperation and bilateral relations, rule of law and fight against corruption, youth cooperation, improvement of business climate for innovative enterprises, the environment and climate change, and more efficient communications of the Berlin process. Additionally, a series of panels and workshops were organised in order for the civil society to elaborate backsliding of democracy in the Balkans, the potential of creative industries, migrations, media freedoms, and the relevance of Brexit to the European perspective of the region.

Civil Society Forum brought together over 200 representatives of the regional and European civil society organizations, think-tanks, foundations, and a number of journalists, academics and artists. The two-day event resulted in concrete new ideas and proposals, aimed at boosting regional cooperation and Europeanisation of the Western Balkans.



Responsibility to the Environment



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

THE ENVIRONMENT IS OUR CONCERN AS WELL, OUR PLEDGE FOR THE FUTURE

- ✓ SINCE THE INTRODUCTION OF THE ENVIRONMENTAL MANAGEMENT SYSTEM IN MID-2011, TOTAL ENERGY CONSUMPTION WAS REDUCED BY: 13.2%
- ✓ THE GREEN PROCUREMENT SYSTEM WAS INTRODUCED IN 2013 WITH THE TRANSITION TO THE PROCUREMENT OF RECYCLED PAPER
- ✓ OVERALL, OVER 190,000 KG OF PAPER WERE RECYCLED, OVER 17,000 KG OF ELECTRONIC WASTE, OVER 1,800 M2 OF PVC FOIL, OVER 500 KG OF PET PACKAGING
- ✓ THE RESPONSIBLE FINANCING POLICY AND THE NATURAL AND SOCIAL ENVIRONMENT PROTECTION POLICY WERE ADOPTED
- ✓ EUR 80 MILLION WERE INVESTED IN LOANS TO RES PROJECTS
- ✓ TOTAL INVESTMENT IN ENVIRONMENTAL PROTECTION: RSD 491 MILLION



The strategic approach to impact management in this area is based on the new Corporate Social Responsibility Strategy 2015-2019 that builds on the goals, or achieved results, of the previous CSR Strategy 2012-2014. As a financial institution, we are aware that we have the greatest impact on the environment precisely through financing our clients, more precisely through financing their projects and operations. Therefore, it is clear why we have striven to achieve our most significant results in the area of responsible financing, to set an example for others and to be one of the leaders in financing renewable energy projects. Also, by setting clear goals and monitoring indicators, quantitative reporting practices have been further improved.

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

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

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

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

Achievements in 2017:

- ✓ Total investment of RSD 95,726,232.60 in environmental protection management
 - ✓ The new business complex Sirius Offices, built in accordance with the highest environmental construction standards, was opened.
 - ✓ The agreement on financing Kovačica, one of the largest wind farms in Serbia, was signed, while the Bank is the absolute leader in financing energy efficiency projects
-

— Responsible Resource Management

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

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

The Bank's most important initiatives in the previous period include developing the energy management system, applying environmental standards in the interior decoration of branches, reduced operation of advertising signage in accordance with available possibilities, applying LED lighting, replacing the heating system in facilities where necessary, programming the air-conditioning system in accordance with employee working hours, leasing and purchasing more environmentally friendly vehicles, using video and telephone conferences with the aim of reducing business trips and innovations in the printing system with the aim of reducing the consumption of energy, paper and toner. The Bank has so far invested around RSD 491 million in environmental protection projects.



Development of the Environmental Management System

In 2011, Erste Bank joined the ECOprofit project, launched by the City Administration for Environmental Protection of Novi Sad in cooperation with the Austrian Development Agency and the 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 during 2017 as well.

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

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

TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)*	2011	2012	2013	2014	2015	2016	2017
	23,555,926.52	27,875,017	88,171,043.90	72,142,195	83,537,961.04	69,512,514.77	95,726,232.60

* The significant difference in costs for 2013 appeared due to the improvement in the Green Procurement system.

* The significant difference in costs for 2017 appeared mostly due to the equipping of the Sirius HQ building in line with high environmental standards.

Environmental Sustainability of Facilities

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

The Sirius complex, consisting of the Sirius A and Sirius B buildings, named after the brightest star in the sky, boasts a total area of 29,420 m² of above ground floor space, as well as a common two-level underground garage with 339 underground parking spaces. The Sirius building complex will receive with the BREEAM (Building Research Establishment Environmental Assessment Method) certification, in order to contribute as much as possible to environmental protection, better working conditions, as well as optimal costs of business premise use.

