



# THE BANK IS THE PEOPLE!

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**ERSTE BANK A. D. NOVI SAD /  
CORPORATE SOCIAL RESPONSIBILITY REPORT 2014**

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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 2014

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# Foreword

## SLAVKO CARIĆ

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

Dear colleagues and friends,

In the year behind us, the interdependence of economic and social challenges, as well as the challenges related to the disturbance of the healthy environment was more evident than ever in many parts of the world. Facing complex and global issues of sustainable development, companies turn to a different concept of economic growth, which implies care of the environment, social inclusion and development of human potential.

The situation is the same in Serbia – last year's disastrous floods and their consequences, which are still felt by our fellow citizens and our economy, indicated once again the need for cooperation of all sectors in solving urgent issues. In this difficult situation, we tried to respond fast and provide help to all those affected, regardless of whether they were our customers, employees and their families, or local communities in which we operate. We prepared a comprehensive benefit programme for our customers from the affected areas, with its most important element being a six-month moratorium on loan repayment, which was

used by 105 of our customers. In addition, we took part in joint campaigns, and launched some of them ourselves, in intersectoral associations whose members we are – the United Nations Global Compact and the Responsible Business Forum.

CSR is an integral part of our business processes. As a financial institution, we have a special responsibility of fostering sustainable economic growth and development. For this reason, the identification of social and environmental risks is an integral part of our usual risk assessment and management systems, while at the same time we are committed to supporting and providing favourable conditions for the projects that contribute to sustainable development, such as investment in renewable energy sources, development of social entrepreneurship and support to young people in starting their own business. Since 2009, when we started financing projects related to renewable energy sources, we have invested over EUR 46 million in this area, while we support social enterprises and young entrepreneurs not only through access to preferential loans, but also by providing mentoring support. When it comes to retail operations, in 2014 we paid special attention to online communication channels and services, thus increasing the accessibility of our financial products and meeting the modern needs of customers.

Participation in intersectoral initiatives and public discussion on priority issues presents a strategic commitment for us, which is evidenced by our active membership in the networks dedicated to the promotion of responsible business since

their establishment in Serbia. Integral parts of our strategy also are progress measurement and transparent reporting on non-financial results – the report that is before you is the seventh annual CSR report of Erste Bank. This year we made a step further in the comprehensiveness and transparency of our reporting – we are among the first companies in Serbia that applied the new G4 version of the Global Reporting Initiative (GRI) Guidelines. Apart from providing a systematic and precise insight into the performance of the company in all areas of sustainable business, these guidelines place a special emphasis on reporting about the practices of good corporate governance, as well as on a wider understanding of company responsibility, which includes the impacts made through the supply chain.

The comprehensive overview of Erste Bank results provided by this report expresses our long-time commitment to consider corporate social responsibility as not only an inseparable part of business but also a necessary prerequisite for success. For this reason, we shall stay on the same path in the future as well, always raising the relationship of corporate social responsibility and business to a higher level.

Cordially,  
Slavko Carić





# Foreword

## ANDREA BRBAKLIĆ

DIRECTOR OF COMMUNICATION DEPARTMENT AND HUMAN RESOURCES DEPARTMENT

Dear friends,

You have before you the seventh CSR report of Erste Bank, which we prepared with the aim of presenting transparently to all our partners and stakeholders our performance in all key areas – in the market, in the working environment and in local communities. In addition to open communication, reporting enables us to monitor the achieved results year after year, planning the next steps and improvements, and precisely for this reason we constantly improve it.

Last year, we continued providing many inclusive products and services to our customers and contributing to their financial education. The extremely high customer satisfaction index of as much as 91 percent tells us that we are on the right track. This would not have been possible to achieve without the commitment and innovativeness of our employees, who make the Bank recognisable as a reliable partner to the customers and to the communities where we are present. Aware of the value that employees bring, the Bank

seeks to support them in their professional and personal development and to provide them with the best conditions for realising their potential, so we invested over RSD 38 million in employee development and training in 2014, with more than 15,000 hours of training carried out.

We also developed a new approach to community support during 2014 – we consolidated all our former well-known donation programmes, gave them a new form and fully adapted them to the new digital era. In the future, we shall select the projects for donation award through a public process, via the superste.net platform, which was launched in early 2015.

Finally, when speaking about last year, we must mention the consequences of the catastrophic floods that hit our country and the entire region. Like many times before in similar situations, the solidarity and activism shown by our fellow citizens are the only positive side we remember from those bleak days. I am extremely proud of our employees who joined as volunteers as many as five campaigns aimed at helping Obrenovac. In addition, our colleagues put their time and knowledge at the disposal of the Red Cross from the first day of the emergency, helping the evacuated people. Erste Bank volunteers donated almost 600 hours to help the people from the affected areas. In addition, in cooperation with the Erste Bank Trade Union, a special-purpose account was opened in which over RSD 1.5 million was collected through individual donations of employees and a donation by the Bank, which were

allocated to restoring the houses of our employees and their families that were damaged by the floods. You can read about the Bank's strategic approach to affected areas in a special section of this report dedicated to response in emergency situation, hoping that it will never happen again.

I hope that, apart from useful information, you will find in the following pages an inspiration to join us in the initiatives aimed at building a better and more sustainable society. All these years we have been inspired by the suggestions and support of all our partners, for which I would like to express our sincere gratitude.

