



# THE BANK IS THE PEOPLE!

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

**CORPORATE SOCIAL RESPONSIBILITY REPORT 2013**

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**ERSTE**   
Bank



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**THE BANK  
IS THE  
PEOPLE!**

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Erste Bank a. d. Novi Sad

Corporate Social Responsibility Report 2013

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# Foreword

## SLAVKO CARIĆ

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

Dear colleagues and friends,

The crisis that we have been facing in the last few years has, with good reason, called into question many beliefs of modern society in which sustainability has for a long time been considered a secondary – or at best an additional – element of business. What has become evident, due to new circumstances, is that economic progress must be aligned with healthy social and natural environment. In addition to striving to encourage economic growth and development with our business, we, as a responsible financial institution, have an opportunity to influence other global goals of sustainable development as well, which also increases our responsibility continuously to monitor and minimise the negative effects of our activities.

This responsibility takes on a new dimension in our national context, where we face specific economic and social challenges due to inherited internal factors. From the very beginning of its operation in Serbia, Erste Bank has been guided by the principle that social responsibility and business success go hand in hand. By making efforts to incorporate social responsibility into our business processes, we

managed to connect non-financial performance with business strategy and to focus on those factors that influence the creation of long-term values for our Bank and all our stakeholders, as well as for society as a whole. Transparency has been an integral part of this process from the very beginning and we strive to improve it each year by raising the level of reporting by introducing additional indicators according to GRI principles.

We believe that our strategic orientation, which we have been building since the adoption of our first Corporate Social Responsibility Strategy in 2009, has helped us keep the trust of our customers, employees, business partners and associates, as well as the community at large, in challenging times as well. This is also supported by the fact that we continuously participate in public discussions, pointing to the importance of dialogue and exchange of experience between all three sectors, as well as provide ongoing support to professional and trade associations, initiatives and associations promoting social responsibility and sustainable business, such as the United Nations Global Compact (UNGC) and the Business Leaders Forum (BLF).

When it comes to the new Corporate Social Responsibility Strategy 2012-2014, we tried to remain consistent in its implementation in the turbulent business and social environment as well. Having a clear picture of what has been achieved and of where there is room for improvement, we can proudly look back on the year behind us and present the results to you. As a direct contribution to sustainability, the Bank continued to support the development of micro-entrepreneurship and social entrepreneurship: together with our

partners, we presented the Social Enterprise Start-up Guide – Business Fit for a Man and helped ten young people become self-employed by starting their own business by lending them a total of RSD 2.45 million through the Superstep programme. We continued to invest in renewable energy sources and EUR 16 million from the EIB credit line was invested in new projects in precisely this area. We also improved the “green procurement” system, as well as the practices of responsible investment by adopting new policies and rules. The Responsible Financing Policy together with the Natural and Social Environment Protection Policy, which we adopted, testify to the essential commitment of the Bank to view the identification of social and environmental risks as an integral part of standard risk assessment and management systems. Taking into account economic, social and environmental risks, the Bank designed its products so as to meet fully the needs of its customers but also the community at large, whereby it significantly contributed to the promotion of financial inclusion and equal opportunities for all citizens.

As you will see on the following pages, last year, too, we tried to confirm that the achievement of sustainability requires a vision and a strategic approach and that possibilities and new solutions should be identified even in the greatest challenges. It is also important to us to appreciate fully our performance and achieved results in a realistic way in order to set new challenging goals that will motivate us to remain committed to building sustainable business in the future as well.

Cordially,  
Slavko Carić



# Foreword

## ANDREA BRBAKLIĆ

HEAD OF COMMUNICATION DEPARTMENT AND HUMAN RESOURCES DEPARTMENT

Dear friends,

We are pleased that, by publishing the Report that is before you, we once again demonstrate our commitment to transparency and social responsibility, prompted by the desire to be open to all those who are interested in our business operation. The Report is a mirror of our Bank – we are proud of the fact that, by extending the application of the GRI framework, every year we manage to take one step further when it comes to the quality of reporting. Precisely this motivated us to introduce additional GRI indicators specifically defined for the financial sector. To us, the Report is the culmination of all the efforts we invest during the year, a public summary of our results, but also a call for proposals and suggestions for the improvement of our business so that we would become even more innovative, more efficient and more responsible in the future. And, most importantly – it allows us to define, by following the Corporate Social Responsibility Strategy, the goals, the room for improvement and adequate mechanisms for monitoring and measuring our performance in this area. In time, this process has become increasingly developed to provide today a comprehensive picture of the Bank business, in line with global trends.

We set the strategic direction of making the concept of corporate social responsibility closely and tightly connected with the Bank's core business, wishing for our products and services to be a part of the solution for some of the key economic, social and environmental challenges of today. In the context of these challenges, increasing attention is paid to risk management in the banking sector: by identifying and assessing risks, the Bank simultaneously identifies the circumstances arising as a result of accelerated economic development, demographic and climate changes, which gives rise to new directions in which our approach to corporate social responsibility is developing. Thus, in 2013 as well, the Bank continued to develop and offer products and services designed with specific social and environmental objectives in mind in order to contribute to financial inclusion of its younger and elder fellow citizens, as well as those economic segments that have more difficult access to financing – micros and small and medium-sized enterprises. Believing that the essential dimension of responsibility of the Bank as an investor is to base its financing decisions on social and environmental criteria, we made the first steps in this direction by adopting the Responsible Financing Policy and the Natural and Social Environment Protection Policy, which will increasingly shape our daily activities and business approach in the future.

The Bank seeks to promote respect for human rights on two levels: through its involvement in external initiatives dedicated to this topic, such as the United Nations Global Compact, as well as in its work environment. The latest Employee Engagement Survey conducted by Erste Group in 2013 shows a high level of employee loy-

alty and satisfaction with the opportunities the Bank provides to them in the areas of employment, promotion, development and training – only in the course of the past year, the Bank invested RSD 21.5 million in employee development and training, with a total of over 11,000 hours of training. For the first time, preventive medical check-ups were introduced in 2013 for all employees. By their voluntary involvement in the initiatives launched by the Bank in the past, the employees contributed to the promotion of the culture of solidarity and philanthropy that we cherish – the employees collected nearly RSD 1 million through an individual philanthropy programme and the volunteer club, consisting of 350 colleagues, invested 3,700 hours participating in volunteer activities throughout Serbia. We are especially pleased that the enthusiasm and persistence of Erste volunteers were recognised by the public and extremely glad to have won the Business Leaders Forum Corporate Volunteering Award.

Human rights are equally important in relation to suppliers, where we made a significant step forward when it comes to raising standards related to sustainability in the value chain. Corporate social responsibility criteria have become part of a standard questionnaire for the selection of suppliers, and mandatory contract clauses were introduced relating to respect for human rights by our suppliers. We thereby showed that, to our Bank, an integrated CSR approach also means ethical market practices, which, among other things, means identifying and monitoring direct as well as indirect business impacts through our business activities, as well as the activities of our partners and associates.

The previous year, 2013, was marked by the adoption of significant strategic guidelines and documents by which we set the foundations for progress when it comes to sustainability. In the coming year, a review of the current Corporate Social Responsibility Strategy is scheduled, which will be an occasion for exchanging experience with all our stakeholders and hearing their suggestions once again, as we always do when making important strategic decisions. The essence of every improvement is in finding better answers and solutions for the needs of our stakeholders, towards whom our business is directed. The motivation and willingness to continue in the direction we have chosen arise from the satisfaction of our stakeholders who, as shown by the surveys of their attitudes conducted for the purpose of preparing the current CSR Strategy, recognise us as a responsible partner.

Cordially,  
Andrea Brbaklić



# HOW TO READ THIS REPORT?

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In line with its primary commitment to creating value added for all its stakeholders, Erste Bank publishes, as in the previous five years, its Corporate Social Responsibility Report for the past year, 2013. At the time when transparency is getting a new, essential importance, the Bank's intention is to demonstrate how the CSR Strategy can be efficiently implemented in all business areas if sustainability is seen as an integral part of business strategy, with the aim of achieving a balance between responsible business and profitable business.

The Bank has done a lot in this area in the previous years, **deeply believing in an integrated approach to sustainability; it introduced CSR practices related to core business, improving in particular the areas of responsible investment and management of social and economic risks in financing; promoting ethical products and services, it opened the door to financial inclusion and education, and as a responsible participant in the economic life**

**of the country, it contributed in many innovative ways to the development of social entrepreneurship and youth entrepreneurship, as well as to the promotion of human rights in all aspects of its activities.** For this reason, the Report that you have before you is not just a presentation of implemented activities but also an indicator of the Bank's constant pursuit of completely new levels of social responsibility.

Therefore, we recommend all readers to view the Report as a whole in order to gain a full and clear picture of the Bank's activities and progress, of its identity and the values in which it recognises itself and which it promotes. If, however, you decide to devote your attention to specific parts, we believe that you will thereby also get a good insight into the topics that are of the greatest importance to you and that, precisely because of this, got a well-deserved place among the Bank's priorities. **If you are...**

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## A representative of the business sector

See how Erste Bank achieves the sustainability of its business and takes the leading role in promoting the best business and CSR practices, as well as how much it directly and indirectly contributes to the economic and social development of the country.

- *Financial results and involvement in joint initiatives: area 1 "Company Profile", page 8*
- *Key impacts, risks and opportunities in the sustainability context: area 2 "Strategic Approach to CSR", page 13*
- *Good corporate governance: area 3 "Good Corporate Governance", page 28*

## A colleague from the banking sector

See how Erste Bank develops its approach to risk management, with special focus on social and economic risks, and how it improves its good market practices, especially in connection with anti-corruption and anti-fraud. In addition, read more about the Bank's active involvement in industry associations and in other business and CSR associations, as well as about its advanced customer relations practices.

- *Key impacts, risks and opportunities in the sustainability context: area 2 "Strategic Approach to CSR", page 13*
- *Good corporate governance: area 3 "Good Corporate Governance", page 28*
- *Involvement in joint initiatives: area 1 "Company Profile", page 8*
- *Area 5: "Responsibility to Customers", page 56*

## An Erste Bank employee

See more details about good work practices and the opportunities offered by Erste Bank as a responsible employer, its corporate culture, internal communication, development and training, trade union activities and volunteering programme.

- *Area 4: "Our People", page 42*

## A customer of the Bank

See more details about the wide portfolio of products and services designed according to customer needs, about customer 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.

- Area 5: "Responsibility to Customers", page 56
- Financial results : area 1 "Company Profile", page 8
- CSR strategy and key impacts, risks and opportunities in the sustainability context: area 2 "Strategic Approach to CSR", page 13
- Good corporate governance: area 3 "Good Corporate Governance", page 28

## Our fellow citizen

See how Erste Bank contributes to the development of social environment and to environmental protection, as well as how it makes significant impacts on the general social and economic development.

- initiatives conducted in local communities: area 6 "Our Fellow Citizens in the Communities in Which We Operate", page 69
- Environmental initiatives: area 7 "Responsibility to the Environment", page 84
- CSR strategy and key impacts, risks and opportunities in the sustainability context: area 2 "Strategic Approach to CSR", page 13

## A representative of the public sector

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

- Financial results: area 1 "Company Profile", page 8
- Key impacts, risks and opportunities in the sustainability context: area 2 "Strategic Approach to CSR", page 13
- Good corporate governance: area 3 "Good Corporate Governance", page 28
- Area 5: "Responsibility to Customers", page 56

## A business association representative

See what the Bank's role is in the joint initiatives of which it is a member and what the most significant impacts and results are that were achieved in this way by joint action of responsible stakeholders. 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 and involvement in joint initiatives: area 1 "Company Profile", page 8
- Key impacts, risks and opportunities in the sustainability context: area 2 "Strategic Approach to CSR", page 13
- Good corporate governance: area 3 "Good Corporate Governance", page 28

## 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 Green Ideas Award for individuals, associations and small enterprises for the development of innovative entrepreneurial projects based on the principles of sustainable development. For journalists, the Bank organised a contest for the best story about the EU integration process in Serbia.

- Area 5: "Responsibility to Customers", page 56

## 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 and education of marginalised groups. In addition, you may be interested in the Bank's responsibility in 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: area 6 "Our Fellow Citizens in the Communities in Which We Operate", page 69
- Environmental initiatives: area 7 "Responsibility to the Environment", page 84
- Responsible Financing: area 5 "Responsibility to Customers", page 56
- Volunteer activities: area 4: "Our People", page 42





# 1 • COMPANY PROFILE

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## 1 • 1 Erste Group – Social Responsibility as Part of Identity

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**Erste Group was founded in 1819 in Vienna as Erste Österreichische Spar-Casse – the first private savings bank founded with the aim of becoming a financial institution open to all. The driving motivation for founding the savings bank was the idea that the achievement of economic goals is only possible in prosperous and stable communities. Its founders wanted to enable people with low income to get bank accounts, which had not been possible until then. This savings bank developed into Erste Group and its legal successor is ERSTE Foundation, founded in 2003, which now is the largest individual shareholder of the Group.**

Through three key programmes: Social Development, Culture and Europe, today ERSTE Foundation is still committed to the ideas on which Erste Group is based: development and expansion of civil society in the region by promoting respect for individuals and society. Read more about ERSTE Foundation's activities in Serbia in 2013 on pages 78–79.

### Strategy

Since it started the strategic expansion of its retail operations to the countries of Central and Eastern Europe (CEE), Erste Group's customer base increased from 600,000 to 16.4 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 when it comes to the number of customers and total assets.

The Group's core activities, in addition to the traditionally strong retail segment, include consulting services and support to corporate customers in financing, investment and access to international capital markets, public sector financing and interbank market operations.

### Erste Group in a Nutshell:

- Serves 16.4 million customers
- Employs 46,000 people
- Operates 2,900 branches in 7 countries
- Market leader in AUT, CZ, RO, SK.

During 2013, Erste Group Bank AG (Erste Group) completed the sale of 100% of its Ukrainian subsidiary, public company Erste Bank Ukraine, to the owners of PU-JSC FIDOBANK ("FIDOBANK"), a group of companies run by Ukrainian banker Oleksandr Adarich..

### Erste Group's Business Position:

- No. 1 asset manager in CEE with EUR 48 billion assets under management
- Top position in debt capital markets in Austria and CEE with more than 11% market share
- Top Mandated Lead Arranger of syndicated loans in CEE
- No. 3 in CEE commercial real estate business.

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**Erste Group –  
Private Banking Austrian Way  
Erste Bank Oesterreich – The Best Bank  
for Private Banking in 2013**

British financial magazine *The Banker* and the PWM (Professional Wealth Management) magazine declared Erste Bank Oesterreich the best bank for private banking in Austria as part of Global Private Banking Awards 2013.

Erste Group's Private Banking Division was also declared the best bank for private banking in Central and Eastern Europe in 2012. The Private Banking Division of Erste Bank and Spar-Casse manages assets worth about EUR 40 billion, which is equivalent to a 25% market share. This means that Erste Bank is the market leader in this banking segment.

The presentation of international awards in the area of private banking – Global Private Banking Awards – has been organised each year since 2009 by the Financial Times publications *The Banker* and PWM, where applicant banks are rated based on qualitative and quantitative factors. A panel composed of nine economic experts compares banks in private banking using key performance indicators in the areas of portfolio management, due diligence, risk management, customer service, ethical factors, business models, employee loyalty and innovation. This year, over one hundred banks from 45 countries applied and the awards were given in 52 categories.



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**Key Operating Results in 2013:**

- Total assets: EUR 199.9 billion
- Operating profit: EUR 3,307.9 million
- Net profit: EUR 61 million
- Return on equity: 3.4%

The 6.5% decrease in total assets relative to the end of 2012 related to decreases in the trading in assets and derivatives (-23.0%), financial assets (-7.6%) and gross customer loans (-3.2%).

Despite the decrease in operating costs, the operating result decreased to EUR 3,307.9 million (-4.7% relative to EUR 3,472.8 million in the financial year 2012) due to lower operating income.

Detailed financial report of Erste Group may be found at [www.erstegroup.com](http://www.erstegroup.com)

“In 2013, the economic development of Central and Eastern Europe exceeded the expectations of many sceptics. The net profit of EUR 61 million should be seen against the backdrop of the significant increase in income taxes relative to the previous year, as well as adverse extraordinary impacts – banking and transaction taxes in Austria, Hungary and Slovakia, goodwill write-downs and costs of exiting Ukraine totalling almost EUR 770 million”, said Andreas Treichl, CEO of Erste Group Bank AG, presenting the results for the financial year 2013.

“After a successful capital increase, in 2013, we were the first Austrian bank to repay the entire participation capital that had been provided by the Austrian government and private investors, and closed the year with a solid capital buffer,” Treichl concluded.

**EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE**

**ČESKÁ  
SPŮŘITELNA A.S.**

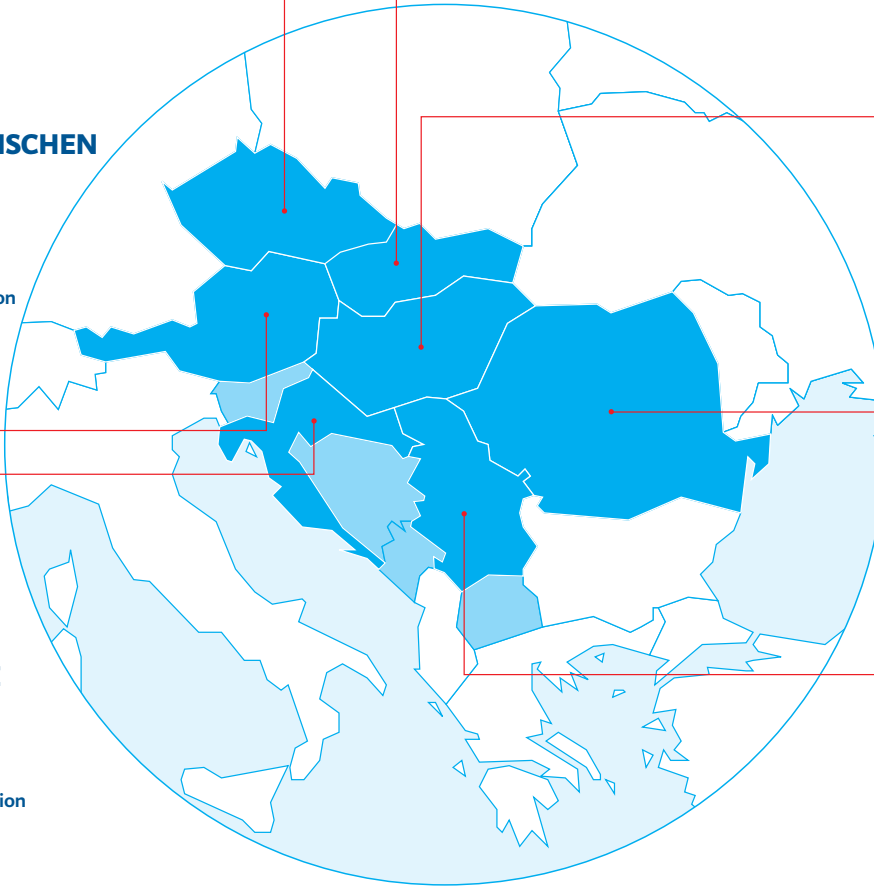
CZECH REPUBLIC  
number of branches: 653  
number of customers: 5.3 million  
market share  
retail deposits: 26.9 %  
retail loans: 23.6 %

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

AUSTRIA  
number of branches: 972  
number of customers: 3.4 million  
market share  
retail deposits: 18.3 %  
retail loans: 19.0 %

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

CROATIA  
number of branches: 150  
number of customers: 1.0 million  
market share  
retail deposits: 12.8 %  
retail loans: 13.8 %



**SLOVENSKÁ  
SPORITEL'ŇA, A.S.**

SLOVAKIA  
number of branches: 292  
number of customers: 2.4 million  
market share  
retail deposits: 26.5 %  
retail loans: 25.8 %

**ERSTE BANK  
HUNGARY ZRT.**

HUNGARY  
number of branches: 135  
number of customers: 0.9 million  
market share  
retail deposits: 7.0 %  
retail loans: 15.5 %

**BANCA COMERCIALĂ  
ROMÂNĂ S.A.**

ROMANIA  
number of branches: 563  
number of customers: 3.2 million  
market share  
retail deposits: 18.1 %  
retail loans: 17.7 %

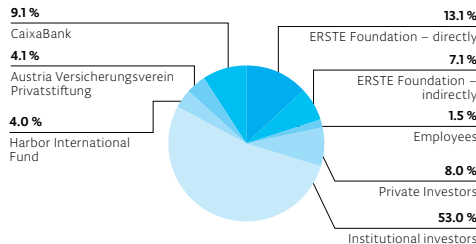
**ERSTE BANK A. D.  
NOVI SAD**

ERSTE BANK A. d. Novi Sad  
number of branches: 68  
number of customers: 0.3 million  
market share  
retail deposits: 2.8 %  
retail loans: 3.4 %

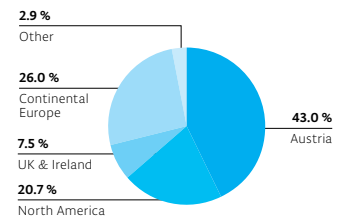
**Proud of Our CSR Rating**

Erste Group has been included in the VONIX Sustainability Index of Vienna Stock Exchange since 2008. The Erste Group shares were also added to the ASPI Eurozone Index, which consists of 120 highest ranked companies in the Eurozone selected by one of the major rating agencies, VIGEO. Erste Group's efforts and initiatives in the CSR area were rewarded again in 2011, when the Group was included in the new sustainability index, the STOXX Global ESG Leaders Index, which consists of the highest ranked companies throughout the world when it comes to sustainability.

**SHAREHOLDER STRUCTURE AS OF  
31/12/2013 BY INVESTOR (%)**



**SHAREHOLDER STRUCTURE AS OF  
31/12/2013 BY REGION (%)**



# 1 · 2 Erste Bank in Serbia – Official Confirmation of Successful Operation

**Erste Bank a. d. Novi Sad (with its headquarters in Novi Sad) is a part of Erste Bank Group, which has been operating in Serbia since 2005 when it acquired the majority stake of Novosadska Banka, the oldest financial institution in our country, founded in 1864.**

**Corporate social responsibility is deeply integrated in the Bank's identity in Serbia, as well and is a key part of its mission to create sustainable value for all its stakeholders, providing universal financial services and to contribute actively, together with them, to the development of local community and society as a whole, which makes the Bank's business sustainable in the long term.**

#### **Erste Bank a.d. Novi Sad in brief:**

- It serves over 330,000 customers.
- It employs around 1,000 employees.
- It has a network of 68 retail branches and 4 corporate centres in 45 towns of Serbia.

#### **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 that is 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 new things and constantly improve the existing ones
- **Creation** – we create value for our customers, shareholders and ourselves.

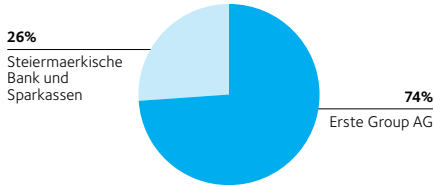
#### **Key business results in 2013:**

- **Total assets** increased by **21.4%**, from RSD 80.7 billion at the end of 2012 to **RSD 97.9 billion** at the end of 2013.
- **Total loans** increased by **4.6%** compared to the end of 2012 to **RSD 58.2 billion**, while total deposits increased by **26.07%** to **RSD 78.2 billion**.
- At the end of 2013, **operating profit** was **7.9%** higher and amounted to **RSD 2,028.5 million** relative to the same period of the previous year, when it was **RSD 1,878.7 million**.
- **Net profit** amounted to **RSD 1,059.4 million** at the end of 2013, which is **15.3%** less than in the same period of the previous year, when it was **RSD 1,250.1 million**.

"For Erste Bank, last year was yet another in the series of successful years, because we managed to increase and expand our support to customers in various segments and achieve excellent business performance despite all the economic challenges we face," said Slavko Carić, CEO of Erste Bank a.d. Novi Sad.

Detailed financial report of Erste Bank may be found at [www.erstebank.rs](http://www.erstebank.rs)

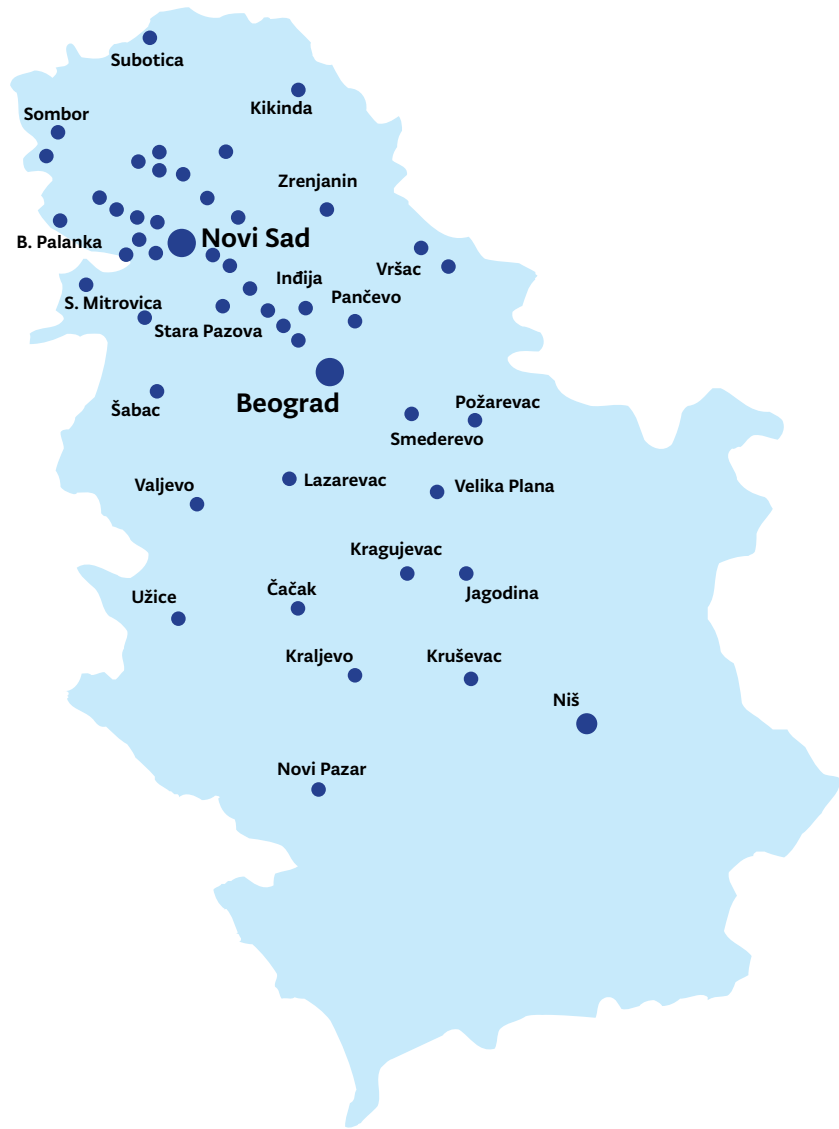
## SHAREHOLDER STRUCTURE



Other companies, members of Erste Group in Serbia:

 LEASING

 ERSTE  
Group Immoent



## Erste Group CEO Visiting Erste Bank Serbia

When he visited Erste Bank Serbia in January 2013, Andreas Treichl, CEO of Erste Group, pointed out: "We usually say that we operate in eight countries. However, it is in fact fifteen countries if we count the two branches in Germany, the offices in New York, London, Hong Kong, Moldova, Poland, etc.

