

Zajedno čuvamo prirodu i uživamo u njoj!



THE BANK IS THE PEOPLE!

ErsteVolonteri

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ERSTE BANK A. D. NOVI SAD /

CORPORATE SOCIAL RESPONSIBILITY REPORT 2016



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Erste Bank a. d. Novi Sad

Corporate Social Responsibility Report 2016



Foreword

SLAVKO CARIĆ

CHIEF EXECUTIVE OFFICER, ERSTE BANK A. D. NOVI SAD

Dear colleagues and friends,

Yet another record year is behind us – the year in which Erste Bank once again received a confirmation of the correctness of its business philosophy based on the conviction that it is possible to achieve profitability and business stability and, at the same time, do business responsibly, taking into account the needs of the social and natural environment. This principle was essentially the basis of our Bank's activities when it was founded, almost two centuries ago. Today, modern business environment brings new challenges and we, as a stable financial institution, have an additional responsibility of encouraging sustainable economic growth and development. We are committed to this through financial and advisory empowerment of the wider community, while remaining a reliable partner to citizens, entrepreneurs, businesses and the public sector.

In line with our strategic goals set for the next five years, which direct us to be the leading bank in customer experience, among the top three banks in innovation and among the top five banks in profitability, Erste Bank achieved a 73.6% better net profit result in Serbia in 2016 relative to the previous year. Taking into account the needs of our customers, we recognised the right moment for redefining many business aspects – in step with global trends, especially in the area of digitalisation and state-of-the-art information technologies.

In very demanding market conditions, the Bank managed to maintain a high quality and competitiveness of its products and services. Despite all the changes that modern business brings, customer relationship remains the most important, it is what makes us stand out and distinguishes the Bank and what I am particularly proud of.

Corporate social responsibility is set as one of our priorities and deeply integrated in our business. We believe that responsible and sustainable business is only possible through strategic corporate governance, based on investment in long-term and stable relationships with all key stakeholders: employees, customers, suppliers and fellow citizens in all communities in which we operate. In this context, we rely on our Corporate Social Responsibility Strategy adopted in 2015, and it is especially important that the Bank committed to report transparently and regularly on all aspects of its non-financial performance, which became our standard activity along with mandatory financial reporting.

This year's report is another way of presenting clearly and systematically to all of you, our colleagues and partners, all aspects of the Bank's socially responsible approach, with a special emphasis on those issues that are directly connected with our core business. I would like to point out with great pleasure that Erste Bank has been reporting on sustainability for full nine years now, thus actively contributing to the establishment and improvement of this practice in Serbia. For the sixth consecutive year now, the report has been in compliance with the most relevant global methodology, the Global Reporting Initiative (GRI G4), which, in addition

to providing standardised performance measures, puts the focus on continuous internal improvements.

What we are particularly proud of in the past year is the unique Step by Step social banking programme, which we launched in 2016 with the aim of supporting the traditionally underbanked customers: new businesses, including new entrepreneurs, social enterprises, civil society organisations, as well as persons at risk of poverty. As part of the first step of implementing this programme, the Bank signed a guarantee agreement with the European Investment Fund (EIF) in 2016, thus enabling support to micro-enterprises in Serbia.

In addition, with over EUR 60 million invested, the Bank has been the leader in our market for many years now when it comes to funding renewable energy source projects, and socio-environmental criteria are strategically integrated in our risk assessment process and investment decisions.

Another indicator that we are on the right track is the inclusion of Erste Bank in the CSR Index, the first national CSR assessment platform, where the Bank ranked highly on the first national list of socially responsible companies, having met strict requirements of this methodology. This, as well as other recognitions, encourages us to continue to preserve our identity, acting responsibly and with respect in all aspects of our business, and thus justify the trust placed in us.

Cordially, Slavko Carić



Foreword

JASNA TERZIĆ

MEMBER OF EXECUTIVE BOARD OF ERSTE BANK A.D. NOVI SAD

Dear friends,

During the past eleven years that Erste Bank has been present in Serbia, our focus has always been the same – a stable and sound growth of our customers, the speed and quality of our service, and a contribution to the development of communities in which we are present. We are recognisable for our fostering of corporate social responsibility and insisting on it as an integral part of our long-term business strategy.

In line with the principles on which Erste Bank was founded, we seek to develop continuously practical solutions that will increase the accessibility of financial services. A part of our approach is also the improvement of financial literacy for individuals as well as for legal entities. In addition to the Step by Step comprehensive support programme, which is presented in detail in this year's report, we paid special attention during 2016 to the development of digital channels. We developed an entire set of digital services and made them available to our customers. Education on electronic banking is an integral part of the development of these services, so in 2016 we continued our Digital Corner project, in which our customers at our branches can familiarise themselves with all the advantages of new technologies and tools. The fact that we are on the right track when it comes to recognising and monitoring the needs of our customers is also evidenced by a high index of their satisfaction, which was 92.5% at the Bank level in 2016, with the satisfaction with the NetBanking e-banking service being the highest, reaching the rating as high as 96% for individuals.

In addition, we paid great attention to developing the capacities of our employees in this area and devoted a lot of time to in-house education with the aim of familiarising our employees with the trends and changes in the market brought by digitalisation. A series of workshops for employees was held on online Bank products and social networks as a customer communication channel. Capacity building is aimed at supporting our employees to become active participants of the digital world and to best apply in their work the changes brought by the digital world. Investment in development and education is part of our comprehensive care for the satisfaction of our employees, who are the agents of all new ideas, processes and performance in our bank.

When it comes to support to the community, we remained focused on innovative forms of support, which, in addition to financial support, include educational and mentoring support. The innovativeness and success of our donor platform superste.net in 2016 was confirmed by prestigious international awards. In addition to the abovementioned successes and achievements, the report you have before you brings a detailed overview of our performance in all business areas in the context of CSR and contribution to the community and the preservation of environment. We invite all of you, our partners, associates and friends, to continue to build a better society and future together.

Cordially, Jasna Terzić

A handwritten signature in blue ink, appearing to read 'Terzić', written in a cursive style.

HOW TO READ THIS REPORT?

The 2016 Report, the ninth Erste Bank Corporate Social Responsibility Report, brings an overview of results achieved and activities realised in all business areas – corporate governance, customer relations, work environment, investment in local community, environmental protection and supply chain management. Our approach to reporting arises from the Bank's strategic commitment to manage responsibly the impacts its business has on the social and natural environment.

We recommend all our readers to view this Report as a whole in order to gain a full insight into our approach to the abovementioned areas and corresponding activities and results. If you do decide to dedicate your time to certain parts of the Report, we draw your attention to the areas and topics that may be of the greatest importance 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. 32.
- STRATEGIC APPROACH TO CORPORATE SOCIAL RESPONSIBILITY, P. 14.
- SUSTAINABILITY MANAGEMENT AND CONTRIBUTION OF ERSTE BANK TO GDP, P. 18.

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, get informed of 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. 44 AND "RESPONSIBILITY TO THE ENVIRONMENT", P. 80.
- DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY THROUGH JOINT INITIATIVES, P. 32.

An Erste Bank employee

See what rights and opportunities Erste Bank guarantees as a responsible employer, what improvement and 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. 32.

A customer of the Bank

See more details about the wide 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. 44.
- BUSINESS RESULTS, STRATEGIC APPROACH AND CORPORATE VALUES: "COMPANY PROFILE", P. 11
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", P. 21.

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. 64.
- ENVIRONMENTAL INITIATIVES: "RESPONSIBILITY TO THE ENVIRONMENT", P. 80
- CSR STRATEGY AND KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", P. 14

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. 32.
- STRATEGIC APPROACH TO CORPORATE SOCIAL RESPONSIBILITY, P. 14.
- SUSTAINABILITY MANAGEMENT AND CONTRIBUTION OF ERSTE BANK TO GDP, P. 18.
- GOOD CORPORATE GOVERNANCE, P. 21.
- SUPPORT TO BUSINESSES: "RESPONSIBILITY TO CUSTOMERS", P. 44.

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 achieved, its ethical conduct in the market and its good governance practices.

- FINANCIAL RESULTS: "COMPANY PROFILE", P. 11.
- DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY THROUGH JOINT INITIATIVES, P. 32.
- STRATEGIC APPROACH TO CORPORATE SOCIAL RESPONSIBILITY, P. 14.
- GOOD CORPORATE GOVERNANCE P. 21.

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. 59
- INITIATIVES CONDUCTED IN LOCAL COMMUNITY: "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", P. 64

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. 44.
- INITIATIVES OF SIGNIFICANCE FOR THE COMMUNITY: "RESPONSIBILITY TO CUSTOMERS", P. 44 AND "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", P. 64.

A representative of 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. 64.
- ENVIRONMENTAL INITIATIVES: "RESPONSIBILITY TO THE ENVIRONMENT", P. 80
- RESPONSIBLE FINANCING: "RESPONSIBILITY TO CUSTOMERS", P. 44.

1 • COMPANY PROFILE

1 • 1 Erste Group

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

Today, Erste Group employs more than 47,000 people 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, Erste Group provides financing services as well as advisory services to corporate customers related to investment and access to international capital markets, public sector financing and interbank market operations.

Since 1997, when it started its strategic expansion of retail operations to the countries of Central and Eastern Europe (CEE), Erste Group's customer base increased from 600,000 to 15.9 million owing to numerous acquisitions and organic growth. Today it maintains the position as one of the largest financial institutions in Central and Eastern Europe in terms of the number of customers and total assets.

Erste Group in a Nutshell:

- Serves 15.8 million customers
- Employs around 46,500 people
- Operates 2,735 branches in 7 countries.

Erste Group's Business Position:

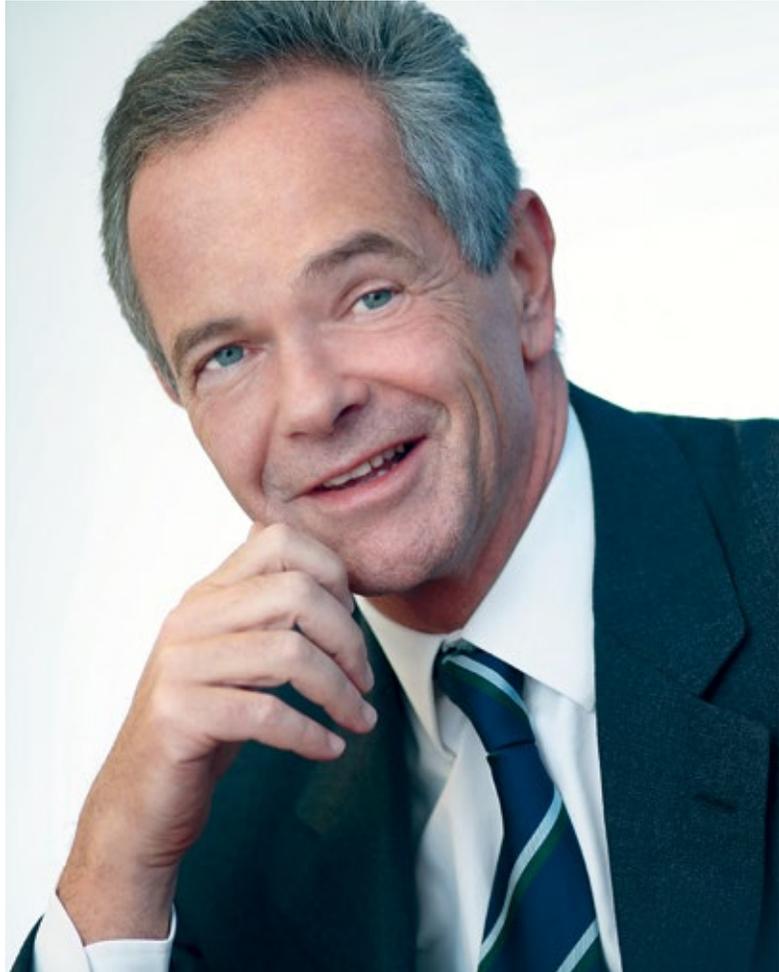
- One of the leading financial service providers in the eastern part of the EU
- Among the top 3 banks in our core markets
- Innovation leader in retail banking in the home market of Austria.

Key operating results in 2016:

- Total assets: EUR 208.2 billion
- Operating profit: EUR 2,663.0 million
- Net profit: EUR 1,264.7 million
- Return on equity: 10.8%

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

“Erste Group achieved its best results ever this past year. We recorded a net profit of 1.26 billion euros on the back of lower risk costs driven by an improvement in our asset quality that saw our NPL ratio decline to below five percent. With the CEE region maintaining economic growth momentum above the Eurozone average, all of our subsidiaries performed well, contributing to our strong Group net profit. As a result, we have managed to more than double our capital base since the beginning of the global financial crisis, boosting our phased-in Basel 3 core tier one ratio to 13.4 percent as of year-end. Based on these good results, we will propose to pay a dividend of one euro per share to our shareholders. Our focus in 2017 and going forward is on investing in understanding our clients and their individual situations better, including through smart data management, and on delivering banking services that are truly personalized and relevant to them”, said Andreas Treichl, CEO of Erste Group Bank AG, when presenting the results.



EKSTENZIVNO PRISUSTVO U CENTRALNOJ I ISTOČNOJ EVROPI

**ČESKÁ
SPŮRITELNA A.S.**

CZECH REPUBLIC
number of branches: 561
number of customers: 4.7 million

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

AUSTRIA
number of branches: 926
number of customers: 3.5 million

**ERSTE BANK
CROATIA
ERSTE &
STEIERMÄRKISCHE
BANK D.D.**

CROATIA
number of branches: 159
number of customers: 1.2 million

**SLOVENSKÁ
SPORITEL'ŇA, A.S.**

SLOVAKIA
number of branches: 287
number of customers: 2.3 million

**ERSTE BANK
HUNGARY ZRT.**

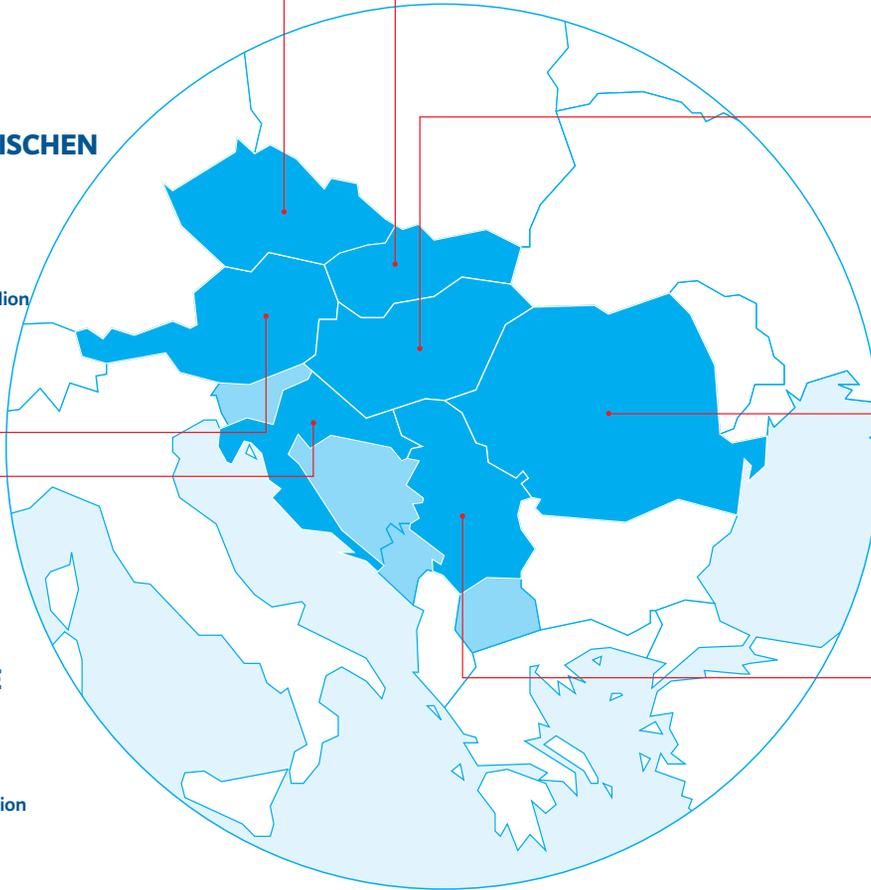
HUNGARY
number of branches: 123
number of customers: 0.8 million

**BANCA COMERCIALĂ
ROMÂNĂ S.A.**

ROMANIA
number of branches: 512
number of customers: 3.0 million

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

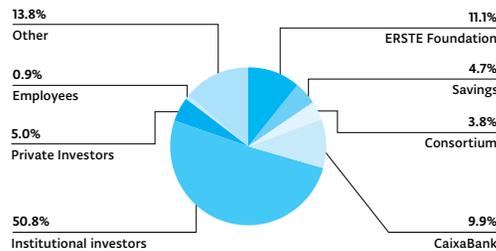
ERSTE BANK a. d. Novi Sad
number of branches: 80
number of customers: 0.4 million



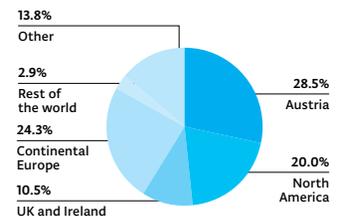
Sustainability Indices

Erste Group has been included in the VONIX Sustainability Index of Vienna Stock Exchange since 2008, and 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.

**SHAREHOLDER STRUCTURE
AS OF 31/12/2016 BY INVESTOR**



**SHAREHOLDER STRUCTURE
AS OF 31/12/2016 BY REGION**





Erste Campus

At the beginning of 2016, Erste Group moved to its new headquarters at Erste Campus in Vienna district of Belvedere, built on the former site of the Südbahnhof train station (Southern Railway Station). "It is obvious that banking has to change and modernise, which is one of the reasons why we are moving out of our traditional offices to a place that shows we are accessible and open to everyone. This is more than just a modern office building and it is about creating a space that serves the evolving needs of our staff and the community. Here we will be able to respond more quickly, be more flexible and in tune with what our customers actually need," said on this occasion Andreas Treichl, CEO of Erste Group.