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 six years, its Corporate Social Responsibility Report (CSR) for the past year, 2014. At the time when transparency is gaining 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.

We recommend 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 gain 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: "COMPANY PROFILE", PAGE 6
- KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 11
- GOOD CORPORATE GOVERNANCE IN THE SECTION WITH THE SAME TITLE: "GOOD CORPORATE GOVERNANCE", PAGE 26

### **A colleague from the banking sector**

See how Erste Bank develops its approach to risk management, with special focus on social and economic risks. 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, primarily in the area of online communications and service channels.

- KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 11
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 26
- INVOLVEMENT IN JOINT INITIATIVES: "COMPANY PROFILE", PAGE 6
- CUSTOMER RELATIONS: "RESPONSIBILITY TO CUSTOMERS", PAGE 53

### **An Erste Bank employee**

See about development opportunities offered by Erste Bank as a responsible employer, types of support provided by the Bank and the Trade Union, as well as which internal communication channels we use and how you can join us in volunteer campaigns.

- "OUR PEOPLE", PAGE 42

## A customer of the Bank

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

- PRODUCTS AND SERVICES, CUSTOMER SATISFACTION AND TENSARENT COMMUNICATION: "RESPONSIBILITY TO CUSTOMERS", PAGE 53
- FINANCIAL RESULTS: "COMPANY PROFILE", PAGE 6
- CSR STRATEGY AND KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 11
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 26

## Our fellow citizen

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

- INITIATIVES CONDUCTED IN LOCAL COMMUNITIES: "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", PAGE 66
- ENVIRONMENTAL INITIATIVES: "RESPONSIBILITY TO THE ENVIRONMENT", PAGE 80
- CSR STRATEGY AND KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 11

## 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 special emphasis on the development of entrepreneurship, promoting common social values.

- FINANCIAL RESULTS: "COMPANY PROFILE", PAGE 6
- KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 11
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 26
- SUPPORT TO BUSINESSES: "RESPONSIBILITY TO CUSTOMERS", PAGE 53

## 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: "COMPANY PROFILE", PAGE 6
- KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 11
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 26

## 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 SUPERSTE platform, the Green Ideas Award and financial literacy programme.

- MARKETING AND EXTERNAL COMMUNICATIONS: "RESPONSIBILITY TO CUSTOMERS", PAGE 53
- INITIATIVES OF SIGNIFICANCE FOR THE COMMUNITY: "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 natural resource management, its well-developed practices of responsible financing, as well as the volunteering engagement of which the Bank is especially proud.

- INITIATIVES CONDUCTED IN LOCAL COMMUNITIES: "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", PAGE 66
- ENVIRONMENTAL INITIATIVES: "RESPONSIBILITY TO THE ENVIRONMENT", PAGE 80
- RESPONSIBLE FINANCING: "RESPONSIBILITY TO CUSTOMERS", PAGE 53
- VOLUNTEER ACTIVITIES: "OUR PEOPLE", PAGE 42

# 1 • COMPANY PROFILE

## 1 • 1 Erste Group – Tradition of Responsibility

Out of belief that the fulfilment of economic goals is possible only in progressive and stable communities, in 1819 Erste Group was founded in Vienna as Erste österreichische Spar-Casse. The founders of this first private savings bank wanted to build a financial institution open to everyone, so persons with low income were able for the first time to open bank accounts. 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. Read more about ERSTE Foundation and its activities in Serbia in the section “Community”, on pages 78–79.

### Strategy

Since 1997, when it started its 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 16.2 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 key segment of the Group’s operation are retail activities, while other activities of the Group 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 16.2 million customers
- Employs around 45,000 people
- Operates 2,800 branches in 7 countries

### Erste Group’s Business Position:

- One of the leading financial service providers in the eastern part of the EU
- Among the top 3 banks in our core markets in Austria, the Czech Republic, Romania, Slovakia, Croatia and Hungary
- Innovation leader in retail banking in the home market of Austria.





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“Our net profit was affected last year by two factors: the risk situation in Romania and the foreign currency loans in Hungary. In both countries we have solved those issues,” explained Andreas Treichl, CEO of Erste Group at the presentation of the 2014 financial results. “Business in our other subsidiaries went very well, considering the challenging environment. For the first time since 2011 we are seeing a substantial increase in lending by one billion euro - at the same time, credit quality continued to improve. Given our strong capital and liquidity position, this trend is expected to continue in 2015. The return to profit in the fourth quarter shows that we took tough but appropriate measures in mid-2014”, Treichl added.

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#### Key operating results in 2014:

- Total assets: EUR 196.3 billion
- Operating profit: EUR 3,090.7 million
- Net profit: EUR - 1,442.0 million
- Return on equity: 0.1%

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



### Erste Group is One of the Best Capitalised Large Austrian Banks

Erste Group comfortably passed the asset quality review (AQR) and associated stress test carried out by the European Central Bank (ECB) and the European Banking Authority (EBA), confirming its status as one of the best capitalised large Austrian banks. The Comprehensive Assessment was a tough test - particularly given the harsh stress scenarios used for certain CEE countries. The result shows that our Group is adequately capitalised and is operating the right business model in CEE - and this gives a solid basis to achieve our targets in 2015 and beyond.

**EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE**

**ČESKÁ  
SPORITELNA A.S.**

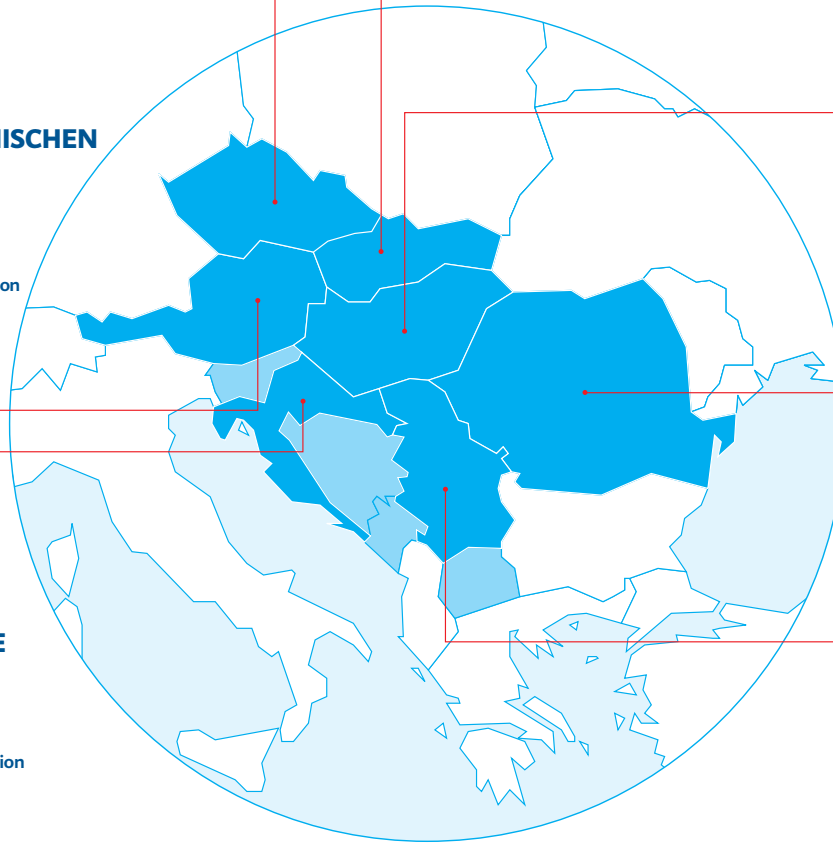
CZECH REPUBLIC  
number of branches: 644  
number of customers: 5.0 million  
market share  
retail deposits: 25.7 %  
retail loans: 23.3 %

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

AUSTRIA  
number of branches: 964  
number of customers: 3.4 million  
market share  
retail deposits: 18.1 %  
retail loans: 19.1 %

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

CROATIA  
number of branches: 158  
number of customers: 1.1 million  
market share  
retail deposits: 12.9 %  
retail loans: 13.8 %



**SLOVENSKÁ  
SPORITEL'ŇA, A.S.**

SLOVAKIA  
number of branches: 292  
number of customers: 2.4 million  
market share  
retail deposits: 26.4 %  
retail loans: 26.9 %

**ERSTE BANK  
HUNGARY ZRT.**

HUNGARY  
number of branches: 128  
number of customers: 0.9 million  
market share  
retail deposits: 6.4 %  
retail loans: 15.2 %

**BANCA COMERCIALĂ  
ROMÂNĂ S.A.**

ROMANIA  
number of branches: 538  
number of customers: 3.0 million  
market share  
retail deposits: 16.8 %  
retail loans: 18.1 %

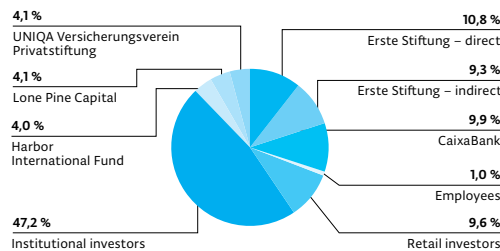
**ERSTE BANK A. D.  
NOVI SAD**

ERSTE BANK a. d. Novi Sad  
number of branches: 71  
number of customers: 0.4 million  
market share  
retail deposits: 3.1 %  
retail loans: 3.5 %

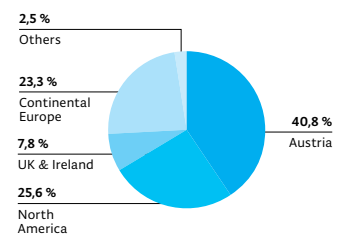
**Sustainability Indices**

Erste Group has been included in the VO-NIX 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 ranking companies in the Eurozone selected by one of the major rating agencies, VIGEO. Erste Group's efforts and initiatives in the CSR area were recognised again in 2011, when the Group was included in the new sustainability index, the STOXX Global ESG Leaders Index, which consists of the highest ranking companies throughout the world when it comes to sustainability.