Among the fifteen countries in which we engage in banking, Erste Bank Serbia achieved the fifth best result in 2012! In these times, when each bank that operates profitably is of great importance for the Group, Erste Bank a. d. Novi Sad can be proud."

On this occasion, Mr. Treichl conveyed to the Bank management the Group's views about the previous development of the Bank in

Serbia and emphasised that the Group was 100% committed to the Serbian market and that it wanted the Bank in Serbia to grow. He also pointed out that it was also very important for the whole country to develop, because no matter how well the Bank operates, if the country fails to make progress, this will not be good for anyone. "We must contribute together to the progress of the country," concluded Mr. Treichl.

# 2 • STRATEGIC APPROACH TO CSR – FULL IMPLEMENTATION OF THE STRATEGY

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## 2 • 1 CSR STRATEGY

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Owing to its strategic approach to corporate social responsibility, which it has been fostering since 2008 when the first Corporate Social Responsibility Strategy for 2009-2011 was adopted, Erste Bank has a well-built “CSR profile” among its stakeholders – it gained a firm position and recognisability as someone who is “different from others” in a positive sense, both in terms of the issues it supports and in terms of motivation for social responsibility – with moderate exposure to the public and without the use of CSR for promotional purposes, which remained the backbone of the Bank’s strategic orientation.

The redefinition of internal strategic directions and the adoption of a new CSR Strategy for 2012-2014 additionally strengthened the leading position of Erste Bank in the area of social responsibility in the banking sector and significantly improved its overall business approach. The new CSR Strategy also set the key direction the Banks pursues – the connection of CSR with the Bank’s core business.

### **The Basic Principles of the CSR Strategy:**

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

The definition and framework of corporate social responsibility for Erste Bank were derived from the steps taken during the Strategy preparation process:

- ✓ Situation analysis
- ✓ Analysis of the previous results of Erste Bank in the area of corporate social responsibility and
- ✓ Stakeholder analysis.

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### **Achieved in 2013:**

- ✓ CSR Report was published according to B Level of the GRI methodology
  - ✓ The successful implementation of the CSR Strategy was continued
  - ✓ The implementation of the Natural and Social Environment Protection Policy was continued
  - ✓ The Responsible Financing Policy was adopted
  - ✓ The reporting practices were improved by introducing additional GRI indicators for the financial sector
- 

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

The Erste Bank corporate social responsibility framework consists of areas, topics and related programmes. The areas are permanent elements of the framework or the Strategy of the Bank and, in addition to arising from the definition of the Bank's corporate social responsibility, they arise from all of the steps taken previously – situation analysis, especially the analysis of the directions of development in the banking sector and the evaluation of the results of implementation of the Bank's previous Strategy and the analysis of stakeholders, i.e., their views and expectations expressed.

The topics within each area may change in the medium term depending on the current internal and external contexts and are also set in accordance with the global trends in the banking sector that are moving towards sustainability and responsible financing.

AREA	TOPIC IN FOCUS	OTHER PRIORITY TOPICS
CORPORATE GOVERNANCE	DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY THROUGH JOINT INITIATIVES	ANTI-CORRUPTION AND PROTECTION OF COMPETITION
		TRANSPARENT GOVERNANCE PRACTICES
RESPONSIBILITY TO CUSTOMERS	FINANCIAL INCLUSION AND RESPONSIBLE FINANCING	RESPONSIBLE COMMUNICATION
		ENGAGEMENT OF CUSTOMERS IN CSR INITIATIVES
RESPONSIBILITY IN THE WORKING ENVIRONMENT	DEVELOPMENT AND IMPROVEMENT	SOCIAL SUPPORT TO EMPLOYEES
		HEALTH AND SAFETY AT WORK
RESPONSIBILITY TO LOCAL COMMUNITIES	INVESTMENT IN THE DEVELOPMENT OF POTENTIAL OF ALL MEMBERS OF THE COMMUNITIES IN WHICH THE BANK OPERATES	PROMOTION OF CORPORATE AND INDIVIDUAL PHILANTHROPY
RESPONSIBILITY TO THE ENVIRONMENT	RESPONSIBLE USE OF RESOURCES	RAISING AWARENESS OF ENVIRONMENTAL PROTECTION AMONG EMPLOYEES
		RESPONSIBLE FINANCING



WITH THE AREAS SET IN THIS WAY, THE BANK MAY MEET REASONABLE EXPECTATIONS AND NEEDS OF ALL STAKEHOLDERS PRESENTED ON THE MAP (PAGES 15–16).



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



IN ADDITION TO THE TOPIC IN FOCUS, OTHER PRIORITY TOPICS ARE GIVEN FOR EACH OF THE AREAS DEFINED BY THE STRATEGY AND IN EACH OF THE CORRESPONDING SECTIONS OF THIS REPORT.



The goals for each of the areas build upon the goals of the previous Strategy and the results achieved by its implementation. See more about the goals defined by the new CSR Strategy on page 20.

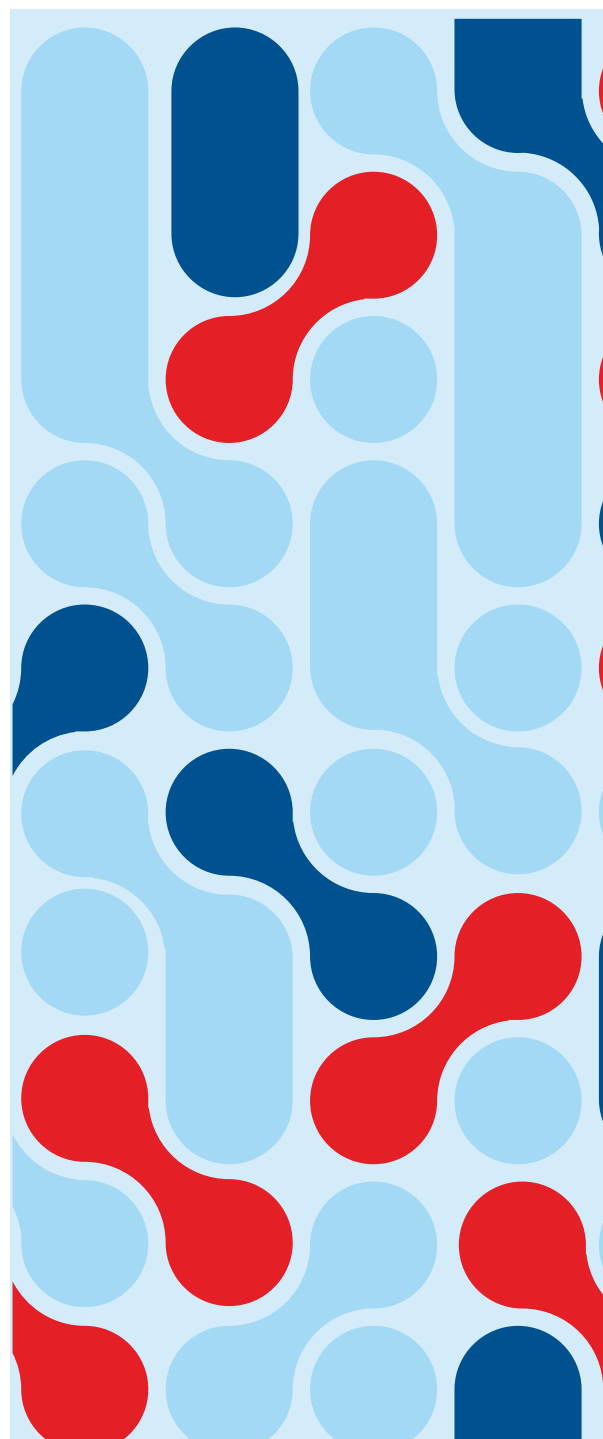
In order to determine the successfulness of the Strategy implementation and the degree of achievement of the set goals, Erste Bank monitors the performance indicators defined in the Annual Action Plans for each of the areas. Monitoring and measurement process also to a great extent contributes to greater transparency and quality of CSR reporting (About This Report, page 92).

## Our Key Stakeholders

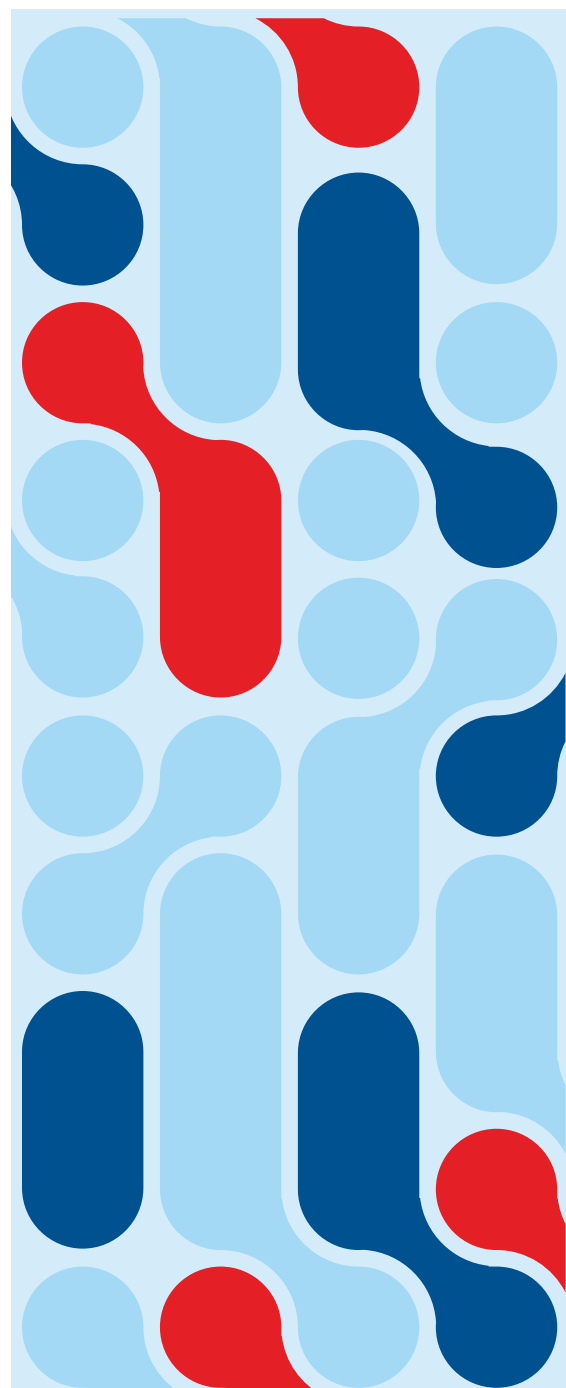
Engagement of individuals, groups and organisations that affect, or are affected by, the company activities contributes to sustainable social development by providing relevant stakeholders with the opportunity to participate in the decision-making process and makes it easier for the company to understand complex social environment and, finally, creates relations based on trust and transparency.

Proper stakeholder identification in accordance with the set goals of the engagement process and, in general, the goals in the area of corporate social responsibility was the key precondition for the successful preparation and implementation of the new CSR strategy and is based on the principles of the internationally recognised standard, the AA1000SE Standard (AccountAbility: 2011), which also resulted in an appropriate stakeholder map.

STAKEHOLDER	SUBGROUP	IMPORTANCE LEVEL (A/B/C)
EMPLOYEES	BANK EXECUTIVE BOARD	A
	MANAGEMENT (L2 AND L3)	A
	SALES NETWORK EMPLOYEES	A
	TRADE UNION	A
	VOLUNTEERS	A
	OTHER EMPLOYEES	A
SHAREHOLDERS	/	A
ERSTE GROUP	ERSTE HOLDING	A
	ERSTE FOUNDATION	B
	ERSTE GROUP MEMBERS	C



<b>BUSINESS COMMUNITY</b>	PARTNERS	A
	BUSINESS ASSOCIATIONS PROMOTING CSR	A
	OTHER BUSINESS ASSOCIATIONS	B
	OTHER	B
<b>CUSTOMERS</b>	INDIVIDUALS	A
	CORPORATES – MICROS	A
	CORPORATES – SMALL AND MEDIUM-SIZED ENTERPRISES AND LARGE CUSTOMERS	A
<b>ENVIRONMENT</b>	/	B
<b>COMMUNITY</b>	LOCAL LEVEL (IN PLACES WHERE THE BANK OPERATES)	A
	NATIONAL LEVEL	A
<b>NON-PROFIT ORGANISATIONS</b>	CONSUMER ASSOCIATIONS	A
	PARTNERS	A
	OTHER	C
<b>MEDIA</b>	SPECIALISED (ECONOMY, FINANCE AND BANKING)	A
	NATIONAL	A
	LOCAL	B
<b>PUBLIC INSTITUTIONS</b>	REGULATORY BODIES	A
	PUBLIC ADMINISTRATION INSTITUTIONS	A
	PARTNERS	A
	LOCAL SELF-GOVERNMENTS (IN PLACES WHERE THE BANK OPERATES)	B

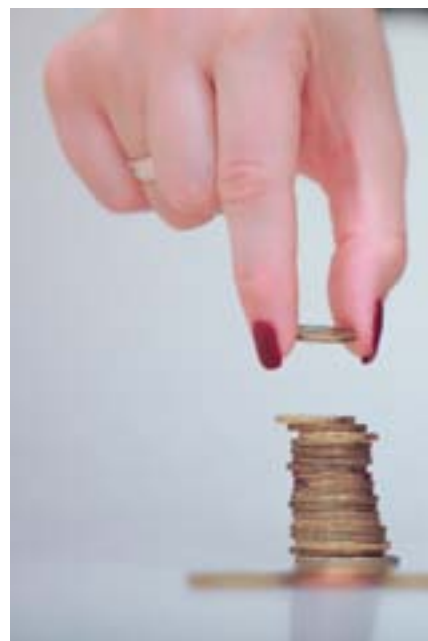


Since the Bank's basic aspiration was to define a strategy based on the real needs of the community in which it operates, for the purposes of stakeholder analysis as part of the preparation of the new CSR strategy, Erste Bank, in cooperation with its partner organisations CESID and Smart Kolektiv, conducted a survey of views of Erste Bank employees and partners about the concept of corporate social responsibility, with the aim of determining the needs and expectations of relevant stakeholders:

- A survey of the views of internal and external stakeholders through questionnaires and in-depth interviews was conducted (CESID, 2012)
- Focus groups were organised in which employees from different organisational units of Erste Bank participated in order to get their feedback regarding the topics and programmes proposed by the Strategy, especially regarding the operating plans for implementation in the aspects related to their position or the division in which they work. Eight focus groups were held in total, attended by representatives of as many as 18 organisational units in Erste Bank (Smart Kolektiv, 2012).

The topics in focus, as well as other priority topics were defined in accordance with the Bank's highest impacts, its strategic priorities and also the expectations of stakeholders:

- Since, in accordance with the current social and economic situation in Serbia, the economy, the standard of living and employment proved to be absolute priorities for the Bank's corporate social responsibility, the Bank continued to develop and expand its programmes of support to youth employment, the SME sector, as well as micros.
- Responsibility to the Environment was formulated as a separate strategic area, taking into account the results of the stakeholder analysis, regardless of the relatively low negative impact that the Bank's business operation has on this area.
- As a response to public requests for a greater transparency of the banking sector, Erste Bank introduced Corporate Governance as a separate area in its CSR strategy, focusing on sustainability management.
- By extending the understanding of its impacts from direct to indirect ones, the Bank also included its supply chain in its strategic guidelines, which is in line with the global trends (defined, for example, in the new version of the GRI Sustainability Reporting Guidelines) and has been significantly improving this segment of its corporate social responsibility year after year.



## The Role of the Executive Board of Erste Bank in Sustainability Management

In Erste Bank, corporate social responsibility is an integral part of its everyday activities, but also of its business strategy, which implies that business success should only be achieved in a manner acceptable in a wider economic, environmental and social dimension. Strategic approach is a prerequisite for the success and long duration of CSR initiatives, requiring the Executive Board's support. 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 Communication Department Executive Director, who reports to the CEO of the Bank.

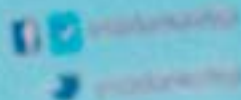
Owing to the Executive Board's support, Erste Bank adopted a new Corporate Social Responsibility Strategy in 2012, and the introduction of the new Natural and Social Environment Protection Policy, on which several divisions worked as a team, was also initiated by the Bank Executive Board. In addition to encouraging the development of ethical products intended for special social groups and environmental protection, the Executive Board supports reporting based on global indicators of financial, as well as non-financial performance (the GRI principles), which is an indicator of greater business transparency. Precisely because of its determination to improve constantly the transparency, as well as its cooperation with international financial institutions in terms of the Bank's core business, its reporting practice according to the GRI indicators for the financial sector improved significantly.

The Executive Board's support to the promotion of CSR through relevant external initiatives is not just declarative – Suzan Tanriyar, a representative of the Bank Executive Board, personally signed the UN Women's Empowerment Principles, while Andrea Brbaklić, Director of the Communication Department and Human Resources Department, has been the Chair of the Steering Committee of the UN Global Compact Serbia since its founding. In this way, the Executive Board gives its contribution to the development of ethical business in all aspects within the Bank, but also in the business community to which the Bank belongs.



# Erste keš kredit

- Vi kreirate svoju kamatu
- Fiksna kamatna stopa
- Period otplate do 84 mes



## 2.2 Goals in the Area of Sustainability

DOCUMENT: CORPORATE SOCIAL RESPONSIBILITY STRATEGY, ERSTE BANK A. D. NOVI SAD			
AREA	GOAL	TOPIC IN FOCUS	OTHER PRIORITY TOPICS
CORPORATE GOVERNANCE	IMPROVE THE EXISTING GOOD CORPORATE GOVERNANCE PRACTICES AND PROMOTE THEIR IMPLEMENTATION IN THE BUSINESS COMMUNITY	DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY THROUGH JOINT INITIATIVES	ANTI-CORRUPTION AND PROTECTION OF COMPETITION
			TRANSPARENT GOVERNANCE PRACTICES
RESPONSIBILITY TO CUSTOMERS	BUILD A RELATIONSHIP OF TRUST WITH CUSTOMERS BASED ON ACCESSIBILITY AND OPEN COMMUNICATION	FINANCIAL INCLUSION AND RESPONSIBLE FINANCING	RESPONSIBLE COMMUNICATION
			ENGAGEMENT OF CUSTOMERS IN CSR ACTIVITIES
RESPONSIBILITY IN THE WORKING ENVIRONMENT	DEVELOP A MOTIVATING WORKING ENVIRONMENT BASED ON THE RIGHTS AND NEEDS OF EMPLOYEES	DEVELOPMENT AND IMPROVEMENT	SOCIAL SUPPORT TO EMPLOYEES
			HEALTH AND SAFETY AT WORK
RESPONSIBILITY TO LOCAL COMMUNITIES	AS AN ACTIVE AND RESPONSIBLE FELLOW CITIZEN, WORK ON THE DEVELOPMENT OF LOCAL COMMUNITIES IN ALL RELEVANT ASPECTS	INVESTING IN THE DEVELOPMENT OF POTENTIAL OF ALL MEMBERS OF THE COMMUNITIES IN WHICH THE BANK OPERATES	PROMOTION OF CORPORATE AND INDIVIDUAL PHILANTHROPY
RESPONSIBILITY TO THE ENVIRONMENT	REDUCE NEGATIVE IMPACTS THE BANK BUSINESS HAS ON THE ENVIRONMENT	RESPONSIBLE USE OF RESOURCES	RAISING AWARENESS OF ENVIRONMENTAL PROTECTION AMONG EMPLOYEES
			RESPONSIBLE FINANCING

✓ DONE

→ GROWTH AND IMPROVEMENT

▶ INTRODUCTION AND DEVELOPMENT

\* IN ALL AREAS, ERSTE BANK OPERATES IN LINE WITH CURRENT LEGAL REGULATIONS.

STRATEGIC DOCUMENTS	PROGRAMMES
<ul style="list-style-type: none"><li>✓ GENERAL BUSINESS CONDITIONS</li><li>✓ BANKING CODE OF CONDUCT</li><li>✓ ARTICLES OF ASSOCIATION OF ERSTE BANK A.D. NOVI SAD</li><li>✓ MANUAL FOR MANAGING CONFLICTS OF INTEREST OF ERSTE BANK A.D. NOVI SAD (FOR ALL EMPLOYEES AND THEIR IMMEDIATE FAMILY MEMBERS)</li><li>✓ REGULATION FOR PREVENTING CONFLICTS OF INTEREST IN ERSTE BANK A. D. NOVI SAD BASED ON GROUP PRINCIPLES (FOR COMPLIANCE AND BANK MANAGEMENT)</li><li>✓ GIFT POLICY</li><li>✓ POLICY FOR MANAGING CONFLICTS OF INTEREST</li><li>✓ AML/TF PROGRAMME</li><li>✓ PROGRAMME FOR COMPLIANCE WITH ANTI-MONOPOLY REGULATIONS</li><li>✓ FRAUD RISK MANAGEMENT POLICY</li><li>✓ WHISTLE BLOWING POLICY</li><li>✓ PROCEDURES FOR ESTABLISHING EMPLOYEE RESPONSIBILITY</li><li>✓ PERFORMANCE MANAGEMENT POLICY</li><li>✓ REMUNERATION POLICY</li></ul>	<ul style="list-style-type: none"><li>✓ PARTICIPATION IN THE WORK OF THE UN GLOBAL COMPACT SERBIA THROUGH WORKING GROUPS, JOINT INITIATIVES AND PROGRAMMES</li><li>✓ ACTIVE ENGAGEMENT IN PROMOTING CSR THROUGH THE BUSINESS LEADERS FORUM AND PARTICIPATION IN THE CSR FORUM CONFERENCE</li><li>✓ PROMOTING CSR IN SECTORAL ASSOCIATIONS</li><li>→ ENGAGEMENT OF SUPPLIERS IN CSR ACTIVITIES</li><li>▶ ENHANCING THE PRACTICES OF RISK MANAGEMENT AND RESPONSIBLE FINANCING</li></ul>
<ul style="list-style-type: none"><li>✓ NATURAL AND SOCIAL ENVIRONMENT PROTECTION PROCEDURE</li><li>✓ RESPONSIBLE FINANCING POLICY</li><li>✓ CUSTOMER CARE CONCEPT</li><li>✓ NEW COMPLAINT HANDLING SYSTEM REPOZA</li><li>✓ GENERAL BUSINESS CONDITIONS COMPLYING WITH THE LAW ON THE PROTECTION OF FINANCIAL SERVICE CONSUMERS AND THE LAW ON PERSONAL DATA PROTECTION</li><li>✓ COMMUNICATION TONE IN ADVERTISING</li><li>✓ NEW MARKETING STRATEGY ALIGNED WITH CSR PRINCIPLES</li><li>✓ NEW ONLINE COMMUNICATION STRATEGY ALIGNED WITH CSR PRINCIPLES</li></ul>	<ul style="list-style-type: none"><li>✓ DEVELOPMENT OF INCLUSIVE PRODUCTS AND SERVICES FOR YOUTH AND PENSIONERS</li><li>✓ DEVELOPMENT OF ENTREPRENEURSHIP THROUGH THE SUPPORT OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES</li><li>✓ FURTHER DEVELOPMENT OF SERVICES INTENDED FOR SOCIAL ENTERPRISES</li><li>✓ ENHANCING THE PRACTICES OF RESPONSIBLE ADVERTISING</li><li>→ PRACTICES OF RESPONSIBLE FINANCING ACCORDING TO SOCIAL AND ENVIRONMENTAL CRITERIA</li><li>▶ PROMOTING CSR TOPICS THROUGH EXISTING CUSTOMER COMMUNICATION CHANNELS AND PRODUCTS</li></ul>
<ul style="list-style-type: none"><li>✓ CODE OF ETHICS</li><li>✓ EMPLOYMENT POLICY</li><li>✓ TRAINING AND DEVELOPMENT POLICY</li><li>✓ REMUNERATION POLICY</li><li>✓ PERFORMANCE MANAGEMENT POLICY</li><li>✓ HUMAN RESOURCE STRATEGY</li><li>✓ REGULATION ON HEALTH AND SAFETY AT WORK</li><li>✓ INTERNAL COMMUNICATION STRATEGY</li><li>✓ COLLECTIVE BARGAINING AGREEMENT</li></ul>	<ul style="list-style-type: none"><li>✓ INVESTING IN EMPLOYEE IMPROVEMENT THROUGH TRAINING, IMPLEMENTATION OF PERSONAL DEVELOPMENT PLANS AND DEVELOPMENT OF INTERNAL JOB MARKET</li><li>✓ ENGAGEMENT OF EMPLOYEES IN CREATING AND IMPLEMENTING CSR ACTIVITIES THROUGH THE DEVELOPMENT OF INDIVIDUAL PHILANTHROPY AND VOLUNTEER ACTIVITIES</li><li>✓ ENHANCING INTERNAL COMMUNICATION EFFICIENCY</li><li>✓ IDEA MARKET CONCEPT ENHANCED</li><li>→ RAISING AWARENESS OF THE IMPORTANCE OF HEALTH CARE AND PREVENTIVE HEALTH CHECK-UPS</li><li>▶ AUDIT OF INTERNAL COMMUNICATIONS STRATEGY</li></ul>
<ul style="list-style-type: none"><li>✓ VOLUNTEERING POLICY</li><li>✓ VOLUNTEERING PROGRAMME</li></ul>	<ul style="list-style-type: none"><li>✓ FINANCIAL EDUCATION OF THE YOUTH AND PERSONS WITH DISABILITY</li><li>✓ CONTINUATION OF THE CENTRIFUGE, SUPERSTE CLUB AND SHARE YOUR KNOWLEDGE – BECOME A MENTOR PROJECTS</li><li>✓ CONTINUATION OF THE INDIVIDUAL PHILANTHROPY PROGRAMMES</li><li>✓ PROMOTION OF VOLUNTEERING – CORPORATE VOLUNTEERING AWARD</li><li>→ FURTHER IMPROVEMENT OF PROGRAMMES SUPPORTING MEMBERS OF VULNERABLE GROUPS</li><li>→ FURTHER IMPROVEMENT OF CONTESTS FOR SPONSORSHIPS AND GRANTS IN LOCAL COMMUNITIES, BASED ON THE ANALYSIS OF COMMUNITY NEEDS</li><li>→ ENGAGEMENT OF EMPLOYEES IN CSR ACTIVITIES</li><li>▶ ENGAGEMENT OF CUSTOMERS AND PARTNERS IN CSR ACTIVITIES</li></ul>
<ul style="list-style-type: none"><li>✓ WASTE MANAGEMENT PROCEDURE</li></ul>	<ul style="list-style-type: none"><li>✓ CONTINUATION OF ENVIRONMENTAL IMPACT MONITORING AND REDUCTION THAT STARTED THROUGH THE ECOPROFIT PROJECT</li><li>✓ ESTABLISHMENT OF TRANSPORT IMPACT MEASUREMENT SYSTEM</li><li>✓ CONTINUATION OF RECYCLING PROGRAMME (PAPER, PET, GLASS)</li><li>✓ INTRODUCING 100% RECYCLED PAPER INTO USE</li><li>✓ FINANCING RENEWABLE ENERGY PROJECTS</li><li>→ FURTHER IMPROVING THE GREEN PROCUREMENT SYSTEM</li><li>→ IMPROVING THE RESPONSIBLE FINANCING PRACTICES THROUGH INTRODUCING ENVIRONMENTAL CRITERIA</li><li>▶ DEVELOPING THE GREEN BRANCHES CONCEPT</li></ul>

## 2 · 3 Banking Sector in the Context of Sustainability

### The Highest Impacts and Risks

The current financial and economic crisis, whose consequences are still being felt all over the world, contributed to bringing into focus the issue of economic growth, and not only its pace but also its quality. In addition to pointing out the weaknesses of the existing system, the crisis proved to be an opportunity to review the established approaches and define new ways of thinking about developmental and other numerous problems. Thus, a model of sustainable growth is being developed at the global and national levels, based on the simultaneous consideration of economic, social and environmental criteria, which is a framework in which also the banking sector finds support for achieving stability and gaining public trust.