With a surface area of 25,000 m² and a gross usable floor space of 165,000 m², Erste Campus stands out with its open, flowing architecture that fits smoothly into the historic and natural spatial context of the city. For the first time, Erste Campus brings together at a single location all 4,500 employees of Erste Group in Vienna previously working at more than 20 different locations. The ground floor areas are open to the public and various places such as restaurants and cafes make the Campus different from usual bank headquarters. The Campus also houses Europe's largest financial education initiative, the Financial Park, where students have an opportunity to learn in an interactive game-like setting about the importance of finance for their life and the role that banks play in the economy.

Sustainability at Erste Campus

- The building is barrier-free and guarantees access for people with disabilities
 - Activation of the concrete core for heating and cooling using geothermic 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
-

CITY PASSAGE

ERSTE  **BANK**

Filijala Kraljevo
Cara Lazara 69
36000 Kraljevo

Radno vreme

Ponedeljak - petak
09.00 - 17.00 h
Subota
09.00 - 13.00 h
Bankomat
0 - 24 h

Bankomat
0 - 24 h

Info

www.erstebank.rs
erste tel. 0800 201 201



1 · 2 Erste Bank in Serbia – Tradition and Innovativeness

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 and thus contribute to a stable and sound growth of our customers. We continue to expand the base of satisfied customers 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 31/12/2016):

- Serves over 370,000 customers
- Employs 1021 employees
- Has a network of 80 branches

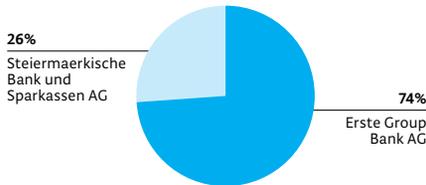
Erste Bank's strategic goals:

- To be the bank of choice to its customers
- 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.

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
- **Innovativeness** – we encourage the new and constantly improve the existing
- **Creation** – we create value for our customers, shareholders and ourselves.

**SHAREHOLDER STRUCTURE BY INVESTOR
AS OF 31/12/2016**



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 a 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.



Accessibility of Facilities

In line with our commitment to encourage financial inclusion in all aspects, office buildings of our Bank in Belgrade and Novi Sad, as well as 28 branches of the Bank, have been adapted to enable autonomous access to persons with disabilities. Thus, 34.51% (relative to 34.21% in 2015) of all our business facilities (the total number of field units 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 2016 (Zrenjanin and Bistrica branches), now eight branches in total have installed tactile surfaces on the floor, clearly leading persons with visual impairments to the nearest teller's counter and advisor's desk.

Two branches with more than three teller's desks were adapted in 2016 (Zrenjanin and Bistrica branches). Now five branches have a clearly marked part of the teller's counter of appropriate height for working with persons in wheelchairs. Six branches have an induction loop, which enables direct unhindered communication of the teller with persons who use new-generation hearing aids.



Sirius Offices in 2017 in Novi Beograd

During 2015, at the corner of Milutina Milankovića Boulevard and Antifašističke Borbe Street, Erste Group started the construction of the Sirius Offices business complex. The end of Phase I construction is planned in the first half of 2017, when the building will receive its first users. The guiding idea of the Sirius project is environmental sustainability, so the buildings will be constructed according to the highest environmental standards in order to provide ideal working conditions and optimise costs to users. The business complex is built in accordance with the BREEAM certification and is characterised by the highest environmental standards, high energy efficiency, minimum energy consumption for cooling and heating, with recycled materials being used during its construction.

“In 2016, the favourable market environment was used by customers for new investment, which we supported by increased lending, particularly in the corporate segment. As for retail customers, an increased demand for the purchase of flats was noticeable during 2016 and housing loans recorded growth in volume by as much as one fourth. In addition, by initiating the Step by Step programme, through which we provided funding but also educational and mentoring assistance to social enterprises, start-ups as well as beginners in business, we provide support for the creation of new jobs and for the progress of society as a whole. It is important to us to be together with our customers on their road to prosperity in the future as well and support them as a bank in all key and important segments of their business, life and work”, stated Slavko Carić, CEO of Erste Bank a.d. Novi Sad, on the occasion of presenting annual results.

Key Business Results in 2016:

- **Loans to retail and micro customers** increased by 14.1% relative to the end of 2015 to RSD 37.6 billion; deposits of retail and micro customers rose by 16.6% to RSD 50.9 billion.
- **Corporate loans** increased by 19.6% relative to the end of 2015 to RSD 59.3 billion; **corporate deposits** decreased by 9.8% to RSD 23.9 billion.
- **Interest income** increased by 10.5% relative to the same period of 2015 to RSD 5,823 million, whereas **fee and commission income** fell by 11.6% to RSD 1,458 million.
- **Net profit** at the end of 2016 amounted to RSD 2,065 million, which is a 73.6% better result relative to the same period of 2015.
- **Balance sheet total** went up by 21.6%, from RSD 117.5 billion at the end of 2015 to RSD 142.9 billion at the end of 2016
- **Capital adequacy** was 16.27%
- **The NPL ratio was considerably below the market average and was 6.7% at the end of 2016.**

Detailed financial report of Erste Bank may be found at the Bank's website: www.erstebank.rs

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 first CSR Strategy in 2009, Erste Bank has systematically been incorporating corporate social responsibility into its business, which makes it one of the first companies in Serbia approaching this topic in a strategic manner. The Strategy has been regularly revised during the previous seven 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.

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 situation analysis, especially a CSR trend analysis, evaluation of the results of implementation of the Bank's previous Strategy 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.

Basic Principles of the CSR Strategy

- Connection with business
- Balance
- Holistic approach
- Integrative approach

Achievements in 2016:

- ✓ 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



AREA	OBJECTIVE	PRIORITY TOPICS
CORPORATE GOVERNANCE	FURTHER IMPROVEMENT OF THE EXISTING GOOD CORPORATE GOVERNANCE PRACTICES	TRANSPARENT GOVERNANCE PRACTICES
		PREVENTION OF CONFLICTS OF INTEREST
		DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY THROUGH JOINT INITIATIVES
RESPONSIBILITY TO CUSTOMERS	AN EVEN STRONGER INTEGRATION OF CORPORATE SOCIAL RESPONSIBILITY INTO CORE ACTIVITY	RESPONSIBLE FINANCING
		FINANCIAL INCLUSION
		RESPONSIBLE COMMUNICATION WITH CUSTOMERS
RESPONSIBILITY IN THE WORK ENVIRONMENT	FURTHER DEVELOPMENT OF A MOTIVATING WORK ENVIRONMENT BASED ON THE RIGHTS AND NEEDS OF EMPLOYEES	DEVELOPMENT AND IMPROVEMENT OF EMPLOYEES
		HEALTH AND SAFETY AT WORK
		SOCIAL SUPPORT TO EMPLOYEES
RESPONSIBILITY IN THE SUPPLY CHAIN	MINIMISING NEGATIVE IMPACTS AND MAXIMISING POSITIVE IMPACTS OF THE BANK ON SOCIETY AND ENVIRONMENT THROUGH SUPPLY CHAIN	APPLYING SOCIAL ENVIRONMENT CRITERIA IN SUPPLIER ASSESSMENT
		APPLYING ENVIRONMENTAL PROTECTION CRITERIA IN SUPPLIER ASSESSMENT
RESPONSIBILITY TO LOCAL COMMUNITIES	FURTHER DEVELOPMENT OF LOCAL COMMUNITIES IN ALL RELEVANT ASPECTS	INVESTING IN THE DEVELOPMENT OF POTENTIAL OF MEMBERS OF THE COMMUNITIES IN WHICH THE BANK OPERATES
		PROMOTION OF CORPORATE AND INDIVIDUAL PHILANTHROPY
RESPONSIBILITY TO THE ENVIRONMENT	CONTRIBUTING TO THE PRESERVATION OF ENVIRONMENT BY MINIMISING NEGATIVE IMPACTS AND MAXIMISING POSITIVE IMPACTS OF THE BANK	RESPONSIBLE RESOURCE MANAGEMENT
		RESPONSIBLE FINANCING
		RAISING ENVIRONMENTAL AWARENESS AMONG EMPLOYEES



THE STRATEGY AREAS ARE SET SO AS TO ALLOW THE BANK TO MEET REASONABLE EXPECTATIONS AND NEEDS OF ALL STAKEHOLDERS PRESENTED ON THE MAP (PP. 16-17).



THE GOALS FOR EACH OF THE AREAS BUILD UPON THE GOALS OF THE PREVIOUS STRATEGY AND THE RESULTS ACHIEVED BY ITS IMPLEMENTATION.



PRIORITY TOPICS FOR EACH OF THE AREAS, DEFINED IN ACCORDANCE WITH THE HIGHEST IMPACTS AND THEREFORE THE HIGHEST/PRIMARY RESPONSIBILITIES OF THE BANK.

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 greater transparency and quality of CSR reporting (About this Report, p. 90).

As in the case of previous strategies, the CSR Strategy for 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 involves 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	BANK WEBSITE, SOCIAL NETWORKS
	PARTNERS	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT, MEETINGS, E-MAIL COMMUNICATION
	OTHER	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
MEDIA	SPECIALISED (ECONOMY, FINANCE AND BANKING)	INTERVIEWS, ARTICLES
	NATIONAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
	LOCAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
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 when 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 improvement, anti-corruption and competition protection, and health and safety at work.

Sustainability Management

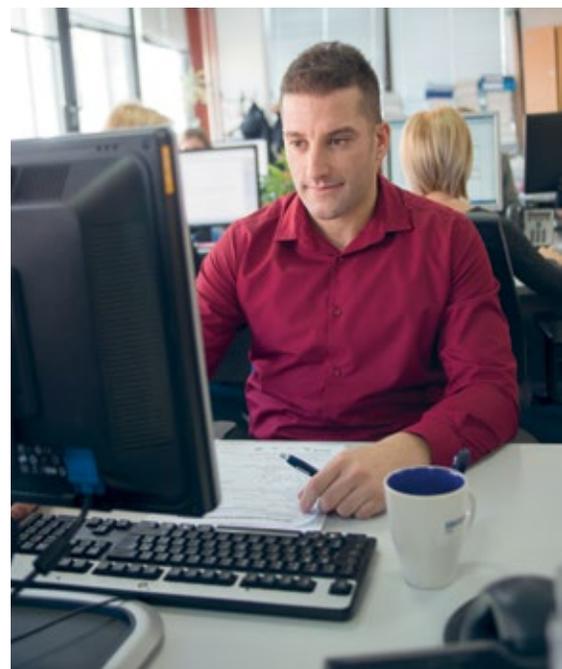
Involvement of the top management is of key importance for successful CSR integration in all business aspects. The Executive Board of the Bank proposes new strategic directions, gets involved in strategy review, but also in the strategy preparation process itself in terms of giving suggestions and proposals. 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 Executive Director of the Communication Department, 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 risks 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 the projects that have positive social and environmental impacts on the community and offers the products that contribute to social inclusion. In this way, Erste Bank has once reaffirmed its commitment to contributing to sustainability in a wider 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. 44–48 and 88–89.

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



Contribution of Erste Bank to GDP:

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





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 standards of corporate governance. 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.

Relationship with Regulatory Bodies

We establish and maintain a proactive and transparent dialogue with regulatory bodies and supervisory authorities on 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 processes of regulatory reporting;
 - 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.
-

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 foundations of the Code of Business Conduct of Erste Bank lie in the basic principles adhered to by our Group and all its members, and the document itself is based on the Code of Conduct of Erste Group. The Code of Business Conduct directs us to protect and further strengthen our good reputation and build trust among our stakeholders, acting responsibly, respectfully and sustainably in all aspects of our business.

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

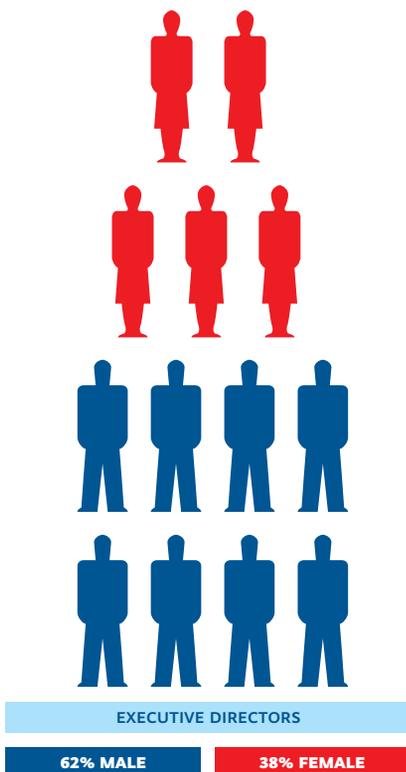
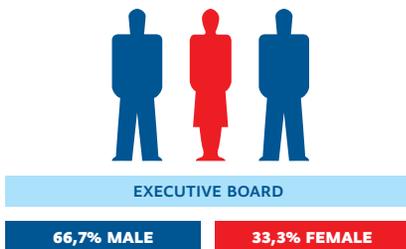
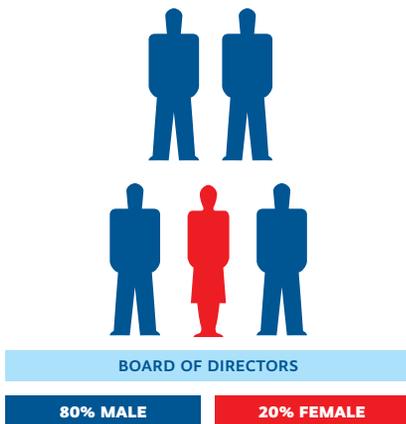
- Transparent governance practices
- Anti-corruption and protection of competition
- CSR development through joint initiatives

Good corporate governance practices are defined and guaranteed by a number of other strategic documents adopted by the Bank, including the CSR Strategy:

- General Business Conditions
- Code of Business Conduct
- Articles of Association of Erste Bank a.d. Novi Sad
- Procedure for preventing conflicts of interest in Erste Bank a.d. Novi Sad
- Gift policy
- Policy for managing conflicts of interest
- Compliance regulations
- Anti-corruption policy
- AML/TF programme
- Programme for compliance with anti-monopoly regulations
- Financial crime risk management policy
- Whistle-blower Protection Rulebook
- Whistleblowing procedure
- Procedures for establishing employee responsibility
- Remuneration policy



2.1 Transparent Governance Practices



The 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
- Hannes Frotzbacher, member of the Board of Directors
- Dragana Plavšić, non-executive member of the Board of Directors

The Executive Board comprises three members:

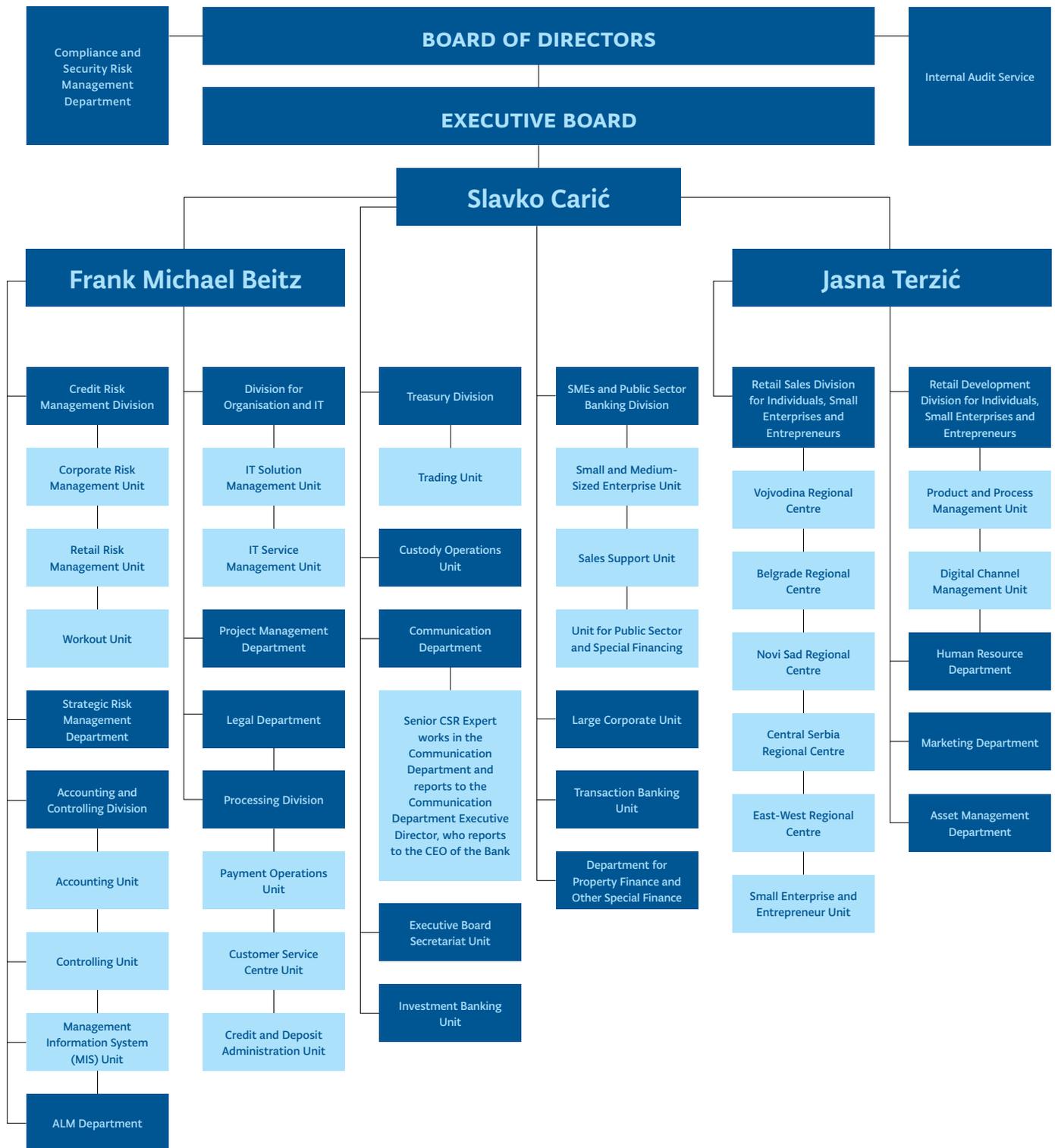
- Slavko Carić, Chief Executive Officer of the Bank
- Jasna Terzić, member of the Executive Board
- Frank Michael Beitz, member of the Executive Board

The age structure of the Executive Board of the Bank:

- Under 30 years: /
- 30–50 years: 33.3%
- Over 50 years: 66.7%

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

All the stated data are as of 31 December 2016



ORGANISATIONAL CHART OF ERSTE BANK A. D. NOVI SAD AS OF 31 DECEMBER 2016

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 skills 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 Board of Directors member 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 skills 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 departments.