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

Green Branches

After the Bank prepared two energy efficiency studies for its branches in Bačka Palanka and Velika Plana with the experts of Membrane Studio Novi Sad in 2014, further activities were planned at other Bank branches following the adaptation of these branches. In 2015 we renovated five branches according to environmentally friendly criteria (one in Novi Sad, Novi Banovci and Kula and two in Belgrade), in 2016 three branches were adapted and renovated (one in Novi Sad, in Zrenjanin and Plandište) and in 2017, in line with these principles, the Bank refurbished three additional branches (one in Belgrade, Bečej and Odžaci each).

Energy and Emissions

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

Although in 2017, primarily due to the increase in the overall facility surface area as well as the number of employees, overall energy consumption rose slightly compared to 2016, through optimal resource use, a reduction in electricity consumption of about 6.63% was achieved in the Bank's business facilities.

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 2017 relative to 2016 (8,888 m³ of water from the city water supply network in 2016 and 9,288 m³ in 2017), it was around 900 m³ lower than in the first year of measurement.

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

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

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

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

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

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

* 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 31/12/2017 was taken as the parameter for calculating energy intensity.

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

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

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

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

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

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

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

INTENSITY OF GREENHOUSE GAS EMISSIONS* (t/CO ₂ eq PER EMPLOYEE)	2014	2015	2016	2017
TOTAL GREENHOUSE GAS EMISSIONS (t/CO ₂ eq)	3,636	2,935	3,115	3,128
TOTAL NUMBER OF EMPLOYEES	992	1,027	1,021	1075
INTENSITY OF GREENHOUSE GAS EMISSIONS PER EMPLOYEE (CO ₂ eq t/a PER EMPLOYEE)	3.66	2.86	3.05	2.9098

* Emission intensity includes CO₂ emissions related to direct and indirect greenhouse gas emissions, as well as emissions caused by transport. Intensity of emissions is emission per activity unit, product unit, or other parameter unique for the company. The number of permanent employees as of 31 December 2017 was taken by the Bank as the parameter for calculation.



Transport

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

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

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

SIGNIFICANT ENVIRONMENTAL IMPACTS DUE TO TRANSPORT	2013	2014	2015	2016	2017
ENERGY CONSUMPTION					
DIESEL (l/a)	40,700	62,000	80,837	68,552	90,829
PETROL (l/a)	48,000	33,000	40,678	43,757	3,859 *
EMISSIONS CO₂ t/a CO₂eq	328	380	302	327	383

* 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

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

Since 2009, the Bank's internal magazine Puls, the Bank CSR report The Bank is the People! as well as other Bank publications have been printed solely on FSC (Forest Stewardship Council) certified paper, which means that timber or paper is produced by

controlled and sustainable forest growth and reflects the highest level of quality assurance and sustainability in forestry, timber industry and paper industry.

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

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

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

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

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

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

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

Employee Engagement

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

In 2017, Erste Bank joined 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. Owing to the employees from Novi Sad, Nova Pazova and Belgrade, a new batch of bottle caps of around 130 kilogrammes of bottle caps has been sent to be recycled.

Also, over 15 Bank employees travelled to work by bicycle, thus joining the Just Not by Car campaign, which is part of a global initiative for the preservation of the environment through the use of environmentally friendly (sustainable) means of transportation, while during the move from the GTC to the Sirius business complex a total of 9.74 tonnes of paper was recycled.

— Investment in Sustainable Development

With the intention of contributing to an ever greater demand for electric energy in a sustainable, reliable and economical manner, for many years Erste Bank has focused in particular on renewable energy source projects which, despite their complexity, constitute an investment in the future and the preservation of the environment. Responsible financing has thus become a strategic commitment of our Bank, in which we believe that, in such a way, we contribute to a sustainable future for our customers, employees and the community. The first step was made by implementing the Natural and Social Environment Protection Policy and the Responsible Financing Policy (read more about the policies in the “Social and Economic Risk Management” section – p. 26).

In Serbia, more than 70% of electric energy consumption still relies on the use of coal, while its use is known to have a very negative impact on the environment. The development of renewable energy source projects in our country began later than in more developed European and global practice. On the other hand, that is precisely what has enabled legislators immediately to put in place laws regulating this area in accordance with EU practice. Implementation of projects that use renewable energy sources involves very complex activities both for the project manager and the financier. The financing is, in every one of those cases, based on successful environmental impact assessment of the project in the community in which it is built, the approval of local authorities, compliance with all local laws and regulations, as well as on respect of specific standards for financing in this area. Erste Bank finances various renewable energy source projects, and recognises the problem of climate change as one of the main collective hazards at the global level. In accordance with the previously mentioned policies regulating this area of operation, the Bank has so far financed three biogas facilities, 14 solar facilities, two wind farms and 30 small hydroelectric power plants.