Uncertainty as a result of the crisis and the increasing expectations of the public have brought to the fore the responsibility of financial institutions to society as a whole. The primary reason for paying special attention to the impacts of this sector is the awareness of the contribution that banks, directly or indirectly, give to economic and social development.

Erste Bank's contribution to Gross Domestic Product:

GENERATED AND DISTRIBUTED VALUE IN THOUSANDS RSD	2011	2012	2013
TOTAL INCOME	5,321,896	6,075,753	6,353,428
TOTAL EXPENSES	3,440,896	3,796,541	3,982,980
OPERATING EXPENSES	1,478,896	1,632,128	1,644,087
EMPLOYEE EXPENSES	1,762,104	1,930,708	2,009,291
EXPENSES RELATED TO CAPITAL PROVISION	/	/	/
EXPENSES RELATED TO LIABILITIES TO GOVERNMENT	/	/	68,858
DEPRECIATION COSTS	172,440	211,830	245,825
EXPENSES RELATED TO THE COMMUNITY	27,456	21,875	14,918

With their business decisions, modern banks can direct economic and investment trends and have an impact on the stability of national financial markets. Banks have an additional importance in the countries in transition, where the pace and quality of economic and social reforms depend on bank credit potential.

### Contribution of the Banking Sector to the Economy and Society of Serbia

A 2013 survey by the Association of Serbian Banks, in which Erste Bank participated along with twenty other banks, has shown that the banking sector of Serbia is a stable support and partner to the state, a stable source of capital to the whole economy and a responsible partner and support in crisis, which mobilises savings and turns them into investment. In addition to being the second-ranked industry by the value of contribution to the budget of Serbia based on taxes paid on operation, the banking sector is one of the most active sectors when it comes to investment in the community, with RSD 1.5 billion in grants in the past five years. More details on the results of the study Contribution of the Banking Sector to the Economy and Society of Serbia at: [www.ubs-asb.com](http://www.ubs-asb.com)



## Expectations and Management of Social and Environmental Risks

When it comes to the expectations from the banking sector, the survey of the views of Erste Bank stakeholders, conducted in 2012 for the purposes of designing a new CSR strategy, has shown that their views on the banking sector do not differ significantly from the views of the general public – CESID’s surveyors point to this conclusion, stating that the respondents’ answers to many questions are similar to the ones that can be obtained from an average citizen of Serbia. This primarily relates to the view that the banking sector is one of the most developed and most successful sectors in Serbia and that it has an important role in the development of economy and society, but that, at the same time, it has a negative image when it comes to the transparency of its services and the protection of customer rights. Therefore, the banks are expected to be initiators and proponents of positive trends that, in addition to higher transparency and the development of inclusion products, include the introduction of social and environmental criteria in investment activities.

As a responsible investor, Erste Bank is aware that it makes its greatest impact on society and the environment through the business of its customers. The Bank’s consistency in ensuring that respect for human rights and the protection of the social and natural environment are integral parts of all its financial decisions resulted in significant improvements in the areas of responsible financing and risk management. The Bank faced a strategically important task of developing efficient frameworks for managing social and environmental risks, strongly believing that this is the best way to perceive the business environment as a whole, which contributes to better investment decisions. For this reason, the Bank adopted policies that regulate this field and continued to develop its internal capacity, as well as the capacity of its customers to implement them.

When the BoD adopted the Responsible Financing Policy in June 2013, the Bank’s intention was 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 sector, as well as to the Bank’s view on the financing of political parties. The Policy regulates credit risks and reputation risks that may arise due to inappropriate choice of customers from the viewpoint of the business activity they are engaged in and the potential impacts of that 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 Banking 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 Division – assists the employees of the Corporate Banking 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 brings negative effects on society and the environment.
- Risk Management Division – when preparing the final recommendation on financing, it takes fully into account the opinion of the Compliance Division and orders measures of risk mitigation or control arising from the Policy if these measures are necessary.

The result of these assessments may be a refusal of financing if the financing brings negative effects on society or the environment.

An example that is most commonly used in the Policy application training explains the importance of clear differentiation between customer assessment and the assessment of the specific request 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 polluter, requests funds from the Bank, prior to the final decision it is important to consider what the funds are requested for. If the request 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 intended purpose.



## Monitoring the Implementation of the Responsible Financing Policy

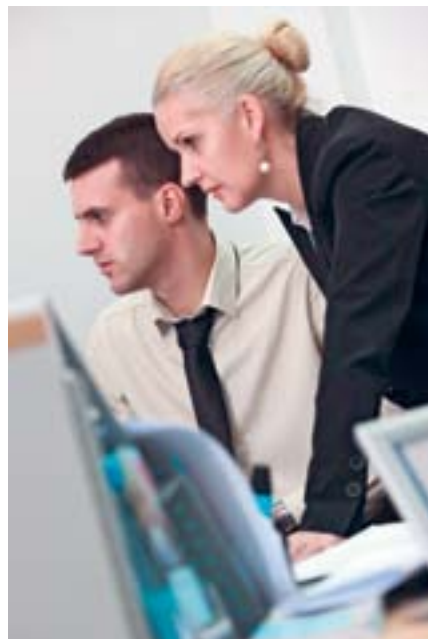
After the Responsible Financing Policy was adopted in mid-2013, the first months of its implementation were aimed at implementing appropriate internal training of employees to whose part of work it is directly related (employees in the sales and risk departments). In 2013, the first four cases were recorded that underwent additional screening according to this Policy. These four customers passed all criteria and business cooperation was established with them.

**The Natural and Social Environment Protection Policy**, created on the initiative of the Executive Board, was adopted back in late 2012 and its improved version was adopted in December 2013 by the Bank BoD. This policy regulates credit risks and reputation risks that may arise due to inappropriate management of the natural and social 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 which the Bank works (indirectly). This policy contains the principles and goals of the management of the natural and social 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 possible negative effects..

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

- Communication Department is involved in reporting and comprehensive monitoring of this issue in the Bank;
- Risk Management Division regulates the assessment of credit risks and reputation risks and the management of these risks from the aspect of environmental and social impacts;
- 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 Banking 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.

The result of all these actions may be a refusal to cooperate with the customers who, due to their business activity or any other parameter, are 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.

### **Monitoring the Implementation of the Natural and Social Environment Protection Policy**

Account Managers 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 upon the Annual Review. The check may be performed more frequently if there is a justified reason for doing so. It may be initiated by an Account Manager or by a Risk Manager. Account Managers perform the check by a field visit, by inspecting specific documents and by special analyses.

In addition to being responsible for monitoring the fulfilment of contractual obligations by customers, Account Managers are regularly involved in interaction with customers in connection with social and economic issues. The assessment includes the customers to which the Bank has an exposure of over EUR 100,000. In 2013, all customers to which the Bank had an exposure of over EUR 100,000 passed the screening, and there were 379 of them in total as of 31/12/2013. The goal of the interaction with customer is to get informed of possible risks to which the customer is exposed when it comes to natural and social environment protection, to measure them, to consider the possibilities of mitigating those risks and to find the ways for achieving a positive impact on the natural and social environment.

All customers, regardless of the exposure level, are obliged to fill in the questionnaire on the impact of their enterprise on natural and social environment. The aim of the questionnaire is for the customer to provide a valid statement about:

- The compliance of the customer's business with laws and other legal acts in connection with natural and social environment protection
- Any existing negative impacts of the customer on the air, water and land
- The environmental impact of the materials and goods with which the enterprise works
- Waste disposal
- Employee rights
- The impact on social environment.

The questionnaire also leaves room for entering any information of importance for natural and social environment protection that may be specific for the customer. In the course of conversation, the Account Manager guides the customer to think about the impacts that his business may have on natural and social environment and state them if there are any. In addition, Account Managers further interact in direct meetings, agree on possible further actions, cooperate on their implementation and monitor the outcomes of the interaction.

### **Strengthening the Capacity for the Implementation and Improvement of the Policy**

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 order to contribute to the maximum efficiency of the Policy implementation, the 57 employees from the Risk Management Division, Corporate Banking Division and Micros Department, who are involved in its implementation, received online training on the website of the European Bank for Reconstruction and Development (EBRD) entitled "E&S Risk Management Online Training Course". It is an online training course created as part of the EBRD's commitment to promoting, and raising awareness of, sustainable development and key challenges and questions in the areas of environmental protection and social issues. With the aim of supporting financial intermediaries, the training also explains how the EBRD sets up the management of the risks arising from these areas.

The audit of all policies and procedures is within the competence of the Internal Audit Department as part of its regular audit activities according to the schedule based on risk model. During the first year of the implementation of the Natural and Social Environment Protection Policy, Erste Bank undertook its audit in order to align it with the human and material capacities for its better implementation. In line with the assessment of actual internal capacity for its implementation, as well as of the actual situation in the market in our country, the goals of the audit include higher operationalisation of the Policy itself and better results of its implementation.

### **Possibilities for Achieving Sustainability**

In addition to taking into consideration the social and environmental performance of the companies in which it invests, the Bank supports projects with significant social and environmental impacts, such as investment in renewable energy sources and energy efficiency (page 89). The Bank enriched its portfolio with a number of products that integrate social and environmental factors in order to contribute to the promotion of social inclusion and the building of social capital, as well as a healthy and sustainable natural environment (page 57).

In this way, Erste Bank has once again confirmed its commitment to operate responsibly by anticipating and preventing potential negative impacts on social and natural environment. Adequate identification of direct and indirect impacts is a crucial first step for sustainability management in accordance with the precautionary principle.

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



# 3 • GOOD

## CORPORATE GOVERNANCE



AREA	CORPORATE GOVERNANCE	
TOPIC IN FOCUS	DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY THROUGH JOINT INITIATIVES	
OTHER PRIORITY TOPICS	ANTI-CORRUPTION AND PROTECTION OF COMPETITION	TRANSPARENT GOVERNANCE PRACTICES

In addition to including transparent governance practices and ethical and efficient business, good corporate governance is at the same time a prerequisite for efficient implementation of CSR into all business areas. Therefore, it cannot be limited to compliance; in the context of public requests for higher transparency, this area gains priority as an umbrella governance structure of all processes in a company. Since the “fair business” topic becomes increasingly important to the banking sector, as well as to the general social and economic environment, Erste Bank invests a lot in raising awareness in the business community, but also in the community at large of the importance of active fight against corruption and other harmful business practices, while internally it constantly improves its risk management mechanisms and develops appropriate training for its employees.

#### Achieved in 2013:

- ✓ Promotion of GRI reporting in the banking sector
- ✓ Participation in the preparation of a study on the importance and impacts of the banking sector on society and economy
- ✓ Promotion of the Global Compact principles in the value chain as well
- ✓ CSR criteria were introduced when selecting suppliers, as well as mandatory contractual clauses in connection with human rights
- ✓ Standardisation of the internal audit process

## 3 · 1 Development of CSR Through Joint Initiatives

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Erste Bank is aware that the improvement of the existing corporate governance practices in the banking sector, but also in the general business community requires promotion of good examples and promotion of CSR as a topic of strategic importance for sustainability. The Bank's aim is to improve its existing practices of good corporate governance and promote their implementation in the business community through sectoral and CSR associations of which it is a member. As an initiator of positive changes, the Bank is proud of its successful cooperation and involvement of its suppliers and partners in its CSR activities.

With the support of the Executive Board and in accordance with one of the pillars of its CSR Strategy, in 2013, as in the previous years, the Bank was actively involved in the work of relevant CSR networks in Serbia – the United Nations Global Compact (UNGC) and the Business Leaders Forum (BLF). Andrea Brbaklić, Director of the Communication Department and Human Resources Department of Erste Bank, has been the Chair of the Global Compact since the founding of the network in Serbia, while Suzan Tanriyar, a representative of the Bank Executive Board, personally signed the UN Women's Empowerment Principles. In 2013, as part of the Business Leaders Forum, the Bank participated in the CSR Forum, the largest annual conference of this network, and contributed to the first joint survey of synergetic impacts of network members, as well as to many other activities.

When it comes to sectoral level, in 2013 the Bank participated in the conference "Human Capital of Banks and Economic Crisis: Investment and Social Responsibility", at which it informed the members of the Association of Serbian Banks of the importance of non-financial reporting, the GRI principles and the Global Compact requirements in line with which it performs reporting, as well as of the major challenges it faces in this process. In addition, in 2013, as a member of the Working Group for Socially Responsible Banking of the Association of Serbian Banks, the Bank initiated and actively participated in the preparation of the study "Contribution of the Banking Sector to the Economy and Society of Serbia", which the Association conducted in cooperation with the A. T. Kearney consulting firm.

The Bank believes that experience exchange and the promotion of good practices and current global trends are essential elements of good sectoral and cross-sectoral cooperation, which it demonstrates by its willingness to engage in such initiatives.

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

# ERSTE SUCCESS STORY · Value Added for Suppliers



**Despite being outside the sphere of the Bank's direct business impacts, the business practices of the partners and suppliers with which it cooperates are an opportunity for the Bank to give its contribution to raising the standard of quality and sustainability in the business sector. In the current social and economic moment, CSR gains a wider sense, going beyond direct business impacts, which is the only way to encompass the complexity of modern business and respond to sustainability challenges.**

The Bank significantly improved its practices in the procurement procedure when it comes to transparency and social responsibility when selecting suppliers to cooperate with, and applies the Green Procurement principle established by the Group by introducing 100% recycled paper into use.

## **Transparency in Supplier Selection**

Erste Bank Procurement Department is an independent organisational unit reporting directly to the Bank Executive Board but also responsible at the same time to Erste Group Procurement (EGP). In addition to its parallel competence for procurement in

Serbia, EGP is in charge of coordination and direct management of six other organisational units in charge of procurement procedure in Austria, Hungary, the Czech Republic, Slovakia, Romania and Croatia, including representative offices in Macedonia and Montenegro.

In order to make the procurement procedure as transparent as possible, notices with the most important details of the Invitation to Bid are posted on the Bank's website for the purpose of providing information about current procurement to all interested bidders. We proudly emphasise that Erste Bank was the first among the banks in Serbia to introduce transparent announcement of procurement. In order to ensure level playing field for all bidders, a detailed request is entered in the Electool application, after which the system sends invitations to all interested bidders. The right to participate belongs to all bidders registered for the relevant procurement category in the Vera application, as well as to the bidders who applied for the relevant procurement through the Bank's website and who can meet the requirements in the Invitation to Bid. Electool is an EGP-selected application that is mandatory for the procurement process for all Group members. It is available in all of the languages spoken everywhere where Erste Group has its head offices. The in-



formation is sent to all bidders at the same time and in the same form, which prevents any bidder from gaining a preferential status. The bids that the bidders enter in the system are only visible after the expiry of the deadline for their submission, which prevents any misuse or putting bidders in an unequal position. Bid evaluation is performed based on the evaluation matrix created by the budget owner and adopted by the Executive Board.

Owing to the EGP's support, Erste Bank was among the first banks in Serbia to introduce 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. Erste Bank also got a positive opinion from the National Bank of Serbia (NBS), whose representatives attended one of the auctions and rated it as an exceptional tool in achieving the most favourable procurement conditions in a transparent manner. Owing to the NBS recommendation, the e-Auction process is also presented to other commercial banks in the country. The bidders participating in the auction are informed prior to its start of all auction conditions, the initial price, as well as of their own rank during the auction itself.

## CSR Criteria

In line with its strategic commitment to promoting the CSR concept among its stakeholders, in 2013 Erste Bank conducted for the second time the survey of the views and practices of its suppliers in the CSR area. Of the total of 50 large suppliers, 68% participated in the survey, which is a much higher percentage than in the previous year. As was shown, 88% of the suppliers participating in the survey had a strategic approach to social responsibility and all of them apply the Global Compact principles in their business. 41% of respondents emphasised their membership in external CSR initiatives and their efforts to communicate publicly their initiatives and results in this area.

A big step forward in the development of supplier selection criteria is the fact that four standard questions related to CSR are included in the standard questionnaire of the Invitation to Bid and may be valued up to 4%. This means that a supplier active in the CSR area may be selected even though it gave a higher price for the specified goods/services if its competitor is not active in this regard.

The questions related to the environment are not included in the standard questionnaire, but asked ad hoc or a relevant certificate is required for the system, process or product if it is assessed that they may have a negative impact on the environment. The survey results show that 38% of major Bank suppliers have an ISO 14000-certified management system, while 100% of them stated that their work process complied with the environmentally acceptable principles (they undertook measures to make their production and business as eco-friendly as possible, they recycle paper, PET, glass, electronic waste and similar).

Based on the CSR survey it can be clearly seen that the awareness of CSR and the importance of responsible practices in business has definitely made progress in view of a higher level of strategic approach to this topic among suppliers, which is of exceptional importance to the Bank as a user of their services, but also as a partner that invests a lot in the sustainability and long duration of cooperation. The Bank is proud of the corporate social responsibility activities of its TOP suppliers – Saga, G4S Secure Solutions, SECTRON – which are examples of good responsible business practice.

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## Compliance with the Principles of Respect for Human Rights

One of the most important indicators of the determination with which the Bank approaches this topic is the introduction of special clauses relating to respect for human rights in contracts with major suppliers in accordance with the implementation of the Natural and Social Environment Protection Policy. Among the 50 major suppliers, 6% of contracts include a clause on human rights. The above percentage relates to the only three firms that carry the highest risk of human rights violation and therefore have been subject to check since 2012.

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## 3 · 2 Anti-Corruption and Protection of Competition



Corruption, as one of the most damaging phenomena in the society, as well as business, is confronted by Erste Bank through clearly defined procedures and measures aimed at preventing, combating and sanctioning this type of behaviour. The Bank bases its activities on the prevention of behaviour that can lead to corruption, as follows: conflict-of-interest risks, reputation risk and competition protection. In this context, the Bank monitors any conflict of interest that arises from regular activities and in which the participants are aware of the consequences and any conflict of interest into which the participants are brought intentionally and which precisely leads to corruption. In connection with combating corrupt activities, the Bank adopted a series of policies and procedures from Erste Group:

- Policy on Conflicts of Interest, Guide to Managing Conflicts of Interests, Gift Policy
- Anti-corruption Guidelines – within the Competition Protection Programme
- Anti-Money Laundering Rules, based on which the AML Programme was implemented
- Banking Code of Conduct
- Employee Code of Ethics, adopted at the level of the Bank in Serbia.

Erste Bank is also a signatory to the Declaration Against Corruption, which is promoted by the United Nations Global Compact network in Serbia, as well as globally.

In line with the Compliance Division regulations, it applies the so-called “zero tolerance” policy to all acts that are unlawful, including corruption. The Compliance Division regulations do not deal directly with anti-corruption, but with the prevention of any conflict of interest that, if created deliberately and with intent, indicates corruption. There are two types of conflict of interest that may indicate corruption: internal, relating to Bank employees, and external, relating to customers and business partners.

Internal conflict of interest that may indicate corruption is defined as any conflict that can 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 and observance of 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 appearance 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 of perpetrators through Whistleblowing 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 conditions, an easier and faster way of getting to money in general, and the interest in fair business, compliance, respect for banking institution, etc. The mechanisms that reduce this type of conflict of interest include primarily the analysis of customer-related reputation risk and a repeated raising of employees’ awareness of the avoidance of such types of conflict of interest, as well as advising employees on transfer-

ring 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 of perpetrators, implementation of the Gift Policy, control in the area of financial crime risk management, mandatory implementation of an independent tender model of supplier assessment, etc.

In this way, all of the Bank's business functions, meaning all divisions and departments, are subject to the analysis of corruption related risks and to the check of potential conflicts of interest related to private business activities.

Trainings in this area are an important part of the system of managing the reputation risks and conflict-of-interest risks of the Bank, since they contribute to raising awareness and strengthening internal capacities necessary for the prevention of corruption. During 2013, a so-called "Tone at the Top" training was conducted for L1 and L2 management levels, which involved 18 persons from the Risk Management Division and the Compliance Department. The training was related primarily to the application of the lists of "undesirable" customers who are mostly perpetrators of offences or are suspected of being able to commit such offences by which they can harm the Bank or endanger its reputation. This also has a preventive impact on the appearance of corruption.

The training is based on the prevention of frauds, money laundering and other abuse by using the previous experience of the Bank, other systems of the members of the Anti-fraud Forum at the national level and publicly available information at the national or global level. It is aimed at creating and updating, as well as purposeful and practical using of the lists of prohibition of establishing business cooperation or the lists of significantly elevated risk. The training is carried out at the request of the Executive Board.



When it comes to employees, in 2013, 298 people received general training in financial crime risk management, a part of which indirectly relates to corruption. The training focused on the tasks and responsibilities of employees in branches in the area of reducing these risks, as well as the tasks and responsibilities of the unit for managing the above risks. The training is carried out as part of regular annual training for a planned number of branches.

In 2013 10.34% of the total number of managers and 37.34% of the total number of non-managers received the training.

When it comes to free competition, it is an important economic principle and business goal of the Bank and the compliance with the competition protection regulations is a duty and obligation of all its employees. The Competition Compliance Programme of Erste Bank, based on the Competition Compliance Programme of Erste Group, was adopted by the Erste Bank Executive Board in late 2011. The Programme includes several documents relating to the following key areas:

- Fair competition – compliance with the principles of the Competition 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 state bodies in the procedures of off-site and on-site supervision.

The Programme is transparent and published on the Bank's internal portal, the InfoNet, and a certain number of appointed employees from each organisational unit were individually informed of the Programme, as well as of their duty to inform of the Programme their colleagues in their respective organisational units. In late 2013, the Human Resources Department of the Bank included the provision of information on the Competition Compliance Programme as part of regular and mandatory training for new employees "Welcome to Erste".

In addition, in 2013 the Bank agreed with the person responsible for competition protection at the Group level to submit, starting from 2014, its quarterly reports to the Group about incidents taking place or proceedings initiated against the Bank in connection with competition protection on a special reporting form created for these purposes. In 2013, the Bank defined its plans for the future, which involve introducing the practice of annual check of employee knowledge about the Programme through a questionnaire on the Bank's Portal.

Financial crime is a real threat to the stability of any bank, so Erste Group, and therefore the Bank in Serbia as well, became seriously committed to the reduction of financial crime risks. In addition to the Whistleblowing Policy, Erste Bank operates in accordance with the Fraud Risk Management Policy, as well as the Procedures for Establishing Employee Responsibility.



## **FCM – Financial Crime Management – Fraud-preventing Organisational Culture**

Successful reduction of financial crime risks is achieved by creating an organisational culture within the Bank where any form of fraud will be prevented and unacceptable and where any active participation in fraud prevention will be recognised as extremely positive by the colleagues and managers. There is a unit in Erste Bank that is engaged solely in fraud prevention, the FCM – Financial Crime Management, but the prevention of fraud requires constant support by all colleagues. By preventing these risks, the Bank protects itself from fraud-related losses and improves its reputation, which brings it more customers and a better result that is transferred to employees as well.

One of the basic tools for internal fraud management is the reporting of any suspicion of fraud – the so-called Whistleblowing – where the report is 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. In 2013, the detected fraud amounted to EUR 11.26 million and the prevented fraud amounted to EUR 11.79 million. Every time the Bank grants a loan that turns out to be the subject of fraud or unauthorised activities, it needs to grant at least another 20 loans in the same amount to regular customers to neutralise the negative impacts of the loan that will not be repaid. In the case of cheques issued to individuals, it requires as many as 200 cheques to neutralise the negative impacts of a single uncollected cheque.

In addition to these measurable amounts, there is a part relating to deterring the persons prone to fraud from trying to harm the Bank by letting them know that their chances for success are lower and that the Bank response is severe. Of course, the Bank puts an emphasis on fraud prevention and detection of potential frauds before they occur, while deriving conclusions from detected cases to improve further the process that would prevent such events, whereby the number of bad loans is reduced and, ultimately, the future products are made cheaper to customers and the Bank is made more competitive in the market.