**SHAREHOLDER STRUCTURE  
AS OF 31 DECEMBER 2014 BY INVESTOR (IN %)**



**SHAREHOLDER STRUCTURE AS OF 31  
DECEMBER 2014 BY REGION (IN %)**



# 1·2 Erste Bank in Serbia – Sustainability as a Mission

**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.**

Erste Bank provides comprehensive support to the citizens and economic entities of Serbia with the aim of meeting their financial needs and goals. Business principles, which involve focusing on constant improvement of customer service, designing and selling innovative products that follow the modern trends of life and business, and constantly improving the internal organisation and efficiency, are the basis of the Bank's business.

Corporate social responsibility is deeply ingrained in the Bank's identity in Serbia, and it 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 (as of 31/12/2014)**

- It serves over 355,000 customers.
- It employs 992 employees.
- It has a network of 71 retail business units and four corporate centres

## **Erste Bank's strategic goals:**

- To be the bank of choice to its customers
- To become recognised as a long-term partner of the middle class developing in Serbia
- To increase continuously its market shares in key segments of business with individuals and entrepreneurs.

## **Erste Bank's values:**

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

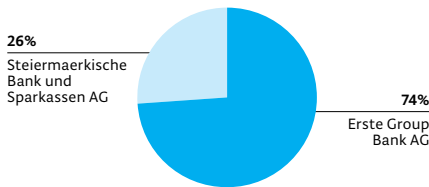
## **Key business results in 2014:**

- **Loans to retail and micro customers** increased by 11.3% relative to the end of 2013 to RSD 30 billion; **deposits** of retail and micro customers rose by 20.9% to RSD 38.9 billion
- **Corporate loans** fell by 0.9% relative to the end of 2013 to RSD 37.7 billion; corporate **deposits** went down by 2.3% to RSD 20.5 billion.
- **Interest** income went up by 2.4% relative to the end of 2013 and amounted to RSD 4,576.9 million, whereas **fee and commission income** increased by 3.1% to RSD 1,748.6 million
- **Net profit** at the end of 2014 amounted to **RSD 273 million**, which is 74.3% less than at the end of last year, when it amounted to RSD 1,063.9 million
- **Balance sheet total** went up by 0.2%, from RSD 97.6 billion at the end of 2013 to **RSD 97.8 billion** at the end of 2014

“One of the business priorities in last year was strengthening the bank's balance sheet by a one-time increase in the costs of provisions for certain riskier loans. Although this move affected our profitability, it enabled us to enter 2015 with great stability. As regards customer service, we worked intensively on promoting the use of new technologies in banking and continued to position ourselves as the leader in financing projects related to renewable energy sources. We also continued investing intensively in the community”, said Slavko Carić, Chief Executive Officer of Erste Bank a. d. Novi Sad, when presenting the annual results.

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

**SHAREHOLDER STRUCTURE  
AS OF 31 DECEMBER 2014 BY INVESTOR**



Other companies, members of Erste Group in Serbia:



In 2014, there was a change in the ownership structure of S leasing's core capital. Erste Bank a. d. Novi Sad, Serbia, based on the agreement of purchase and transfer of share from Steiermaerkische Bank und Sparkassen AG and Erste Group Immorent International Holding GMBH Beograd d.o.o, acquired a 75% share in the core capital of S leasing d.o.o. and thus became its majority owner. The remaining 25% share is still owned by Steiermaerkische Bank und Sparkassen AG, Graz, Austria.



**Accessibility of Facilities**

In accordance with our commitment to encourage financial inclusion in all aspects, the office buildings of our Bank in Belgrade and Novi Sad, as well as 21 business units of the Bank are adapted so that persons with disabilities can access them autonomously. Thus, 32.39% of all our business facilities are accessible to persons with disabilities, in contrast to the previous year, when 29.4% of the facilities were accessible to them. The accessibility

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

Tactile surfaces were installed on the floors in two branches (Bačka Palanka and Velika Plana), which clearly lead persons with visual impairments to the nearest teller's counter and advisor's desk. The

Bačka Palanka branch was refurbished after the recommendations by the Commissioner for the Protection of Equality and, as a branch with more than three teller's counters, it has a clearly marked part of the teller's counter of appropriate height for work with persons in wheelchairs. An induction loop was also installed in this branch, which enables direct unhindered communication of the teller with persons who use new-generation hearing aids.



# 2 • STRATEGIC APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

## 2 • 1 CSR Strategy

**Erste Bank adopted its first Corporate Social Responsibility Strategy in 2008, and a new three-year Strategy was adopted in 2012, where priority areas and topics were redefined based on the conducted situation analysis, analysis of the results achieved by the previous strategy and stakeholder analysis.**

As defined in the CSR Strategy, 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.

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### The Basic Principles of the CSR Strategy:

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

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### Achieved in 2014:

- ✓ [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 and the Responsible Financing Policy was continued](#)
- 



AREA	GOAL	TOPIC IN FOCUS	OTHER PRIORITY TOPICS
<b>CORPORATE GOVERNANCE</b>	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
<b>RESPONSIBILITY TO CUSTOMERS</b>	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
<b>RESPONSIBILITY IN THE WORKING ENVIRONMENT</b>	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
<b>RESPONSIBILITY TO LOCAL COMMUNITIES</b>	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
<b>RESPONSIBILITY TO THE ENVIRONMENT</b>	REDUCE NEGATIVE IMPACTS THE BANK BUSINESS HAS ON THE ENVIRONMENT	RESPONSIBLE USE OF RESOURCES	RAISING AWARENESS OF ENVIRONMENTAL PROTECTION AMONG EMPLOYEES
			RESPONSIBLE FINANCING



THE STRATEGY AREAS ARE SET SO AS TO ALLOW THE BANK TO MEET REASONABLE EXPECTATIONS AND NEEDS OF ALL STAKEHOLDERS PRESENTED ON THE MAP (PAGES 13–14).