In mid-2017 the Bank Executive Board issued a Decision on Taking the EIB APEX III/B Loan for Small and Medium-sized Enterprises and Other Priorities, based on the financial agreement between the European Investment Bank, the Republic of Serbia and the National Bank of Serbia, based on which Serbia borrowed a total amount of EUR 150 million. The long-term loans are intended for:

- Financing small and medium-sized projects implemented by SMEs and mid-caps, including the financing of the Western Balkans Youth Jobs Project
- Financing priority investment projects of limited volume, promoted by end users of any size, in the area of environmental protection, health and education.

It is expected that the first loans from this credit line will be granted in early 2018.

The **EIB** credit line from 2012, in the amount of EUR 50 million and repayment period until 2026, intended for **micros, small and medium-sized** enterprises, was also active during 2017. Funds for renewable energy sources in the amount of EUR 1,611,421 were approved from this credit line in 2017.

Financing Agreed Upon for Kovačica, One of the Largest Wind Farms in Serbia

One of the largest wind farms in Serbia, with 38 turbines producing 104.5 MW, will be constructed in Kovačica. The owner of the project valued at EUR 189 million is Israeli company Enlight Renewable Energies, and the wind park is expected to be commissioned in late 2018. Financing in the amount of EUR 142 million will also be secured by means of parallel loans approved by Erste Group Bank AG (with the support of the German Euler-Hermes Export Credit Agency), Erste Banka Serbia and EBRD. The Kovačica wind farm is the second facility of its kind financed by the Bank in Serbia, which committed, together with the Erste Group, to provide 65 per cent of the total loan amount.

The Kovačica wind farm will reduce Serbia's annual CO₂ emissions by approximately 247,000 tonnes, ensure environmental sustainability through the production of clean electric energy for more than 65,000 households in Serbia and contribute to the country's ambitious goal to raise the share of energy consumption from renewable energy sources to 27 per cent in 2020.

In 2017, when the customers met certain requirements, three customers' loans, which were granted during 2016 from bank funds, transferred to KFW funds of the credit line from 2014 in the amount of EUR 7,399,000.

In addition, the Public Sector and Special Financing Department granted loans totalling EUR 8,355,896 for renewable energy sources from the Bank's funds.

Of the total loans granted in 2017, EUR 17,366,317 or 6.46% was granted for renewable energy sources.

National Forum for Green Ideas

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

For the production of rare cosmetic oils and briquettes, the Miroslav Garić agricultural household from Kragujevac won first prize. Second prize went to Slavica Orelj from Slanci for Pompon, natural gluten-free pasta made of dried pumpkin, while third prize was won by Jasmina Grbović Novaković from Gornja Trešnjevica for the production of quinces in the village territory.

Of the total of 98 projects that applied, 12 finalists of the Green Ideas Forum presented their projects, of which the jury selected the best three projects. USD 5,000 was allocated for the realisation of each of the entrepreneurial ideas presented in the works of the best. Apart from that, during July 2017 the winners of the competition also had an opportunity to present their ideas at the Philanthropy for Green Ideas Forum of the Rockefeller Brothers' Fund (RBF) and win an additional USD 10,000, while the Lužnica Handicraft association, the winner of the special award, with the support of the CWS humanitarian organisation, gained the possibility of exchanging experiences with similar initiatives in the region, capacity building and long-term financial support.

The winning ideas were further supported by consultation and mentoring in order to make them competitive and sustainable in a longer term, which was contributed to by the mentors' advice regarding business plan preparation, internal organisation, overcoming the challenges in product certification and company registration, planning the time for starting the business, choosing partners and other.

The National Forum for Green Ideas was launched by the Trag Foundation in partnership with the Rockefeller Brothers Fund and Erste Bank, joined by a new partner during 2017 – the Church World Service humanitarian organisation (CWS). The programme was launched so that individuals, associations and small enterprises would receive encouragement and funds to develop innovative entrepreneurial projects based on the principles of sustainable development. These ideas are related to economic development based on the rational use of local resources, traditional production processes adapted to a new environment, preservation of crafts, as well as on continuous environmental improvement.

About the Report

The Corporate Social Responsibility Report 2017 of Erste Bank a. d. Novi Sad is the tenth CSR report and the seventh report that follows the international sustainability reporting methodology, Global Reporting Initiative (GRI).

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


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

www.globalreporting.org
www.ungc.rs

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

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

Representatives of all organisational parts in the Bank worked on the collection of 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 2017 non-consolidated financial report.