## 3 · 3 Transparent Governance Practices



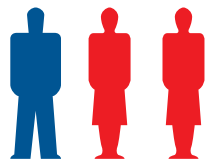
BOARD OF DIRECTORS

### **The Board of Directors comprises six members:**

Gernot Mittendorfer, Chairman of the Board of Directors  
Reinhard Ortner, Member of the Board of Directors  
Aleksandar Vlahović, Member of the Board of Directors  
Ernst-Gideon Loudon, Member of the Board of Directors  
Sava Dalbokov, Member of the Board of Directors  
Peter Nemschak, Member of the Board of Directors

### **The Executive Board comprises three members:**

Slavko Carić, Chairman of the Executive Board of the Bank  
Jasna Terzić, Member of the Executive Board  
Suzan Tanriyar, Member of the Executive Board



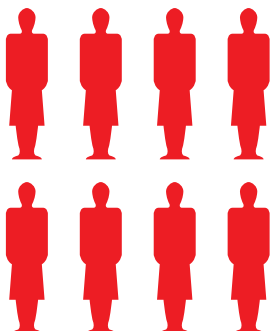
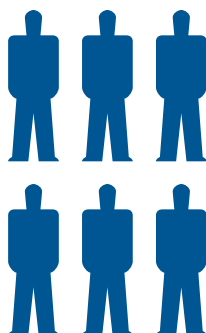
EXECUTIVE BOARD

### **The share of women in top management bodies:**

Board of Directors comprises six members and all members are male (100%).  
Executive Board comprises three members and majority are female (66%).  
Women are also predominant among the executive directors of divisions: they account for 57.14% or eight out of the total of fourteen persons.

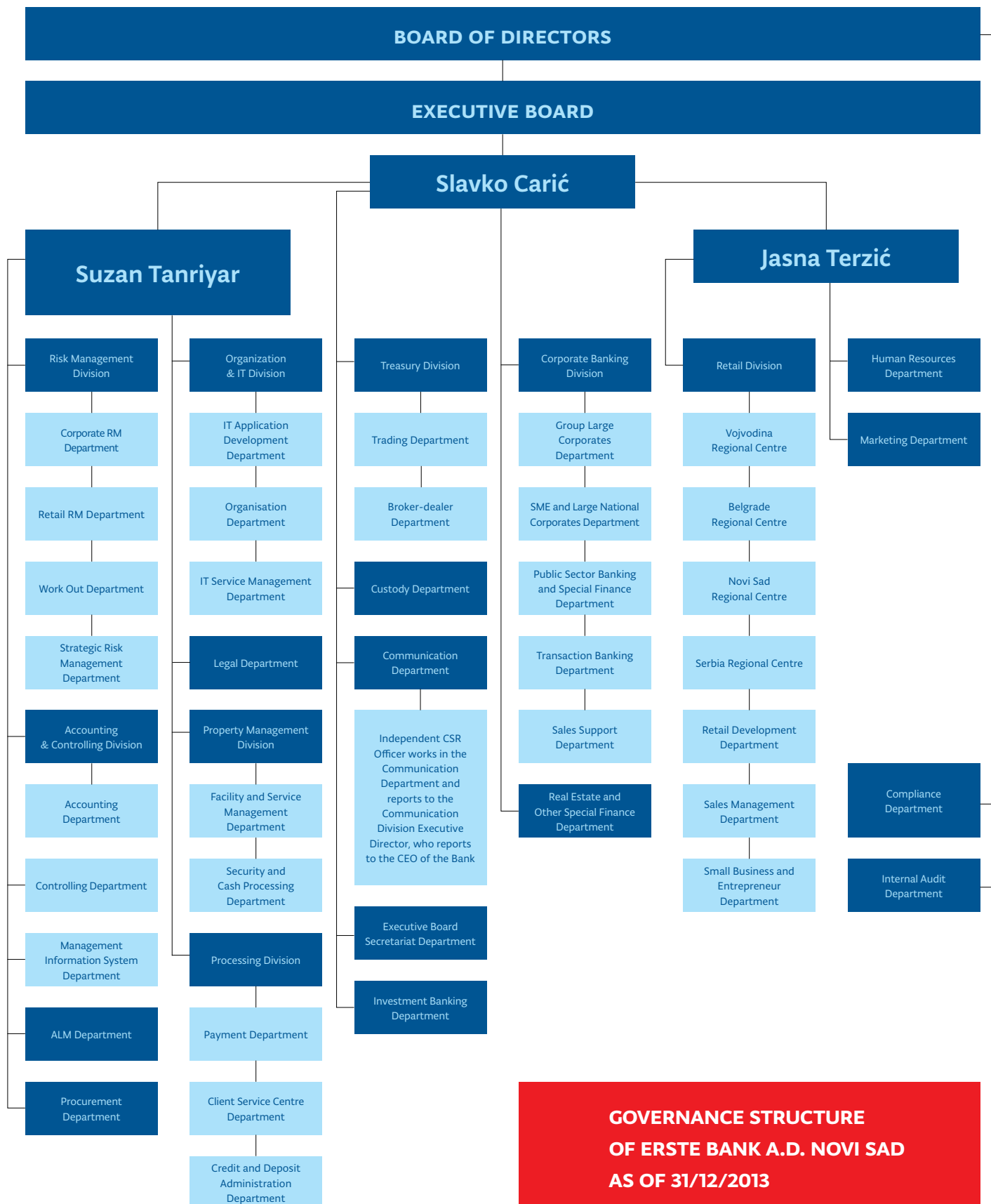
### **The age structure of the Executive Board:**

Under 30 years: /  
30–50 years: 100%  
Over 50 years: /



EXECUTIVE DIRECTORS OF DIVISIONS

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



**GOVERNANCE STRUCTURE OF ERSTE BANK A.D. NOVI SAD AS OF 31/12/2013**

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## How do the representatives of top managing bodies communicate with employees?

When publishing annual operating results or in cases of certain announcements whose subject is of strategic importance to the Bank, the CEO and members of the Board of Directors and the Executive Board address the employees by **video messages**. Two-way communication with the CEO of Erste Group is conducted via annual discussion, Internet **Chat**, which is intended not only for internal audience, but also for shareholders and other interested groups and individuals. A Chat Invitation is published in a number of Internet and print publications. **Meetings of all trade unions** of the Group, attended also by Mr Treichl, CEO of Erste Group Bank AG, are held three times a year, and it is possible to ask the CEO questions through the Erste Bank Trade Union because the President 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. **Open doors** are organised periodically in the form of individual meetings with members of the Executive Board and Bank executive directors chosen by the employees themselves.

**The Bulletin** informs the employees of organisational and personnel changes, annual or quarterly results and other strategic topics and events. In addition, e-mail address **otvoreno@erstebank.rs** is open for all kinds of questions, proposals, ideas and suggestions of employees.

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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. Chairman of the Board of Directors may only have a non-executive position. Members of the Executive Board are elected by the Board of Directors. According to the Articles of Association of our Bank, no member of the Board of Directors can simultaneously be a member of the Executive Board. In accordance with the Bank Law, one-third of the BoD members must be independent of the Bank, which means having no direct or indirect ownership of the Bank or of 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 next management level of the Bank comprises executive directors of divisions and departments.

The Bank Law and the Bank Articles of Association regulate the issue of the election of members of managing bodies. The Bank Board of Directors comprises at least five members including the Chairperson. At least one-third of the BoD members must be persons independent of the Bank. A person independent of the Bank is considered to be any person having no direct or indirect ownership of the Bank or of any member of the banking group to which the Bank belongs. The National Bank of Serbia may prescribe additional requirements that a person must meet in order to be considered independent of the bank. The BoD 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 BoD member must have active knowledge of the Serbian language and permanent residence in the territory of the Republic of Serbia.

The Bank Executive Board comprises at least two members including the Chairperson. The Chairperson of the Executive Board represents the Bank. When entering legal transactions and taking legal actions within the purview of the Executive Board, the Chairperson of the Executive Board must provide the signature of one member of this Board. The EB members are employed with the Bank for an indefinite period on a full-time basis. The EB 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 EB members 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.

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 the conflict of interest and inform the Compliance Department of this without any exception and delay, which is defined by the Conflict of Interest Regulation and the Conflict of Interest Policy. In addition, in accordance with our 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 of the proposal of the Compliance Department. The members of the Board of Directors the monitoring of whom, in accordance with the Erste Group rules, is performed by the Group Compliance Office, can have an identical treatment.

As for the system of remuneration and bonuses for executive directors, bonuses are defined by the Performance Management Policy and the Remuneration Policy. According to these acts, 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 Bank 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 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 Bank operation that are considered by the Board of Directors. The duties, rights and responsibilities of the EB Chair and members are regulated by the Bank Articles of Association, the Rules of Procedure of the Executive Board, as well as the decisions of the Board of Directors. The EB is responsible for its work to the Board of Directors and to the shareholders of the Bank. The Bank Law, the Bank Articles of Association and the Rules of Procedure of the Executive Board regulate the composition, scope and method of work of this body. The Bank BoD is responsible to the Bank General Meeting and the shareholders, and its work is regulated by the Bank Law, the Bank Articles of Association and the BoD Rules of Procedure.

## Risk Management – Internal Audit

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

- Credit risk, including residual risk, claim 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 one party or a group of related parties
- Investment risk
- Country risk
- Operational risk, including legal risk in particular
- Compliance risk (conflict-of-interest risks, reputation risk, fraud/financial crime risk, securities risk, money laundering risks, regulatory sanction risk)
- Strategic risk
- Security risks (information security and physical security risks, business continuity risks)
- Other risks (macroeconomic risk, securitisation risk, business risk, etc.)

In line with the National Bank of Serbia 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 developed appropriate processes, methodologies and tools to manage them.

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

Therefore, the role of internal audit is not to establish or perform controls but to identify the existence of controls, test the efficiency of established controls, propose the introduction of additional controls, as well as report on this to the top management. The second role of internal audit relates to the provision of consulting services upon the management's request. The result of this work is an audit report with recommendations that aim to add value to a particular process.





The auditors are required in their work 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 practices, they are subject to two types of audits: one performed by the Group and one performed by certified appraisers of internal audit quality.

One of the significant improvements to internal audit planned for 2013 was the introduction of a new audit application, the GRC (Governance, Risk and Compliance), which was implemented in all members of the Group. This application standardised the audit process from the planning phase to the process of document management, follow-up and reporting. In addition, in late 2012 the Group adopted a new methodology that should be implemented in all members and that will also contribute to the standardisation of the internal audit process.

# 4 • OUR PEOPLE

AREA	RESPONSIBILITY IN THE WORKING ENVIRONMENT	
TOPIC IN FOCUS	DEVELOPMENT AND TRAINING	
OTHER PRIORITY TOPICS	SOCIAL SUPPORT TO EMPLOYEES	HEALTH AND SAFETY AT WORK

**Many years of responsible treatment of employees and the Bank's vision that there can be no major or long-term successes or results without satisfied employees, in 2012 Erste Bank adopted the Human Resource Strategy 2012, which deals with this important topic in a comprehensive and systemic manner.**

The cornerstone for the creation of the Human Resource Strategy is certainly defined by the Bank's business goals for the future, because only a combination of business plans and a proper definition of necessary resources for achieving those plans can allow a well-grounded discussion about strategic goals and the achievement of the business mission and vision. The Strategy defines the directions of employee development, whether relating to the development of managerial or technical skills and knowledge, as well as the rules in connection with transparent employment process based on the equal opportunity principles. Appropriate resource planning, definition of key jobs, succession planning, as well as precise definition of the main principles of employee remuneration and benefits, performance management and employee promotion are also integral parts of the Strategy. The revision of Strategies is planned for 2014.

Erste Bank managed to stay true to its values even in difficult economic conditions and its employees were recognised as a key stakeholder in the implementation of the CSR Strategy, as well as in the implementation of all business processes. The year 2013 was marked by several significant initiatives: the improvement of the Remuneration Policy and performance management, job evaluation, as well as raising awareness of the importance of employee health. Strategic investment in the professional and personal growth of employees continued as well. In addition to these activities, a succession pool was set up for the needs of Erste Group, as well as of Erste Bank Serbia – and this is the way to work further on career management, but also on the management of key staff turnover risk.



#### Achieved in 2013:

- ✓ The Employee Engagement Index was 75% in 2013.
- ✓ RSD 21.5 million was invested in employee development and training, with a total of over 11,000 hours of training carried out.
- ✓ Awareness raising of the importance of healthy and active lifestyle was improved through the Wellness Portal and 760 employees took a free annual medical check-up.
- ✓ Anti-mobbing workshops were held.
- ✓ The efficiency of communication within the Bank was improved through the Microsoft Lync.

## 4 · 1 Employee Development and Training

One of the most important ways of integrating the principle of social responsibility in Erste Bank is the care about people. In the context of corporate social responsibility, the Bank pays special attention to proper treatment of all its employees and potential employees, especially in terms of respecting the principle of the right to work and avoiding any form of discrimination.

The employee structure of the Bank is dominated by women, who account for 71% of the total number of employees, and they are also dominant in managerial positions. In terms of age structure, middle-aged persons, between 30 and 50 years of age, are the majority in the Bank (62%). Of the total number of employees in 2013, as many as 96.6% were employed based on an open-ended employment contract, with 99% of them being full-time employees. Despite unstable business environment, the employee turnover rate was only slightly lower than in the previous year, 2012, at 6.6% in 2013.

	2011	2012	2013
<b>TOTAL NUMBER OF EMPLOYEES</b>	988	993	972
<b>TOTAL NUMBER OF PERMANENT THIRD PARTIES</b>	166	31	165
<b>TOTAL WORKFORCE</b>	1154	1024	1137

TOTAL NUMBER OF EMPLOYEES	2011		2012		2013	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>NOVI SAD</b>	115	336	76	235	110	316
<b>BEOGRAD</b>	101	162	95	185	101	164
<b>OTHER</b>	66	208	109	293	68	213
<b>TOTAL</b>	<b>282</b>	<b>706</b>	<b>280</b>	<b>713</b>	<b>279</b>	<b>693</b>

EMPLOYMENT STRUCTURE BY CATEGORY	2011		2012		2013	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>MANAGERS</b>	76	87	76	94	86	88
<b>NON-MANAGERS</b>	206	619	204	619	193	605
<b>TOTAL</b>	<b>282</b>	<b>706</b>	<b>280</b>	<b>713</b>	<b>279</b>	<b>693</b>

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT AGREEMENT TYPE	2011		2012		2013	
	FT	OE	FT	OE	FT	OE
NOVI SAD	17	434	29	282	7	256
BELGRADE	12	251	8	272	18	410
OTHER	9	265	9	393	8	273
<b>TOTAL</b>	<b>38</b>	<b>950</b>	<b>46</b>	<b>947</b>	<b>33</b>	<b>939</b>

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE	2011		2012		2013	
	FT	PT	FT	PT	FT	PT
NOVI SAD	450	1	309	2	426	0
BELGRADE	262	1	278	2	264	1
OTHER	271	3	402	0	281	0
<b>TOTAL</b>	<b>983</b>	<b>5</b>	<b>989</b>	<b>4</b>	<b>971</b>	<b>1</b>

PERCENTAGE OF EMPLOYEES BY GENDER	2012	2013
MALE	28%	29%
FEMALE	72%	71%

PERCENTAGE OF EMPLOYEES BY AGE	2012	2013
UNDER 30	13%	15%
30-50	61%	62%
OVER 50	26%	23%

EMPLOYEE TURNOVER	2012	2013
TOTAL NUMBER OF NEWLY EMPLOYED	74	44
TOTAL NUMBER OF PERSONS WHO LEFT THE COMPANY	69	65
EMPLOYEE TURNOVER RATE*	6,97%	6,6%

\* The employee turnover rate was calculated according to the following formula: (number of employees who left the company/average number of employees in the reporting period) × 100

In the turbulent financial environment currently prevailing in all economies, additional knowledge and expanded horizons are certainly assets to any individual and especially for a bank that continuously invests in the development of its employees. Erste Bank has clear objectives when it comes to employee development. This topic is approached with the aim of increasing employee satisfaction, productivity and ease of doing business and, hence, improving the functioning of company parts and the Bank as a whole.

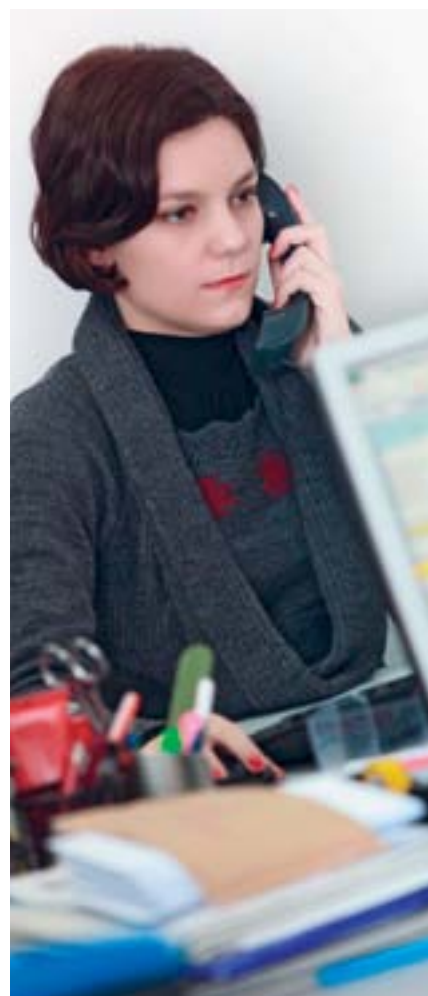
In the context of the CSR Strategy, employee development relates not only to the improvement of business skills, but also to the involvement in developing and implementing socially responsible practices of the Bank, as well as to personal development by sensitisation to various social issues. During 2013, the Bank invested almost RSD 21.5 million in employee development and training, with a total of over 11,000 hours of training carried out.

TOTAL HOURS OF TRAINING BY EMPLOYEE CATEGORY	2011	2012	2013
MANAGERS	5,549.28	3,538	3,901
NON-MANAGERS	16,052.72	14,939	7,457.5

TOTAL HOURS OF TRAINING BY GENDER	2011	2012	2013
MALE	5,906.5	5,388	4,678
FEMALE	15,695.5	13,089	6,680.5

AVERAGE HOURS OF TRAINING PER YEAR BY EMPLOYEE	2011	2012	2013
MANAGERS	34.04	20.811	22.4
NON-MANAGERS	19.46	6.693	9.3

AVERAGE HOURS OF TRAINING PER YEAR BY GENDER	2011	2012	2013
MALE	20.95	19.24	16.7
FEMALE	22.23	18.38	9.6



In addition to external training, the Human Resources Department pays special attention to internal training programmes. This type of employee education is in terms of its content much closer to their job description and directly applicable in practice. In order to implement the internal training plan successfully, the Bank started searching for internal trainers. In early 2013, a competition for the selection of internal trainers was announced on the portal, which gave the Bank employees a chance to join the team of internal trainers. The announcement was intended for all employees regardless of their work experience and position. The key factor in this process was for a candidate to be motivated before all, to have good presentation skills and to know how to transfer their knowledge to others. The applications for the competition arrived from 44 colleagues interested in transferring their knowledge and experience to those who needed them and, given the intense competition, it was down to nuances in the final selection.

In addition to being well-known for its internal labour market, Erste Bank provides its employees with certain training programmes aimed at assisting them in gaining and improving the skills necessary for achieving continuous competitiveness in the labour market. These are different internal and external courses not only in the field of finance and banking, but also the so-called “soft skills”. In addition, the Bank provides financial assistance for external training and education, study periods with guaranteed return to work, as well as severance pays, taking into account the employees’ age and years of service, in order to help them successfully finish their working life.



• Nemanja Stevanović

### **Group Graduate Program – Sharing Knowledge Across Erste Group**

The Erste School of Banking and Finance is a brand of Erste Group that is being developed by the HR departments for talent management across Erste Group. The aim of this project is to increase the potential of each employee and to improve Erste Group as a whole by encouraging idea exchange and providing opportunities for professional and personal growth. The Erste School of Banking and Finance is focused on knowledge building. Considering that there already is a large quantity of knowledge in the Group, the idea is to share this knowledge with others and use it in the best way. Erste Bank believes that the general principles of education should be applied and promoted through novel and better ways

of doing business. Taking this into account, the ultimate goal is to raise the Bank customer service to a higher level by raising internal standards of: excellence, expertise and personal talent.

Each year, Erste Group gives an opportunity to several promising university graduates to discover the world of banking. The Group Graduate Programme consists of several learning modules that include rotations within the Erste Group member countries. In 2013, six colleagues applied for rotation in Erste Bank Serbia in the areas of corporate banking and risk management, and Ninoslav Ćosić, our colleague from the Controlling Department, was selected to be the Erste Bank Serbia’s participant in the Programme for January 2014.

“After two years from the start of the Group Graduate Programme and the application of the acquired knowledge and skills, I must emphasise that I think there is no better way of starting a career after graduating from the faculty. I had an opportunity to participate in a one-year and, in my opinion, the most intensive development programme of Erste Group, which not only helped me improve my practical skills and knowledge but also develop some new skills I had not previously possessed. The friendships created during the programme still continue and we regularly refresh them by anecdotes that we gladly remember...” says Nemanja Stevanović, Group Large Corporate Officer in the Group Large Corporates Department, Corporate Banking Division.



# ERSTE SUCCESS STORY · Employee Engagement

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**The 2013 Employee Engagement Survey included as many as 79.1% colleagues from Erste Bank Serbia, which is the third best result within Erste Group. In addition to indicating a high level of validity of obtained data, it is a reflection of the employees' confidence and shows that the employees have high expectations from the follow-up activities after the survey. It is worth reminding that the employee engagement is the level of employee motivation to contribute to company success and their readiness to invest extra efforts to carry out the tasks important for the achievement of company goals.**

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The Engagement Index, which is obtained by combining several factors, is 75% for Erste Bank Serbia in this survey, which is two percentage points lower than in the previous survey conducted in 2011.

For those divisions that took certain measures regarding the results of the previous survey, the new survey in 2013 provided a clearer picture about whether the measures taken had the desired effect, despite the changes in the environment that occurred in the meantime. Therefore, in addition to wishing to identify the situation in the given period, Erste Bank tries to monitor the progress as well. Considering its comprehensiveness and the fact that it is regularly conducted using the same methodology, this type of survey also enables a high level of comparison with other companies.

The responsibility for implementing the measures initiated based on the 2011 Survey results rested with certain members of the Group. When it comes to Erste Bank Serbia, a lot has already been done in this domain. The first step was to present the results to the management. In addition to analysing the results at the Bank level, presentations were held for certain organisational units, focusing on the situation in specific divisions or other organisational units that had more than ten respondents. The



aim of these meetings was for each Executive Director to make an action plan defining how the areas that proved to be challenging will be addressed, but also how to ensure that the good results become even better. For example, the colleagues in the Accounting Division dealt with the improvement of teamwork, and in order to achieve this, meetings and workshops were organised to allocate more clearly the roles and responsibilities within the team and at the same time improve cooperation.

The 2011 Survey results differed in some Group members and, accordingly, there were individual differences in connection with priority topics. Improvement of performance management and of the opportunities for development, learning and advancement were set as priority topics at the Erste Bank Serbia level. In accordance with this, workshops and numerous meetings were organised on the topic of goal setting and the method of performance measurement, the EMMA application (a software application used for setting and measuring the achievement of annual objectives and determining the level of employee competence) is used more actively and the procedures were defined that regulate this area. As in the previous year, in 2013 all employees got a rating of their work performance and individual development. On the other hand, great attention was directed to investment in education and training in technical skills, as well as in soft skills. Certain effects could already be felt, but the improvements are still viewed in the Bank as an ongoing process.

In accordance with the results from the latest survey in 2013 and the internal analysis of the obtained data, the managers will prepare a plan of follow-up activities in order to improve the lowest-rated areas in their respective organisational units, while maintaining the good ratings. The implementation of the activities is planned for 2014 and 2015, when a new survey is expected to be conducted in the Bank. The survey, as well as all of the follow-up activities, are initiated with the aim of making the Bank a better place to work in order to contribute to increasing the employee satisfaction, as well as performance, and therefore the performance of the whole Bank, to a higher level.

## 4 · 2 Health and Safety at Work and Social Support to Employees

Within the Security and Cash Processing Department of the Property Management Division there is the Security Unit that takes care of the security of all employees and of the security of the entire property of the Bank. The priorities in the work of this department are the following security areas: physical security, technical security, fire protection and health and safety at work. Because of the specific nature of the Bank's business and work with cash and other valuables, the most vulnerable organisational units are branches and sub-branches, in which the security measures are at the highest level. With the aim of the proper use of the technical security system and the improvement of employee security culture, the Security department in cooperation with the Human Resources Department continuously conducts different types of employee training:

- training on the procedure in the event of robbery and other emergencies
- training in health and safety at work
- training in fire protection
- training in the provision of first aid (one employee from each branch).

A significant role in the training and improvement of employee security culture is played by clear security procedures and instructions that were adopted and are available on the internal portal InfoNet, as well as the presentations held by the Security department at joint meetings. In 2013, eleven injuries at work were recorded in Erste Bank and there were no reported or recorded occupational diseases or diseases appearing as a result of harmful effects in the workplace, according to the regulations in our country that apply to this area, or accidents with a fatal outcome.