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 Department of this without any exception or delay, which is defined by the Conflict of Interest Management Procedure and the Conflict of Interest Management Policy. In addition, in accordance with the Bank's internal acts, when it comes to Bank employees and their external activities, the approval is given by the competent member of the Executive Board upon the recommendation of the Compliance Department. When it comes to a member of the Executive Board, the required approval is given by the Board of Directors. The Compliance Department monitors the engagement of employees, including Board members, by inspecting publicly available information or based on internal and external reports and submits its findings and conclusions about the existence of any conflict of interest, together with proposals for resolving them, in the case of members of the Executive Board, to the Board of Directors, which gives its approval upon the proposal of the Compliance Department.



As for the system of remuneration and bonuses for executive directors, 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 the 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 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 and 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 operating 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.



Apart from that, the Open Doors concept is active as well – the employees may apply via the internal portal for individual meetings with a member of the Executive Board or an executive director they themselves choose, and in this way they may personally impart their suggestions, proposals and criticism, ask questions and request help.

Risk Management and Internal Audit

Our risk management is defined so as to optimise sustainably our business 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 Central Compliance), 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 the 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 existence of controls in processes, test the efficiency of established controls, propose the introduction of additional controls, 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. 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 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;

Prevention of Fraud and Abuse

There is a unit in Erste Bank that is engaged solely in abuse and fraud prevention, the FCM – Financial Crime Management, but the prevention of fraud requires constant support by all colleagues. One of the basic tools for internal fraud management is the reporting of any suspicion of fraud – the so-called Whistle Blowing – where 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's 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 the 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.

- Encourage all our employees to disclose any issues raising concern, provide a whistle-blower protection programme (which ensures 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.

In line with its umbrella document, the Compliance Regulations, Erste Bank applies the so-called zero tolerance policy to all acts that are unlawful, including corruption. The Bank bases its activities on the prevention of behaviour that can 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 Implementation Procedure which cover this subject-matter, and according to which any form of corruptive behaviour 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 the performance of 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 Whistle Blowing Policy, implementation of the Gift Policy and control 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.

No corruption risk analysis by business unit was made in 2016. Since corruption risk management is defined in detail by the new umbrella document, the Anti-corruption Policy, which was adopted on 02 June 2016, the competent unit conducted a corruption risk assessment at the Bank level as an input for developing a new Corruption Risk Management Policy. In addition, an assessment was made of corruption as a risk factor in the assessments of financial crime risk, with no significant risks being detected on this occasion. Considering that the risk assessment is performed at the beginning of the year, it was planned for January 2017. The newly adopted Policy was raised from the guideline level to become an A1-level document, or the highest act adopted by the Executive Board and then the Board of Directors, 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. No special training of the Executive Board members was conducted during 2016, considering that the Policy was in the process of adoption.

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 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. Internal and external trainings were held during 2016, which included topics such as bribery, corruption, fraud, and occupational safety and health. During 2016, 118 employees attended classroom training, while e-learning training relating to the Responsible Financing Policy was attended and the relevant test was passed by 869 employees, of whom 140 were managers and 729 were non-managers.

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 Business Conditions that are integral parts of contract with each customer and are also available on the Bank's website, as well as in annual CSR reports. Special meetings are held with customers and business partners where deemed necessary.

Protection of Competition

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

Our approach to this topic implies that we:

- Inform our employees about the conduct that violates free and fair competition and forbid them to make and enter any business deals that violate free and fair competition;
- Do not abuse our dominant market position, and ensure that all business integrations and associations meet all applicable requirements prescribed by anti-monopoly laws;
- D



o 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, which Erste Bank has been implementing 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 cases of raid
- Application form for permission to contact competitors
- Procedure for handling communication with regulatory bodies and other government bodies in the procedures of off-site and on-site supervision.

Familiarisation with the Programme has been included in the Welcome to Erste regular training for new employees since 2013. The training includes raising awareness of significance of competition protection issue and providing information about the detrimental consequences in the event of violating the competition protection regulations. A total of 75 new employees received the competition protection training during 2016.

In 2016, quarterly reporting to Erste Group continued and there were no incidents or proceedings initiated against the Bank in connection with violation of free competition.

CSR Development through Joint Initiatives

Erste Bank is an active member of business and industry associations dedicated to corporate social responsibility, participating in joint initiatives and sharing good practices in corporate governance, but also other 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. Read more about the Global Compact principles and the Bank reporting on pp. 100-103.

In 2016, as every year, the Bank 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



3 • OUR PEOPLE



Responsibility in the work environment is recognised at Erste Bank as one of the key areas of corporate social responsibility, and employee satisfaction and motivation are recognised as the key for achieving our business goals. We are therefore firmly committed to further developing a motivating work environment, based on the rights and needs of our employees, in order to attract and keep talented and dedicated people.

With the aim of continuously improving the work environment, our focus is on the following priority topics:

- Employee development and improvement
- Health and safety at work
- 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
- Internal communication strategy
- Rulebook on Health and Safety at Work
- Collective bargaining agreement

Total number of employees in the Bank is 1021, of which is 71% female and 29% male. The share of women in managerial positions at the Bank is 53%, and the share of men is 47%. The top management body of the Bank is the Board of Directors, which has five members, one of which is a woman. The Bank Executive Board has three members – two men and a woman.

Achievements in 2016:

- ✓ Close to RSD 42 million was invested in employee development, with almost 19,400 hours of training carried out
- ✓ The number of employees who received free annual medical check-ups during the last four years reached 2,500
- ✓ 30% of proposals submitted through the Idea Market platform were approved for implementation
- ✓ Employees' capacities for the use of new technologies in business were strengthened

Free Tickets to Cultural Events

Owing to the Bank's collaboration with the Ilija M. Kolarac Foundation in Belgrade, our employees were offered free tickets to concerts and lectures at the said foundation. Throughout the year free tickets to many other cultural events supported by the Bank are also distributed: Guitar Art Festival, Belgrade Jazz Festival, plays by associations for the promotion of children's' creativity, stand-up comedy performances and many other interesting events. Employees may apply for tickets through the internal portal Infonet.

	2011	2012	2013	2014	2015	2016
TOTAL NUMBER OF EMPLOYEES	988	993	972	992	1.027	1.021
TOTAL NUMBER OF PERMANENT THIRD PARTIES	166	31	165	226	209	173
TOTAL WORKFORCE	1.154	1.024	1.137	1.218	1.236	1.194

TOTAL NUMBER OF EMPLOYEES	2011		2012		2013		2014		2015		2016	
	MALE	FEMALE	M	F	M	F	M	F	M	F	M	F
NOVI SAD	115	336	76	235	110	316	125	310	136	321	123	302
BELGRADE	101	162	95	185	101	164	103	169	108	179	87	164
OTHER	66	208	109	293	68	213	69	216	67	216	89	256
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722

PERCENTAGE OF EMPLOYEES BY GENDER	2012	2013	2014	2015	2016
MALE	28%	29%	30%	30%	29%
FEMALE	72%	71%	70%	70%	71%

EMPLOYEE STRUCTURE BY CATEGORY	2011		2012		2013		2014		2015		2016	
	MALE	FEMALE	M	F	M	F	M	F	M	F	M	F
MANAGERS	76	87	76	94	86	88	78	86	78	90	83	95
NON-MANAGERS	206	619	204	619	193	605	219	609	233	626	216	627
TOTAL	282	706	280	713	279	693	297	695	311	716	299	722

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

The prohibition of discrimination on any basis is the 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 2016, 75 employees attended the Welcome to Erste training, of which 20 hours were dedicated to human right-related topics.



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

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

For six 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

no complaints regarding mobbing, the violation or endangerment of human rights were lodged to the Counselling Office during 2016, or in the preceding years, which is a testament to the success of our efforts to create a work environment respectful of all employee rights.

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

* The employee turnover rate was calculated based on the following formula: number of employees who left the company/average number of employees in the reporting period × 100

All areas of employee relations are regulated by the Collective Bargaining Agreement, from employing an individual, his/her rights and obligations, to his/her improvement, 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.

RIGHT TO MATERNITY LEAVE	2012	2013	2014	2015	2016
NUMBER OF EMPLOYEES WHO EXERCISED THE RIGHT TO MATERNITY LEAVE*	40	69	67	80	85
NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF MATERNITY LEAVE **	36	33	17	33	35
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
RATE OF RETURN TO WORK AFTER MATERNITY LEAVE	85%	100%	100%	100%	100%
RATE OF REMAINING IN EMPLOYMENT 12 MONTHS AFTER RETURNING TO WORK	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.

Erste Bank provides its employees with the following benefits:

- Retirement pay
- Collective employee insurance against the consequences of 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, as well as 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



Erste Caravan and the Course on Slacking

With the intention of showing Erste Bank's work from a different perspective, we implemented two unusual initiatives in 2016 – the Erste Caravan and the Course on Slacking. Dušan Čavić and Dušan Šaponja, well-known authors of Marka Žvaka TV programme, which has a cult following, visited ten cities in Serbia as part of the Erste Caravan, where they spent time with our colleagues, took a peek in the fridges in our branches, chatted with our customers about their experiences at Erste Bank, and discovered various local items of interest that will make you double up with laughter. All episodes of Erste Caravan are accessible on social networks, and they were also broadcast on local television networks.

The Course on Slacking is a series launched with the cast of Government Job programme. The series was created with the intention of adding value to the internal project called Fitness II, which is aimed at customer care, digitalisation, motivation and consulting support in order to increase efficiency, through the increasingly popular video format. Our colleagues from the branches took a hand at acting, together with the cast of Government Job, with the intention of portraying in a humorous and interesting way the situations and challenges they face at work every day.

Internal Communications

Nurturing 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 Internal Communications Strategy adopted in 2015, which provides for many different communication channels.

Throughout the year, internal meetings, gatherings and conferences are regularly organised, where employees have an opportunity to gain insight first hand into 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 Infonet, 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 Bank operation, whether by proposing changes to the existing procedures and processes, or by introducing completely new solutions. During 2016 as many as 62 ideas were submitted on this platform, of which 19 were marked with the green index, which means that they are going to be implemented. In addition to improving Bank operation itself, the Idea Market facilitates the development of a climate of innovation and it is 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.

In May 2016, the Digital Corner was also opened on the internal portal, which is accessible to employees directly from the portal's home page. In the Digital Corner employees can find all the information regarding the Bank's digital services, news and trends in the digital sphere of the banking business, video instructions on how to use certain Bank products such as NetBanking and mBankin, and many other useful pieces of advice and information, along with an opportunity to participate in the discussion themselves. The content of the Digital corner was developed by the Communications team, together with the colleagues from the Digital Channel Management Unit.

With the implementation of the Internal Communications Strategy, an internal social network was also launched in 2015, which makes use of all the functionalities of 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, departments and celebrate their personal successes and Bank 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).

3 · 1 Development and Improvement of Employees

Employee development at Erste Bank consists of several interrelated areas: training and improvement, 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.

Erste Bank implements 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. When it comes to conducting employee trainings, we rely on developing our capacities as trainers, i.e. organising internal trainings, whenever possible, while external trainings are held as needed. 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 the timely strengthening of our employees' capacities in this area. Thus, as part of the Fitness II project, digital workshops were held for the Erste branch managers from the entire network. The workshops were prepared and led by our colleagues from the Digital Communications Management Unit, and the topics included the Bank's online products and social networks as a customer communication channel. The aim of the workshops 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. 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. The most important advice dispensed at the workshops is accessible to all employees within the Digital corner on the Bank's internal portal.



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

TOTAL HOURS OF TRAINING BY GENDER	2011	2012	2013	2014	2015	2016
MALE	5,906.5	5,388	4,678	6,290	6,780	7,085
FEMALE	15,695.5	13,089	6,680.5	9,435	14,561	12,244

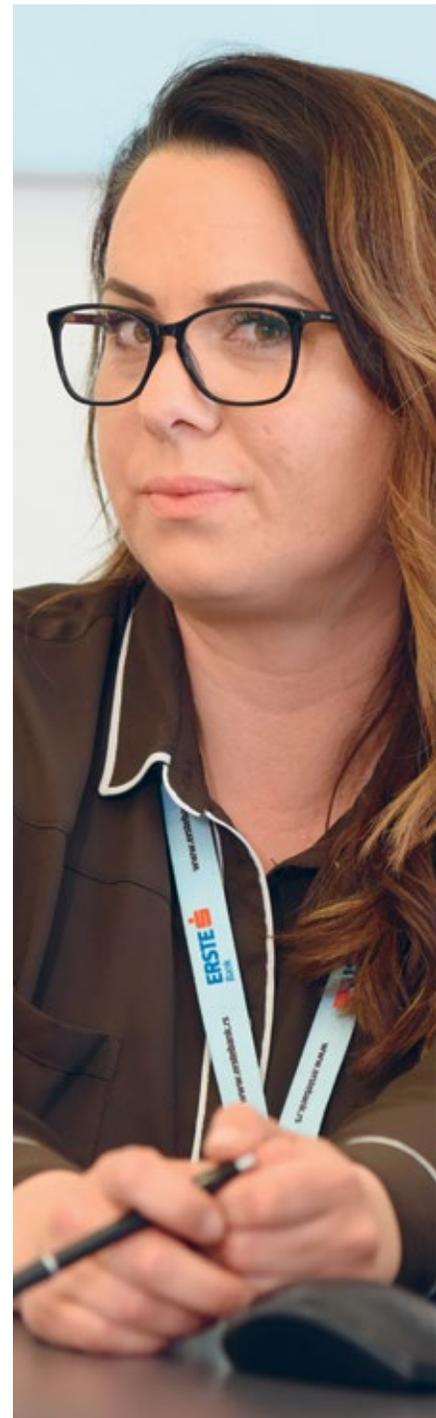
AVERAGE HOURS OF TRAINING PER YEAR BY EMPLOYEE	2011	2012	2013	2014	2015	2016
MANAGERS	34.04	20.811	22.4	39.3	33.05	32.49
NON-MANAGERS	19.46	6.693	9.3	11.2	17.34	16.07

AVERAGE HOURS OF TRAINING PER YEAR BY GENDER	2011	2012	2013	2014	2015	2016
MALE	20.95	19.24	16.7	21.1	26.49	23.7
FEMALE	22.23	18.38	9.6	13.5	22.30	16.96

Formal assessment of performance and individual development is conducted every year and includes all employees. At the end of each year, goals for the following year are defined for each employee through an agreement between the employee and his/her superior. The agreed goals are then entered into the EMMA performance management application. Those goals, in accordance with the developments in the first part of the year, are revised mid-year, again subject to discussion between the employee and their superior. The final score of goal achievement, successes attained and challenges met in the previous year, are assessed at the meeting of the employee and his/her superior in the first quarter of the following year. The performance assessment also includes a competency score, and based on the total performance score, opportunities for the development of career and total agreed remuneration are evaluated.

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 has been introduced into the remuneration system – made up of the best-performing employees in sales. For the best in their 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 – Milano, Paris and Moscow.



3 · 2 Health and Safety at Work and Social Support to Employees

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

Physical protection, technical protection, fire protection, emergencies and health and safety at work are in focus of the Security Management which operates within the Compliance and Security Risk Management Department. These areas are of significance for all employees, so trainings are organised regularly 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), health and safety at work 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.

When it comes to health and safety at work, 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 the lack of movement. For this reason, through the various internal communication channels, including the internal magazine and portal, we encourage employees to engage in physical activity, providing advice on incorporating healthy habits into one's daily routine.

Erste Champions

At the Erste Football Cup 2016 EBH mini football tournament, which was held in Budapest on May 7, 2016, with 11 teams in competition placed in three competing groups, Erste Bank Serbia's football team won first place. The winning team jokingly called The 6 Defenders was composed of Branislav Kuzminac, Sreten Vranić, Vladimir Mičić, Slobodan J. Popović, Miloš Popov Žikelić, Slobodan Ilić, Borislav Vujčić, Milan Šutulović and Aleksandar Krsmanović. In addition to the well-deserved trophy and golden medals, our champions returned from Budapest bearing an additional, special award: our colleague Sreten Vranić also won the prize for the tournament's best goalscorer.



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

* 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	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
NOVI SAD	0.00	0.30	0.10	0.51	0.10	0.40	0.10	0.10	–	0.19
BELGRADE	0.00	0.00	0.00	0.20	0.20	0.00	0.28	–	–	0.10
OTHER	0.00	0.20	0.00	0.31	0.00	0.30	0.10	–	–	0.19
TOTAL	0.00	0.50	0.10	1.02	0.30	0.70	0.48	0.10	–	0.48

LOST DAYS RATE	2012		2013		2014		2015		2016	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
NOVI SAD	0.00	2.39	0.00	7.04	0.20	13.70	3.86	0.87	–	5.52
BELGRADE	0.00	0.00	0.00	2.76	7.10	0.00	12.95	–	–	1.55
OTHER	0.00	3.20	0.00	18.37	0.00	10.80	0.87	–	–	1.35
TOTAL	0.00	5.59	0.00	28.17	7.30	24.50	17.68	0.87	–	8.42



For four 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, so we 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 of breasts, thyroid or abdomen. The new cycle of full health check-ups that began in mid-2016 will include 450 employees, raising the total number of employees having undergone full health check-ups in the past four years to 2,500.