REPORT PARAMETERS	CORPORATE SOCIAL RESPONSIBILITY REPORT 2017, ERSTE BANK A. D. NOVI SAD	
REPORTING CYCLE	ANNUAL	
REPORTING PERIOD	FOR 2017 (REPORT PUBLISHED IN 2017) RELATES TO THE BUSINESS YEAR FROM 01/01/2017 TO 31/12/2017	
PREVIOUS CSR REPORT	FOR 2016 (REPORT PUBLISHED IN 2017)	
FIRST CSR REPORT PUBLISHED	FOR 2008 (REPORT PUBLISHED IN 2009)	
REPORTING METHODOLOGY	GLOBAL REPORTING INITIATIVE (GRI STANDARDS) GRI FINANCIAL SERVICES SECTOR DISCLOSURE UNITED NATIONS GLOBAL COMPACT (UNGC) COP	
OTHER STANDARDS	AA 1000SE STANDARD (ACCOUNTABILITY:2011)	
SCOPE	DEPENDING ON THEIR AVAILABILITY, CERTAIN DATA RELATE TO THE TWO MOST IMPORTANT FACILITIES OF THE BANK, ITS HEADQUARTERS IN BELGRADE AND NOVI SAD, WHILE OTHER DATA ALSO INCLUDE ALL BRANCHES OF ERSTE BANK ACROSS SERBIA. OTHER MEMBERS OF THE ERSTE GROUP IN SERBIA (P. 16) ARE NOT INCLUDED IN THIS REPORT	
EXTERNAL VERIFICATION	/	
CONTACT PERSON	<p>SONJA KONAKOV SVIRČEV CORPORATE SOCIAL RESPONSIBILITY EXPERT DOP@ERSTEBANK.RS SONJA.KONAKOV.SVIRCEV@ERSTEBANK.RS + 381 (0) 112015011 + 381 (0) 608747497 THE REPORT IS AVAILABLE AT: WWW.ERSTEBANK.RS • WWW.UNGC.RS</p>	



In drafting its CRS Report, the Bank relies on the GRI Reporting Principles, which are defined with the intention of providing each reader with a clear insight into all aspects of the business with a focus on those topics that are of utmost importance to them.

REPORTING PRINCIPLES	CORPORATE SOCIAL RESPONSIBILITY REPORT 2017 ERSTE BANK A. D. NOVI SAD
<p>THE REPORT CONTENT IS DEFINED SO AS TO PRESENT THE TOPICS, WHOSE MATERIALITY WAS RECOGNISED DURING THE PREPARATION OF THE CSR STRATEGY, ACCORDING TO THEIR STRATEGIC IMPORTANCE TO THE BANK, AS WELL AS TO ITS STAKEHOLDERS (PP. 20–22)</p>	<p>STAKEHOLDER ENGAGEMENT IS A FUNDAMENTAL TOOL THE BANK USES IN ORDER TO UNDERSTAND THE NEEDS AND EXPECTATIONS OF ITS STAKEHOLDERS AND RESPOND TO THEM (PP. 24–25)</p>
<p>A WIDER SUSTAINABILITY CONTEXT IS THE FRAMEWORK WITHIN WHICH THE BANK OBSERVES ITS BUSINESS AND CSR ACTIVITIES, TAKING INTO ACCOUNT NATIONAL AND INTERNATIONAL TRENDS, IN PARTICULAR THOSE WITHIN THE FINANCIAL SECTOR.</p>	<p>THE PRIORITY ASPECTS OF REPORTING RELATE TO 2017 AND THE ENTITIES DEFINED BY THE BANK AS INCLUDED (P. 16). COMPARATIVE DATA IN RELATION TO THE PREVIOUS YEARS ENSURE THE COMPLETENESS OF THE REPORT AND PROVIDE STAKEHOLDERS WITH A POSSIBILITY TO REVIEW FULLY THE RESULTS OF THE BANK'S ACTIVITIES.</p>
<p>THE BANK TRIES TO VIEW OBJECTIVELY ITS IMPACTS ON SUSTAINABILITY AND PROVIDE AN UNBIASED PICTURE OF ITS PERFORMANCE, WHICH ACHIEVES BALANCE IN REPORTING</p>	<p>IN ACCORDANCE WITH THE GLOBAL TRENDS IN REPORTING, 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, WHICH ENSURES COMPARABILITY WITH THE PREVIOUS REPORTING PERIODS AND OTHER NATIONAL AND INTERNATIONAL COMPANIES.</p>
<p>AS PART OF THE REPORTING PROCESS IMPROVEMENT, THE BANK DEVELOPS AND IMPROVES ITS DATA MONITORING AND COLLECTION METHODS, GUARANTEEING THE ACCURACY OF THE INFORMATION.</p>	<p>THE BANK ENSURES TIMELINESS AND REGULAR AVAILABILITY OF INFORMATION TO ITS STAKEHOLDERS, SINCE THE SCHEDULE OF THE ANNUAL PUBLICATION OF CSR REPORTS HAS BEEN HARMONISED WITH THE PUBLICATION OF THE ANNUAL FINANCIAL REPORTS SINCE 2008.</p>
<p>THE BANK STRIVES TO ENSURE AVAILABILITY AND CLARITY OF INFORMATION TO ALL READERS, PARTICULARLY TAKING INTO ACCOUNT THE COMPLEXITY AND COMPREHENSIVENESS OF THE TOPIC.</p>	<p>ALL CLAIMS IN THE REPORT ARE SUPPORTED BY APPROPRIATE RELEVANT INFORMATION AND MAY BE VERIFIED, AND THE BANK GUARANTEES THEIR RELIABILITY, CONSISTENTLY FOLLOWING THE INTERNATIONAL STANDARDS AND METHODOLOGIES, AS WELL AS THE GLOBAL GUIDELINES OF THE ERSTE GROUP.</p>