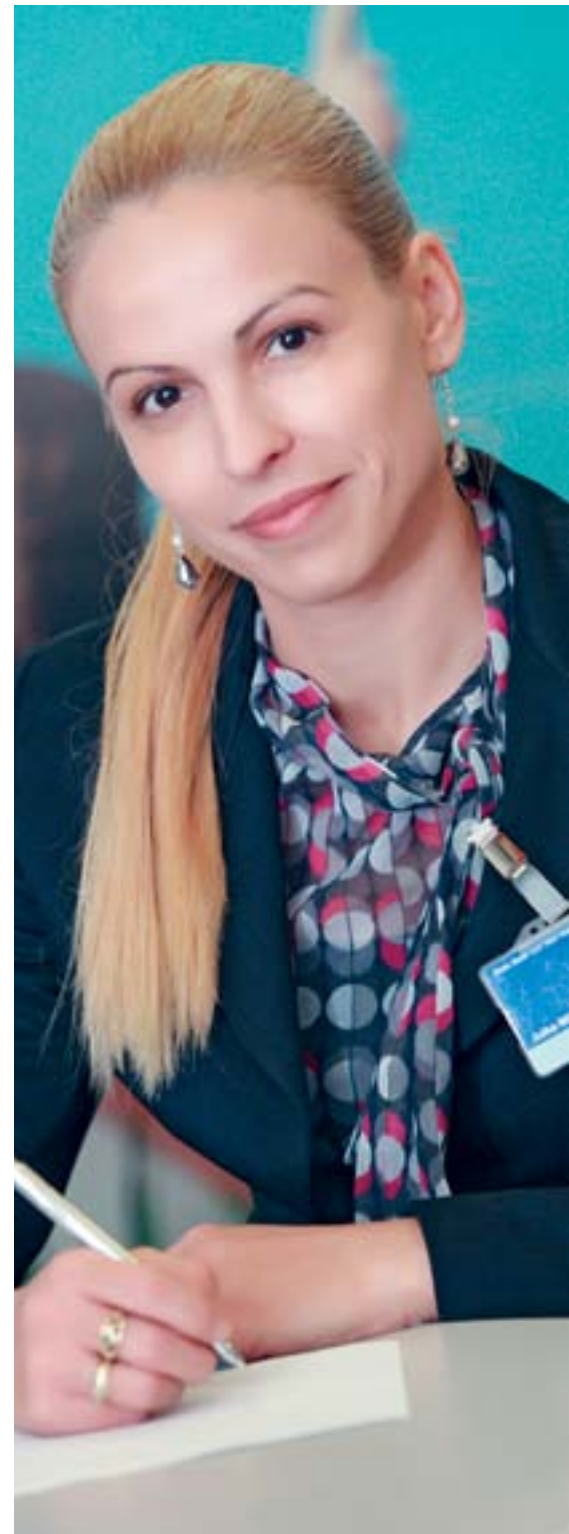
	2012	2013
<b>TOTAL NUMBER OF INJURIES</b>	5	11
<b>INJURY RATE*</b>	0.5	1.12
<b>TOTAL NUMBER OF LOST DAYS</b>	56	276
<b>LOST DAYS RATE **</b>	5.59	28.17
<b>TOTAL NUMBER OF SICK LEAVE DAYS***</b>	5,753	5,939
<b>RATE OF ABSENCE FROM WORK ****</b>	2.3	2.43

\* 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 Injury at Work/Occupational Disease Report (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 working days (Monday–Friday), and 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 rate of absence from work shows the percentage share of sick leave days in the total number of working days. It was calculated according to the following formula: total number of sick leave days / total number of working days of engaged workers.



INJURY RATE	2012		2013	
	MALE	FEMALE	MALE	FEMALE
NOVI SAD	0.00	0.30	0.10	0.51
BELGRADE	0.00	0.00	0.00	0.20
OTHER	0.00	0.20	0.00	0.31
<b>TOTAL</b>	<b>0.00</b>	<b>0.50</b>	<b>0.10</b>	<b>1.02</b>

LOST DAYS RATE	2012		2013	
	MALE	FEMALE	MALE	FEMALE
NOVI SAD	0.00	2.39	0.00	7.04
BELGRADE	0.00	0.00	0.00	2.76
OTHER	0.00	3.20	0.00	18.37
<b>TOTAL</b>	<b>0.00</b>	<b>5.59</b>	<b>0.00</b>	<b>28.17</b>



In addition to many activities that are carried out in the area of improvement of the technical and physical security of employees, Erste Bank pays full attention to raising awareness of the importance of care about its employees' health, believing that this is one of the most important forms of education to which it can significantly contribute as

employer. Research shows that around 80% of illnesses can be prevented or cured if discovered on time. The purpose of preventive check-ups is precisely the prevention of the appearance of illness and detection of illness in its earliest stage when the chances for recovery are the highest. Taking this into account, the Bank provides an additional benefit to its employees in the form of organising and providing free annual full medical check-ups, while raising awareness of the importance of healthy and active lifestyle.

In 2013, all employees with an employment contract with the Bank started to go to preventive medical check-ups. The preventive medical check-ups include:

- Basic medical check-up
- Complete blood and urine tests
- Eyesight test and
- ECG

## Wellness Portal – For Your Good Day

Another interesting initiative of the Bank, launched with the aim of contributing to raising the employee awareness of the importance of health care, is the launching of the For Your Good Day internal portal. The Portal was created with a desire to provide useful and practical advice to the employees, as well as to exchange interesting ideas and experience.

The Portal is dedicated to so-called wellness topics and deals with the ways how to maintain a healthy balance between the mind and the body or between health and happiness. As a responsible employer, Erste Bank tries to encourage its employees in this area as well to become happier and thus also more productive by making small steps and little changes in their everyday life. The Portal was created taking into account the wishes and needs of the employees, whose views expressed in the survey posted on the Portal home page show that most of them are ready to change their habits.

The Portal was launched in July 2013 and the employees access it through a banner posted on the InfoNet. Notices with a summary of current week's posts are published on the Portal home page every Friday. In addition, all employees can share their advice for a good day with their colleagues through this Portal, while any further directions of the Portal development will be defined in accordance with the wishes and ideas of the employees. Sixty-one pieces of advice arrived in 2013 and several colleagues were awarded practical gifts each month. The best proposals pronounced the advice of the month were awarded large baskets full of fruit, which the winners shared with their closest colleagues.

Basic medical check-up includes: medical history: the present illness (problems), past illnesses and surgeries, allergies, habits, family medical history; objective findings; organ check-up by system, measurement of height, weight, BMI, physical examination of the head, neck, throat, LGLs on the neck, palpation of the thyroid gland, auscultation of the heart and lungs, blood pressure measurement, skin examination, giving diagnosis and treatment suggestion, advice regarding the improvement of the general health status and suggestions for further examination in terms of laboratory or other medical-technical procedures.

In addition, breast ultrasound was provided for female colleagues and abdominal ultrasound including prostate and bladder examination for male colleagues. The examinations were organised in several towns and the dates and locations were set depending on the employees' interest. During 2013 760 Erste Bank employees has a full medical check-up.

## **Erste Bank Trade Union – Partnership at Work**

The independent trade union organisation of Erste Bank a. d. Novi Sad has been functioning for nine years already, with the Bank's support. It has always been a recognised party that actively participates in social dialogue and whose main tasks and goals are collective bargaining, labour-law protection of employees and fight for their better social status. The activities relating to monitoring employee protection from mobbing and observing the working hours and the procedures for working longer than full working hours (overtime) etc. should not be disregarded either.

If the number of members of a trade union can be considered as the main indicator of its work, it can be said with pride that, despite the years of crisis and labour turnover, the Trade Union kept the membership percentage in a range between 60% and 70% relative to the total number of Bank employees, which is a huge percentage compared to the average for the trade union organisations in countries in transition.

Erste Bank recognised the importance of trade unions as a force that represents the interests of employees and as its partner with which it shares common values and goals when it comes to improving the employee status and whose activities it supports. The Collective Bargaining Agreement that was signed by Erste Bank and the Bank Trade Union and that applies to all employees, regardless of whether they are Trade Union members or not, regulates all spheres of business operation and employee treatment from the establishment of employment of an individual employee and his/her rights and obligations to his/her training, safety and health and to the Trade Union status and operation.



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

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

The Collective Bargaining Agreement clearly defines the terms and the bodies and authorities that check and enforce the agreed rights and obligations in addition to the Trade Union.

Special attention is paid to workplace harassment prevention and for this purpose an Anti-Mobbing Counselling Office was established that comprises Bank employees from the Bank Trade Union committee. The Counselling Office, in coordination with the competent bodies of the Ministry of Labour and Social Policy, the Labour Inspectorate and the Workplace Harassment Prevention Agency, monitors the handling of employee complaints filed on this basis, which may be lodged anonymously as well. In contrast to the previous year when two complaints were recorded, this year there were none.

Some very useful lectures on the prevention of workplace harassment were organised by Erste Bank in 2013, both for the management and members of the Trade Union Committee. The lecturer was Olga Kićanović, consultant with the Agency for the Prevention of Workplace Harassment.

When it comes to human rights, all new employees of the Bank, as well as interns, receive a two-and-a-half-day training as part of the Welcome to ERSTE training, one part of which relates to corporate social responsibility. The training includes basic information on all organisational units of the Bank, as well as its Code of Conduct and, within the segment relating to information on human resources, all new employees are informed of the equal opportunity rule for all job candidates and of their rights and opportunities regarding work, development and promotion. Ninety-six employees attended human rights training during 2013, in the duration of 230 hours in total.

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#### **Employee Benefits:**

- Interest-free loan
  - 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 employee
  - Refunding necessary funeral expenses to immediate family members in the event of death of 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 employee for child birth
  - Anniversary award for years of service
  - The employer may also give an anniversary award to employee on the occasion of marking another important event relating to the employer
  - Maternity leave.
-



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

\* The number refers to the employees who exercised the right to maternity leave in the January–December 2013 period.

\*\* The number refers to the employees who returned to work during 2013 after the end 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 2013 and who took the maternity leave in the previous period.

## Erste Bank Solidarity Fund

Based on the ideas of support and solidarity, the Marina Ćurčić Joint Solidarity Fund of the Bank and the Trade Union has been in existence since the very beginning of Erste Bank Serbia operation and was created with the aim of providing solidarity aid to employees or families in the event of illness or death of an employee or a member of their household or poor financial situation. This Fund also gives loans to employees for children's education and grants scholarships to the children of single parents. Owing to the solidarity of employees through individual philanthropy programme, the Solidarity Fund collected an additional RSD 416,170.00 during 2013. This made it possible for 127 employees to receive aid of over RSD 4 million for different sorts of treatment, scholarship, coverage of costs in the event of death and similar.

## 4 · 3 Internal Communications

Since the adoption of the Internal Communication Strategy in 2010, Erste Bank has significantly improved interdivisional communication, as well as vertical communication within all of its current structures by introducing new communication channels and improving the existing ones. A lot was invested in raising the employees' awareness of the importance of personal responsibility and contribution to the improvement of internal communication, which resulted in strengthening the feeling of belonging to the Bank. The two largest internal campaigns of Erste Bank in the past two years were also recognised externally as the most successful strategic campaigns oriented to employees – The Serbian Public Relations Society presented Erste Bank with an award in 2012 in the Internal Communications category for the Get Involved campaign, while our Show What You Know campaign was ranked among the three finalists. The plan for next year, 2014, is a survey of employees' views on internal communication in order to revise the Strategy for the coming three years based on the analysis of the obtained results.

The Bank communicates with its employees in different ways, such as the Intranet, e-mail, social networks, workspace branding, the Puls internal magazine etc. and is especially proud of the Open Doors – a concept that it promotes as one of the strategic goals of internal communication. Via the InfoNet, the employees request individual meetings with an Executive Board member or executive director of their own choice and thus have an opportunity to give their suggestions and proposals personally, as well as criticism, and to ask questions and ask for help.

The following contact addresses are available to employees: [otvoreno@erstebank.rs](mailto:otvoreno@erstebank.rs), [berza.ideja@erstebank.rs](mailto:berza.ideja@erstebank.rs), [otvorena.vrata@erstebank.rs](mailto:otvorena.vrata@erstebank.rs), [komunikacije@erstebank.rs](mailto:komunikacije@erstebank.rs), [berza.ideja@erstebank.rs](mailto:berza.ideja@erstebank.rs).

### Improving the Efficiency of Communication Within the Bank – Microsoft Lync

The limitations of traditional communication in modern business are forcing users to search for novel and better solutions. With the development of business, both locally and globally, the demands also grow for faster, more efficient and more versatile communication in order to facilitate and encourage work.

Erste Banka recognised Microsoft Lync as a simple and easy means of voice and video communication and a tool for efficient and secure multimedia communication between colleagues within the Bank. It enables sending and receiving instant messages (IM), making voice and video calls, participating in interactive online meetings including sharing presentations, programmes, documents and many other things. Lync is integrated in Outlook and thus directly linked to existing contacts and the meetings scheduled by means of Lync are shown in Outlook Calendar. In addition to MS Outlook, Lync is connected with other MS Office applications, thus enabling the sharing of an MS Word document or an Excel spreadsheet with colleagues in a very simple way. As already mentioned, Lync is a suite of various communication tools:



- Setting the presence status – It can easily be identified using the presence status if a colleague is at the computer, at a meeting or out of the office.
- Voice and video calls – With just one click, by adding one or more colleagues, a video conference is created in the simplest and fastest way, which, together with desktop sharing, is a fast and efficient way of presenting information within the Bank.
- Instant Messages – A fast and simple way for colleagues to share the news and information or ask a question by simply clicking on a specific person and typing a message. The sent message appears within seconds on the screen of the person for whom it is intended.
- Presentation and programme sharing – By using some of the sharing options together with colleagues involved in the conversation, new ideas and solutions to problems and other tasks of modern business are reached in a fast and efficient way.

## A New Look of the Idea Market

In today's business environment, innovativeness is mentioned as one of the most important factors for achieving good results. It is defined as one of the Bank's corporate values and it is there as a reminder that it is important always to look for improvements in our work, that the daily processes can be more efficient and the service to external, but also to internal customers even better than they expect. Taking this into account, the Idea Market was introduced in September 2007, which enabled the Bank employees to inform their colleagues of their idea and contribute to its implementation in the simplest way. In order to increase the quality of making decisions on their implementation, a special committee was formed in early 2012, which evaluates the received ideas and monitors further processes related to their implementation. More than 100 employee ideas have arrived since then.

The year 2013 imposed the need for the Idea Market to follow the new trends in a better way and become more innovative. During June, it was made possible for the employees directly to enter their ideas in the application, as well as to browse the existing ideas and get informed of the entered ideas, their status, but also the most active colleagues. As many as 92 ideas of our active colleagues for the improvement of everyday business operations were registered in 2013 alone.





Početak



**Novi način  
evidenciranja i  
odobravanja  
godišnjih odmora**

Od 14.07.2014. evidentiranje i odobravanje godišnjih odmora biti značajno pojednostavljeno i efikasnije organizovano.

INSTRUKCIJE

- Jul 11 2014

**Uzvojena Politika arhiviranja kreditne dokumentacije za fizička lica**

Politika definiše minimum standarda procesa arhiviranja kreditne dokumentacije za fizička lica u okviru Erste Bank a.d Novi Sad.
- Jun 06 2014

**Postavljena nova dokumentacija u AML odeljenju**

U delu Ostale poslovne funkcije/Kontrola usklađenosti poslovanja Banke sa propisima/AML/Politike i procedure postavljeni su novi dokumenti
- Jun 04 2014

**Novo organizaciona struktura Direkcije za mala preduzeća i preduzetnike (MPP)**

U skladu sa procenjenim potrebama unapređenja procesa rada i usluga utvrđuje se nova organizacija Sektora poslova sa stanovništvom / Direkcije za mala preduzeća i preduzetnike.



**Argentina ili Nemačka?**

14.07.2014



**Završen II talas Mystery Shopping istraživanja**

14.07.2014



**Novi konkurs za posao u S. Leading-u**

14.07.2014



**Novi konkurs za posao u Sektoru**



**Finansiranje izgradnje vetroparka**



**Banka podržala "Jazz Bar International Jazz Festival"**

AKTUELNO



**VOLONTERSKA AKCIJA U OBRENOVCU**

PREDSTAVLJAMO



**Slavica Samardžić, Sektor**

# 5 • RESPONSIBILITY TO CUSTOMERS

AREA	RESPONSIBILITY TO CUSTOMERS	
TOPIC IN FOCUS	FINANCIAL INCLUSION AND RESPONSIBLE FINANCING	
OTHER PRIORITY TOPICS	RESPONSIBLE COMMUNICATION	ENGAGEMENT OF CUSTOMERS IN CSR INITIATIVES



The primary responsibility that the Bank has due to the nature of its business is the responsibility to customers, specifically in the aspects of communication with customers and development of special-purpose products adapted to their needs. The Bank can proudly state that all of the strategic topics defined in the area of responsibility to customers were significantly improved during 2013, as initiatives related to core business and, as such, being of material importance to the Bank. The concepts of financial inclusion and financial education are some of the most topical social responsibility issues in the banking sector, especially in the developing countries. In addition, the Bank recognises entrepreneurship and self-employment as key to innovation and growth in successful economies, so it continued to provide its support in this segment through different initiatives and products.

Another dimension of responsibility in the market refers to the impacts made by business operations of the customers financed by the Bank, which was discussed in the section on social and environmental risk management (page 23).

#### Achieved in 2013:

- ✓ Financial education of children and youth through the Children's Economy programme and training at the Student Corner, as well as the promotion of savings continued
- ✓ Adaptation of business premises for people with disabilities continued
- ✓ Development of inclusive products and services for citizens continued through loans for youth and pensioners
- ✓ Contribution to the development of entrepreneurship through a strategy for start-ups and special loans for micros and small and medium-sized enterprises and the Superstep credit line for young entrepreneurs
- ✓ The best sustainable ideas of micro entrepreneurs were rewarded
- ✓ The first Social Enterprise Start-up Guide was presented
- ✓ The new marketing strategy and the new online strategy were brought into compliance with the CSR principles
- ✓ Unique Netbanking and mBanking – Take a Picture and Pay services were developed
- ✓ The 2013 Customer Satisfaction Index was 91%

# 5 · 1 Financial Inclusion and Responsible Financing

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## Financial Education

Strongly believing that financial inclusion and economic education of not only vulnerable groups and low-income individuals but also all members of our society are key elements for the development of a sustainable and inclusive social and economic environment, Erste Bank tries to provide all citizens with access to secure, safe and responsible financial products and services. Financial education, as a prerequisite for financial inclusion, is a process by which individuals enhance their understanding of financial products and facilities and develop their skills, which enables them to become more aware of financial risks and to know who to contact for help, all with the aim of improving their financial status and learning how to manage their money in order to become economically stronger. In order to increase the financial literacy level and enable the gaining of financial competences required in everyday life, it is necessary to conduct financial education since childhood. The Bank is therefore an active participant in different initiatives for financial education of children and youth, its customers, but also the community at large.

As it sees young people as the driver of our society and considers them an important target group, its customers and future customers, colleagues and partners, in 2013 the Bank opened a unique space for young people – the Erste Student Corner at the Park City branch, Novi Sad, with the aim of creating closer and better connections with ambitious, educated and talented young people, students and entrepreneurs, as well as those wishing to become one, the young people who are interested in banking and finance and wish to enhance their knowledge in this area, but also to improve their general knowledge and skills.

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## Saving with Erste Bank

A survey\* of the habits, views, motives and concerns of the citizens of Serbia regarding savings was carried out during September 2013 on behalf of Erste Bank and as part of the Erste Bank Savings Barometer global annual survey.

- 74% of respondents (almost the same as in the previous year), of which more than half (60%) are young people aged 15 to 19 years, think that it is important to save
- Almost half of the respondents, 48% (compared to 55% in the previous year), still keep their savings under the mattress regardless of whether they use some of the savings products or not
- The average monthly amount set aside for savings is RSD 4,185, a decrease compared to the previous year, when the respondents claimed to set aside RSD 4,770 per month
- The main reasons and motivation for saving for as many as 75% of the citizens are exceptional circumstances and emergencies, or “rainy days”
- As many as 69% of the respondents are concerned about a possible weakening of the currency, decrease in purchasing power or high inflation, which is an increase compared to the previous year. Half of the respondents are afraid that they will no longer be able to set money aside for savings and as many people fear that they will not save enough for their future
- As many as 57% savers do not know the level of interest rates for any of their savings products and 74% of them responded that they never compare interest rates.

The IMAS International market research agency conducted a survey on behalf of Erste Bank on the habits, behaviour, views, motives and concerns that the citizens of Serbia have regarding savings. The telephone survey was conducted in September 2013 on a sample of 500 respondents representing the population over 15 years of age capable of saving. Apart from Serbia, the same survey was conducted in Austria, the Czech Republic, Slovakia, Hungary, Romania and Croatia.

A series of trainings and lectures were organised at the Student Corner during 2013 on a variety of topics: social entrepreneurship, entrepreneurship start-ups (from business idea to business plan), successful search for business partners, insurance history, modern banking (innovation in e-banking), the concept of corporate social responsibility, CV preparation and active job search, etc. A total of nine trainings were organised that were attended by ninety young people and Erste volunteer trainers invested twenty hours of work. Read more about the Erste Student Corner in section Our Fellow Citizens in the Communities in Which We Operate, page 69.



One of the Bank's activities implemented specifically at the Student Corner during 2013 was the continuation of the project of increasing the knowledge and skills in the area of finance through workshops on wage and cost management in everyday life, which was intended for young vendors of the LiceUlice street magazine. Since ten Roma children participated in it in the previous year, in 2013 the programme was especially adapted to young people with disabilities, students of the Milan Petrović School for Elementary and Secondary Education, Novi Sad, who are also vendors of this magazine. The workshops also dealt with developing the skills of communication and sales, better handling and recognition of the dinar notes and coins, addition, subtraction and return of change, better understanding of the concepts of wage, costs and savings and, as a practical segment of the training, the ten students who participated in the programme got a chance to sell LiceUlice to the Bank employees.



## For the Youngest

In cooperation with its long-time partner, Junior Achievement Serbia, in 2013 the Bank again took part in the Children's Economy programme, which is intended for elementary school pupils, children aged six to eleven years, in order to educate them about the basic concepts of economy and business through creative contents. This programme also directly involves their teachers who received appropriate training and preparation for the implementation of this programme in practice. In 2013 three trainings were held in Belgrade, Čačak and Niš for ninety elementary school teachers, who conducted the programme at their respective schools. More than 3,500 elementary school students have so far attended the programme and the Bank supported the programme with RSD 400,000 during 2013. A fine arts competition was organised on the topic "This is How I Save!" for which 233 students applied from 18 schools of Serbia, with the best works receiving appropriate awards.

When it comes to savings as an important topic that the Bank traditionally promotes among the youngest, June 2013 was declared the month of children's savings. Thus, all little savers who deposited their savings during this month, as well as those who extended their existing term deposits received a special gift: a Saver Bear (Meda Šteda) memory game. In addition, this month of celebration was filled with other activities: Saver Bear again socialised with kids in Novi Sad as part of the Zmaj Children's Games, while in the creative children's city, MiniCity in Belgrade, Saver Bear celebrated his sixth birthday and, together with our friends from Junior Achievement, taught the children what saving is, what piggy bank is and what it is for, how bills are paid and what it means to earn a living.

## Inclusive Products and Services

Erste Bank is strongly committed to providing a contribution to building and strengthening the country's social capital by providing assistance and support to the development capabilities of vulnerable groups and improving their economic capacity. Therefore the Bank continued to develop specific products and services that are intended, under more favourable conditions than the market conditions, to the population that does not have adequate access to banking products and services due to poverty or insufficient income.

When it comes to younger population, in 2013 the Bank offered a Youth Loan to full-time undergraduate and postgraduate students (aged up to 30 years at the moment of submitting the loan application) to enable them to pay tuition fees for studies at post-secondary schools and universities, to pay for courses, work and study trips, advanced professional training and to pay for driving lessons and tests – according to pro-forma invoice. In addition to interest rates, which are lower than regular rates for cash loans, a lower fee was also offered for the approval of this loan, at only 1% of the amount of the approved loan. In 2013, 84 loans were granted in the total amount of RSD 8,854,136, which is 5.85% relative to all consumer loans (car and WEB loans). In this way, young people have a chance to start saving for their future and follow their goals, such as higher education or entrepreneurial undertakings.

In addition, as part of the summer student campaign, the Bank promoted free youth account, as well as Youth MasterCard and the NetBanking e-banking service, which are intended for young people aged 16 to 27. The maintenance of the Erste youth account is free as well, and withdrawal from Erste Bank ATMs is fee-free. The Erste MasterCard debit card provides a 20% discount on annual membership fees for the ISIC (International Student Identity Card) and EYC (European Youth Card) cards for young people, as well as a 20% discount on tickets at the Tuck cinema.

The Bank developed a special Pensioner Loan for its eldest fellow citizens, intended for pensioners aged up to 70 years at the moment when the last instalment becomes due or up to 75 years if the customer provides a life insurance policy. A special advantage of this loan is a more favourable interest rate compared to regular cash loan from the Product Catalogue and a possibility of getting the loan without guarantors up to 70 years of age of the customer at the moment when the last instalment becomes due, which is different from the regular cash loan where maximum customer age is 66 years at the moment when the last instalment becomes due. In 2013, 1,028 of these loans were granted, in the total amount of RSD 150.742.200. Although the share of these loans in the total dinar cash loans granted in 2013 was relatively low at 2.48%, an improvement in the loan terms is expected in the future, because all pensioners who apply for this loan will also have life insurance as a gift from the Bank and the maximum age limit will be extended to 75 years for the customers who apply for a pensioner loan with collective insurance.

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### Adaptation of Facilities

In order to enable equal access to its financial products and services to all customers, Erste Bank continued to adapt its business facilities. Of the total of 68 retail branches, 20 were adapted, which is slightly more than in the previous year (29.4% in 2013 compared to 22.4% in 2012), while another one is in the final stage of adaptation, as well as all five corporate banking centres across Serbia and one ATM in Novi Sad. All Erste Bank branches were equipped with advisory desks that are lower and used for providing service to customers with disabilities, when needed. The Bank's office buildings in Belgrade and Novi Sad were adapted to the needs of persons with disabilities: the office building at 11b, Milutina Milankovića Street in Novi Beograd was fully adapted for persons with disabilities (ramps, entrance and toilets), while the headquarters at 5, Bulevar Oslobođenja Street in Novi Sad only has an entrance access and no special toilets.



## Support to Entrepreneurship

Erste Bank provides support to entrepreneurship not only through constant training and promotion of entrepreneurial spirit, but also by development and constant improvement of its products and services for different economic segments: large enterprises and micros, small and medium-sized entrepreneurs, as well as enterprises with social goals.

One of the Bank's responses to the economic crisis was precisely to invest in its customers in order for them to become stable and sustainable firms that will also contribute with their business to economic growth in the long term. Thus, an Erste Group strategy for start-ups was established in 2013, which started to be implemented in all local banks in order to develop a joint approach to the provision of services to those enterprises that have the potential to quickly become successful and profitable micros with appropriate support. The work with start-ups is more than mere banking – it is always a mix of banking, business consulting, educational and even social projects to support the culture of entrepreneurship. In addition, the Bank offers to small enterprises and entrepreneurs products that are unique in the market, such as an overdraft facility granted to corporate customers for a period of up to 36 months or a credit line provided in cooperation with the European Investment Bank (EIB).