Erste Bank Trade Union

The Erste Bank a. d. Novi Sad Independent Trade Union (SOSS) has been active for eleven years, and, in partnership with the Bank, it is carrying out various activities aimed at employee labour-law protection and improvement of their social situation. The Trade Union is managed by a board comprising 14 representatives from all organisational units and a Chairperson elected every fifth year.

Since 2007, the Culture Committee has been active within the Trade Union, whose aim is to obtain discounts for the Trade Union members for cultural events and trips. So far, more than 10 trips in the country and abroad and more than 40 visits to cultural events have been organised, and employees have an opportunity to propose activities in which they would like to take part. Members of the Culture Committee emphasize that they are particularly proud of organising New Year's activities for the employees' children – Santa Clause's visit to towns across Serbia and the distribution of New Year's gifts.

The SOSS is the only representative trade union at our Bank and, as such, the only one authorised to negotiate and sign the Collective Bargaining Agreement. When it comes to safety and protection of life and health at work, the Collective Bargaining Agreement regulates in details the following topics:

- 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.

Furthermore, as part of the programme of social support to employees, for eleven 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 2016, through voluntary direct contributions of employees and the allocation of part of the trade union membership fee, RSD 789,986 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 4,123,486 was used to disburse 130 different types of aid to employees.

Erste Bank Trade Union enables its members to participate in various seminars in the area of trade union work and labour-law protection, cooperates and exchanges information with the trade unions of other financial institutions from the Republic of Serbia, as well as the trade unions from other European countries, and cooperates with the Erste Group Trade Union.



4 • RESPONSIBILITY TO CUSTOMERS



The main responsibility that the Bank has due to the nature of its operation is its responsibility towards customers, primarily in the areas of transparent communication with customers and development of customised products for them. By focusing our attention on customer care, as one of our strongest strategic commitments, with the intention of becoming market leaders when it comes to providing exceptional service and innovation, numerous initiatives were launched which make Erste Bank recognisable, above all in the area of responsible financing, financial inclusion and financial literacy, as well as support to entrepreneurship.

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

- Responsible financing
- Financial inclusion
- Responsible communication with customers

Achievements in 2016:

- ✓ The Step by Step programme providing funding and support to first-time entrepreneurs and social enterprises was launched
- ✓ The Digital Corner was opened in several branches as a contribution to financial literacy
- ✓ Participation in the Government programme supporting small and medium-sized enterprises in equipment procurement
- ✓ Online submission of requests for, cash and refinancing loans was enabled
- ✓ The 2016 Customer Satisfaction Index was 92.5%
- ✓ The Bank invested more than RSD 1.5 million in the purchase of products of social enterprises

4 · 1 Responsible Financing

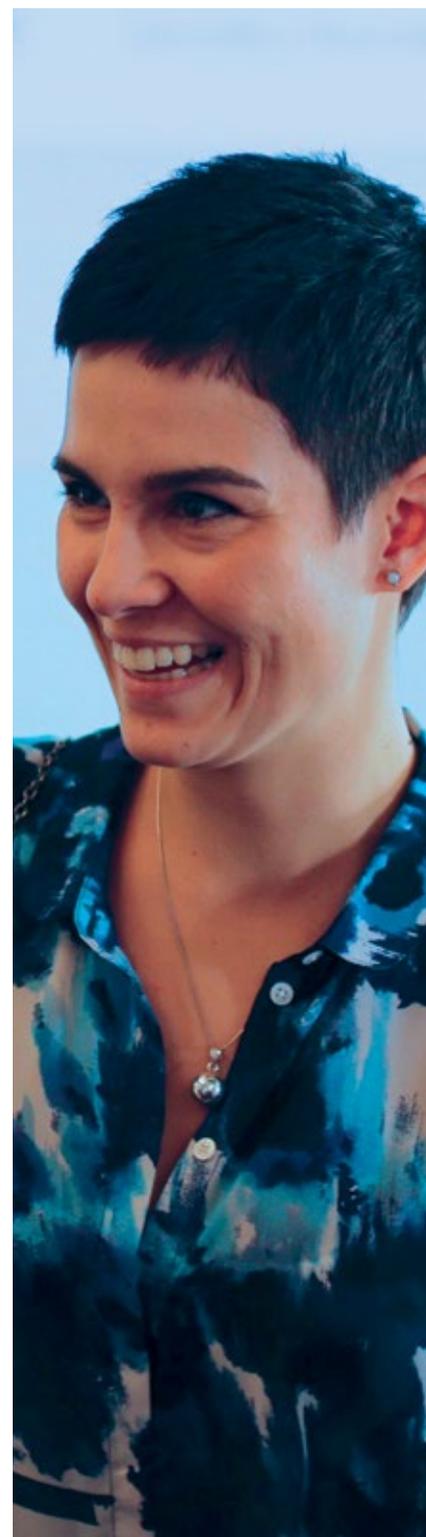
We in Erste Bank are aware that our impacts on society and environment cannot be limited solely to direct impacts of our activity, but that they also include the impacts of activities of all our customers. Therefore, when assessing customers and selecting projects the Bank will finance, exceptional attention is paid to the principles and objectives of managing natural and social environment protection, which are defined in the policy of the same name adopted in 2012. The adoption of 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 management of natural and social environment protection, 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 managing natural and social environment protection 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 is involved in reporting and comprehensive monitoring of this issue in the Bank;
- 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 Department;
- Property Management Division is involved in the management of property 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 Division;
- ALM Department 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 Department.

All these actions may result in a refusal to cooperate with the customers for whom, due to their business activity or any other parameter, it is assessed that they may have a very high negative impact on the Bank (both financial and reputational). The refusal can 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 by 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 Units, 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 that relate to the energy sector and the defence/arms 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 Division (micros), 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 Department – 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 environment and the Bank's reputation.
- Risk Management Division – when preparing the final recommendation on financing, it takes fully into account the opinion of the Compliance Department 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 funds from the Bank, prior to the final decision it is important to consider for what the funds are 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. This Policy, with its practical examples, is presented to all new employees through the Welcome to Erste induction training programme. In 2016, the training was held 74 times.

In 2016 the Responsible Financing Policy was an integral part of training for all



employees through the Bank's TEA testing application. A total of 869 employees took the test, 140 managers and 729 non-managers.

Financing Policy of a total of 37 cases – individual customer applications. Business cooperation was not supported in two cases.

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 acts 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 Department takes care of the process of harmonisation, official adoption and timely revision of documents. The Internal Audit Department assesses the application of internal acts 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 2016 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 real partner to all companies interested in starting and developing such projects (read more about these initiatives in the "Responsibility to the Environment" chapter, pp. 88–89).



Financial Inclusion

With a firm belief in its founding principles, Erste Bank is striving to increase the number of practical solutions, which will, in our region, directly impact the lives of people not covered by financial services. Millions of people in our region still do not have equal access to financial services, sometimes not even to the most basic ones, such as a bank account. An integral part of this inclusive approach of the Bank is the work on enhancing the financial literacy of individuals as well as legal entities.

The Step by Step Programme

On November 22, 2016 the European Investment Fund (EIF) and Erste Bank signed a guarantee agreement, aimed at supporting micro enterprises in Serbia as part of the EU Recruitment and Social Innovation programme (EaSI). The agreement will include the EUR 4.7 Million loan portfolio for approximately 850 Serbian micro enterprises, which will be able to benefit from favourable loans, without providing additional guarantees. Applications for micro loans began at the end of 2016. This is the first step in the implementation of the social banking programme Step by Step in Serbia, which Erste Group launched in Central and Eastern Europe (CEE) and Austria, in order to support traditionally underbanked customers: new businesses, including first-time entrepreneurs, social enterprises, civil society organisations, as well as persons at risk of poverty.

The Programme Step by Step in Serbia will in its first stage support firms that have been in business for less than 24 months in strengthening their businesses, followed by social enterprises regardless of their time in operation, as well as new business ideas that are characterized by sustainability and market potential, offering them access to basic financial products, sound financial advice and continuous mentorship. During 2017 services for civil society organisations will be developed under the programme in Serbia, and during 2018 for individuals at risk of poverty. To that end products such as the investment loan and the permanent working capital loan were created with a 5- or 3-year deadline and a 12-month grace period.

“The European Union’s guarantee enables Erste Bank to realise its strategy of supporting small enterprises, start-ups and social enterprises, which will be the drivers of change and development of our country. The cooperation we have initiated with the European Investment Fund will enable us to provide support to small companies and entrepreneurs who have been in business for less than two years and for whom traditional forms of funding are generally unavailable. In addition to funding, we will also provide them with education and mentorship support on their path to success. Erste Bank, together with its partners, is making a contribution to building a better society and to prosperity of society as a whole”, stated, after the signing of the agreement, Slavko Carić, our Bank’s Chief Executive Officer.

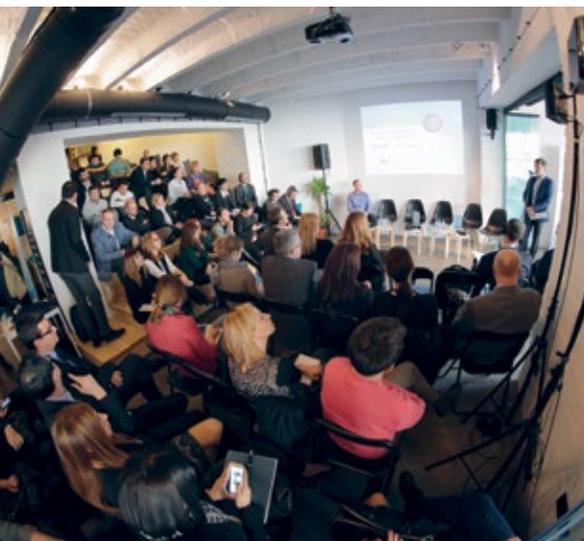
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The expansion of the programme to all of Erste Group's seven core markets will be completed by 2019. The Programme is aimed at helping create 5,000 new jobs in the Central and Eastern Europe region, providing funding for 500 social enterprises and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

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 matters of education, preliminary selection and mentorship support to start ups and social enterprises.



Financial Literacy

The Programme Step by Step makes a contribution to the development of financial literacy in three ways:

1. Through an online education platform aimed at providing support in developing business plans. The platform combines several types of content (presentations, video, cooperation) that enable different types of people to gain knowledge in a way that is most suited to them. So far over 250 people have gone through the education programme and built the capacity for dealing with the topic of entrepreneurship.
2. Through offline workshops, which will be personalised and serve the programme users' needs with the aim of raising their business capacities. The workshops were held in several cities in Serbia in order to enable access to as many users as possible.
3. Through the one-year mentorship support that every programme user receives. The mentors will be seasoned entrepreneurs from various industries who will use their knowledge and experience to help entrepreneurs get their businesses to the next level.

This is just one of the ways in which our Bank offers concrete financial education to its customers, in addition to providing financial consulting to its fellow citizens and many financial education programmes aimed at young people that were implemented in 2016. In order to provide their customers with complete and reliable information relating to finances, as well as consulting and any other type of help, in 2016 Erste Bank also provided information through all the Bank's official profiles on social networks by publishing specialised blogs on current topics from the area of finance, etc.

Additionally, through its participation in various events and workshops under the programmes that the Bank is sponsoring or organising itself, we worked on raising awareness regarding various topics. We were part of the panel at the Webiz conference E-banking Services as Support to Online Business where we had an opportunity to discuss the topic of the use of digital technologies in banking.

In the Superste programme, in addition to receiving help in developing an idea for engaging the community, the participants also received knowledge of budgeting and financial planning through a workshop that was held by experts from the Trag Foundation. Under the Social Impact Award programme, our colleagues took part in the mentorship programme for “social entrepreneurs in the making” and helped them develop their business ideas. The Bank has been providing intensive support to social enterprises: in addition to purchasing their products and services, through providing consulting and mentorship support in the area of business idea and plan development, public relations and marketing, etc.

You can read more about the financial literacy programmes in the “Fellow Citizens in the Communities in which we operate” chapter, pp. 64-71.

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 in 2016 for its elderly customers. The maximum loan amount was raised in agreement with the insurance company from RSD 700,000 to RSD 1,200,000 and constitutes an improvement of the product for elderly fellow citizens.

In 2016 26,257 cash loans and revolving loans in the total amount of RSD 11,509,904,330 were granted, of which 3,863 pensioners’ loans in the total amount of RSD 993,617,403.63. In 2016 the share of these loans in the total dinar cash loans and revolving loans granted amounted to 8.63%.

Erste Bank Opened the First Account for iPay see Payment Institution

Erste Banka opened the first special-purpose account for the payment institution, i.e. the customer iPay See, launching the practical implementation of Article 10 of the Law on Payment Services. In partnering with Erste Bank, the iPay See payment institution is ensuring the safe and timely execution of its customers’ payment transactions. In practical terms, that means that in specially designated iPay see locations, it will be possible to carry out transactions such as paying monthly bills, executing payments, direct debit service and money transfers. The diversification of payment operation options has been a worldwide trend for a long time. Erste Bank is readily greeting and supporting new entrants in payment services in Serbia, through a partnership in terms of managing accounts for the execution of payment transactions.





Saving Habits in Serbia

According to the latest Erste Group surveys of saving habits and attitudes of the citizens of Serbia, the savers in our country currently put aside an average amount of RSD 4,215 at the monthly level. Currently 40% of respondents put aside between RSD 2,000 and RSD 6,000 per month, while 7% of savers put aside more than RSD 12,000.

Fifty-one percent of respondents save, 20% of them are satisfied and 6% of them are very satisfied with their current amount saved. This year there are slightly fewer people who are dissatisfied with the money saved – 22% – one percent less than in 2015.

The citizens' interest in savings products of banks and other financial institutions remained at a similar level as in the previous year – with term deposits, demand deposits and children's savings deposits leading the way. Life insurance, as a type of savings product, remained at the same level (9%).

When they should get advice regarding saving or investing money, almost half the respondents (46%) consult their family and friends, while going to the bank branch comes second. The Internet, newspapers and magazines come third as sources of information, while 7% of citizens consult their personal bank advisor.

When it comes to saving cash, at home or in a safe deposit box, 32% of respondents opt for this type of money keeping – 5% less relative to the previous year and 13% less relative to 2015.

Twenty-three percent of the respondents think that they are well informed about banking products, while almost the same percentage of citizens claim that they are not informed at all about financial topics.

The IMAS International market research agency conducted a survey on behalf of Erste Group on the habits, behaviour, attitudes, motives and concerns of the citizens of Serbia in connection with savings. A telephone poll was conducted 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

It is very important for entrepreneurs in Serbia to have a sustainable partner that supports them in terms of financing through special credit lines, tailored to their needs. In addition, it is of great importance to them to get money quickly and in a simple, non-bureaucratic way. Entrepreneurship and especially small and medium-sized enterprises are the drivers of prosperity in the Central and Eastern Europe and are very important for the economy and development of our region.

In this context, Erste Group confirmed the importance of doing business with small and medium-sized enterprises and designed a new business strategy for this segment, 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 wants 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 sources of financing at a lower interest rate, as is the case with large companies. In the following period, the largest changes will be visible in the Corporate Division due to the implementation of the new Strategy, while always taking into account the improvement of relationships with customers and the creation of value for them.

The new strategy for the SME Division can only be realised through joint efforts and if all relevant divisions at the Bank are involved. 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 2016, Erste Bank gladly joined the Government programme of support to small and medium-sized enterprises for the purchase of new or used equipment or machines.

This programme is intended for legal entities registered with the BRA as companies or cooperatives, which are classified as micro and small legal entities, and for entrepreneurs keeping books according to double-entry bookkeeping system, which are registered with the BRA. These businesses can 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 3.25% in EUR and 2.30%+3M Belibor in RSD
- No approval or early repayment fees
- Similar programmes implemented earlier do not face defaults
- Loan term: 18, 24, 36, 48 and 60 months with a possibility of a 6-month grace period.

Support to Internet Entrepreneurship

In 2016 Erste Bank again supported three Webiz conferences. The organiser's intention was a revolution in using the internet in business. More than fifty experts presented themselves at the conference with stories from the areas of the digital present, technological entrepreneurship, internet culture and IT sector, and their presentations were attended by several hundred guests from many Serbian cities. As at the previous conferences, the Erste Bank Njuz.net Special was a real hit and elicited a lot of smiles at this year's conference as well. At the last Webiz, the banks really went above and beyond and offered a host of interesting platforms on which they worked as part of the development of their digital channels and e-banking. The Step by Step programme was presented for the first time as well.

The goal of the wwvrsac 2016 conference, also supported by our Bank, was to encourage thinking, careful consideration and search for answers to numerous questions. The strongest impression was left by the creative energy of the enterprising people and those who strive to become enterprising, their belief in new possibilities at the global market, their view of opportunities where other people see a problem, and their willingness to jointly, openly and selflessly share their success and failure stories, with a wish to build a better future.



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. This basic motive is still engrained in Erste DNA today. The Group strives to implement the so-called social banking as a sustainable business in all of its banks. Therefore, our common goal is to develop services, through the Step by Step programme, for all those people and organisations that currently have no access or have a very limited access to financial products and services.

Everything we do comes from our conviction that we cannot be inert and uninterested in solving the most pressing social problems, and that we can only get our economy going by joint action. In this spirit, Erste Bank has so far, in cooperation with its partners, supported social entrepreneurship through numerous programmes of education, mentoring, and support for personal and professional development.