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	ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT – MANAGEMENT APPROACH GRI 412								46–47, 50, 65, 81, 87–89	
22.	412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	○	○	●	●	●	●	●	50	PRINCIPLES 1,4,5
23.	412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	○	○	●	●	●	●	●	65–67	PRINCIPLES 2,4,5

	ASPECT: LOCAL COMMUNITIES – MANAGEMENT APPROACH GRI 413								90–91		
24.	413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMMES	●	●	●	●	●	●	●	90–91	PRINCIPLE 1	
25.	FS 14 C INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE	○	●	●	●	●	●	●	17	SDGs 1, 8, 10	
	ASPECT: SUPPLIER SOCIAL ASSESSMENT– MANAGEMENT APPROACH GRI 414								85		
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 GRI G4 in 2014, while indicator HR10 was fully met each year starting from the 2012 report.	N/A	N/A	N/A	N/A	N/A	N/A	N/A**	●	87–89	PRINCIPLES 2,4,5 SDGs 5,8,16
	ASPECT: MARKETING AND LABELLING– MANAGEMENT APPROACH GRI 417 (INCLUDES FORMER FS16 INDICATOR – INITIATIVES TO ENHANCE FINANCIAL LITERACY BY TYPE OF BENEFICIARY)								63, 67–74, 81	SDGs 1, 8,10	
27.	417-1 REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING	●	●	●	●	●	●	●	81	SDG 12	
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SECTOR-SPECIFIC ASPECTS ACCORDING TO GRI FINANCIAL SECTOR DISCLOSURES											
	ASPECT: PRODUCTS AND SERVICES PORTFOLIO– MANAGEMENT APPROACH (FORMER INDICATORS FS1, FS2, FS3, FS4, FS5)									64–67	SDG 10
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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	○	○	●	●	●	●	●	120–121		
	ASPECT: AUDIT – MANAGEMENT APPROACH (FORMER INDICATOR FS9)									67	SDG 10

GRI INDICATOR COMPLIANCE LEVEL

● FULLY MET

→ PARTLY MET

○ NOT MET

* RED COLOUR MARKS INDICATORS FROM THE FINANCIAL SERVICES SECTOR SUPPLEMENT

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

ADDITIONAL REMARKS:

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

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

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

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

* According to the assessment of the report author.

Additional remarks: Under the new GRI Index, former indicators HR12, EN27, EN30 and EN31 are not presented in the form of indicators, but through the topic management approach: Materials, Energy, Emissions, Effluents and Waste and the General Management Approach.

— United Nations Women’s Empowerment Principles

In 2012, Erste Bank was one of the first signatories in Serbia to the **United Nations Women’s Empowerment Principles**, which represent the guidelines to the business sector about how to empower women at the workplace, in the market and in the community. This report provides an insight into our long-standing engagement in the improvement of gender equality and the empowerment of women in all areas of our activities.

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATING TO SUPPORT TO WOMEN’S EMPOWERMENT AND ENHANCEMENT OF GENDER EQUALITY IN THE WORKING 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 RELATING TO SUPPORT TO WOMEN’S EMPOWERMENT AND ENHANCEMENT OF GENDER EQUALITY IN THE MARKET:		
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 RELATING TO SUPPORT TO WOMEN'S EMPOWERMENT AND ENHANCEMENT OF 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 2017

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

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