Small Enterprises and Entrepreneurs Department underwent certain transformations and changes in 2013 with the aim of efficiency improvement and cost reduction. In addition to the name change, there were organisational changes as well. The Entrepreneurship Centres were abolished and three regional centres were defined through which the account manager network is coordinated. The new long-term strategy is aimed at enlarging the portfolio by 80% within three years and positioning Erste Bank microbusiness at the top, among 5 top banks in Serbia. Erste Bank has some form of cooperation with 20,231 legal entities in the segment of small enterprises and entrepreneurs.

Closely cooperating with its customers from the SME segment, in 2013 the Bank organised a roundtable on the topic "What the EU negotiations mean to the SME sector in Serbia", where different opinions of local businesspeople could be heard. In the past, the business customers were mostly interested in available European funds and the opportunities opening to them in terms of large common market of the European Union, as well as in terms of business improvement and introduction of European standards. Through its EU Office, Erste Bank informs and advises its customers how to participate in the Seventh EU Framework Programme for Research and Development (FP7), because of which the official publication of the European Commission, which is intended precisely for small and medium-sized enterprises wishing to apply for funding under FP7, was translated and published.

As part of the European SME Week, Erste Bank has been organising EU Info Days for several years, to which it invites its colleagues from the Group in order to share their precious experiences. In 2013, with the assistance of Erste EU Office Croatia, the Bank welcomed the "Vrtovi Voća" company from Zagreb, whose owner shared his own experience with Bank customers regarding the use of European funds for their new apple orchard and for the introduction of a quality certificate and an irrigation system.

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### Corporate 2015

*Corporate 2015* is a project aimed at improving and changing the structure of the Bank's corporate operations. It is also focused on turning the processes that proved to be the best practices in the Group into Bank's standard business operation. Finding innovative solutions for current banking environment in all regions in which the Bank operates is also one of its goals. The main goal of all these efforts is to make Erste Bank the best and leading bank in the region in corporate banking. In order to achieve this, the Bank should accept changes, efficiently work on its processes, be innovative and find solutions for various new products, but also make room for its sales team to spend more time with customers.



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## Journalists Awarded Prizes at the Contest for the Best Media Report on the EU Integration Process in Serbia

The EU Integration Office of the Government of the Republic of Serbia, the European Union Delegation to Serbia and Erste Bank gave awards in February 2013 at the contest for the best media report on the EU integration process in Serbia for 2012 to the following journalists: Danijela Pantić, Irina Samopjan, Milica Dimitrijević, Biljana Kuzmanović, Ivana Pavlović, Danijela Lalović and Biljana Djogić. The award was a study visit to Brussels during which each of the winners had a chance to meet the officials of the European Commission and Parliament, as well as their journalist colleagues reporting from the EU headquarters.

The prizes were awarded in the following categories: the best TV report, the best radio report, the best newspaper report, the best report in local media, the best work published on the Internet, the best student work/report published in print or electronic media and the best report on an EU-financed project implemented in Serbia, while there were no winners in the SME report category. The jury pointed out that in 2013 the media already have an opportunity to pay more attention to the issues of economy, entrepreneurship and employment, which are still crucial for the everyday life of citizens.

## Best Sustainable Ideas

The Green Ideas National Forum was jointly launched by the Trag Foundation (the former Balkan Community Initiatives Fund – BCIF), the Rockefeller Brothers Fund and Erste Bank with the aim of encouraging and awarding individuals, associations and small enterprises to develop innovative entrepreneurial projects based on the principles of sustainable development.

One hundred and eight applications for the contest were received, of which 68 ideas met the basic criteria and 31 ideas got to the second round of the contest. The best ideas were selected by a four-member jury comprising Haki Abazi, Director of the Western Balkans Programme at the RBF, Vojislav Stokić, Director of the Small Enterprises and Entrepreneurs Department at Erste Bank, Miloš Milosavljević, founder and director of the Strawberry Energy company and Biljana Stepanović, CEO of Business Info Group.



The final presentation and a grant award ceremony for innovative business ideas based on the principles of sustainable development were held in May 2013. At an all-day event at the Grad Cultural Centre, nine finalists presented their ideas to the jury and three winning ideas were awarded USD 8,000 each intended for project implementation. The Republik Hostel (Užice), Anica Simović (Raška) and Solar Ice d. o. o. (Subotica) were awarded by the Trag Foundation (the former Balkan Community Initiatives Fund – BCIF), the Rockefeller Brothers Fund (RBF) and Erste Bank as the best green ideas.

Thus, these three projects got a chance to be presented at the Regional Forum of the Rockefeller Brothers Fund, in which the Western Balkan countries participate, where the solar mobile drier made by Anica Simović from Raška won the first place and the solar tricycle of the Grabarević brothers from Subotica won the third place. The second-place green idea came from Albania, and it was the furniture made of recycled material by Pezana Rexha. All three winning ideas were awarded USD 10,000 each intended for their implementation.

“We try to support as many projects as possible that contribute to the improvement of local community, and especially those that result in economic strengthening and development of entrepreneurship. We hope that the winners will develop their awarded ideas into sustainable small businesses,” said Andrea Brbaklić, Erste Bank Executive Director.

## ERSTE SUCCESS STORY · SUPERSTEP



**Youth unemployment is one of the most important social problems that have long-term consequences not only for their lives but also for the functioning of the entire society and economy. When young people decide to start their own business and begin to work, they face numerous challenges: how cash flows go, how high taxes they can expect, how to invest their money well and whether they need insurance, how to charge the real value for their service, how to manage their time better and organise their working day, how to formulate short-term and medium-term goals and design a strategy that will enable them to achieve these goals more easily. All these and many other dilemmas discourage young people from becoming entrepreneurs.**

Erste Bank, together with several partners, actively works on developing a comprehensive programme of support to the young people in Serbia who want to start their own business. A Superstep pilot project was launched in 2010, which consisted of a series of trainings on how a business idea develops and turns into a business plan. Erste Bank designed a special product for these activities, the Superstep loan, which is granted to these future entrepreneurs under special conditions, at a lower interest rate and with no security or surety by an economic entity that already has a successful business. In 2011, this programme joined the Youth Business Serbia programme, which today is a part of the Youth Business International, an international youth entrepreneurship support network.

In addition to training and access to finance, entrepreneurs have an opportunity to work directly with business mentors who come from the Bank and help them better understand all of the elements of financial business as well as communication with the Bank. After they have started their business, we con-

nect the Superstep entrepreneurs with experienced business-people who, also as business mentors, work with them on further development of their business for the next twelve months. The role of mentors is to assist the entrepreneurs in identifying the risks and opportunities of their business and to guide them through the decision-making process, as well as to help them in the development of their existing and new entrepreneurial skills by support, encouragement and guidance.

So far, 17 new small businesses have been launched through this programme, with a total of EUR 50,000 granted and 150 hours of work invested by business mentors. New enterprises were opened across the country, and the range of their activities is very wide: from design services to dental services to the production and processing of industrial hemp to the production of crab apple vinegar. What the Bank proudly points out is the fact that 95% of these customers are still active today and that, despite the difficult situation, a large majority of these customers duly service their obligations.

A total of 18 candidates across Serbia applied for the Superstep self-employment loans through the pilot programme in 2011 and seven of them convinced the committee that their business ideas had the greatest chance of succeeding. Erste Bank granted a total of RSD 2.35 million in loans to these emerging enterprises and enabled additional consultations to all financed entrepreneurs in the first year of their operation. The second round of contest, organised in 2012, received 128 applications of young entrepreneurs, of which 38 developed a detailed business plan within workshops with volunteers – business mentors from Erste Bank. At the end of the second round, ten firms were created, which the Bank financed with RSD 2.45 million, which is 5.5% of the total loans granted to small enterprises and entrepreneurs in 2013.



## The First Social Enterprise Start-up Guide Presented

Another important initiative took place in 2013: Erste Bank and the Smart Kolektiv organisation presented the first Social Enterprise Start-up Guide – Business Fit for a Man. The idea behind the preparation of this unique publication was to provide all who have sustainable and creative ideas with guidelines for the preparation of a business plan for a successful social enterprise. Many experts and professionals from different companies and institutions, as well as nine social enterprises from Serbia took part in the preparation of the Guide, and the Smart Kolektiv Facebook page enabled free download of the Guide to all those who send their business ideas.

The Bank representatives talked about the participation of Erste Bank in this and similar projects and pointed out that there were several ways in which companies could support social entrepreneurship in addition to providing funds. In addition to being among the first banks in Serbia to grant loans for social enterprises, Erste Bank regularly orders products from social enterprises, which guarantees a constant inflow of money, as well as survival in the market to these firms and quality and unique products to the Bank. In the previous period, Erste Bank, the British Council and Smart Kolektiv organised seminars and education on this topic, which resulted in the Guide that contains all necessary information for social entrepreneurs so that they can become successful in the desired business.

In 2013 alone, Erste Bank cooperated with five social enterprises: Dobra Torba, Eco-Et-no Moda, Bioidea Sapuni, the Work Centre of the Milan Petrović School for Elementary and Secondary Education and *LiceUlice*. Over RSD 1.4 million was invested in purchasing their products and the Bank employees bought 828 magazine copies from *LiceUlice*.



## 5 · 2 Responsible Communication

### Responsible Marketing – A Different View of Business

Although Erste Bank offers the products and services that are fully aligned with legal requirements, high Group standards, as well as ethical and moral principles of society in all markets in which it operates, the Bank tries to constantly improve its practices in the area of marketing. It implements its marketing activities in line with the Advertising Law, the Consumer Protection Law and the Law on the Protection of Financial Service Consumers, with the three main principles underpinning the advertising of the Bank's products in the media being: relevance, clarity and humaneness. A set of questions was defined for each of these categories and, by answering to them, it is checked for each mode of marketing communication to what extent each advertising message meets these criteria.

The marketing practices were significantly improved during 2013 when a new Marketing Strategy was defined that was fully aligned with the socially responsible approach of the Bank and the values to which the Bank adheres. The new concept implies that adapted solutions are no longer used, but that the Bank independently develops solutions so that they better fit domestic market and customers. One important aspect is the adaptation of the concept to the time in which we live, when customers are not focused solely on consumption, but turn to other values as well and start to think with a longer time horizon in mind. The different view of advertising is based on the image and brand that the Bank has been building for years through other activities.



### 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 tries 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, we clearly and accurately specify, 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 criteria
- 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 deposit and loan products, which are among the most common products of the Bank.

In 2013, Erste Bank did not record any case of noncompliance with the rules relating to the provision of adequate information to customers about products and services or any case of violation of customer privacy or complaints relating to the loss of customer personal data. Since 2011, when the Bank started reporting about the cases of violation of the right to privacy, only one customer complaint on this basis was recorded in 2012, which was not proven to be well-founded.

## New Dimension of Communication – Erste Online Strategy

A constant and significant increase in the share of the Internet in everyday communication has been recorded during the past few years. This trend is to a large degree a result of the development of social networks and so-called mobile Internet, i.e. Internet access via mobile phones and tablet computers.

Social networks have become a necessity in the communication of business sectors worldwide. The situation is similar in Serbia: over 90% of companies use online tools and social networks and over 60% of them invest in online advertising. As in other segments of the business sector, social networks have largely become a means of communication in banking as well. Almost all major banks in Serbia actively joined social networks in the past twelve months.

Erste Bank stepped into the world of digital communications on time. The first account on the social networks that it opened was on Twitter in 2009 and sometime later, in 2010, on Facebook as well. The corporate blog was launched in 2011 and the other networks where the Bank is present are: LinkedIn, Slideshare, YouTube, Foursquare, Google+ etc. According to the number of followers relative to its competitors, Erste Bank ranks third on Facebook and second on Twitter. The tone of communication by most banks is informal and aimed at informing and educating the users, as well as winning their loyalty. In addition to daily communication, the banks engage with their users through occasional “activations”. These are usually prize games aimed at gathering as many new fans/followers as possible and encouraging interaction. One advantage of social networks, among other things, is the possibility of direct contact with companies and organisations that have a registered profile, and users frequently get in contact with various companies to ask them questions that are answered very quickly, as shown by a CESID research on the use of social networks.

So far, the largest number of queries that the Bank received through the online media has been related to the opening of accounts and debit or credit cards, loans and payment via the PayPal and Skrill services. The Erste Bank Netbanking service is widely known in the online world and often praised and users regularly recommend Netbanking to each other. What the Bank followers propose is the introduction of new services, such as a foreign exchange card for online payments that is accepted by most websites, as well as a VISA debit card to which they could transfer their money from virtual accounts (PayPal and Skrill).



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### Key Elements of the Online Communication Strategy

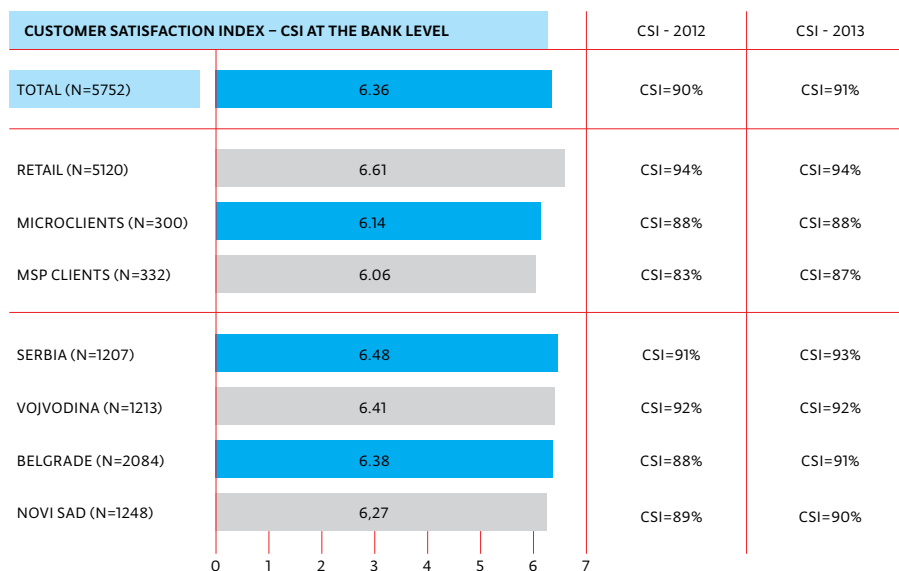
Aware of the need for a planned presence on social networks and other online channels, the Communication Department defined the Bank's strategic communication goals:

- Reputation – We want the public to see us as a reliable partner to corporate and retail customers, as well as the society as a whole, as a modern and innovative bank, as a desirable employer and as the leader in corporate social responsibility.
  - Sales – By strengthening the relations with our current customers and making contacts with new customers, while communicating online we strive to increase the use of the Bank's products and services.
  - Enhancing the quality of customer service – By systematic collection and processing of information, we wish to improve our products and services in accordance with customer needs.
  - Development of corporate social responsibility in the country – By raising awareness of the topics relevant for the society and by expanding partnerships, we wish to encourage those around us to take action.
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## Customer Satisfaction – Erste is Active in the Field of Surveys

During 2013, Erste Bank regularly conducted quantitative and qualitative surveys about the level of service quality at the Bank level and at the level of individual business units of the Bank. A measurement and an analysis of the levels of customer satisfaction and loyalty, as well as of the quality of processes in the Bank were conducted by an independent market research agency. In line with the Erste Group standards, once a year Erste Bank conducts a survey of the satisfaction of customers – retail (80 customers in each of the 68 branches – 5,440 customers in total) and corporate (micros – 300 customers and SMEs – 300 customers). Customers rate more than 40 aspects of their cooperation with the Bank. The survey is performed using the face-to-face method at the Erste Bank branches and the CATI – a 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 the overall satisfaction of all three customer segments is incorporated in a single rating, the CSI – Customer Satisfaction Index, on the scale from 1% to 100% satisfaction level.

The results of the Erste Bank Customer Satisfaction Survey (CSS) showed an extremely high level of customer loyalty and satisfaction with their cooperation with the Bank. The Customer Satisfaction Index (CSI) was 91% at the Bank level in 2013, and this result includes the ratings of customers from all business segments and with regard to more than 40 key aspects (expertise and competence, staff kindness, location and tidiness of branches, working hours, products, prices, transparency, speed and efficiency of performing transactions, contact centre, accessibility, etc.).



The numbers on the graph indicate averages

Base = 5752 respondents (total)

### Take a Picture and Pay – a Revolutionary Step Forward in the Method of Payment

In late 2013, Erste Bank introduced in the market of Serbia a completely new method of paying monthly and other bills. It is the “Take a Picture and Pay” service, which is part of the Erste mBanking smartphone application. The application is currently available for Android-based devices and will soon be available to the users of iOS-based devices. Payment only requires a few simple commands in the application: taking a photo of the bill and confirming the sending and transaction. Any bill can be paid in this manner (electricity, phone, utilities, etc.).

In addition to this, the Erste mBanking application has many other functionalities: all payments, detailed summaries of current, loan and savings accounts, contracting and updating standing orders, contracting additional services, such as the SMS service and Change Savings, exchange transactions, payment summaries, sending messages to the Bank, etc. It also includes searching for branches and ATMs with navigation, an exchange rate list, a calculator of the best savings model, connections with the Bank on social networks and other options. This is just one of the activities of business digitisation the Bank implemented as part of the MATRIX strategic project – implementation of improved NetBanking and a new mobile banking service – and the GO DIGITAL initiative in order to meet the needs of modern customers in the best way.

By conducting a series of studies and customer surveys in its sales and service network, the Bank constantly tries to examine and meet the needs and expectations of its customers. In this respect, the service in the business centres and branches where long queues and crowds had been created was improved in 2013. Special queuing systems were introduced, the Q Tronic queue management devices, which enabled all customers to carry out all financial transactions they need in a branch in a modern and organised manner. After the introduction of the queuing systems, customer satisfaction with the functionality and usefulness of the devices was surveyed. The results showed that these customers were very satisfied with this queue management method; however, they, and especially visually impaired and elderly customers, also expressed their dissatisfaction with the small size of text on the slips and the height of the installed monitors used for queue viewing and arrangement. The Bank immediately improved the service and adjusted the size of the characters and the height at which the monitors were positioned, by which it clearly demonstrated its understanding concerning the satisfaction of the needs of all segments of society.

## **Reppoza – Complaint Management**

### **Moments of Truth – From Survey to the Improvement of Service Quality**

The moment-of-truth management at the Bank level increases the level of customer satisfaction with the quality of service and of their overall satisfaction with the Bank. 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. Since 2013, the moment-of-truth management process has related to sales and service functions towards individuals, entrepreneurs and SMEs customers.

The process of identifying critical moments is carried out 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. Key processes in the Bank are supervised through the internal application ARIS PPM and the moment-of-truth handling process was improved by calculating the financial impact of a moment of truth on the Bank's business. The agreed and defined priority moments of truth for handling in 2013 were:

- The speed of approving loans to small enterprises and entrepreneurs
- Inadequate customer support by account managers (small enterprises and entrepreneurs)
- Inadequate daily quantity of larger denomination banknotes for withdrawal at ATMs
- Optimisation of the working hours of certain branches in Belgrade and Novi Sad.

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### **The Rock Project – Less Time for Loan Origination**

Along with scanning the whole process of loan approval in all sales functions of the Bank during 2011, the ROCK project was initiated with the aim of encompassing all steps of the loan process, from the customer acquisition to the moment when the money is in the customer's account.

The main goal of the project is the optimisation and automation of the entire loan process, which should contribute to a significant reduction of time from the moment of loan application submission until loan granting. When analysing the entire process, possibilities were determined, as well as the direction in which the Bank wants to go in order to enable the sellers in the near future to process customer applications in a shorter time and with a better data quality and thus create the preconditions for the development of successful long-term cooperation with corporates and micros. In 2013, the ROCK Project was translated into an application that passed the testing stage, and the possibilities of upgrade are great, so a continuation of this project is planned through ROCK II and ROCK III.

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A very important part of service to which the Bank particularly pays attention is the identification and analysis of critical moments through the process of collecting and handling customer complaints. As of the third quarter of 2013, Erste Bank has a new improved system and application Reppoza for customer complaint management. The new system enabled integrated recording of all objections, complaints, representations, appeals, suggestions and commendations in one place. The Bank customers can express their dissatisfaction using any communication channel, and a novelty is that also a customer's dissatisfaction expressed orally can be recorded in the application used by the employees in their everyday work. After the Bank's employee has recorded a complaint, it comes to the administrator, who checks all of the customer's allegations together with the competent departments in the Bank. After all checks, a response is sent to the customer. Owing to the complaint sorting according to different categories, the Bank could confirm that it had not received any complaint of the violation of human rights during 2013.

What became practice in the Bank is the organisation of meetings with customers, which was judged to be necessary and desirable for understanding and resolving the existing problem. In addition to the customer, the meeting is also attended by the colleagues from the competent department where the particular problem arose, as well as by the person in charge of handling the complaint at the Bank level.

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## Your Opinion Matters to Us!

### Active customer communication channels:

- Through the Complaint Management section on the Bank's website [www.erstebank.rs](http://www.erstebank.rs)
- Call Centre – for all information about products and services and feedback from customers.
- Advisors in our branches – on working days, for advisory assistance and any other type of assistance.
- Addresses for communication with stakeholders:  
[info@erstebank.rs](mailto:info@erstebank.rs)  
[dop@erstebank.rs](mailto:dop@erstebank.rs)  
[zivotnasredina@erstebank.rs](mailto:zivotnasredina@erstebank.rs)
- Complaint channels:  
[zalbe.stanovnistvo@erstebank.rs](mailto:zalbe.stanovnistvo@erstebank.rs)  
[zalbe.mikro.preduzeca@erstebank.rs](mailto:zalbe.mikro.preduzeca@erstebank.rs)  
[zalbe.preduzeca@erstebank.rs](mailto:zalbe.preduzeca@erstebank.rs)
- Information brochure available at all Bank branches



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

AREA	RESPONSIBILITY TO LOCAL COMMUNITIES
TOPIC IN FOCUS	INVESTING IN THE DEVELOPMENT OF POTENTIAL OF ALL MEMBERS OF THE COMMUNITIES IN WHICH THE BANK OPERATES
OTHER PRIORITY TOPICS	PROMOTION OF CORPORATE AND INDIVIDUAL PHILANTHROPY



Erste Bank has clearly built the reputation of a responsible company in its sector on quality initiatives focused on the local communities in which it has been operating for many years now. The success of these initiatives is based on their strategic definition, which involves estimates of the real needs of communities, as well as the engagement of stakeholders in their design, based on which appropriate support mechanisms are defined as well.

Erste Bank is clearly recognised among its stakeholders as a company that, focusing on local communities, supports important initiatives that are underpromoted, and there is also a clear idea among the stakeholders as to which target groups are supported by the Bank: young people and socially excluded groups. The effects of local initiatives are constantly monitored and assessed with the aim of further improvement. The programmes based on active engagement of employees, such as individual philanthropy and volunteer engagement, are another element of recognisability of the Bank.

## Achieved in 2013:

- ✓ More than 100 projects and initiatives supported with about RSD 38 million
- ✓ Financial education of youth and persons with disabilities at the Erste Student Corner
- ✓ 18 talented young people awarded through the SUPERSTE Club with a total of RSD 1,550,000
- ✓ Eight civil associations and informal groups supported through the Centrifuge programme with a total amount of RSD 2,407,000
- ✓ RSD 906,203 collected through the individual philanthropy programme
- ✓ More than 70 projects and over 90 organisations supported through the general annual sponsorship and donation contest with over RSD 18 million
- ✓ Since 2008, 350 volunteers have invested 3,700 hours of voluntary work as part of the employee volunteering programme
- ✓ The Business Leaders Forum Award for Corporate Volunteering



# 6 • 1 Support to Young People

## Erste Student Corner

When it comes to the direction in which Erste Bank wishes to develop and to how it sees its future customer base, it turns to the greatest potential for the future – the youth. Not wanting for this desire to remain just a part of its vision, in 2012 the Bank attempted to make one of its branches “different”. Now it can be proudly said that Erste Bank is the first bank in Serbia to have a Student Corner.

Since this space is intended for the youth, the Bank relied on the ideas of these people – students of architecture, interior architecture and design. They translated their ideas of what a space for the youth should look like into projects, which they sent to a contest during October and November 2012. The best idea was implemented and received an award at the ceremony, including the presentation of the Student Corner and the exhibition of the top 10 works, held on 27 March 2013. It was attended by all teams whose works were exhibited, a part of the Expert Jury and the colleagues from the Bank who were largely responsible for the existence of this unique space today. The Bank has so far allocated RSD 901,000 to the implementation of this unique project.

## Activities at the Erste Student Corner

Since the idea behind this pilot project is to establish a closer and better connection with young educated people – primarily the students who wish to get better acquainted with banking products and services, but also to attend various educational events through which they will improve their skills and knowledge – a team was formed of also young people from the marketing, communication and retail divisions, who made it possible with their engagement and ideas for the Erste Student Corner to “live” all year round. Education courses were organised during the year, at which the students were acquainted with general banking terms, products and services, social entrepreneurship, enterprise start-up (from business idea to business plan), successful search for business partner, insurance history, modern banking (innovation in e-banking), the concept of corporate social responsibility, CV preparation and active job search and alike.

The Erste Student Corner is a place also intended for organising creative events, as well as an inclusion programme specially adapted for certain vulnerable groups of our society, which builds on the youth financial education programme. In 2013, several workshops were also held at the Erste Student Corner for the students of the Milan Petrović School for Elementary and Secondary Education, who were engaged in the programme of selling the LiceUlice street magazine. Once a month efforts are invested to improve their communication, presentation and sales skills in order for them to be more successful in selling the magazine.

In addition, the Bank-supported BUVERO-Romani Drom programme of the Media Education Centre was presented at the Corner. This programme was designed as a project of media and IT education of Roma women in order to enable them to get involved in the media processes in our country as successfully as possible.





## Partnership with the AIESEC – Erste Mentors

Erste Bank and the AIESEC Serbia student organisation signed a national partnership agreement for the second time in order to continue to work together on the development of young talents in the next twelve months, dealing with current topics and today's challenges in the fields of banking, finance and entrepreneurship. The aim is to help students acquire practical knowledge and skills that will contribute to their personal and professional development. During 2013, Erste Bank held trainings on social entrepreneurship in Niš, on the concept of corporate social responsibility in Belgrade and two workshops on marketing in banking, also in Belgrade. More information at: [www.aiesec.org.rs](http://www.aiesec.org.rs).