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 2014, the Bank mostly cooperated in this way with social enterprises Eko BaG, Dobra Torba, Bioidea Sapuni, the Work Centre of the Milan Petrović Special Primary and Secondary Education School, Sofi, Super natural, Naša kuća, Kobayagi, and Rural hab, investing over RSD 1.5 million in purchasing their products.

4.2 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. The Fitness II initiative was launched in 2016 with the aim of maximising all our potential to put the customer in the centre of our business, increase our sales efficiency, additionally improve the motivation and education of our employees and all of us together become active participants of the digital world. In this context, as part of Fitness II, a series of activities for the network staff were launched – a digital corner on the portal, quizzes, contests, various types of education, and selection of digital ambassadors of the Bank. At the same time, in order to contribute to the change of our customers' perception regarding the benefits of using e-banking, we created a Digital Corner at our branches.

The Transformers project was implemented in late 2015 and during 2016, which leads to the optimisation of processes and reduction of the quantity of documents, which is also one of the important topics from our customers' perspective. The expected result of the process optimisation through the Transformers project is as follows:

- for a long-term investment loan for micros – reduction of the “time to yes” from 39 days to 22 days
- for a cash loan for individuals – reduction of the “time to cash” from 2.02 days to 24 h



Digital Corner

The surveys show that as few as 12.9% of Serbian citizens use the internet for e-banking, while this number is 46% on average in European countries and reaches over 80% in Scandinavian countries (Source: Statista.com). The low level of e-banking use is a problem faced by all banks in the Serbian market, and we, as a bank, have realised that there is room for improvement in this area.

After a successful pilot phase in late 2015, the digital corner visited a total of 13 branches in 2016 (six in Belgrade, six in Novi Sad and one in Žabalj). The corner was installed for two months in each branch and, owing to the engagement and proactive approach of promoters, over 1,200 of our customers got informed about e-banking services and familiarised themselves with the functionalities offered by NetBanking and mBanking.

After the demonstration, more than 350 of our customers contracted some of the services at the digital corner itself, and the education proved to be a very important factor for the customers who had previously had a contracted service but had not used it until then. Lack of information and fear of the unknown are the most common reasons for not using e-banking and the digital corner is the first step towards changing the perception of our customers. Since the change of employees' perception is equally important, a digital corner for our employees was also launched on the Bank's internal portal during 2016, with the aim of acquainting the employees with the trends and changes in the market brought by digitalisation (read more in “Our People” chapter, pp. 38–39).

Further Development of Online Banking

Driven by the desire to enable our customers to spend time in a higher-quality way, Erste Bank included online cash loan and refinancing loan in its offer, with an easier application procedure. In addition to time saving and a lower interest rate, the application submission procedure is made faster and easier to the greatest degree possible.

So far, through a special microsite, there was a possibility of online creation of four types of accounts with Erste Bank, and of opening e-banking and m-banking accounts, and as of 1 September 2016 the possibilities were extended to cash loans and refinancing loans. Application and documents are also submitted online. The approval and disbursement of cash loans as well as internal and external refinancing loans in this way is now possible with only one visit to the branch, at a selected scheduled time, for the purpose of identification and signing the agreement.



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 make every form of information clear and accurate for customers. Easily accessible and transparent information about Bank products and business practices is necessary to consumers and end users in the process of making informed decisions. 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 deposit and loan products, which are among the most common products of the Bank. All of the above data are communicated to the corporate customers at the meetings with the Bank representatives.

During 2016, Erste Bank did not record any cases of non-compliance with the regulations on adequate information about the products and services to customers, which was established by a detailed review of the complaint management application. No cases of customer privacy violation, no complaints regarding the loss of 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 Repoza 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 of the Processing Division and the unit within the Marketing Department that manages quality processes. After recording the complaint, the competent departments 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 (from 8 a.m. to 7 p.m. on business days and from 8 a.m. to 2 p.m. on Saturdays) 0800/201 201
 - For mobile phone calls and calls from abroad **+38166/89 69 000**
 - **Skype** (from 8 a.m. to 7 p.m. on business days and from 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 the 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
 - Information 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, the 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 checked.

The Marketing Strategy adopted in 2013 means that the adapted Group solutions are no longer used; instead, the Bank develops the solutions independently, so that they are more 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 (318 customers)
- Customers who predominantly use Mobile Banking – the mBanking product in performing transactions with the Bank (410 customers)
- Micro customers (386 customers) and
- SME customers (180 customers).

Customers rate more than 40 aspects of their cooperation with the Bank. The survey of retail customers is performed 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



Express Sub-branches

The intermediation network expansion project (Refresh) was launched in mid-2013, and the first three sub-branches were opened in June the following year, in the pilot phase of the project. Today we have 11 sub-branches at the locations that are strategically important for increasing the Bank accessibility to customers, both retail and corporate.

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 Refresh 2 project was launched in 2016. 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 services they receive from the Bank. Further plans relate to the network expansion.

results or parts are used for the Bank's internal purposes and serve for improving the service and increasing the customer satisfaction level.

The 2016 Customer Satisfaction Index at the Bank level was 92.50%, and the average rating was 6.48 out of 7. All planned goals have been realised. The general satisfaction with products and services is 94% among retail customers, 89% among micro customers and 88% among corporate customers. The satisfaction is the highest with e-banking, reaching 96% among retail customers.

Moments of Truth – From Survey to Service Quality Improvement

The Bank's aim is for each customer to be satisfied and to transfer their satisfaction to the members of their family, friends and acquaintances. For this precise reason, the Moment of Truth Management Project has been implemented since 2013. It concerns the improvement in the sales and service function towards individuals, entrepreneurs and SME customers. It is a process of identifying critical moments through many internal and external surveys conducted throughout the year with constant improvements and innovation, in which active customers, employees, former and prospective customers participate as respondents. The following was done according to the priority moments of truth agreed and defined in 2016:

- We detected in 16 branches that the waiting time was over 12 minutes (around 16 minutes on average) and reduced the total average customer waiting time by four minutes through various activities, such as employment of mobile tellers;
- Improvement of the service quality at the Regional Centres – customer satisfaction was increased in almost all regional centres, and by as much as 3% at the Novi Sad Regional Centre. The improvements related to general satisfaction with the Bank, satisfaction with waiting in line, branch employees, products and services and communication with customers;
- Improvement of logging in to Netbanking & Mbanking (digital) – instead of logging in using a TAN table, we introduced a technologically modern and fast one-step login, Mtoken;
- Improvement of cooperation between the colleagues working at the Corporate Banking Division and customers (from regular contact to customer support and information, to sending personalised letters and informing the customers of the contact persons they can contact for support at any moment).

The harmonised and defined priority moments of truth to be resolved in 2017 are:

- Informing and educating customers about e-services
- Improving the functionality of foreign payment – foreign payment transactions

5 • RESPONSIBILITY IN SUPPLY CHAIN



Understanding the indirect impacts of the company's business on the community and environment and managing these impacts, with the aim of developing and expanding the positive impacts and minimising the negative impacts, became an integral part of the corporate social responsibility concept as well as of reporting practices in this area. The impacts made through the supply chain are among the most important indirect impacts, and Erste Bank, following the trends in the CSR area, has been paying special attention to this topic for years now, developing and improving appropriate procurement practices.



Supplier Code of Conduct

Our suppliers and business partners must ensure compliance with this Code of Conduct in order to begin their business cooperation with the Bank. In addition, the suppliers are obliged to apply, monitor and ensure compliance with the Code of Conduct and the principles and goals defined in it. The basic principles of the Code are:

- Supplier 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.

According to 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 environment through its supply chain. The following were identified as priority topics in this area:

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

Our Supply Chain

The procurement approach of Erste Group as well as Erste Bank Serbia is such that it focuses on local suppliers. In 2016, Erste Bank cooperated with 1,337 suppliers in total, and cooperation with 83 new suppliers was considered. The total expenditure for all procurement was EUR 16,711,454. In line with our commitment to focus on local suppliers, as much as 97% of expenditure was, as the previous year, allocated to the suppliers registered in the territory of the Republic of Serbia.

Procurement at Erste Bank is a duty of Erste Group Procurement (EGP), which coordinates procurement in all seven countries in which 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 announcement of procurement. 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 Erste Group. 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 form, 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 system 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 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 material, 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 health and safety at work, anti-corruption).

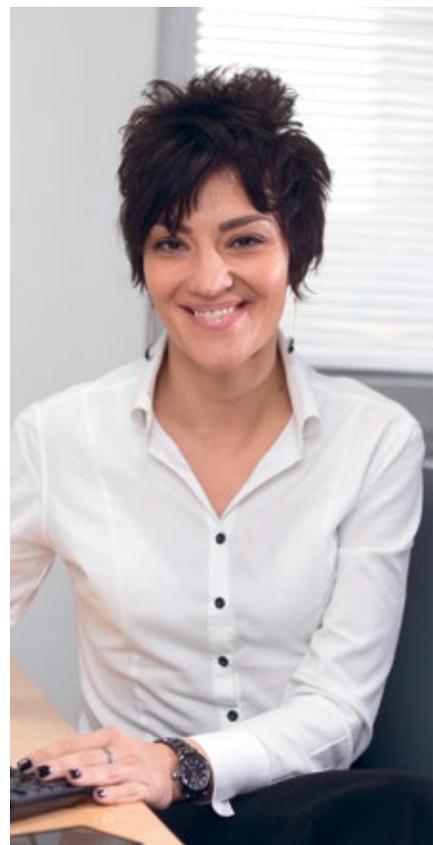
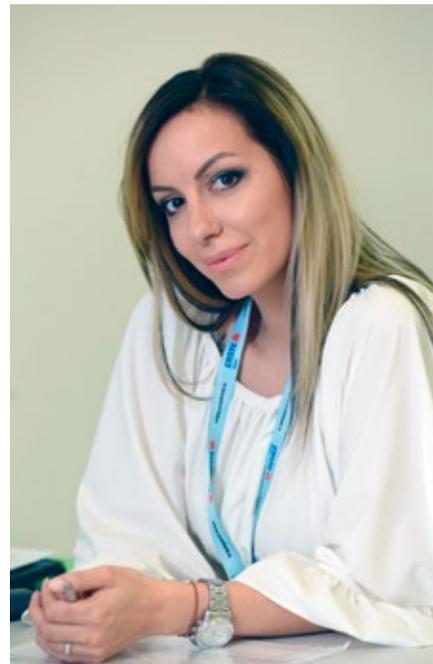
The principles of cooperation and the main requirements for suppliers are defined in the Supplier Code of Conduct, which applies throughout the Group in order to ensure that all with whom we do business support the basic standards of our Group. The basic principles of the Code are:

- Supplier 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 noncompliance with the Supplier Code of Conduct, the selected compliance representatives decide, if needed, on further measures.

Applying Social and Environmental Protection Criteria in Supplier Assessment

Erste Group views its suppliers as partners with which it jointly contributes to business sustainability, so the suppliers of 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 materials 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 vulnerable, 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	
HEALTH AND SAFETY AT WORK	
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 2016, Erste Bank Serbia considered cooperation with a total of 83 new suppliers. Of the 21 suppliers in total that recorded a turnover of over EUR 100,000 in 2016, 13 suppliers or 61.9% were subjected to an analytical review according to the criteria mentioned. No supplier was the subject of a special environmental impact assessment beyond the SAQ questionnaire, because there were no significant negative impacts or potential risks identified.

6 • OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE



Erste Bank continued its decades-long tradition of strategic and proactive investment in the community in 2016 as well, which, in addition to financial support, increasingly includes educational and mentoring support. The Bank realises its investments through its own programmes as well as through partnerships, sponsorships and donations. The Bank's activities promoting networking among its partners are increasingly prominent as well.

The strategic approach to investment in the community is defined by the current five-year Corporate Social Responsibility Strategy for 2015–2019 through 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, changed and improved following the modern trends of life and communication, as well as based on the inputs the Bank receives by means of 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.

Our achievements in 2016:

- ✓ The second cycle of the redesigned donation programme Superste, which supported projects in the community with RSD 7.2 million in total, successfully conducted
- ✓ 11 projects with the greatest potential contribution to community development were selected in the Centrifuge competition
- ✓ Superste Club grew by 11 new members, young and talented people with ideas that change the world
- ✓ We supported over 80 projects through our sponsorship and donation programmes
- ✓ About RSD 15 million was invested in the community through Erste Bank donation and sponsorship programmes
- ✓ More than 300 Erste volunteers donated over 1,300 hours to the community through five volunteer campaigns throughout Serbia, as well as with different expert volunteering programmes





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, and the Bank tries to recognise and provide it, in financial and non-financial aspects.

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



6 • 1 Support to the Youth

The youth and their fresh ideas and energy are key drivers of changes in society and the directions in which the future of communities will develop. For this reason, Erste Bank pays special attention to young people through its financial, educational and mentoring support, whose mechanisms are adapted to their specific needs and lifestyle.

Superste.net

Superste.net is an innovative platform for comprehensive support to the youth and their ideas. It is based on Erste Bank's community support principles – the 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. The Superste platform is being implemented in cooperation with the Dokukino Foundation.

For the second consecutive year, the Superste.net programme started with Centrifuge, a competition announced each year by Erste Bank with the aim of supporting innovative ideas of formal and informal groups that wish to develop their own projects in the areas of culture, art and education in order to give a long-term contribution to the community. The competition for new ideas was open from 17 February until 1 April, and applications were submitted through the www.superste.net platform. During the competition, the Superste caravan visited Smederevo, Niš, Kragujevac, Novi Sad and Sombor to present the programme goals and conditions in talks with local communities. The final event of the Superste caravan was held in Belgrade in the form of a discussion about youth initiatives in the areas of culture, art and education and the challenges they face during the implementation. The participants in the discussion included Andrea Brbaklić, Executive Director at Erste Bank, Goran Zarić, Deputy Director in charge of the programme at the Dokukino Foundation, Jelena Kajgo, playwright and Art Director, Bitef Dance Company, Vojislav Arsić, founder and Executive Director, Centre E8, and Zoja Kukić, Partner at SEE ICT/Startit. The participants have concluded that the community and the team working on an idea with a lot of enthusiasm make the difference between "it is impossible" and "we made it", which is also one of the messages promoted by the Superste programme.

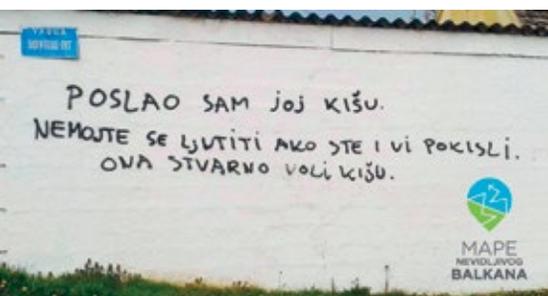
The Centrifuge programme is intended for teams of young creative people aged 16 to 35, who have ideas for contributing to the development of society. The goal of the competition is not only financial support but also for the participants to get practical advice through intensive work with their mentors about how to win the community support and learn to plan the project strategically and achieve successful results.

At the beginning of June 2016, the activists and young leaders who applied to the competition gathered at Avala, where they developed their ideas at the Ideodrom hackathon. Superste mentors, experienced professionals from the business world, such as Andrea Brbaklić (Erste Bank), Ivan Ćosić (Plan&Hill), Sonja Dakić (DajDaj), Biljana Dakić



Scholarships for Studies at the University of Graz

In February 2016, Sparkasse Bank and Erste Bank, in cooperation with the University of Graz, announced the Best of South East 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 University of Graz. The scholarship winners from Serbia in 2016 were Miloš Milenković, bachelor and master graduate from the Niš Faculty of Economics and Stefan Stefanović, bachelor and master graduate from the Niš Faculty of Law. 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.



Dorđević (Trag Foundation), Aleksandra Kosanović (Nova Communications), Đorđe Krivokapić (FOS), Marko Radenković (Nova Iskra), Dejan Ubović (KC Grad), Dragana Đermanović (Bee Premium Group), and independent consultants Aleksandar Maćašev and Aleksandra Vesić helped these young people to develop and further refine their ideas. Two-day workshops at the Ideodrom provided an opportunity for the best 33 ideas in the areas of culture, art and education to reach a higher level and develop into projects that have the potential to contribute to the development of society in the long-term. At this stage, the public was involved by online voting in the process of selecting projects that will go through to the semi-finals. The ideas supported by the community entered the final stage of the competition, in which 20 finalists had a chance to present themselves to the jury. The jury consisting of: Slavko Carić (Erste Bank), Zoran Stanojević (RTS), Milica Pekić (Independent Cultural Scene of Serbia Association), Mia David (FTN), Nenad Paunović (Serbian Venture Network), selected ten projects, and one project selected by the community was awarded as well. The total fund for the implementation of the projects for the development of local communities in the areas of culture, art and education in 2016 was RSD 5,100,000.

The 2016 Centrifuge winners were:

- **“Educational Theatre” – Face Washing (Novi Sad)** – education of elementary and secondary school students on social topics by means of a theatrical performance;
- **“Black Sheep Base” – Black Sheep Base (Belgrade)** – a virtual space for the promotion of young artists;
- **“Jagodina Alternative Cultural Centre” – Campaign (Jagodina)** – forming an independent cultural institution for young artists and the public;
- **“Wise Guy’s Dictionary” – Artfrakcija (Indjija)** – education of children aged 6 to 14 on the phraseology of the Serbian language, in a new and funny way using short video clips;
- **“They are Saying in/about Novi Sad” – What is the Novi Sad Way (Novi Sad)** – a mobile application and a website about the history and culture of Novi Sad;
- **“Don’t Pull Down the Blinds” – Busy Bees (Novi Sad)** – humanisation of Podgrađe by art installations made of flowers and plants and creative decoration of public spaces, balconies and windows;
- **“Become Literate, Change Yourself” – NEostaRt (Belgrade)** – Literacy Corner for the youth released from juvenile correction institutions;
- **“Book-mark” – LEVEL (Novi Sad)** – preparation of a thematic guide based on the literary and cultural heritage of Novi Sad, in Serbian and English, and a website adapted to mobile devices;
- **“Get Cultivated” – Kulturocilin (Belgrade)** – a regional student art festival;
- **“E-playground” – Serb-craft (Niš)** – development of educational computer games for children;;

The special award of the public went to the **Može** company from Belgrade with a project of the play entitled “The Title of the Play about Anta is Written Here”, which is accompanied by open rehearsals, a series of workshops and talks of the audience with the team of artists.