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



THE TOPICS IN FOCUS FOR EACH OF THE AREAS, DEFINED IN ACCORDANCE WITH THE HIGHEST IMPACTS 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.



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, PAGES 88-89).

## 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
BUSINESS COMMUNITY	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 purpose 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. The survey findings have contributed to redefining the key Strategy directions:

- The Bank continued to develop and expand its programmes of support to youth employment, the SME sector, as well as micros, given that, in the current social and economic situation in Serbia, the standard of living and employment are perceived as absolute priorities;
- Responsibility to the environment was formulated as a separate strategic area, taking into account the importance this topic has for stakeholders, 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 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.



## 2 · 2 Sustainability Management

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**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 is only achieved in a manner acceptable in a wider economic, environmental and social context. Our CSR Strategy for 2012–2014 adopted by the Executive Board is the umbrella document in this area.**

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.

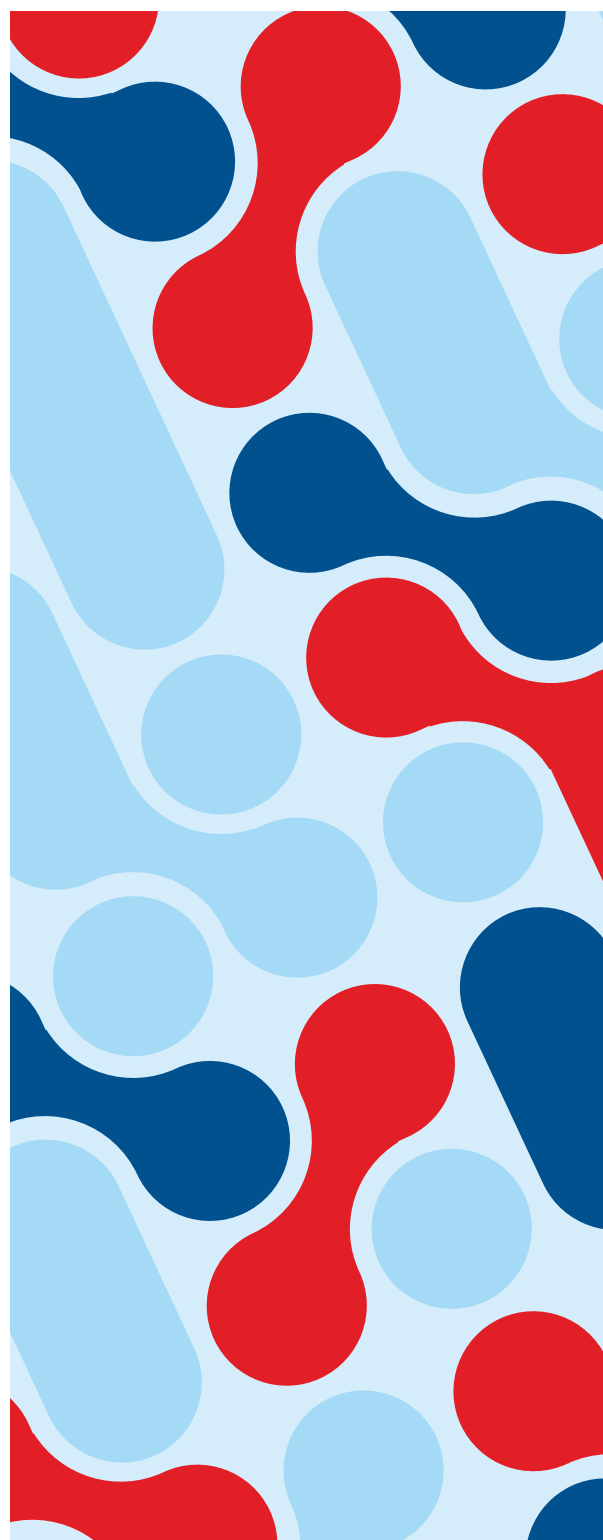
## Socio-environmental Risk Management

In addition to the umbrella CSR Strategy, the adoption of **Natural and Social Environment Protection Policy**, on which several divisions worked as a team, was also initiated by the Bank Executive Board. This policy regulates credit risks and reputational risks that may arise due to inappropriate management of the natural and social environment protection, from the viewpoint of the Bank itself (directly), as well as from the viewpoint of the Bank's investments, i.e. the customers with which the Bank works (indirectly). This policy contains the principles and goals of the management of the natural and social environment protection and has an impact on the selection of customers or projects to be financed by the Bank, but also on the actions that should be taken with the aim of further analysis and mitigation of any negative effects.

The Natural and Social Environment Protection Policy is within the competence of 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 risk and reputational risk 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.



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 in the course of the Annual Review. The check may be performed more frequently if there is a justified reason for doing so. It may be initiated by 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. The number of customers with total credit exposure over EUR 100,000 as of 31 December 2014 was 287 and all of them passed the screening. The goal of the interaction with customer is to get informed of any 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.