## Student Campaign – Erste Gruva

Traditionally, the end of summer was marked by a student campaign for the third consecutive year now. This time, instead of student loans, a free youth account was promoted, which put Erste Bank among the most competitive banks in the market. This includes the Youth Account, Youth MasterCard and the NetBanking e-banking service intended for young people aged 16 to 27. These products are in fact youth's ticket to the world of finance. Free account, free card with which payments may be made on the internet, as well as e-banking with no monthly fee comprise comprehensive support to the financial needs of young people. This is supported by the fact that already around 20,000 young people have a Youth Account with Erste Bank.

The cooperation achieved with the Zemlja Gruva band on the promotion of these youth products was certainly more comprehensive than the usual commercial activities. Namely, the band used part of their fee to buy an instrument that was then donated to the Department for Wind Instruments of the Belgrade Faculty of Music. Erste Bank joined the initiative and provided additional funds for this purpose, so that the total amount of the joint donation by Zemlja Gruva and Erste Bank was EUR 5,000 for the purchase of a bass flute.

## Best University Students for the Most Successful Companies

In April 2013, Prof. Alisa Marić, PhD, the then Minister of Youth and Sport and Chairperson of the Dositeja Fund for Young Talents and Slavko Carić, CEO of Erste Bank, signed a memorandum of cooperation with the aim of employing the scholarship holders of the Fund for Young Talents in accordance with the needs and capacity of Erste Bank. The Protocol provides that Erste Bank is to offer professional training to the Fund-financed students through internship and acquisition of practical experience and knowledge. The plan is to hold the first workshop in March 2014 and then the selection of the first scholarship holders for internship at Erste Bank. The Fund tries not only to provide financial support to the students, but also to support them in a concrete manner in their first business steps, directing them to the most successful companies in the country.



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### **SUPERSTE Club – This Year’s Winners**

According to the decision of the Expert Jury of the programme, four best candidates were awarded RSD 200,000 each:

- Kosta Jovanović (1986) in the Natural Sciences category
- Đorđe Božović (1990) in the Social Sciences category
- Ivana Milev (1987) in the Visual Arts category
- Sara Vujadinović (1991) for arts in the field of music.

A Ljubiša Rajić special award for social activism was granted to Marija Mladenović (1994), a young activist from Leskovac.

Another 13 awards were granted based on the votes of the public:

- In the Natural Sciences category, the awards went to: Dušan Ličina (1986), Jasmin S. Nurković (1986), Manja Milivojević (1988), Momčilo Kovač (1986) and Zorana Milanović (1989)
- In the Social Sciences category the awards were won by: Aleksandar Gajić (1988), Ana Marija Popović (1987), Igor Javor (1988) and Stefan Ostojić (1994)
- In the Art category, the public voted for: Aleksandra Denda (1987), Maja Todorović (1990), Marko Mičić (1995) and Stefan Malešević (1989).



### **SUPERSTE Club – Young Talents Do Want to Stay in Serbia**

Erste Bank continued the tradition of promoting young talents and their success in December 2012 by announcing a new SUPERSTE Club competition for young talents from Serbia. The SUPERSTE club was formerly named Club 27 and the name was changed to send an even clearer message of respect to these young people for their achievements and support for their further development and work. This is the sixth consecutive year that the Bank has been awarding the most talented young people in Serbia and 230 valid applications were received from over 60 towns and municipalities of Serbia.

At the award ceremony in May 2013 in the Grad Cultural Centre, Belgrade, 18 prizes were awarded to the most talented scientists, researchers, artists and activists in the total amount of RSD 1,550,000 on Erste Bank Youth Cards. In 2013, Erste Bank introduced into the SUPERSTE Club programme a Ljubiša Rajić special award for social activism in the amount of RSD 100,000, in honour of Professor Ljubiša Rajić, who had given an invaluable contribution in the field of social activism and had also been a jury member and a friend of this Erste Bank project. The Erste Bank SUPERSTE Club has been implemented from the very beginning in cooperation with the Trag Foundation (the former Balkan Community Initiatives Fund – BCIF) and with support of the Ministry of Youth And Sport.

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## Youth Views on Social Issues

The Bank also introduced a novelty: in the process of applying for the competition for new SUPERSTE Club members during December 2012 and January 2013, a survey was conducted on the opinion of young talented people on the society in which we live and on the key issues in Serbia. The survey results show the views of 230 successful young people aged 16 to 27 years who applied for some of the SUPERSTE Club awards.

A significant number of youth, as many as 89.5% of the ambitious SUPERSTE Club candidates, think that currently there is no clearly defined value system in our country, while 96.5% of them are not satisfied with the current system. The respondents unanimously agreed that Serbia needed a clearer vision and strategy of social development. It may be concluded from the above that young talents in Serbia are not satisfied with the current situation in the society, but regardless of this fact, as many as 97% of respondents want to live in their country in the long term and as many as 33% of youth think that “there is no place like home”, want to stay in the country and fight for a better future.

It is worth mentioning that more than half of the young people surveyed would like to become socially active within the non-governmental sector, which shows that young people in Serbia are aware of the importance of social engagement and contribution to the development of the environment in which they live and also of the importance of personal development into humane and versatile persons.

## The Sixth Sense – Science: Researchers’ Night

Another Researcher’s Night was held in Novi Sad under the slogan “The Sixth Sense – Science”. The interaction with science and the learning through examples and experiments took place in September on the square near the SPENS Centre. In 2013, Erste Bank supported this unique event that popularises science in a creative and innovative way and is held on the same day across Europe. Researchers explained the role of our senses in everyday life and their connection with science. In five large segments, Smell the Science, See the Science, Hear the Science, Taste the Science and Touch the Science, the visitors had an opportunity, among other things, to make a unique perfume, show their talent and creativity, learn how sound is created, make their own cake, see the best technological innovations and finally create a picture of what “the Sixth Sense” is. At the Erste Bank stand, children could try two games: the Motion and Sound, which is based on a soundbeam device that detects distance, direction and speed of motion in a defined space and translates body gestures into sound and music, and the Magic Finger - Tactile Challenge, which offered several ways of studying tactility through the following activities: recognise the object, draw using your finger, find the six dots, recognise, find and count by smell. Both games were designed and implemented by the Bank’s partners from the Milan Petrović School for Elementary and Secondary Education.

## Equality in Action – Mentoring Walk for the fifth time in Belgrade

The traditional Mentoring Walk was held in mid-November 2013 in Belgrade as part of the Share Your Knowledge – Become a Mentor programme. This programme provides young women who want a successful career with a unique opportunity to get expert and useful advice from professionally accomplished and distinguished women – mentors from different professions. The project in Serbia is organised by the US Embassy in Belgrade, Erste Bank, the Organisation for Security and Cooperation in Europe (OSCE) and the European Movement in Serbia.

The Mentoring Walk, as the central event of each programme cycle, brings together the former programme participants, mentors and young students. A symbolic walk from the Youth Centre to Kalemegdan is only the beginning of their socialising and the first in a series of meetings to be organised during the project. The walk provided an opportunity for a discussion about business goals, successes and plans for further career. Until June 2014, when the project is planned to end, the mentors and their students will exchange experiences and occasionally meet, and workshops and roundtables on different topics are also planned, at which the mentors will advise their students how to improve the skills that will be helpful to them in their further work.

In partnership with the members of its Global Leader Network, the Vital Voices organisation coordinates mentoring walks in several countries around the world. All these walks are organised on the same day, and the aim is for the mentors to transfer their knowledge and experience to their younger colleagues. Since the establishment of the Global Women’s Mentoring Walk in 2008, this initiative has brought together several thousand leaders on all continents. Over 160 women have so far participated in the programme in Serbia, including this year’s participants.

## 6 · 2 Development and Promotion of Individual Philanthropy

### I Choose Responsibility – I Provide Support



A year after the launch of the individual philanthropy programme, more than 150 employees of Erste Bank joined the campaign and the emergency aid was granted through the Solidarity Fund owing to the generosity of our colleagues.

The Bank has so far launched two initiatives: support was given to the project led by the Ana and Vlade Divac Foundation focusing on providing housing to refugees who still live in collective centres in the territory of Serbia, and the work of the Bank Solidarity Fund intended for employees who need financial aid due to emergencies (illness, death of an employee or member of his/her family, poor financial situation, as well as granting interest-free loans to employees for the education of their children).

The Bank invited all its employees to join the fight for these noble causes, because it is only through joint effort that the work on their achievement can be successful. The donation mechanism is simple – the money is automatically deducted from the account upon salary payment or, more precisely, the salaries are reduced by the amount that the employee chose to donate. At any time, the Bank is able to provide the employees with the information on how much money has been raised and how close the achievement of the campaign goal is.

### Campaign with the Ana and Vlade Divac Foundation



The goal set in this campaign – the purchase and adaptation of a house for a family – was slightly modified due to a somewhat lower amount raised in the first year of the campaign. The basic idea was preserved – that a family of refugees would finally get its own home. Therefore, it was decided to provide support to a family that managed to buy land and start building a house, but was not able to complete it due to the lack of funds. This campaign, which lasted 18 months, was joined by 68 colleagues, who donated a total of RSD 240,033. The Bank also participated in this campaign and donated additional RSD 250,000, whereby the amount of RSD 490,033 was raised that was necessary for the completion of the house adaptation. The family that will be helped to reach its dream and finally solve its fundamental problem is the Bukorović family, which fled Knin, Croatia in 1994. The works on the house have begun and the moving into the new home is expected in May 2014.

### Marina Ćurčić Solidarity Fund

Owing to the solidarity of employees via the individual philanthropy programme, the Solidarity Fund collected an additional RSD 416,170.00 during 2013. This made it possible for 127 employees to receive aid amounting to over RSD 4 million for different sorts of treatments, scholarships, coverage of costs in the event of death and similar.

## The First Charity Auction of the DobroČiniTi Initiative

DobroČiniTi is an informal group of individuals who gathered around the idea of giving for common good and was created following the example of the British model of giving to charity named The Funding Network (TFN). DobroČiniTi Serbia comprises: Andrea Brbaklić, Ana Babović, Bojan Joksimović, Mirjana Karanović, Kori Udovički, Sonja Liht and Zoran Stanojević. The initiative gets logistic and organisational support from the Catalyst Foundation and its work is supported by the Charles Stewart Mott Foundation, which has been investing in the development of local philanthropy in the Balkans for many years now. The chairperson of the Catalyst Foundation Management Board is Andrea Brbaklić, Erste Bank Executive Director.

The first charity event held in 2013 was the collection of money for the projects of the organisations Ray of Hope from the village of Milavac and Optimist from Bosilegrad. The Milavac residents organised themselves into the Ray of Hope association to solve by themselves the problem of poor water supply system in their village. They wanted to dig a new deep well which would supply their households with clean water, but do not have enough money to purchase the necessary equipment themselves. The support to the village of Milavac made it possible for over 200 residents of the village to obtain sufficient quantities of safe water.

The Optimist association from Bosilegrad, one of the five least developed municipalities in Serbia, initiated support to socially vulnerable families to start agricultural micro-business – strawberry production and sales. The collected funds were allocated to the purchase of five foil greenhouses with irrigation system and equipment, as well as 500 strawberry seedlings for both the first planting and start of production. The funds in the amount of RSD 664,155 necessary for the selected projects were raised in 11 minutes at an interactive auction. Several colleagues from Erste Bank also took part in the auction.

## The Seventh Year of Cultural Decentralisation

For the seventh time, Erste Bank and the Trag Foundation (the former Balkan Community Initiatives Fund – BCIF) awarded grants to organisations with the best projects and ideas as part of the Centrifuge cultural decentralisation programme. In addition to seven projects from different parts of Serbia that were supported through the Centrifuge 2013 contest, one project was awarded a prize for the first time as part of Centrifuge+.

The aim of Centrifuge+ is to support the cooperation of organisations and/or informal groups from at least two towns, which, using their joint capacities, implement projects aimed at greater use of public spaces. The grant is intended for local youth non-profit organisations and informal groups interested in the issues of spatial planning of local communities, the use of public spaces and networking with groups from other towns to implement activities in public spaces by using art, cultural and other innovative forms or to direct them to the change of the intended purpose of the space for the needs of youth in their communities.





At the Networking through Centrifuge event, where prizes were awarded to the previous participants and winners since 2007, an all-day programme was organised at which two panels discussed the issues of active changes in local communities, interaction and networking.

In 2013, through Centrifuge, Erste Bank supported eight civic associations and informal groups with the total amount of RSD 2,407,000. All awarded projects were from local communities excluding Belgrade, Novi Sad and Niš.

Forty-two projects from 25 towns of Serbia have so far been supported through Centrifuge, with investments exceeding EUR 200,000. Although the donated amounts were very significant, the value of this project is not only in financial donations, but in mutually introducing and networking all former and this year's winners who are ready to improve their local communities and want to leave a long-term mark in their communities.

## Places in the Heart Prize Awarded

The Places in the Heart prize, intended for civil society organisations and informal groups of citizens that had conducted projects with the most positive effects in their local communities and established the best local partnerships in the previous year was awarded for the seventh time. The prize of RSD 500,000 for the first-ranked Kamenica Local Development Association from Niš was awarded by Erste Bank. The Ray of Hope association from the village of Milavac won the second place and a prize of RSD 200,000 and NURDOR (National Association of Parents of Children with Cancer) from Belgrade won the third place and a prize of RSD 100,000, while the prize in the Best Local Partnership category went to the Our House association from Belgrade, which won RSD 300,000.



The Places in the Heart Award was established by the Jefferson Institute, which in 2006 organised the award granting for the first time. Given the great interest raised by this initiative, the tradition continued by founding the Places in the Heart Fund, which was active from 2008 until March 2012 when it ceased to operate. Owing to the enthusiasm of partners and sponsors, the prize survived and was awarded in 2013 as well. The award organisers are the Trag Foundation (former BCIF), Erste Bank and TACSO Serbia, in cooperation with the City of Belgrade Agency for EU Integration and Cooperation with Civil Society.

## General Sponsorship and Donation Contest of Erste Bank

The traditional general contest for civil society organisations, institutions and informal groups was announced in late 2012 for donations and sponsorships implemented during 2013. Implementing its transparent business policy, Erste Bank supported around 500 projects with approximately EUR 2.2 million, not including sports sponsorships, from the beginning of its operation in Serbia until the end of 2013 through the general annual contest and other programmes. The aim of Erste Bank is to support:

- Cultural events with a long tradition, but also the launching of new cultural events
- Education improvement and science popularisation
- Social and economic inclusion of marginalised groups and their empowerment for full inclusion into society
- Preservation of the environment
- EU integration.

In contrast to the Centrifuge cultural decentralisation programme and the SUPERSTE Club support to young talents, which deal with specific social issues, the Bank opens the door with this contest to a wide variety of organisations to request financial support for the implementation of their initiatives.

More than 500 projects and initiatives from more than 40 towns of Serbia applied for the previous year's contest, of which Erste Bank supported more than 70 projects and more than 90 organisations with over RSD 18 million through its 2013 General Sponsorship and Donation Programme.



## ERSTE Foundation Serbia in 2013

### women.index



One of the projects supported by the ERSTE Foundation in Serbia in 2013 was the women.index initiative, which deals with the issues of gender equality, domestic violence and the role of women in Serbian society. As part of this project, illuminated city posters invited the passing women to participate in a survey by calling the toll-free phone number on the poster and to answer the question: "How do I feel?" with "satisfied", "discriminated against", or "abused". The updated statistics was displayed live on a digital screen in the centre of Belgrade and on different Internet sites. The public campaign was accompanied by an exhibition at the hall of the Museum of Contemporary Art in Belgrade, which was opened on 26 April 2013 and lasted until 2 June 2013.



women.index was a project of Andreja Kulunčić, one of the most eminent Croatian artists active on the international scene. She used popular media campaign templates to address a specific target group and see the reactions of women to the question asked. She used this method with the intention of analysing the motivation of women to define and raise awareness of their individual role in the well-known and broader, social context. The need to address issues of gender equality, domestic violence and the role of women in society is of great importance in the Serbian context, where numerous stereotypes still dominate in the public sphere in relation to these issues. The reluctance of women to speak publicly about their position at work, at home or in public, among other things, was identified as one of the potential problems.

### October Salon



An international exhibition of contemporary art "No One Belongs Here More than You", at which works by 40 artists were displayed, was presented from 11 October to 17 November at the 54th October Salon, a joint project of the Belgrade Cultural Centre and feminist curatorial collective Red Min(e)d. Established in 1960, the October Salon is a representative annual exhibition in Belgrade, which only promoted artists from Serbia until 2004. Since then it has transformed into an international event in order to initiate a dialogue with the international art scene.

Since its inception, the Red Min(e)d group has been contributing with its activities and research to better understanding, visibility and realisation of feminist art and art of female artists from (post) Yugoslav region and beyond.



### Three Organisations from Serbia Among the Winners of the Erste Foundation Social Integration Award

Thirty-five non-profit organisations from Central and South-east Europe, active in the field of social integration, were awarded prizes in June 2013 as part of the 2013 Erste Foundation Social Integration Award ceremony, with a total cash prize fund of EUR 616,000.

Three organisations from Serbia were also among the winners and each won a prize of EUR 16,000, PR consulting services during a two-year period, as well as participation in the Erste Foundation NGO Academy:

#### **Agricultural Libraries in Jagodina – Radislav Nikčević State Library (Jagodina)**

Although essential agricultural news are published on the web sites of the Serbian government, farmers in Jagodina municipality could not use computers, did not have an Internet connection and did not realise the benefits of this for their activity until 2010. The Agrolib Ja project changed this by connecting IT with village libraries, which usually are out-of-date, neglected places. In two years, village libraries turned into the drivers of change: the collections were replenished, computers were installed, fast connections were established and the librarians became project coordinators. Around 200 farmers learned how to use the Internet and now have their own portal through which they can sell goods and exchange information. Four out of sixteen libraries have so far been fully rehabilitated.

[www.jabooka.org.rs](http://www.jabooka.org.rs)



#### **A Day in Your Shoes! – The Novi Sad School of Journalism (Novi Sad)**

Having conducted several media research projects, the Novi Sad School of Journalism has found that journalists are unable to provide information on persons with disabilities without showing prejudice. The news reports that dealt with these issues were more about special conditions or special schools than about everyday life. This situation reaffirmed the aim of the A Day in Your Shoes project, which taught future journalists to experience the life of people with disabilities. Thirty-four future journalists found out more about the rights and needs of young people with disabilities while reporting on them. Twenty students, members of an association of students with disabilities, acquired practical skills and public speaking skills. Now there is hope that true stories about this minority will soon be told in a responsible and compassionate manner.

[www.novinarska-skola.org.rs](http://www.novinarska-skola.org.rs)

#### **Psychological Support to the Parents of LGBT Persons – Safe Pulse of Youth (Belgrade)**

In a survey conducted in 2010 in Serbia, half the respondents expressed the opinion that they would never accept the fact that one of their relatives is a homosexual. Seventeen percent of the parents said that they would have a violent response to the fact that their child probably is a homosexual. In 2012, Safe Puls of Youth launched the first project that helps parents accept the sexual identity of their child. In the course of nine months, twenty parents of LGBT persons attended counselling about sex, gender and gender identity and were trained to resolve conflicts. And, most importantly, after the completion of the programme, four of them joined the group support activities and became counsellors for other parents of LGBT children.

[www.spy.org.rs](http://www.spy.org.rs)

# ERSTE SUCCESS STORY: ERSTE VOLUNTEERS

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**Erste Bank has achieved a lot since its first volunteer campaign: 350 volunteers, 3,700 hours of volunteering and so much more.**

The first volunteer campaign of Erste Bank took place in the Obedska Swamp in September 2008, with the participation of some thirty managers of the Bank. It was noticed already at the very beginning of the programme that there was great interest in introducing similar initiatives and that Erste Bank employees sincerely wished to give their contribution through personal engagement to the community of which they are a part.

The Bank's engagement in this field was recognised through the 2011 Virtus Corporate Philanthropy Award, precisely in the Corporate Volunteering category that was introduced that year. The Bank thus became aware that the effects of its volunteering programme are also noticed by experts in the field of corporate social responsibility, the business community and the general public. Therefore, the Bank continued with even greater enthusiasm to conduct volunteer campaigns by encouraging its employees as well as other citizens to think about improving the quality of life in the communities in which they live and work.

The year 2013 was marked by another award. Namely, the Business Leaders Forum Serbia and Smart Kolektiv presented the Corporate Volunteering Awards for the third time and the winner of the main award was Erste Bank for its volunteering programme, which complies with the company's CSR strategy and has long-term impacts on the development of local community and employees. This award is given with the aim of recognising and promoting companies that, in addition to funds, invest the time and skills of their employees in local community development. The award winners were decided on by a jury made up of representatives of government institutions, companies, business associations, non-governmental and international organisations.

Erste volunteers were very active during 2013 and ended their volunteering season with excellent results: 354 volunteers and 7 volunteer campaigns.

During 2013 alone, Erste Bank employees took part in several smaller campaigns: in Vršac (35 volunteers), Vrbas (20), Zrenjanin (3) and Novi Sad (19), while over 130 Erste volunteers participated in a big campaign in ten work sites in Sremski Karlovci and Futog. In addition, Erste volunteers were active at the Belgrade Flower Festival, where they helped the children of five Belgrade schools put plants in flowerpots, which they later took to their elementary schools and took care of in the next twelve months.

The Erste Bank Volunteer Club now comprises approximately 350 employees, which is more than one-third of the people working with Erste Bank Serbia. In the previous six years of volunteering programme, Erste Bank employees invested around 3,700 hours to help solve social problems in the communities in which they work. They made positive changes in thirteen towns of Serbia and also participated in more than 10 campaigns along with other organisations and companies.

Bank employees have so far participated in campaigns initiated by the Bank or some of its partners and from 2014 the Bank will give its employees a chance to contribute with their ideas to positive changes in their immediate surroundings by having an opportunity to propose themselves volunteer campaigns and locations and thus, with the help of their colleagues, Erste volunteers, e.g. redecorate the kindergarten to which their child goes, enrich the area around their building with plants and directly cause changes in their environment. This concept was tested in September 2013 in a campaign initiated by Srđan Radnović, a colleague from the Retail Division, after which the Bank concluded that similar activities could lead to great results.

In addition, in 2013, the Bank invited for the first time its Facebook followers to join a campaign organised in a pre-school institution in Zrenjanin. The Bank thus included the general public in its volunteering programme and drew attention to the importance of volunteer action.

## Why Do We Volunteer?

In addition to bringing concrete benefits to the community, volunteer engagement has a large impact on the work environment and employees. A well-defined volunteering programme enables employees to develop their skills, causes an increase in motivation and loyalty, develops creativity and innovativeness and also contributes to the improvement of relations with the community and consequently to better customer relations.

Its significant contribution to employee engagement is demonstrated by the results of a survey by our colleague Milica Šarčanski, which was conducted for the purpose of her master thesis on the topic "Employee Volunteering: How it Can Help Attract New Talents and Does It Have an Impact on Employee Engagement", according to which as many as 97.37% of respondents stated that they were proud to be working with Erste Bank, while this percentage is somewhat lower in the second group of respondents who have not volunteered and was 78.21%.

The volunteers also state that the volunteering programme enables them to do good deeds for their community, gives them a feeling of importance because of this and, on the other hand, has an impact on their professional and personal development, while as much as 56.58% of young people not employed with the Bank think that the existence of a volunteering programme in a company can contribute to achieving better business results.

## Why Do I Volunteer?

"My great wish to volunteer partly reminds me of my youth, when we did not think whether the engagement would be financially rewarded but the priority was friendship and help to achieve the ideals in which we believed. In addition, the spirit of competition forced us to discover the skills we did not know we had and the desire to provide help to the community where needed", said Stanica Šarčanski, President of the Erste Bank Trade Union.

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### Engagement of Partners in CSR Activities – Erste Bank and Wiener Städtische

Five years ago, two leading financial institutions in the region, Erste Bank and Wiener Städtische, signed an agreement on mutual cooperation in product sales and distribution in Austria, as well as in the region of Central and Eastern Europe.

Both companies gained significant advantages by this strategic partnership in the past, to the satisfaction of end users, and developed excellent cooperation in all business segments – in sales, as well as in the fields of marketing and PR. Combining their forces through volunteer activities, the two companies help vulnerable groups in the community, engage in the field of improvement of social environment and raise awareness of the importance of corporate volunteering. In 2013, volunteers from both companies took part in the campaigns in Vršac and at Stražilovo, as well as in the 16th Belgrade Roller Skating Race.