The second stage of the Superste platform is the Superste Club, a donation programme intended for exceptional individuals who create new contents in the areas of culture, art and education. Within this community of young professionals, Erste Bank supports, through financing and mentoring, projects inspired by problems in society, with the aim of improving the entire community. The main motivation of the participants is their enthusiasm and will to give their contribution to the community and make it better. The winning projects were awarded a total of RSD 2.1 million in grants allocated by Erste Bank for the development of projects and local communities. In addition to the financial support, Superste provided the participants with the support by prominent experts, mentors, who helped the finalists in the development of creative solutions. The public could also influence the results of the competition by taking part in the selection of finalists by public voting on the Superste.net platform, Facebook and Twitter.

The projects that are going to be implemented in the following year are diverse, but they have one thing in common – they are inspired by the problems in society that their creators face. The areas they deal with range from art and education, to counselling and activism. The activities provided for by the projects include, inter alia, dancing, acting and music, but also the development of mobile phone applications and virtual content.

Thus, through the Virtual Community Museum project, the citizens of the municipality of Stara Pazova will be able to “display” in the virtual space everything they regard as their local cultural heritage, while Belgrade high school students, playing the game Belgrade Winner, will be able to learn indirectly a lot about their city’s history. Music served as an inspiration to the designers of the First Girl’s Rock Camp project, which was envisioned as a way to gather girls from towns across Serbia, who will be able to make the first steps in their musical career, as well as the I am That as well project, intended for foster children, who, after receiving the training on music production, would be able to attain financial independence.

For the generations to whom the digital environment is an integral part of life, the video and animation workshop Little School of Animated Film and the Coder DOJO, an IT club that will enable the youngest inhabitants of Pančevo to learn the basics of programming, were created. Supermathematics will combine mathematics and computer science courses, consequently facilitating learning for the youngest through an interactive virtual classroom. Along with the new equipment secured through The Sky is the Limit project, 25 Ambassadors of Astronomy from the city of Kruševac will be trained, who will continue to promote this science.

A certain number of winning projects are intended for the youngest. Consequently, primary school children in Niš, along with students from two special schools, will be trained to provide first aid through the I am not Afraid, I Have a Friend project.

The winners of this year’s Superste Club are: Nataša Danilović, Stefan Đorđević, Miroslav Bjeletić, Miloš Čosović, Nataša Kovačević, Zoran Tomić, Tatjana Nikolić, Rejhan



European Communication Awards

Jelena Vasilev, digital communication expert at Erste Bank Serbia, won at the European Communication Summit in Brussels a prize for the Superste project in the category Young Communicator of the Year, awarded by the European Association of Communication Directors (EACD). The European Communication Award has been awarded for four consecutive years for exceptional achievements in this area.

The Association CROCODILE brought another prize to Serbia, with its communication strategy for the CROCODILE 2015 festival, as the first organisation nominated for the European Communication Award in the category Association/NGO. This project's value was recognised both by Erste Bank and the Secretariat for Culture of the City of Belgrade, which supported the CROCODILE Festival from the very beginning.

The European Association of Communication Directors is a network of communication sector experts, which consists of over 2,300 members from 40 countries.



Nišić, and Gordana Milanović. The recipients of the special audience awards are Danilo Grbović, the developer of the Filter application, aimed at promoting the entire repertoire of cultural institutions in Belgrade, as well as Aleksandar Mitić, for the project IT centre Click, as part of which young people may, through workshops and lectures, learn basic programming.

The prize for the development of a conceptual design for the arrangement of part of Erste Bank's office building – the rest and relaxation section in the business complex Erste Sirius Offices, was awarded to Samir Mavrić, Bachelor of Science in Architecture from Novi Pazar.

In its decision making, the jury that selected the winners, consisting of Jasna Terzić, Erste Bank EB member, Vladimir Arsenijević, writer and Chairman of the Crocodile Association, Darka Radisavljević Vasiljević, art historian and director of the Remont gallery, Dušan Čavić, journalist and documentary filmmaker and Gordan Paunović, activist, relied on an assessment of the projects' impact on society, their feasibility, innovation and the candidates' super-experience.

Practical Trainings for Young Talent

One of the biggest challenges for the youth in Serbia today is employment. Acquiring the first work experience is not an easy task taking into account the gap between the knowledge gained through education and the skills needed for coping at work. This social problem can only be solved through cooperation between education institutions and businesses and by establishing cross-sectoral partnerships. Erste Bank strives through its internship programme to help some young people gain practical business skills and thus make the first steps in building their careers. During 2016 alone, more than 200 interns had an opportunity to develop and gain experience in different positions in banking, such as relationship manager, financial analyst, employment, training and development officer, payment operations officer, payment operations officers. 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 and Belgrade Economics High School. In addition, Erste Bank strives to establish partnerships with youth and student organisations and continuously support their work.



Social Impact Award

At the largest European social entrepreneurship competition intended for students, the Social Impact Award, which was held in Serbia for the second time in 2016, four student entrepreneurship projects from public and private universities won prizes.

The projects Theatre from Belgrade, Green Roofs from Novi Sad and Students Giving Back from Sremski Karlovci each won 1,500 euros of seed capital to start business, a trip to an international conference in Vienna and mentorship support from experts, while the Tackling Problems Head On project on was awarded mentorship support and a visit to the conference.

“After this year’s outpouring of interest in the Award and the activities implemented under the educational segment of the programme, we are extremely satisfied. We held 25 workshops in Belgrade, Novi Sad, Kragujevac and Niš, which were attended by 250 students. As a result of this work, we had eight excellent projects in the final stage”, said Miloš Paunović, one of the founders of the organisation Razlivalište which organises the competition.

The winners of the competition were decided by a jury consisting of: Branka Novčić (School of Organisational Sciences, BU), Ivana Stančić (Smart Kolektiv), Jelena Milovanović (Social Inclusion and Poverty Reduction Unit), Maja Čečen (Fond B92), Nemanja Glavinić (Junior Achievement Serbia), Nikoleta Kosovac (Liceulice), Sanja Mitić (School of Economics), Sonja Dakić (Daj Daj), Sreten Vranić (Erste Bank) and Tijana Jovanović-Petrović (Koba Yagi Toys).

ERSTE Foundation has been a long-standing regional partner of the Social Impact Award project, which is organised 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

The women's empowerment programme Share your Knowledge – Become a Mentor has been jointly organised for seven years now by the European Movement in Serbia, the U.S. Embassy, the OSCE Mission to Serbia and Erste Bank. It is the only programme of its kind that opens up opportunities for personal and professional growth of women. It is based on the concept of mentorship, and it is aimed towards building mutual support of women, through the exchange of knowledge, experiences, the strengthening of solidarity, the promotion of positive role models, networking and the empowerment of women. The mentoring Share Your Knowledge – Become a Mentor programme, lasting for several months, provides young women at the beginning of their career with an opportunity to acquire new knowledge from mentors, expert leaders from different professions. Through this year's programme young women from groups facing multiple marginalisations, such as Roma women and rural women, received special support.



So far 150 female mentors have gone through the programme, including 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 the big global action organised and coordinated by the Global Women's Leadership Network and the organisation Vital Voices in dozens of cities around the world. The first walk in 2016 was held in Kraljevo on March 5, ahead of the International Women's Day. On that occasion a public debate called From Paper to Reality: Women's Rights in Serbia was also held, dealing with the topic of the position of women recalling the role of women's movements in realising women's rights. A traditional Mentoring Walk was also held in Belgrade on November 5, as part of the announcement of a new cycle of the Share your Knowledge – Become a Mentor programme, and calls on young women to apply to participate in the programme.



6 • 2 Individual and Corporate Philanthropy



When it comes to corporate philanthropy, we conduct several programmes differing by types of assistance and target groups. Our most prominent initiative, the Superste donation platform, was created for individuals, formal and informal groups with a clear vision of projects contributing to community development (pp. xx).

Apart from the Superste donation programme, in 2016 sponsorship competition was launched, to which registered civil society organisations, institutions and the media could apply. Erste Bank supports through sponsorship the 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 2016

Culture and Art

- 32nd Belgrade Jazz Festival, Belgrade, organised by **Belgrade Youth Centre**
- Novi Sad Jazz Festival, Novi Sad, organised by **Novi Sad Culture Centre**
- Jazz Summer at Boat Theatre, Novi Sad, organised by **Novi Sad Student Culture Centre**
- 7th Subotica International Jazz Festival Jazzik, Subotica, organised by **Jazzik Civic Association**
- 19th Pančevo Jazz Festival, Pančevo, organised by **Pančevo Culture Centre**
- 17th International Jazzfest, Kragujevac, organised by **Re-Kreativno Dud**
- 6th International Jazz Festival Jazzibar 2016, Kraljevo, organised by **Ribnica Culture Centre**
- Jazz in the Honour of Lala Kovačev, Kikinda, organised by **GUSLE Academic Society for Music Promotion**
- Syntheses Jazz Concert Dedicated to Vojin Mališa Draškoci, Belgrade, organised by **World Music Association of Serbia**
- 17th Guitar Art Festival 2016, Belgrade, organised by **Association of Classic Guitar Players of Serbia**
- Quantum Music, Musical/Scientific Multimedia Event, Belgrade, organised by **Centre for New Art – CENU**
- Multiversity 2016, Belgrade, organised by **Multicultivator, Service for Development of Culture and Art**
- Good Habits, a walk through modern art of Belgrade, Belgrade, organised by **Remont – Independent Art Association**
- Let's Talk - Multimedia art research project, Belgrade, organised by **JAZAS ART Civic Association**
- RE/8 DESIGN PARK, Eco Design Week 2016, Novi Sad, organised by **REKA (River) Association**
- Art-čaršija, Novi Pazar, organised by **Front Foundation**
- Danube Dialogues 2016, Contemporary art festival of countries bordering the Danube, Novi Sad, organised by **Bel Art Gallery**
- Mamutfest 2016, Kikinda, organised by the **National Museum of Kikinda**
- The World of Sound, Interactive Exhibition, Belgrade, organised by **Ilija M. Kolarac Foundation**
- Interaction 2016, 11th International Student Film Camp, Požega, organised by **FIL-MART Independent Film Centre**
- Crocodile's Residential Programme For Writers 2016, Belgrade, organised by **Crocodile Association**
- Library for Everyone, Knowledge for All, Novi Sad, organised by **Matica Srpska Library**
- Arise! Poetry! Belgrade Festival of Poetry, Belgrade, organised by **Third Square Civic Association**
- Book Talk 2016 Book Conference, Novi Sad, organised by **HBO Color Media Events Civic Association**
- Red Shoes, inclusive children's musical, Belgrade, organised by **Firefly Association for Affirmation and Creativity**



- Seize This Day with Me/Seize the Film – 14th Film Festival, Novi Sad, organised by **Parnas Creative-Affirmative Association**
- Shall we dance? inclusive play, Novi Sad, organised by **Per.Art Association**
- StandupFest 2016 – International Stand-up Comedy Festival, Belgrade, organised by **Standup.rs, Centre for Development of New Theatre Expression**
- Balkan Up – Regional Stand-up Comedy Festival, Kragujevac, organised by **Vido Civic Association**
- 59th June Programmes of Zmaj Children’s Games, Novi Sad, organised by **Zmaj Children’s Games International Centre for Children’s Literature**
- Biciklana Fest 2016, Novi Sad, organised by **Novi Sad Cycling Initiative Civic Association**
- Beograd Velograd Bicycle Festival, Belgrade, organised by **Velograd Association**
- Doctor Clowns, Belgrade, organised by **Doctor Clowns Civic Association**
- Taking care of the elderly, Novi Sad, organised by **Novi Sad Red Cross**

Science Promotion

- Science for Everyone, Požarevac, organised by **DANA Foundation**
- Science Is Not Scary 8, Niš, organised by **Svetozar Marković High School**
- Science Festival, Novi Sad, organised by **Novi Sad University**
- Researchers’ Night 2016, Zrenjanin, organised by **Technical Vocational School in Zrenjanin**
- 10th Science Festival, Belgrade, organised by **FENOMEN Science and Art Promotion Centre**
- To Security Culture and Vitality of Local Community Through Education, Novi Sad, organised by **Arhus Centre, Novi Sad**
- Creative Mentoring 2016/2017, Belgrade, organised by **Creative Mentoring Association**
- I learn + I know=I am valuable, Novi Sad, organised by **Social Responsibility Promotion Association**

Entrepreneurship and Co-working

- iDEAlab, Idea Generation Laboratory, Novi Sad, organised by **Creative Education Centre**
- Fab Lab Belgrade, Belgrade, organised by **Fab Lab Belgrade Civic Association**
- SKILL UP, Belgrade, organised by **Impakt Hab Belgrade**
- DELI, Space for Creative Action, Niš, organised by **Proaktiv**
- Business Skill School, Belgrade, organised by **Business Development Network**
- Social Impact Award, Smederevo, organised by **Tok**
- National Forum for Green Ideas, Belgrade, organised by **Trag Foundation**
- Revive Serbian Villages by Social Economy, Vrmdža, organised by **Corporate Social Responsibility Centre (CDOP)**
- Webiz, Zrenjanin, organised by **Webiz – Association for Promotion of Information Technologies and Improvement of Internet Culture**
- wwwvrsac 2016 Conference: Live Locally - Work Globally Conference, Belgrade, organised by **Plain&Hill**
- Women in IT 3, Novi Sad, organised by **Biznisnova, Proactive Business Centre**
- Supernatural Goods – Supernatural Seedlings, Belgrade, organised by **Supernatural Civil Association**

- Transdisciplinary Contemporary Studies – Economy, Society, Knowledge and Technology in Digital Era, Belgrade, organised by **Cultural Code**
- Empowerment in a Social Environment, Sombor, organised by **Safe House, Centre for Social Work**
- Mama's Shop Window Online Shop, Belgrade, organised by **Centre for Mums**
- Startit Forward, Belgrade, organised by **SEE ICT Association**
- Good Bag, Belgrade, organised by **Smart kolektiv**
- Belgrade Venture Forum, Belgrade, organised by **Serbian Venture Network – Seven**
- KreNI - Conference of Creative Industries, Niš, organised by **Young Ambassadors Civic Association**

Sport

- Decrease of aggressiveness and increase in tolerance among young people through chess, Belgrade, organised by **Vidikovac Chess Club**
- High School League of Novi Pazar School Parliament Union, Novi Pazar, organised by **Creative Action Forum Civic Association**
- Rowing Competition Season, Čurug, organised by **Čurug Rowing Club, Žabalj Municipality**
- Football for the Community, Sport for All, Belgrade, organised by **Serbian Association of American Football**
- KOŠ 888, Novi Sad, organised by **KOŠ 888 Sports Association**
- Youth, Friendship and Volleyball Tournament, Novi Sad, organised by **Novi Sad Women's Volleyball Club**
- When There Is No Tartan Track, Kruševac, organised by **Central Serbia Athletics Association**
- VC Vojvodina in the European Champions League in the 2015/2016 season, Novi Sad, organised by **VC Vojvodina NS Seme**
- Street Workout Park, Stara Pazova, organised by **START – Stara Pazova**
- Increase in the involvement of Pančevo youth in sports with focus on karate, Pančevo, organised by **Mladost Karate Club**
- BELhospice team at Belgrade Marathon 2016, Belgrade, **BELhospice Palliative Care and Palliative Medicine Centre**
- Sports equipment, Bačka Palanka, **Warriors Volleyball Club**
- Primary School Handball League of Užice, School Sport as the Prevention of Violence in Sports, Užice, organised by **Užice Youth Handball Club**
- 30th Race through the Streets of Bečej 2016, Bečej, organised by **Bečej Athletics Club**
- Vršac Street Sport Competition - Sport to Success, Vršac, organised by **Vršac Student Union**
- Top Team Basketball Camp, Kruševac, organised by **Basketball Club IBC**
- Streets for Cyclists, organised by **Velodrvo, Belgrade**
- Weekend of Knowledge and Play, Čačak, organised by **Little Big Ben Tutoring Agency**
- Season 2016 and Final Four, Novi Sad, organised by **Budućnost Basketball Club**
- Sports for Women - Change and Be a Change, Belgrade, organised by **Youth Development Centre**





Individual Philanthropy

In addition to the donation and sponsorship programme, and the promotion of corporate philanthropy in the business community, the Bank also encourages its employees individually to help their fellow citizens and colleagues. For eleven years the Marina Ćurčić Solidarity Fund has existed at Erste Bank, and is jointly operated by the Bank and the Trade Union. The aim of this Fund is support employees who found themselves in an unfavourable financial situation. The Fund receives funds from individual employees' donations and Bank funds. During 2016 130 different types of aid were disbursed to employees, amounting to a total of RSD 4,123,486.

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 disabilities. In the office kitchens in the GTC, Park City and Bulevar oslobođenja 5 office buildings, as well as in seven branches across the network, boxes were placed for collecting plastic bottle caps, which are then sent to be recycled, and the proceeds go to charity. Owing to our colleagues' active participation, almost 150 kilogrammes of bottle caps have so far been sent to be recycled.



Our colleagues also participated in the BELhospice organisation's benefit tennis tournament, which was held in September 2016 with the aim of raising funds for cancer patient care. More than 70 volunteers from 10 companies participated in the tournament, and a total of RSD 386,000 was raised.