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







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

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

- Corporate 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 Department – 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 deemed necessary.

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

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

Since 2014, the Responsible Financing Policy has been an integral part of training courses conducted by the central Compliance Department. This Policy, with its practical examples, is presented to all new employees through the "Welcome to Erste" induction training programme. In addition, specific examples are presented to the employees directly involved in the Policy application (sales and risk) and are also a mandatory topic of the training held by the central Compliance for the sales and risk employees. In 2014, the training on this topic was attended by 49 new employees, as well as 106 employees exposed on a daily basis to the risks regulated by the Policy.



After four cases in 2013, two more cases were recorded during 2014 where additional checks were made as to whether the conditions were met in accordance with the Responsible Financing Policy. These two customers met all the criteria and business cooperation was established with them.

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

Auditing the adequacy of the established internal controls for all processes defined by the 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. In addition, the updating of policies and procedures is a responsibility of the organisational units that mostly apply specific policies and procedures or perform monitoring with respect to these policies and procedures. During the first year of the implementation of the Natural and Social Environment Protection Policy, Erste Bank undertook its updating in order to align it with the human and material resources for the purpose of its better implementation. In 2014, the Policy applied in the previously adopted form.

## **Contribution of Erste Bank to Sustainability**

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.

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 86). 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 (pages 54, 55 and 58).

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

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

Contribution of Erste Bank to GDP:

GENERATED AND DISTRIBUTED VALUE IN THOUSANDS RSD	2011	2012	2013	2014
TOTAL INCOME	5,321,896	6,075,753	6,353,428	6,388,259
TOTAL EXPENSES	3,440,896	3,796,541	3,982,980	4,154,856
OPERATING EXPENSES	1,478,896	1,632,128	1,644,087	1,849,970
EMPLOYEE EXPENSES	1,762,104	1,930,708	2,009,291	1,980,511
EXPENSES RELATED TO CAPITAL PROVISION	/	/	/	/
EXPENSES RELATED TO LIABILITIES TO GOVERNMENT	/	/	68,858	43,948
DEPRECIATION COSTS	172,440	211,830	245,825	268,051
EXPENSES RELATED TO THE COMMUNITY	27,456	21,875	14,918	12,376









# FLOODS IN SERBIA – EMERGENCY RESPONSE

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The year behind us was unfortunately marked by catastrophic floods that hit Serbia and the region in May 2014 and whose consequences are still felt both by our fellow citizens and our economy. As a responsible company, Erste Bank tried to provide help to flood-affected people by swift response, through all aspects of its business, including customer facilities, help to our employees who suffered damage and grants to the most affected areas.

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## Customer Support

The Bank prepared a complex and comprehensive Facilities Programme for customers from the affected areas, the most important being the approval of a six-month loan payment moratorium, during which the customers had to pay neither the principal nor the interest, and they were not charged any interest during this period. The moratorium applied to housing loans, cash loans, refinancing loans, consumer loans, car loans, point of sale-approved loans (fast loans), and other retail loans. The six-month loan payment moratorium was used by 105 customers, which had a negative impact of over RSD 2 million on the Bank, but for which the Bank was prepared. In addition, this programme also involved unconditional re-approval of overdraft facility, early deposit withdrawal recognising the interest earned, and other benefits.

Customers from affected areas could complete a facility request and submit it to any Erste Bank branch, and those who were unable to visit any of the Bank branches were allowed to submit their requests by phone, by contacting Bank branches or Service Centre by calling toll free number 0800-201-201 using landline. Number 060-7979-000 was available for calling by mobile phone and from abroad (operator tariffs applied). The Bank employees were informed and prepared so that they could communicate better and provide help to the customers who had a traumatic experience.

For the duration of the emergency and later, during the rehabilitation, the Bank suspended its commercial advertising and other promotional activities.







## Employee Support

The Erste Bank Trade Union, in agreement with the Bank, opened a special-purpose account for emergencies, in which solely individual donations of employees, the Bank and the Trade Union were collected. The money from this account was donated based on the decision of the Donation Committee comprising three members: Communication Department and HR Department Director and Marketing Department Director on behalf of the Bank, and a Trade Union Chairperson on behalf of the Trade Union. This campaign lasted until the end of 2014, and RSD 1,501,750 was collected for the rehabilitation of employee property damaged by the floods (RSD 800,000 was donated by the Bank and the employees collected RSD 701,750), while our colleagues from Erste Bank Czech Republic also donated EUR 4,558. Owing to the total funds collected, houses and flats of five employees were rehabilitated, and the donation amounts were around 50% of the damage according to the estimate of certified appraiser, who was also engaged by the Bank to visit the location.



## Community Support

As emergency aid after the emergency arose, the Bank transferred RSD 1 million to the account of the Red Cross of Serbia, and another RSD 1 million was subsequently transferred to the account of the Government of the Republic of Serbia designated for help to affected areas. In addition, the Bank allowed all payments of natural persons to the aid accounts of the Government of Serbia, the Red Cross of Serbia and the B92 Fund to be made free of charge. This was allowed for payments both at the branches and via the electronic and mobile banking service.