## MAJOR PROJECTS SUPPORTED IN COMMUNITY IN 2013

### Sponsorships in 2013:

- **Guitar Art Festival** – music CD of last year's Guitar Art Festival, Belgrade organised by: Association of Classic Guitar Players of Serbia
- **Belgrade Jazz Festival**, Belgrade, organised by: Youth Centre
- **Pancevo Jazz Festival**, Pančevo, organised by: Pancevo Culture Centre
- **Jazzibar**, Kraljevo, organised by: Ribnica Culture Centre
- **Serbian Jazz, Man!** – music CD, Belgrade
- **Balkan Jazz of Lala Kovačev** – music CD, Belgrade, organised by: Sanny Art
- **Zmaj Children's Games** – Children's event, Novi Sad organised by: Zmaj Children's Games
- **Arouse! Poetry! Belgrade Poetry And Book Festival**, Belgrade organised by: Third Square Civic Association
- **Science Festival 06**, Belgrade, organised by: PHENOMENON Science and Art Promotion Centre
- **Science Is Not Scary** – Science Festival, Niš, organised by: Svetozar Marković High School
- **Kopaonik Business Forum 2013**, Kopaonik organised by: Serbian Association of Economists
- **RE8 DESIGN PARK – Eco Design Week**, Novi Sad, organised by: River Civic Association
- **StandUpFest 2013** – standup comedy festival, Belgrade, organised by: Standup.rs
- **Danube Dialogues** – contemporary art exhibition, Novi Sad organised by: Bel Art Gallery
- **XX European Film Festival Palić**, Subotica, organised by: Subotica Open University
- **New Era 2013** – a series of creative and educational workshops in the audio-visual sphere, Užice, organised by: Construction Multimedia Club
- **PODROOM Gallery** – annual programme, Belgrade organised by: Cultural Centre of Belgrade
- **AIESEC** – national partnership with the student organisation, Belgrade





## Donations in 2013:

- **New Spark** – a scholarship for one student for the use of design incubator, Centre for Professional Development and Affirmation of Young Industrial Designers, Belgrade founded by: Culture Code Civic Association
- **Researchers' Night** – a science popularisation event, Novi Sad organised by: Creative-Educational Centre
- **Alpbah Club Belgrade** – two scholarships for students from Serbia, Austria
- **Ilija M. Kolarac Foundation** – Acoustics Museum – The World of Sound, Belgrade
- **Contest For The Best Media Report On EU Integration**, Belgrade organised by: EU Integration Office
- **Granting Awards to Gifted Students Who Achieved Top Results in Competitions In The Country And Abroad**, Novi Sad organised by: Provincial Secretariat for Sport and Youth
- **International Conference Graphics Designer: Author Or Universal Soldier**, Belgrade, organised by: NGO Blocs
- **Interaction** – International Student Film Camp, Požega organised by: Independent Film Centre FILMART Civic Association
- **Art and Inclusion** – promotion of creative work of youth with cognitive impairment in the domestic art scene and development of inclusion in the field of culture, Novi Sad, organised by: Per.Art Civic Association
- **Humanitarian Bazaar**, Belgrade, organised by: International Women's Club
- **Children's Economy** – programme of financial education of elementary school pupils, Serbia, organised by: Junior Achievement Serbia
- **Famlab** – programme for promotion of science in Serbia, Belgrade organised by: British Council and Serbian Broadcasting Corporation
- **Residential Programme For Foreign Writers**, Belgrade organised by: Crocodile Civic Association
- **Doctor Clowns**, Novi Sad, organised by: Doctor Clowns
- **Seize This Day with Me** – film festival about the life and achievements of persons with disabilities, Novi Sad, organised by: Parnas Civic Association
- **SOS Children's Village Kraljevo** – support to foster care programme, Kraljevo
- **Optimism, Joy, Tolerance** – therapeutic garden for persons with disability, Zasavica, organised by: IN VRT Inclusion Creative-Educational Centre
- **Places in the Heart** – contest for the most positive projects in local communities, Belgrade
- **Beograd Velograd** – cycling festival, Beograd, organised by: IBIKE Belgrade doo
- **Biciklana Fest** – cycling festival, Novi Sad, organised by: Novi Sad Cycling Initiative

# 7 • RESPONSIBILITY TO THE ENVIRONMENT

AREA	RESPONSIBILITY TO THE ENVIRONMENT	
TOPIC IN FOCUS	RESPONSIBLE USE OF RESOURCES	
OTHER PRIORITY TOPICS	RESPONSIBLE FINANCING	RAISING AWARENESS OF ENVIRONMENTAL PROTECTION AMONG EMPLOYEES



When Erste Bank confirmed that environmental protection was one of its priority issues by adopting a new CSR Strategy in 2012, it made a major step: in addition to demonstrating that it approached all sustainability areas with equal attention, it set up a stable platform that was further improved in the following year, 2013. The most significant progress was made in the field of responsible financing by successful implementation of the Natural and Social Environment Protection Policy, whereby Erste Bank once again pointed to the great capacity of the financial sector to make a positive impact when it comes to sustainability (page 25).

As regards the Bank's core business, progress was also made in monitoring and reducing the Bank's primary impact relating to responsible use of resources – in addition to the current waste management procedure, the Bank started preparing a local Energy Management Policy and 2013 was also marked by two new initiatives relating to transport and green procurement. The Bank is proud of its employees, their awareness of the importance of environmental protection and their will demonstrated year after year to engage in volunteer campaigns aimed at environmental protection (page 80).

#### Achieved in 2013:

- ✓ Total investment of RSD 88,171,043 in environmental protection projects
- ✓ A transport environmental impact monitoring system established
- ✓ A green procurement system established by introducing 100% recycled paper into use
- ✓ Continuation of financing renewable energy sources

## 7.1 Responsible Use of Resources

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Despite the fact that Erste Bank is not among major polluters when it comes to direct environmental impacts of business, it has been monitoring and measuring its impact for years now, in accordance with global trends, with the aim of identifying them as precisely as possible and minimising them year after year. Erste Bank is one of the first ten companies and the only bank that joined the ECOprofit project in 2011 with the aim of structuring its activities and results so far in the area of environmental protection and further improving its practices. In this way, Erste Bank made the first step towards introducing the Environmental Management System as a separate system and trained its first environmental managers, while the system for the collection of data on real energy consumption is significantly improved year after year.

### Green Initiatives

When it comes to the energy management system, preparatory activities on the creation of a local energy management policy started in 2013, organised by the Property Management Division, in cooperation with Erste Group in the field of Policy design and implementation and Savings Plan definition and implementation. The entire programme is strongly supported by the Group Environmental Management, an organisational unit formed by Erste Group specially for environmental protection activities.

A reduction of energy consumption makes a positive impact on the Bank, as well as on the environment because, at the same time, savings are made in the budget and the emission of harmful gases in the environment is reduced. The Energy Management Strategy covers the consumption of electricity and gas, which are key energy costs. The major consumers of electricity identified in pilot projects in Croatia and the Czech Republic are air conditioners during summer and lighting during winter, so this was the basis of the work of Erste Bank Serbia – the Bank started to collect data for each of its business facilities, which includes assessments every three months. The recorded data will be compared with the consumption in the same period of the previous year in order to establish if it is increasing or decreasing. In addition, similar facilities within the region will be rated to identify the best energy-efficient behaviour of offices whose example should be followed. The regional managers in the Retail Division and branch managers will receive a report on result analysis in order to align necessary remedial actions. The experiences of Croatian colleagues show that they reduced electricity consumption by 17% solely for the duration of the pilot project by minimal engagement, observing the recommendations for the reduction of energy consumption in everyday business and without any investment.



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### Engagement of Employees

In line with its view that an appropriate solution for a specific problem may only be reached by engaging as many stakeholders as possible in its resolution, Erste Bank started an exchange of ideas on the Intranet, where all employees could engage in the campaign of proposing “How to save electricity”.

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## Erste as an Example – Switching Off Illuminated Logos at Night

Switching off illuminated logos at night is one of many ways in which it is possible to reduce pollution in urban areas. This new type of pollution is increasingly recognised as such, because rising negative effects of artificial light on the biological world (primarily on birds, turtles and hedgehogs) in the night time are discovered in our environment.

The Switch Off Logo initiative relates to switching off illuminated logos in Erste Bank branches every day at midnight. This achieves savings in electricity consumption and contributes to higher energy efficiency of Bank facilities. The operation schedule of external logos was reprogrammed during December 2013 so that they switch off at the specified time at all planned locations. In addition to the Switch Off Logo project, a Logo Reduction project is planned for 2014, which relates to dismantling some illuminated signs. The Property Management Division, the Retail Division and the Marketing Department defined by mutual agreement which illuminated logos will be dismantled, thus

achieving further savings in electricity consumption and in local municipal fees. The programme is to include switching off 80 logos and 32 cantilever signs, as well as removing 22 illuminated signs from the buildings. Savings of over EUR 21,000 at the annual level are expected to be achieved through the harmonisation and implementation of these two projects.

The Property Management Division and the Communication Department of Erste Bank have already launched numerous initiatives aimed at the reduction of negative environmental impact, and electricity savings of 1,570 GJ were achieved in 2013. In addition to applying environmental protection standards when equipping its branches, the Bank programmed the operation of fan coils in its headquarters in Novi Sad and Belgrade, as well as of its other air conditioning systems in accordance with the working hours of employees. The energy consumption optimisation projects related to the reduction of the emission of greenhouse gases, as well as to responsible waste management.

KEY INDICATORS	2012	2013
TOTAL ENERGY CONSUMPTION (GJ)*	19,344.86	18,016.5030
ELECTRICITY	10,042.488	9,963.2772
HEATING AND COOLING	9,544.1976	8,053.2258
TOTAL AMOUNT OF PRIMARY ENERGY (GJ)	70,720	65,060
TOTAL ENERGY SAVINGS (GJ)	3,060	1,570
TOTAL WATER CONSUMPTION (m <sup>3</sup> )**	9,735	8,517
TOTAL CO <sub>2</sub> EMISSIONS (t.p.a. CO <sub>2</sub> eq) ***	4.405	4,188
TOTAL WASTE VOLUME (t)	30.603	32.755
HAZARDOUS WASTE	2.970	2.510
NON-HAZARDOUS WASTE	27.633	30.624
TOTAL AMOUNT OF RECYCLED WASTE (t)****	30.603	33.134

\* Relates to indirect energy from non-renewable energy sources. Total amount of primary energy was calculated based on a rough estimate

\*\* Water from the water supply network.

\*\*\* The CO<sub>2</sub> 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.

\*\*\*\* The specified amount of waste relates to paper, electronic waste, toner cartridges and pet. The bank does not keep records on other types of waste.



TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)*	2011	2012	2013
	23,555,926.52	27,875,017.00	88,171,043.90

\* The significant difference in costs compared to 2012 appeared due to the improvement in the Green Procurement system.

Erste Bank is especially proud of the establishment of a precise system for identifying and monitoring environmental impact resulting from the transport used by the company, business trips or employee transport, since this is an area in which significant direct impact of financial institutions is made on the natural and social environment. The Bank recognised fuel consumption and CO<sub>2</sub> emissions as its largest impact occurring during transport, based on the following criteria:

- CO<sub>2</sub>eq emission based on annual mileage and annual fuel consumption of company vehicles
- CO<sub>2</sub>eq emission based on annual mileage in the case of using private vehicles for company purposes
- CO<sub>2</sub>eq emission due to taxi usage at the annual level
- CO<sub>2</sub>eq emission based on annual mileage by air transport.

SIGNIFICANT ENVIRONMENTAL IMPACTS DUE TO TRANSPORT	2013
<b>ENERGY CONSUMPTION:</b>	
DIESEL (l/a)	40,700
PETROL (l/a)	48,000
CO <sub>2</sub> EMISSIONS t/a CO <sub>2</sub> eq	328

The Erste Group standards define the types of company vehicles with CO<sub>2</sub>eq limits of 120 g/km to 140 g/km, which significantly contributes to the mitigation of this impact.

## Green Branches

In accordance with the goal of promoting and developing the Green Branch concept, as stipulated by the Erste Bank CSR Strategy, a new green branch was opened in Novi Sad in 2013, while two branches, in Stara Pazova and in Inđija, were refurbished in the same period.



# ERSTE SUCCESS STORY · SHIFT TO 100% RECYCLED PAPER

When it comes to the use of paper, Erste Group uses over two million kilograms of office paper a year on average, and each Group member decides by itself what paper it will use. Most of them used just the average paper made of cellulose and specially treated with chemicals to be completely white, while the colleagues in Hungary first started to use fully recycled paper. Taking into account that it is precisely the generation of paper waste that is the area in which some of the major Bank impacts on the environment are made, Erste Group decided to contribute to environmental protection and reduce the negative impact it makes with its business. Therefore, a decision on the use of 100% recycled paper in everyday business in the whole Group was made in July 2012 at the Holding level.



The programme of changing the type of paper used in Erste Bank Serbia was launched in March 2013 and will be introduced gradually. In 2013, a certain quantity of recycled printing paper was ordered and distributed to the Executive Board members and Executive Directors. A smaller quantity of this paper was also delivered to some units gradually to get used to its use. The aim of this programme is for all employees together to reduce the quantity of paper used for printing, and everyone who wants to use recycled paper may order it through the Central Procurement.

## Why Recycled Paper?

- Recycled paper is made of 100% old paper and only slightly whitened
- Approximately 80% less water and 70% less energy are used in the production itself
- No new trees are cut down
- The CO2 emission is lower by approximately 50% on average
- Old paper may be used several times for recycling.

With the programme of full transition to the use of recycled paper, Erste Bank made the first major step towards the introduction of the Green Procurement system and the initiatives aimed at recycling and employee education about the importance of this topic continued in 2013: after equipping three business facilities of the Bank (two in Novi Sad and one in Belgrade) with bins for the collection of office paper and bins for PET packaging and waste glass in the first phase of the Erste Recycles project, the whole Bank network is expected to be similarly equipped with waste sorting bins in the second phase of the project. The Bank's engagement in this field produced results: 33.134 t of waste was recycled in 2013, as follows:



TOTAL AMOUNT OF RECYCLED WASTE (kg)	2012	2013
PAPER	26,690	29,720
ELECTRONIC WASTE	2,970	2,510
TONER CARTRIDGES	853	754
PET	90	150
PRINTED PVC FOIL (m <sup>2</sup> )	350	274
<b>TOTAL</b>	<b>30,603</b>	<b>33,134</b>

## 7·2 Responsible Financing

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Erste Bank is a pioneer in Serbia when it comes to financing projects in the area of renewable energy sources. It started financing renewable energy source-related projects in 2009, immediately after the first feed-in tariffs were set, and has so far been financing mostly the projects related to the construction of small hydro-electric power plants. When selecting the projects to support, the banks are guided by their economic justification and risk factor, while Erste Bank also tries to recognise the potential for long-term sustainability of projects lying in an innovative approach. The Bank significantly contributed with its expert recommendations and credit lines to the improvement of energy efficiency of its customers, as well the competitiveness of enterprises and the entire economy.

Several credit lines were available in 2013 for financing these projects: in 2012 Erste Bank and German Bank for Reconstruction, Frankfurt (KfW) signed an agreement on a EUR 10 million credit line with the repayment period up to the end of 2019. As defined by the agreement, 50% of this line is intended for financing the activities involving energy efficiency enhancement and renewable energy sources. This line is intended for micros, small and medium-sized enterprises.

In addition, a credit line signed in 2012 with the European Investment Bank (EIB) in the amount of EUR 50 million and with the repayment period up to the end of 2026 is active. Due to its long maturity and favourable terms, this line is most often used for financing renewable energy source-related projects. A part of the line was disbursed in 2013 while the rest is planned for the following year, 2014. Of the total of EUR 40 million granted, EUR 16 million relates to special financing relating to renewable energy sources, which is 32% of the total credit line amount. This line is intended for micros, small and medium-sized enterprises.

When it comes to CSR-related products in the retail area, in 2013 Erste Bank in cooperation with Erste Company included in its offer energy efficiency loans intended for financing works and equipment procurement for improving the energy efficiency of buildings. This loan is characterised by:

- A lower interest rate and an interest-free loan for a 30% down payment, if the customer opts for a loan with currency clause
- A lower fee
- Erste Company subsidy.

Two loans for energy efficiency were granted in 2013 in cooperation with Erste Company in the amount of RSD 285,402, which is 0.19% of the total consumer loans granted.

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### Renewable Energy Sources – Potential for the Future

With Erste Bank's support, Milovan Bulatović, an entrepreneur from Inđija, plans to start producing pressed straw pellets in 2014. He recognised his chance in the market in the fact that in Serbia straw is mostly burned instead of being processed and exported. In addition to being used for heating, this product can also be used as litter for animals, mostly horses. He got the idea of producing straw pellets listening to the advice of Professors Mirko Vlahović and Miladin Brkić from the Faculty of Agriculture, University of Novi Sad. He decided to invest the profit that he makes with his parent company Miva d.o.o. for the provision of preventive sanitary protection services in a pellet production plant Miva Eco Pellet. In addition to being financed by own funds, the project is financed from loan proceeds as well.

According to the company owner, of the 12 banks to which he submitted a loan application, Erste Bank responded in a timely manner by providing a EUR 1.5 million loan (from the EIB line) in three lines: for the purchase of building, for the procurement of raw material and for the VAT. The owner is proud of the fact that his firm's account has not been frozen even for a single day for twenty-one years of operation. He employs sixteen people, with twelve of them having university degrees, and new jobs were created in the new company as well. In addition to the Miva Eco Pellet company, in Serbia straw pellets are produced by BPI from Doroslovo and Victoria Group, with somewhat larger capacities.

"The relatively stable demand for pellets is very important to us as financiers. The final product will be exported, and everything it is made of is local, which is an excellent contribution to the Serbian economy", emphasised Aleksandar Savić, Director of the Public Sector Banking and Special Finance Department of Erste Bank.

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# • ABOUT THE REPORT

**THE CORPORATE SOCIAL RESPONSIBILITY REPORT 2013 OF ERSTE BANK A. D. NOVI SAD IS THE SIXTH CSR REPORT AND THE THIRD REPORT THAT FOLLOWS, IN TERMS OF METHODOLOGY, THE INTERNATIONAL SUSTAINABILITY REPORTING FRAMEWORK, GLOBAL REPORTING INITIATIVE (GRI).**

Strategic commitment to reporting on sustainability has been an integral part of the Bank's CSR strategy since 2008, and in 2011 the Bank began a process of gradual improvement of reporting owing to the increasing level of GRI methodology application. As an initiator of positive social changes, Erste Bank recognised the clear importance of transparency in communication with all stakeholders and, aiming to encourage openness and dialogue, tried to maximise the clarity and comprehensiveness of the presentation of all its activities. This oriented the Bank towards the GRI Guidelines, which enabled it, in addition to additional credibility, to make a significant step in 2012 as well by introducing special reporting requirements for financial sector institutions. The precondition for the leading position in CSR attributed to Erste Bank within the financial sector in Serbia proved to be its ability to recognise and initiate good practices in sustainable business and to apply them consistently.

The CSR Report 2013 of Erste Bank is designed wholly according to the requirements of the GRI G3.1 Guidelines, as in the previous years. In this year's report, responses were given to 42 indicators, of which 32 belong to basic GRI Guidelines. Owing to the improvement in its responsible financing practices, the Bank also recorded great progress in reporting by expanding the number of indicators defined by the GRI exclusively for the financial sector, and there are 10 of them in this year's report. By relying on the GRI Financial Services Sector Supplement (FSSS), this report also became a relevant source of data for the international financial institutions with which the Bank cooperates. In addition, owing to the global drive towards standardisation and harmonisation when it comes to non-financial reporting, the GRI report responds to all requirements of the United Nations Global Compact (UNGC) Communication on Progress (COP).

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

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

2011	2012	2013
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

Representatives of all divisions in the Bank worked on the collection of information necessary for the preparation of this Report, using internal methods of performance monitoring and reporting in their organisational parts. The Communication Department, in cooperation with its partner Smart Kolektiv, consolidated all the data obtained and prepared the Report, with approval by the Compliance. All financial data relating to the company's business are presented on the basis of non-consolidated financial statement for 2013.

<b>REPORT PARAMETERS</b>	<b>CORPORATE SOCIAL RESPONSIBILITY REPORT 2013, ERSTE BANK A. D. NOVI SAD</b>	
<b>REPORTING CYCLE</b>	ANNUAL	
<b>REPORTING PERIOD</b>	FOR 2013 (REPORT PUBLISHED IN 2014) CORRESPONDS TO BUSINESS YEAR FROM 01/01/2013 TO 31/12/2013	
<b>PREVIOUS CSR REPORT</b>	FOR 2012 (REPORT PUBLISHED IN 2013)	
<b>FIRST CSR REPORT PUBLISHED</b>	FOR 2008 (REPORT PUBLISHED IN 2009)	
<b>REPORTING METHODOLOGY</b>	GLOBAL REPORTING INITIATIVE (GRI G3.1) – B LEVEL (GRI INDEX, PAGE 98) GRI FINANCIAL SERVICES SECTOR SUPPLEMENT UNITED NATIONS GLOBAL COMPACT (UNGC) COP	
<b>OTHER STANDARDS</b>	AA 1000SE STANDARD (ACCOUNTABILITY: 2011)	
<b>SCOPE</b>	DEPENDING ON THEIR AVAILABILITY, CERTAIN DATA RELATE TO THE TWO MOST IMPORTANT FACILITIES OF THE BANK, ITS HEADQUARTERS IN BELGRADE AND NOVI SAD, WHILE OTHER DATA ALSO INCLUDE ALL BRANCHES OF ERSTE BANK THROUGHOUT SERBIA. OTHER MEMBERS OF ERSTE GROUP IN SERBIA (PAGE 12) ARE NOT INCLUDED IN THIS REPORT.	
<b>EXTERNAL VERIFICATION</b>	/	
<b>CONTACT PERSON</b>	<p><b>SONJA KONAKOV SVIRČEV, INDEPENDENT CSR SPECIALIST</b>  DOP@ERSTEBANK.RS  SONJA.KONAKOV.SVIRCEV@ERSTEBANK.RS  + 381 (0) 112015011  + 381 (0) 608747497  THE REPORT IS AVAILABLE AT:   <b>WWW.ERSTEBANK.RS, WWW.UNGC.RS</b></p>	

		C	C+	B	B+	A	A+
MANDATORY	INDEPENDENT LEVEL DETERMINATION		REPORT VERIFIED BY EXTERNAL VERIFIER		REPORT VERIFIED BY EXTERNAL VERIFIER		REPORT VERIFIED BY EXTERNAL VERIFIER
VOLUNTARY	VERIFIED BY THIRD PARTY						
	VERIFIED BY THE GRI						

To achieve its goal of fully responding to the needs and expectations of its stakeholders, the Bank builds upon the GRI Reporting Principles, which are defined precisely 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. The Bank's responsibility is to provide all its stakeholders with the opportunity to review fully the performance and achieved results and make well-founded conclusions and estimates, which is why the compliance with the GRI Principles is monitored and improved year after year.

REPORTING PRINCIPLES	CORPORATE SOCIAL RESPONSIBILITY REPORT 2013, ERSTE BANK A. D. NOVI SAD
THE REPORT CONTENT IS DEFINED SO AS TO PRESENT THE TOPICS, WHOSE <b>MATERIALITY</b> WAS RECOGNISED DURING THE PREPARATION OF THE CSR STRATEGY, ACCORDING TO THEIR STRATEGIC IMPORTANCE TO THE BANK, AS WELL AS TO ITS STAKEHOLDERS (PAGES 15–16)	<b>STAKEHOLDER ENGAGEMENT</b> IS A FUNDAMENTAL TOOL THE BANK USES IN ORDER TO UNDERSTAND THE NEEDS AND EXPECTATIONS OF ITS STAKEHOLDERS AND RESPOND TO THEM (PAGE 15)
<b>A WIDER SUSTAINABILITY CONTEXT</b> 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.	THE PRIORITY ASPECTS OF REPORTING RELATE TO 2013 AND THE ENTITIES DEFINED BY THE BANK AS INCLUDED (PAGE 93). COMPARATIVE DATA IN RELATION TO THE PREVIOUS YEARS ENSURE THE <b>COMPLETENESS</b> OF THE REPORT AND PROVIDE STAKEHOLDERS WITH THE POSSIBILITY TO REVIEW FULLY THE RESULTS OF THE BANK'S ACTIVITIES.
THE BANK TRIES TO VIEW OBJECTIVELY ITS IMPACTS ON SUSTAINABILITY AND PROVIDE AN UNBIASED PICTURE OF ITS PERFORMANCE, WHICH ACHIEVES <b>BALANCE</b> IN REPORTING	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 THIRD CONSECUTIVE YEAR, WHICH ENSURES <b>COMPARABILITY</b> RELATIVE TO THE PREVIOUS REPORTING PERIODS AND OTHER NATIONAL AND INTERNATIONAL COMPANIES.
AS PART OF THE REPORTING PROCESS IMPROVEMENT, THE BANK DEVELOPS AND IMPROVES ITS DATA MONITORING AND COLLECTION METHODS, GUARANTEEING THE <b>ACCURACY</b> OF THE INFORMATION.	THE BANK ENSURES <b>TIMELINESS</b> 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.
THE BANK STRIVES TO ENSURE AVAILABILITY AND <b>CLARITY</b> OF INFORMATION TO ALL READERS, PARTICULARLY TAKING INTO ACCOUNT THE COMPLEXITY AND COMPREHENSIVENESS OF THE TOPIC.	ALL CLAIMS IN THE REPORT ARE SUPPORTED BY APPROPRIATE RELEVANT INFORMATION AND MAY BE CHECKED, AND THE BANK GUARANTEES THEIR <b>RELIABILITY</b> , CONSISTENTLY FOLLOWING THE INTERNATIONAL STANDARDS AND METHODOLOGIES, AS WELL AS THE GLOBAL GUIDELINES OF ERSTE GROUP.





# 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 G3.1 INDICATORS
<b>HUMAN RIGHTS</b>	
<b>PRINCIPLE 1</b> BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS	LA 4
	LA 7
	LA 8
	LA 9
	LA 13
	LA 15*
	HR 1
	HR 2
	HR 3
	HR 11*
	PR 8
<b>PRINCIPLE 2</b> AND MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.	HR 1
	HR 2
	HR 3
	HR 11
<b>LABOUR STANDARDS</b>	
<b>PRINCIPLE 3</b> BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING,	LA 4
	HR 1
	HR 2
	HR 3
<b>PRINCIPLE 4</b> THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR,	HR 1
	HR 2
	HR 3
<b>PRINCIPLE 5</b> THE EFFECTIVE ABOLITION OF CHILD LABOUR.	HR 1
	HR 2
	HR 3

<b>PRINCIPLE 6 THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.</b>	LA 2
	LA 13
	LA 15
	HR 1
	HR 2
	HR 3
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Notes:

\* Indicators LA 15 and hr 11 were included in the comparison table according to the estimate by the authors of the Report because they were included later in the new version of GRI Guidelines, G3.1.

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GRI INDICATOR COMPLIANCE LEVEL


● FULLY MET

→ PARTLY MET

○ NOT MET

\* RED COLOUR MARKS INDICATORS FROM THE SECTORAL SUPPLEMENT FOR FINANCIAL SECTOR



The background of the image shows the exterior of an Erste Bank branch. Large blue 3D letters spell out 'ERSTE' across the top. Below them is the bank's logo, a red square with a white 'E' and 'BANK' written below it. Further down, there are blue rectangular signs with the 'ERSTE BANK' logo. A woman in a dark suit is standing at an ATM on the right side of the frame. The building has large glass windows reflecting the surrounding environment.

We invite you to send your comments, proposals, suggestions and questions regarding corporate social responsibility of Erste Bank in Serbia to:

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**Erste Bank a. d. Novi Sad  
Communication Department  
Narodnog fronta 23d  
21000 Novi Sad  
Serbia**

# THE BANK IS THE PEOPLE!

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Erste Bank a. d. Novi Sad  
Corporate Social Responsibility Report 2013

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Winners of the main 2013 SUPERSTE Club awards (from left to right):  
Marija Mladenović – Ljubiša Rajić special award for social activism;  
Ivana Milev – art and Kosta Jovanović – natural sciences,  
engineering and technology.

—  
Photo: Branka Nedimović, member of SUPERSTE Club (2011).

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