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 Education School. The employees' holiday party was organised in a charitable spirit, also in the three business centres of the Bank in Novi Sad and Belgrade. Large quantities of sweets, snacks and juices, as well as school supplies and clothes were collected. The gifts were given to the children at the Drop-in Centre in Novi Sad, as well as for children living in the Drinka Pavlović Home for Children without Parental Care in Belgrade. For each gift brought, the employees were given New Year's magnets and cards that the Bank had bought from NURDOR, thereby supporting their work as well.



Our colleagues in Belgrade and in Novi Sad have already become accustomed to these particularly dear guests – vendors of the magazine LiceUlice, 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 magazine LiceUlice is the only media platform of its kind in the entire region, directed at affirming activism and the promotion of the values of civil society, and it is distributed through a network of vendors – socially disadvantaged and marginalised persons, who earn 50 percent of each sold copy. On average, during each of the visits to the administrative buildings between 80 and 100 copies of the magazine are sold.

Erste Volunteers

Volunteering in the community is another significant way for us to contribute to its development. Our employees have for years gladly and in large numbers participated in volunteering activities, joint renovation and improvement campaigns, or individual involvement in transferring expertise and skills to young people and not-for-profit organisations.

In addition to its direct contribution to the community, volunteering also strengthens team spirit and a sense of belonging. As a result the positive impact of this kind of involvement also affects other aspects of Bank operation. The fact that the employees are also included in designing volunteering programmes, proposing locations and activities in their local communities, also results in an increase in the numbers of Erste Club volunteers.

This year as part of five campaigns across Serbia, Erste volunteers traded in their keyboards for paint brushes and shovels, and their suits for volunteer shirts and rubber boots. More than 90 of our colleagues also took part in four spring volunteer campaigns in Belgrade, Nova Pazova, Valjevo and Vršac, while October campaign at Beljanska pond brought together the largest number of volunteers so far – more than 200 from various towns across Serbia. In Vršac we renovated the interior and the yard of the Jovan Sterija Popović Primary School, and as part of the traditional volunteer campaign Our Belgrade, which is organised by the Responsible Business Forum and Smart Kolektiv, we decorated bungalows at the Senior Home in Karaburma. In Nova Pazova upon the suggestion of our branch manager in this town, we worked on renovating the Poletarac Preschool Institution. The regional campaign was held on June 11 in the vicinity of the Čelije monastery, in the Gradac river gorge that is among the cleanest in Europe. At the initiative of the Valjevo branch manager, Marija Timotić, the Bank gave a donation to the Gradac Environmental Society, which works on the conservation of this exceptional landscape. Owing to donations, in the river gorge new information boards were put up, from which visitors to Valjevo's hidden paradise may learn more about its flora and fauna, and Erste volunteers offered a hand in putting up the boards.

October campaign at the Beljanska Pond near Srbobran brought together the largest number of volunteers so far: more than 200 of our colleagues from various towns, with the support of their family members and friends, as well as dozens of volunteers from Arhus centre, Vojvodina Waters, the Srbobran municipality and the Turija local community, who helped us implement this campaign. This time the challenge that we set ourselves, divided into as many as 11 teams, at different locations along this natural park, was to clean the four kilometre long Health Paths, to put up and paint the information boards, benches, sun umbrellas and tables donated by the Bank, as well as to renovate the playground, open air classroom and bird watching platform. Special units consisting of Erste volunteers, the Linjak team, were tasked with cleaning the pond from boats, and the Little Nightingale team also had the difficult task of caring for 60 playful children of different ages.



At the Beljanska pond we also had very dear guests: Naca, Vukica and Dule, from the Belgrade Association of Mentally Challenged Persons Zvezdara, who on several occasions visited the Bank's offices selling the LiceUlice magazine, wanted to get to know bankers a bit better and see what a volunteer campaign looks like. The Erste Volunteer Club is always open to new members, and to new humane ideas that will make the world around us more beautiful.

ERSTE Foundation

ERSTE Foundation originates from the first private savings bank in Vienna – Erste österreichische Spar-Casse, founded voluntarily by the citizens of Vienna in order to enable common people, factory workers, clerks and craftsmen to save money at an interest and thus secure their future. The Foundation still operates on this premise that everyone deserves a chance; it supports and creates by itself sustainable solutions that are afterwards applied in the local community. With its head office in Vienna and operations throughout Central and Southeast Europe, the Foundation is at the same time one of the Erste Group shareholders and directly and indirectly controls 19.2% of Group core capital.

Today the Erste Foundation is an efficient partner of a strong and safe civil society in Central and South-Eastern Europe. It invests part of its profits in strengthening civil society, the inclusion of socially disadvantaged groups and supports socially conscious modern art. Also, the Foundation supports the raising of awareness and the creation of the knowledge of responsible and active citizenry, enabling them to seek and support liberal democratic values and European cohesion.

More than 120 projects aimed at integration in which hundreds of volunteers participated, and which included several thousands of people, were the highlights of the Foundation's work in 2016. A number of discussions and lectures held in Vienna during 2016 explored topics such as social inequality, refugee and migration issues, democracy and populism, and the Erste Foundations Refugee Fund was also successfully implemented among Erste Bank employees and savings banks across Austria.

The Foundation supported the carrying out of two large studies – the Frantz Vranitzsky Chair of European Studies at the University of Vienna investigated the “the generation in-between”, “the children of the Balkan Wars” from the countries of Ex-Yugoslavia, while the study by the Centre for Philanthropy in Bratislava dealt with the tools that countries develop in order to fund activities for the public good.

Erste Foundation's long-term projects also continued in 2016, including the Balkan Scholarships for Journalistic Excellence, the transit culturological initiatives network, the ERSTE Foundation Roma Partnership and ERSTE Foundation NGO Academy.

You can see more details about ERSTE Foundation on its website: www.erstestiftung.org



7 • RESPONSIBILITY TO THE ENVIRONMENT



Erste Bank makes its contribution to environmental protection by minimising the negative and maximising the positive impacts of its operation. The strategic approach to impact management in this area is founded on the new Corporate Social Responsibility Strategy 2015–2019 that builds on the goals, or achieved results, of the previous CSR Strategy 2012–2014.

Achievements in 2016:

- ✓ Total investment of over RSD 69,512,514.77 in environmental protection management
 - ✓ Construction of the new business complex Sirius Offices has continued, in accordance with the highest standards of environmental construction, and is expected to be completed in June 2017
 - ✓ Three branches adapted and refurbished according to the environmentally acceptable standards
 - ✓ Continuation of financing renewable energy sources
-

Priority topics in this area have been defined in accordance with the highest impacts and therefore the highest responsibilities of the Bank. That includes both the direct impacts caused by the consumption of resources (raw materials, energy, water), emissions and waste, and the indirect impacts caused by our products and services on the environment. The Strategy defines three basic areas of Bank operation:

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

When it comes to direct impacts, since 2009 when the first CSR Strategy was adopted, the Bank has taken a number of strategic steps owing to which the foundations were set for introducing the Environmental Management System. In this area a significant reduction in consumption was posted according to all the most significant parameters (energy, emissions, water, waste, transportation), and they were additionally improved by establishing clear goals and indicators for monitoring the practice of quantitative reporting.

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



7 • 1 Responsible Use of Resources



Reducing negative impacts and improving good eco-friendly practices in everyday business are the focus of the Bank's activity in the area of resource management. Owing to the projects in which the Bank has taken part since 2011, it established the systems for precise monitoring of energy and water consumption and the amount of waste produced, which resulted in significant decrease in consumption. When it comes to achieving measurable results, the Bank also adopted the parameters for reporting on emissions and transport and systematised the initiatives in the area of environmental protection. For specific areas, the Bank relies on relevant documents such as the Waste Management Procedure and the Energy Management Policy of Erste Group.

The Bank's most important initiatives in the previous period include the development of the energy management system, the application of environmental standards in the interior decoration of branches, reduced operation of advertising signage in accordance with available possibilities, application of LED lighting, changing the heating system in facilities where necessary, programming the air-conditioning system in accordance with employee working hours, leasing and purchasing more eco-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 almost RSD 365 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 Credit360 project. The Credit360 application was implemented in late 2015 with the aim of improving the collection and management of these data at the Group level, and the full use of this application continued during 2016 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
	23,555,926.52	27,875,017.00	88,171,043.90	72,142,195.00	83,537,961.04	69,512,514.77

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

Green Branches

After in 2014 the Bank prepared two energy efficiency studies for its branches in Bačka Palanka and Velika Plana with the experts of Membrane Studio Novi Sad, further activities were planned at other Bank branches as well based on the experience gained in the course of adaptation of these branches. So, in 2015 we renovated five branches according to environmentally acceptable principles (one in Novi Sad, Novi Banovci and Kula and two in Belgrade), and in 2016 three branches were refurbished and renovated (one in Novi Sad, in Zrenjanin and Plandište).

Environmental Sustainability of Facilities

In addition to investing year after year in the adaptation of its branches in accordance with environmentally acceptable criteria, during 2016, Erste Group continued the intensive construction of the eco-efficient Sirius business complex. The Sirius complex, consisting of the Sirius A and Sirius B buildings, in accordance with the binary star system of the same name, will boast a total area of 29,420 m2 of above ground floors as well as a common two-level underground garage with 339 underground parking spaces. The Sirius building complex is being built in accordance 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, during 2016, the installation of the cos Fi factor reduction system as well as the replacement of the existing valves on radiators with thermostatic valves, as well as the installation of eco-friendly carpeting.



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. No major energy savings were recorded in 2016 precisely because of achieving full effects of the initiatives launched in the previous years, with decreases in consumption expected in the future.

When it comes to water, Erste Bank has been precisely monitoring the consumption of this resource and conducting initiatives for consumption reduction since 2012. Although the consumption slightly increased in 2016 relative to 2015 (8,414 m³ of water from the city water supply network in 2015 and 8,888 m³ in 2016), it was around 500 m³ lower than in the first year of measurement.

KEY INDICATORS ENERGY	2012	2013	2014	2015	2016****
TOTAL ENERGY CONSUMPTION (GJ)*	19,344.86	18,016.5030	15,661.60	15,579.4110	15,811.5454
ELECTRICITY	10,042.488	9,963.2772	9,121.14	9,050.4565	9,173.3413
HEATING AND COOLING	9,544.1976	8,053.2258	6,500.9124	6,528.9545	6,638.2040
DIESEL FOR GENERATORS**	N/A	N/A	39.546	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 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
ELECTRICITY	2,554.08	2,447.92	2,495.73983
HEATING AND COOLING	1,820.37	1,765.92	1,806.01915

* 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 31/12/2016 was taken as the parameter for calculating energy intensity.

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

* CO₂ emission calculation is based on default data and is made 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
DIRECT GREENHOUSE GAS EMISSIONS (GHG – SCOPE 1)*	443 t/CO ₂ eq**	420 t/CO ₂ eq**	398 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****

* 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
TOTAL GREENHOUSE GAS EMISSIONS (t/CO ₂ eq)	3,636	2,935	3,115
TOTAL NUMBER OF EMPLOYEES	992	1.027	1021
INTENSITY OF GREENHOUSE GAS EMISSIONS (CO ₂ eq t/a PER EMPLOYEE)	3.66	2.86	3.05

* 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 product unit, product, or other parameter which is unique for the company. The number of permanent employees as of 31 December 2016 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 in the case of 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 impacts is particularly contributed to by the Erste Group standards relating to eco-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
ENERGY CONSUMPTION				
DIESEL (l/a)	40,700	62,000	80,837	68,552
PETROL (l/a)	48,000	33,000	40,678	43,757
CO ₂ EMISSIONS t/a CO ₂ eq	328	380	302	327

Waste Management and Recycling

Considering the nature of its core business, the Bank recognised waste management as one of the relevant aspects, so this area was defined by an internal document, the Waste Management Procedure. 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.

Thus, 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 ensuring quality 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 classifying and delivering waste for recycling, the Bank tries to reduce its direct impacts on sustainability. In the previous two years, the Bank delivered all of the waste generated by it for recycling.

Another important initiative that contributed to the decrease in generated waste was realised 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
TOTAL GENERATED WASTE VOLUME (T)*	30.603	32.755	13.161	23.582	11.882
HAZARDOUS WASTE	2.97	2.510	1.115	0.43	0.950
NON-HAZARDOUS WASTE	27.633	30.245	12.046	23.152	10.932
TOTAL VOLUME OF RECYCLED WASTE (T)	30.603	32.755	13.161	23.582	11.882

* The specified amount of waste relates to paper, electronic waste, toner cartridges and PET. The Bank does not keep records of other types of waste.

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

Employee Engagement

The success of the initiatives in the area of environmental protection depends on the level of engagement and participation of our employees and their awareness of the importance of personal contribution to environmental protection. This aspect is therefore defined strategically, and the Bank strives to promote, by means of internal communication, resource saving at the workplace and environmental protection in general. Our employees are directly engaged in this in their everyday work as well as in numerous volunteer campaigns. The savings made in the previous years in all segments of resource use are a direct indicator that the employees are our most important segment.

In 2016, Erste Bank joined the Bottle Caps for Smiles humanitarian campaign, which is implemented throughout Serbia through an environmental organisation of the same name and includes collection of plastic bottle caps, which are then recycled, and recycling proceeds are used to buy orthopaedic aids for children with disabilities. Bottle cap collection boxes are installed in office kitchens at our office buildings GTC, Park City and at 5 Bulevar Oslobođenja Street as well as at seven of our branches throughout our network, and almost 150 kilograms of bottle caps has so far been sent for recycling.

7·2 Responsible Financing

Responsible financing is a strategic commitment of Erste Bank, since we believe that we thus 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 details about the policies in the Social and Economic Risk Management section –p. 18).

In addition to mastering finance, project financing of renewable energy sources requires specific technical knowledge. With almost EUR 60 million invested in these projects, Erste Bank plays an important role not only as a financier, but also as a consultant, and is the absolute market leader in the renewable energy sources segment. With a 50% market share in this area, the Bank has so far financed 27 small hydroelectric power plants, three biogas power plants and one wind farm. The Bank offers long-term funding to its customers, with a possibility of getting a grace period, as well as an individualised approach to each project.

Several credit lines were available in 2016 for financing energy efficiency projects, for which contracts were signed before 2016, and these were, before all, an agreement signed in 2012 between Erste Bank and the German Development Bank, Frankfurt (KfW) on a EUR 10 million credit line with the repayment period up to the end of 2019, which is intended for financing renewable energy sources (50%), with the remainder for SMEs and the micro segment. Of the total of EUR 3.7 million granted from this credit line, EUR 3.3 million related to energy efficiency and renewable energy, while the remaining funds were allocated to small and medium-sized enterprises. In 2016, a portion of one loan for renewable energy sources financing in the amount of EUR 184,767 was granted from the 2012 KfW credit line.

In addition, in 2014 Erste Bank signed a new agreement with the German Development Bank in the amount of EUR 20 million and with the option of a EUR 3.9 million grant for eligible projects. This credit line is intended for financing projects in the area of energy efficiency and renewable energy sources for micro enterprises and SMEs. The grant is to be used for financing projects whose eligibility is analysed using a series of criteria and rules defined in three basic categories: ECO II – investment in replacing old equipment with new energy-efficient equipment, or energy-efficient rehabilitation of old equipment, ECO III – investment in renewable energy, and ECO buildings – investment in eco-buildings or new buildings or in reconstructing buildings subject to domestic energy efficiency standards/energy passport. Funds for energy efficiency were approved from this credit line in the amount of EUR 2,420,000, which were not disbursed in 2016 but in early 2017.

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 2016. Funds for renewable energy sources in the amount of EUR 790,451 have been approved from this credit line since February 2015.



Bioelektra Gas Power Plant Powered by biomass Commissioned

The Bioelektra Company from Botoš built a plant for the generation of electric power and heat from biogas based on biomass of various origins, and the investment, worth around EUR 2.5 million in the first stage, was recognised as an exceptionally important undertaking, which was financed by an Erste Bank loan in the amount of EUR 1.2 million and then also got support from the Government of the Netherlands in the form of a EUR 688,000 grant. In 2016, the project also received support worth USD 275 thousand as part of the Reduction of Barriers for Accelerated Development of the Biomass Market in Serbia project, financed by the Global Environment Facility and implemented by the UNDP in partnership with the Ministry of Mining and Energy.

The total power of the plant after the implementation of the third stage is 1.8 megawatts, and its expected output is around 15 million kWh per year. The primary product of the plant is electric power, which will be taken over by the EPS company. The secondary products are high-quality organic fertilisers and heat. The price of such energy will be noticeably lower than the current price. In this context, a letter of intent has already been signed with the local self-government unit.

In addition, the Public Sector and Special Financing Unit granted from the Bank's funds EUR 10,465,918 for renewable energy sources.

Therefore, of the total loans granted in 2016, EUR 11,441,136 or 4.5% was granted for renewable energy sources.



Green Ideas National Forum

For the fourth consecutive year Erste Bank has been supporting the Green Ideas National Forum, believing that the approach of women and men entrepreneurs who pay special attention to the social and environmental impact of their business on the community should be appreciated.

The RioRE Briquette, the Root, Leaf and Fruit and the BIOwall projects are the winners of grants for innovative business ideas in 2016 based on the principles of sustainable development as part of the Green Ideas National Forum.

Of the total of 96 projects that applied, nine finalists of the Green Ideas Forum presented their projects, of which the jury selected the best three projects. Five thousand USD, respectively, was allocated for the realisation of the entrepreneurial ideas presented in the works of the best. In addition, the representatives of these projects had an opportunity to compete for additional USD 10,000 at the Rockefeller Brothers Fund (RBF) Regional Forum held in Serbia in July 2016.

The winning ideas were further reinforced by consultation and mentoring in order to make them competitive and sustainable in a longer term, which was contributed to by the advice of mentors 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 Green Ideas National Forum was launched by the Trag Foundation in partnership with the Rockefeller Brothers Fund and Erste Bank. The programme was launched so that individuals, associations and small enterprises would get encouragement and funds to develop innovative entrepreneurial projects based on the principles of sustainable development. These ideas are related to economic development based on rational use of local resources, traditional production processes adapted to a new environment, preservation of crafts as well as on continuous environmental improvement.