## Erste Volunteers in Emergency

Immediately after the emergency arose, the Communication Department and HR Department employees placed their knowledge and skills at the disposal of the Serbian Red Cross team. Erste volunteers helped with designing and defining the Red Cross public communication plan and provided counselling assistance to those in need. The volunteers worked on the lists of evacuees as well as of the items necessary for their care. Four employees volunteered at the Red Cross of Serbia, donating around 60 volunteer hours. During the emergency, the Communication Department informed the employees on a daily basis of the actual needs of the Red Cross of Serbia and reception centres.

In addition, Erste volunteers participated in five group volunteer campaigns aimed at helping those affected by the floods in Obrenovac. Erste Bank organised three campaigns and involved its partners – Wiener Städtische insurance company – in one of them. In the remaining two campaigns, the Erste volunteers supported

its partner organisations – SS BOFOS (Independent Trade Union of Employees in Banks, Insurance Companies and Other Financial Organisations of Serbia) and the Responsible Business Forum. In these five campaigns, 17 houses and the gym of the Posavski Partizani Elementary School were reconstructed, the Pension Insurance Fund archives were cleaned up, and the office of the Obrenovac Youth Foundation was rehabilitated. Erste volunteers dedicated a total of around 590 hours of volunteer work, and a total of around RSD 410,000 was spent on necessary equipment and donated machines.

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### **Corporate Volunteering Award**

The Bank engagement in this area was also recognised in 2014 by the Corporate Volunteering Award, which is traditionally awarded by the Responsible Business Forum and Smart Kolektiv. In 2014, this award was presented to all companies that were engaged on a voluntary basis in remedying the consequences of the floods.

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# 3 • GOOD

## CORPORATE GOVERNANCE

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In addition to implying transparent governance practices and ethical and efficient business, good corporate governance is at the same time a prerequisite for efficient implementation of CSR in 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.

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#### Achieved in 2014:

- ✓ Promoting CSR reporting through the Responsible Business Forum activities
  - ✓ Promotion of the UN Global Compact principles in the supply chain
  - ✓ Consistently implementing the analysis of the risks related to conflicts of interest in the Bank's higher-risk business units
-



**In accordance with our CSR Strategy, our goal is to improve the existing good CSR practices in this area and promote their application in the business community, focusing on the following priority areas:**

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

In addition to the CSR Strategy, good corporate governance practices are defined and guaranteed by the following strategic documents adopted by the Bank:

- Articles of Association of Erste Bank a.d. Novi Sad
- General Business Conditions
- Banking Code of Conduct
- Gift policy
- Policy for managing conflicts of interest
- Fraud risk management policy
- Whistle blowing policy
- Performance management policy
- Remuneration policy
- AML/TF programme
- Programme for compliance with anti-monopoly regulations
- Rulebook for preventing conflicts of interest in Erste Bank a.d. Novi Sad based on group principles (for compliance and bank management)
- Manual for managing conflicts of interest (for all employees and their immediate family members)
- Procedures for establishing employee responsibility

## **CSR Development through Joint Initiatives**

Our goal of improving the existing good corporate governance practices and promoting their application in the business community is being pursued primarily by our active participation in business and industry associations, and especially in the associations dedicated to CSR. We are also proud of the successful involvement of our business partners and suppliers in CSR initiatives.

Business networks dedicated to CSR provide companies with an opportunity of joining their resources, exchanging their experiences and acting jointly when it comes to challenges and objectives in the area of sustainability. Recognising this potential, Erste Bank has been a member of the local United Nations Global Compact chapter in Serbia, as well as the Responsible Business Forum since their establishment.





The principles of the United Nations Global Compact are rooted deeply in our business, and our dedication to the Global Compact network is also evidenced by the fact that the top management of the Bank has been participating in the work of the Network Board for years. In addition, we regularly report on the progress in compliance with the principles, and every year we also improve our practices in this area. Read more about the Global Compact principles and the Bank reporting on pages 92–93.

As part of the Responsible Business Forum activities, during 2014 the Bank attended the traditional annual CSR Forum conference at which it shared its experiences in GRI reporting with its colleagues from the business sector. In addition, the Bank took part in the research of the contributions of member companies to the community, as well as in many other activities.

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

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

## Engagement of Suppliers in CSR Activities

The expansion of CSR practices beyond direct impacts of the company and, in particular, the promotion of this concept in the supplier chain have been among the most important trends in the CSR development for several years. This wider understanding of company's responsibility for its impacts was also recognised in the new version of GRI Sustainability Reporting Guidelines, according to which this Report was prepared.

Procurement at Erste Bank is a responsibility of the Procurement Department, an independent organisational unit directly responsible to the Executive Board, and reporting in parallel to Erste Group Procurement (EGP), which coordinates procurement in all the seven countries in which the Group operates.

All Erste Bank suppliers are local, i.e. registered in the territory of Serbia. The total number of suppliers recorded by the Bank in 2014 in the Electool database was over 200. For a supplier to be recorded in the Electool database, the Bank should have expenses towards it of over EUR 5,000 per procurement category at the annual level. EUR 14,322,000 was spent on all procurement at Erste Bank Serbia in 2014. During 2014, there were no changes in the supplier chain, i.e. no cooperation was established with any new suppliers.