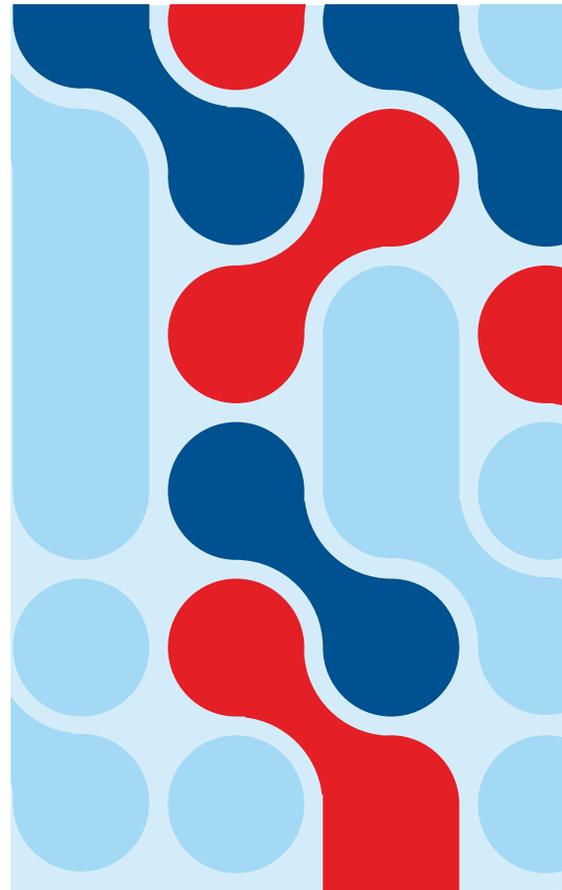
• ABOUT THE REPORT

The Corporate Social Responsibility Report 2016 of Erste Bank a. d. Novi Sad is the ninth CSR report and the sixth report that follows, in terms of methodology, the international sustainability reporting framework, Global Reporting Initiative (GRI).

The Report was prepared in accordance with the Core option of G4 Reporting Guidelines, while also fulfilling some of the requirements for the Comprehensive option, indicated in the GRI Index (p. 99). The Report presents responses to 40 indicators, including the indicators and relevant management approaches from the GRI Financial Services Sector Disclosures, which makes this Report a relevant source of information also for the international finance institutions with which the Bank cooperates. The G4 version of the GRI Financial Services Sector Disclosures has 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 remained unchanged. An overview of changes in the method of information presentation in the GRI Index can be found on pp. 94-99.

According to the current agreement between the Global Reporting Initiative and United Nations Global Compact (UNGC), the Bank report responds to all requirements of the UNGC Communication on Progress (UNGC COP). In addition, it brings an overview of activities aimed at enhancing gender equality and empowering women in accordance with the United Nations Women's Empowerment Principles, signed by the Bank.

www.globalreporting.org
www.ungc.rs



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

* In the G4 version of the Financial Services Sector Disclosures, 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 remained at the same level. A detailed review of changes in the manner of presenting information can be found in the GRI Index, pp. 94-99.

Representatives of all units in the Bank worked on the collection of information necessary for the preparation of this Report, using 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 Department. All financial data relating to the company's operation are presented on the basis of non-consolidated financial report for 2016.

REPORT PARAMETERS	CORPORATE SOCIAL RESPONSIBILITY REPORT 2016 ERSTE BANK A. D. NOVI SAD	
REPORTING CYCLE	ANNUAL	
REPORTING PERIOD	FOR 2016 (REPORT PUBLISHED IN 2017) RELATES TO THE BUSINESS YEAR FROM 01/01/2016 TO 31/12/2016	
PREVIOUS CSR REPORT	FOR 2015 (REPORT PUBLISHED IN 2016)	
FIRST CSR REPORT PUBLISHED	FOR 2008 (REPORT PUBLISHED IN 2009)	
REPORTING METHODOLOGY	GLOBAL REPORTING INITIATIVE (GRI G4) (GRI INDEKS, PP. 94-99) 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 NOVI SAD AND THE BUSINESS CENTRE IN BELGRADE, WHILE OTHER DATA ALSO INCLUDE ALL BRANCHES OF ERSTE BANK THROUGHOUT SERBIA. OTHER MEMBERS OF ERSTE GROUP IN SERBIA (P. 12) ARE NOT INCLUDED IN THIS REPORT	
EXTERNAL VERIFICATION	/	
CONTACT PERSON	<p>DRAGICA MUJKOVIĆ, EXTERNAL COMMUNICATIONS OFFICER DOP@ERSTEBANK.RS DRAGICA.MUJKOVIC@ERSTEBANK.RS + 381 (0) 20 90 194 + 381 (0) 608747851</p> <p>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 2015 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. 15)</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. 16-17)</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 2016 AND THE ENTITIES DEFINED BY THE BANK AS INCLUDED (P. 12). 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 SIXTH 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 ERSTE GROUP.</p>

GRI Index and GRI Indicators

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G4-2	STRATEGIC APPROACH, KEY IMPACTS, RISKS AND POSSIBILITIES IN THE CONTEXT OF SUSTAINABILITY; TABLE OF GOALS	11, 14, 15, 18, 21, 22, 33, 44, 59, 60, 64, 80,81
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G4-4	PRIMARY BRANDS, PRODUCTS, AND/OR SERVICES	11
G4-5	LOCATION OF COMPANY'S HEADQUARTERS	11
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G4-23	SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIODS IN THE SCOPE AND ASPECT BOUNDARIES	/

	GENERAL DATA	PAGE
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G4-39	MANAGERIAL AND EXECUTIVE FUNCTION OF THE CHAIR OF THE HIGHEST MANAGEMENT BODY	25
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G4-51	REMUNERATION POLICIES FOR THE HIGHEST GOVERNANCE BODY AND SENIOR EXECUTIVES	26
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G4-56	VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR	22
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GRI Indicator table

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	2016	PAGE
	GRI SUSTAINABILITY REPORTING GUIDELINES (G4)*							
	CATEGORY: ECONOMIC - MANAGEMENT APPROACH							11, 18
	ASPECT: ECONOMIC PERFORMANCES – MANAGEMENT APPROACH							11, 18
1.	G4 – EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	●	●	●	●	●	●	19
	ASPECT: PROCUREMENT PRACTICES – MANAGEMENT APPROACH							59, 60
2.	G4 – EC9 PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION	○	○	○	●	●	●	60
	CATEGORY: ENVIRONMENTAL - MANAGEMENT APPROACH							80, 81
	ASPECT: ENERGY – MANAGEMENT APPROACH							82, 84
3.	G4 – EN 3 ENERGY CONSUMPTION WITHIN THE ORGANIZATION* * reporting for 2012 and 2013 in line with GRI G3.1. EN4: indirect energy consumption by primary energy source	○	●	●	●	●	●	84
4.	G4 – EN 5 ENERGY INTENSITY* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	●	84
5.	G4 – EN 6 REDUCTION OF ENERGY CONSUMPTION* * reporting for 2012 and 2013 in line with GRI G3.1 EN 5: Energy savings due to reduced use and increased energy efficiency in GJ	○	●	●	●	●	●	84
	ASPECT: WATER – MANAGEMENT APPROACH							82, 84
6.	G4 – EN 8 TOTAL WATER WITHDRAWAL BY SOURCE	○	●	●	●	●	●	84
	ASPECT: EMISSIONS – MANAGEMENT APPROACH							82, 84
7.	G4 – EN 15 DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)* * reporting for 2012 and 2013 in line with GRI G3.1 EN 16: Total direct and indirect emissions of greenhouse gases	○	●	●	●	●	●	85
8.	G4 – EN 16 INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)* * reporting for 2012 and 2013 in line with GRI G3.1 EN 16: Total direct and indirect emissions of greenhouse gases	○	●	●	●	●	●	85
9.	G4 – EN 18 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	●	85
	ASPECT: EFFLUENTS AND WASTE– MANAGEMENT APPROACH							86, 87
10.	G4 – EN 23 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD IN t	○	●	●	●	●	●	87
	ASPECT: PRODUCTS AND SERVICES – MANAGEMENT APPROACH							45, 88
11.	G4 – EN 27 EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES	●	○	●	●	●	●	45–48, 88, 89
	ASPECT: TRANSPORT – MANAGEMENT APPROACH							86
12.	G4 – EN30 SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE	○	○	●	●	●	●	86

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	2016	PAGE
	ASPECT: OVERALL – MANAGEMENT APPROACH							80–82
13.	G4 – EN 31 TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES	●	●	●	●	●	●	83
	ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT							59–61
14.	G4- EN32 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	●	62, 63
	CATEGORY: SOCIAL – MANAGEMENT APPROACH							33, 44, 59, 60, 64
	SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK – MANAGEMENT APPROACH							33–35
	ASPECT: EMPLOYMENT – MANAGEMENT APPROACH							33–35
15.	G4 – LA1 TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION	●	●	●	●	●	●	36
16.	G4 – LA 3 C RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER	○	●	●	●	●	●	36
	ASPECT: OCCUPATIONAL HEALTH AND SAFETY – MANAGEMENT APPROACH							40
17.	G4 – LA 6 RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION	○	●	●	●	●	●	41
18.	G4 – LA 8 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS	○	●	●	●	●	●	42
	ASPECT: TRAINING AND EDUCATION – MANAGEMENT APPROACH							38
19.	G4 – LA 9 TOTAL HOURS OF TRAINING P BY EMPLOYEE CATEGORY	●	●	●	●	●	●	38, 39
20.	G4 – LA 10 PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDING	○	→	→	→	→	→	38
21.	G4 – LA 11 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	●	●	●	●	●	●	38
	ASPECT: DIVERSITY AND EQUAL OPPORTUNITY – MANAGEMENT APPROACH							33, 35
22.	G4 – LA 12 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY	○	●	●	●	●	●	23, 33
	ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES – MANAGEMENT APPROACH							59, 60, 61
23.	G4-LA 14 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICES CRITERIA* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	●	62, 63

GRI Indicator table

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	2016	PAGE
	ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS							35, 36
24.	G4 – LA16 NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	●	35, 36
	SUB-CATEGORY: HUMAN RIGHTS – MANAGEMENT APPROACH							33–36, 46, 56, 69, 60, 61–63
	ASPECT: INVESTMENT – MANAGEMENT APPROACH							45–48
25.	G4 – HR 1 TOTAL NUMBER AND PERCENTAGE OF SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING.	○	○	●	●	●	●	46, 48
26.	G4 – HR 2 TOTAL HOURS OF EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED	○	○	●	●	●	●	35
	ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT – MANAGEMENT APPROACH							59, 60, 61
27.	G4 – HR 10 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA	○	●	●	●	●	●	62, 63
	ASPECT: GRIEVANCE MECHANISMS-MANAGEMENT APPROACH							35, 36
28.	G4 – HR 12 NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	○	→	●	●	●	●	36, 56
	SUB-CATEGORY: SOCIETY – MANAGEMENT APPROACH							64
	ASPECT: LOCAL COMMUNITIES – MANAGEMENT APPROACH							64
29.	G4 – SO 1 PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS	●	●	●	●	●	●	64
30.	FS 14 C INITIATIVES FOR IMPROVING ACCESS TO FINANCIAL PRODUCTS FOR MEMBERS OF VULNERABLE GROUPS	○	●	●	●	●	●	49–51
	ASPECT: ANTI-CORRUPTION – MANAGEMENT APPROACH							28–30
31.	G4 – SO 3 TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	○	○	●	●	●	●	30
32.	G4 – SO 4 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	○	○	●	●	●	●	30, 31
	ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY – MANAGEMENT APPROACH							59, 60, 61
33.	G4- SO9 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	●	62, 63

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	2016	PAGE
	SUB-CATEGORY: PRODUCT RESPONSIBILITY - MANAGEMENT APPROACH							44
	ASPECT: PRODUCT AND SERVICE LABELING – MANAGEMENT APPROACH (includes the former FS16 indicator – Initiatives for improving financial literacy by user type)							49–51, 56
34.	G4 – PR 3 TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY THE ORGANIZATION’S PROCEDURES FOR PRODUCT AND SERVICE INFORMATION AND LABELING, AND PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES SUBJECT TO SUCH INFORMATION REQUIREMENTS	●	●	●	●	●	●	56
35.	G4 – PR 4 TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING, BY TYPE OF OUTCOMES	○	○	●	●	●	●	56
36.	G4 – PR 5 PRACTICES RELATED TO CUSTOMER SATISFACTION, INCLUDING RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION	●	●	●	●	●	●	57, 58
	ASPECT: MARKETING – MANAGEMENT APPROACH							57
37.	G4 – PR 6 ALE OF BANNED OR DISPUTED PRODUCTS	●	●	●	●	●	●	57
	ASPECT: CUSTOMER PRIVACY – MANAGEMENT APPROACH							56
38.	G4 – PR 8 TOTAL NUMBER OF SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA	●	●	●	●	●	●	56
	ASPECTS RELEVANT FOR THE SECTOR ACCORDING TO GRI G4 DATA FOR FINANCIAL SECTOR							
	ASPECT: PRODUCTS AND SERVICES PORTFOLIO– MANAGEMENT APPROACH (former indicators FS1, FS2, FS3, FS4, FS5)							45–48
39.	FS 7 C MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC SOCIAL BENEFIT FOR EACH BUSINESS LINE BROKEN DOWN BY PURPOSE	○	○	●	●	●	●	51
40.	FS 8 C MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT FOR EACH BUSINESS LINE BROKEN DOWN BY PURPOSE	○	○	●	●	●	●	88, 89
	ASPECT: AUDIT – MANAGEMENT APPROACH (former indicator FS9)							48

GRI INDICATOR COMPLIANCE LEVEL

● FULLY MET

→ PARTLY MET

○ NOT MET

* RED COLOUR MARKS INDICATORS FROM THE FINANCIAL SECTOR SECTORAL DISCLOSURES.

** THE REPORT IS PREPARED IN LINE WITH THE CORE OPTION OF GRI G4 GUIDELINES. ADDITIONALLY, SOME REQUIREMENTS FOR THE COMPREHENSIVE OPTION HAVE BEEN MET: G4-2, G4-35, G4-38 THROUGH G4-42, G4-51, G4-52, G4-57, G4-58.

Comparative Table of the United Nations Global Compact Principles (UNGC) And GRI Indicators

COMPARATIVE TABLE OF THE UNITED NATIONS GLOBAL COMPACT PRINCIPLES (UNGC) AND GRI INDICATORS	
UNITED NATIONS GLOBAL COMPACT PRINCIPLES (UNGC)	CORRESPONDING GRI G4 INDICATORS
HUMAN RIGHTS	
PRINCIPLE 1 BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS	G4-HR2 G4-HR12 G4-SO1
PRINCIPLE 2 AND MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.	G4-HR 1 G4-HR10
LABOUR STANDARDS	
PRINCIPLE 3 BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING,	G4-11
PRINCIPLE 4 THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR,	G4-HR 1* G4-HR 2* G4-HR 10*
PRINCIPLE 5 THE EFFECTIVE ABOLITION OF CHILD LABOUR AND	G4-HR 1* G4-HR 2* G4-HR 10*
PRINCIPLE 6 THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.	G4-10 G4-LA1 G4-LA3 G4-LA9 G4-LA11 G4-LA12

* According to the assessment of the author of the report

ENVIRONMENT	
PRINCIPLE 7 BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES,	G4-EN3 G4-EN8 G4-EN15 G4-EN16 G4-EN27 G4-EN31
PRINCIPLE 8 PROMOTE PROJECTS WITH GREATER ENVIRONMENTAL RESPONSIBILITY AND	G4-EN3 G4-EN5 G4-EN6 G4-EN8 G4-EN15 G4-EN16 G4-EN18 G4-EN23 G4-EN27 G4-EN30 G4-EN31 G4-EN32
PRINCIPLE 9 USE AND DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.	G4-EN 6 G4-EN 27 G4-EN 31
ANTI-CORRUPTION	
PRINCIPLE 10 BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.	G4-56 G4-57 G4-58 G4-SO3 G4-SO4

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	✓	P. 23
ACHIEVING AND MAINTAINING GENDER EQUALITY IN MIDDLE MANAGEMENT POSITIONS	✓	PP. 33, 34
EQUAL PAY FOR WORK OF EQUAL VALUE	–	
FLEXIBLE WORK OPTIONS	–	
AVAILABILITY OF SERVICES FOR CHILD CARE AND DEPENDENT PERSON	✓	P. 36
SUPPORT FOR PREGNANT WOMEN AND WOMEN RETURNING FROM MATERNITY LEAVE	✓	P. 36
RECRUITMENT AND RETENTION IN THE WORKPLACE, INCLUDING TRAINING AND DEVELOPMENT, OF FEMALE EMPLOYEES	✓	PP. 33, 34, 38, 39
SPECIFIC ISSUES OF HEALTH AND SAFETY FOR WOMEN	✓	PP. 40, 41
GENDER-BASED VIOLENCE AND HARASSMENT	–	
EDUCATION AND TRAINING OPPORTUNITIES FOR FEMALE EMPLOYEES	✓	PP. 38, 39
CREATING AND MAINTAINING AWARENESS OF GENDER EQUALITY IN THE WORKPLACE AND ON INCLUSION AND NON-DISCRIMINATION FOR ALL EMPLOYEES	✓	PP. 33, 34, 35
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	–	
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SUPPORT FOR WOMEN BUSINESS OWNERS AND WOMEN ENTREPRENEURS	–	
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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:		
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THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	-	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	-	
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THE BANK IS THE PEOPLE!

Erste Bank a. d. Novi Sad
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