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 processes to all interested bidders. We proudly emphasise that Erste Bank was the first bank in Serbia to introduce transparent procurement announcements. 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 Bank's database, 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, which was translated into local languages and is mandatory for the procurement process for all Group members. Information 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, preventing any abuse or putting bidders in an unequal position. Bid evaluation is performed based on the evaluation matrix designed by the budget owner before starting the Procurement Process..

In 2014, the Bank announced the practice of monitoring the CSR implementation level in its 50 largest suppliers by sales volume. The monitoring is performed by means of a questionnaire, to which 84% of the largest suppliers responded this year. The questionnaire includes questions relating to human rights and labour rights (such as safety at work, right to association and collective bargaining, combating child labour, forced labour, and discrimination in employment and advancement), competition protection, anti-corruption, impact on local community, impact of their products and services on the environment, compliance with environmental regulations and investment in environmental protection. According to the results of the questionnaire, as many as 100% of the suppliers who responded to the questionnaire apply the principles of environmental protection in their daily work, while 83% have a corporate volunteering programme or allocate funds for supporting projects in the community in which they operate. In addition, no supplier was found to violate the Ten Principles of the United Nations Global Compact relating to human rights, labour rights, anti-corruption and environmental protection.

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## E-Auction

Owing to the Erste Group Procurement'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. 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.

Erste Bank also got a positive opinion on this procedure 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.

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## QUESTIONNAIRE FOR SUPPLIERS

1	DOES YOUR COMPANY HAVE A STRATEGIC APPROACH TO CSR?	
2	IS THIS DOCUMENTED IN ANY WAY (ADOPTED CSR STRATEGY, CEO'S STATEMENT OF COMMITMENT TO CSR, MEMBERSHIP IN ANY OF THE CSR PROMOTING INITIATIVES SUCH AS THE UN GLOBAL COMPACT SERBIA, BUSINESS LEADERS FORUM SERBIA AND SIMILAR)?	
3	DO YOU PREPARE CSR REPORTS?	
4	DO YOU COMPLY WITH THE UN GLOBAL COMPACT PRINCIPLES IN YOUR OPERATIONS:	
4A	HUMAN RIGHTS	PRINCIPLE 1: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS
		PRINCIPLE 2: MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.
4B	LABOUR RIGHTS	PRINCIPLE 3: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
		PRINCIPLE 4: THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
		PRINCIPLE 5: THE EFFECTIVE ABOLITION OF CHILD LABOUR
		PRINCIPLE 6: THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.
4C	ENVIRONMENT	PRINCIPLE 7: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
		PRINCIPLE 8: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
		PRINCIPLE 9: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.
4D	ANTI-CORRUPTION	PRINCIPLE 10: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.
5	DOES YOUR WORK PROCESS COMPLY WITH THE ENVIRONMENTALLY ACCEPTABLE PRINCIPLES (YOU HAVE TAKEN MEASURES TO MINIMISE THE HARM CAUSED BY YOUR PRODUCTION AND BUSINESS TO THE ENVIRONMENT, YOU RECYCLE PAPER, PET, GLASS, ELECTRONIC WASTE AND SIMILAR)?	



In addition to the annual questionnaire, the CSR-related questions are included in the supplier selection criteria. The standard Invitation to Bid includes four questions relating to this topic, whose weight can be up to 4%. The questions relate to strategic approach to CSR, reporting on this topic, employing people with disabilities and participating in volunteer campaigns. In this way, a supplier active in the CSR area may be selected despite asking for a higher price for the specified goods/ services if its competitor is not active in this regard.

When it comes to the sectors identified as particularly sensitive, the questions relating to the protection and respect of human rights of employees are an integral part of the Invitation to Bid in tender procedures for physical security of premises, employment through youth employment agencies, cleaning and maintenance of premises. The Bank also sets having certain certificates (ISO 9001:2008 – Quality Management System, ISO 14001 – Environmental Management System, OHSAS 18001 – Occupational Health & Safety System) as a requirement for establishing cooperation with a particular supplier.

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



In line with its umbrella document, the Compliance Regulations, Erste Bank applies the so-called “zero tolerance” policy to all acts that are unlawful, including corruption. The Bank bases its activities on the prevention of behaviour that can lead to corruption, as follows: conflict-of-interest risks, reputational risk and competition protection.

The Bank 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 leads precisely to corruption. In this context, 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 of the Bank.

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 regarding perpetrators through the Whistle blowing Policy, implementation of the Gift Policy and control in the area of financial crime risk management.

The Bank includes in external conflicts of interest that may indicate corruption any conflict of interest of a customer (or other business partner) between their private interest in savings, more favourable 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 reputational risk and a repeated raising of employees’ awareness of the avoidance of such types of conflict of interest, as well as advising employees on transferring the activities that may lead to conflict of interest to other organisational units where this conflict cannot emerge or at least can be controlled, training on the consequences and importance of reporting suspicion regarding perpetrators, implementation of the Gift Policy, control in the area of financial crime risk management, mandatory implementation of an independent tender model of supplier assessment, etc.

Given that, during 2013, all of the Bank’s business functions, meaning all divisions and departments, were subject to an analysis of corruption related risks and to the check of potential conflicts of interest related to private business activities, in 2014 an analysis was only performed in the business units having increased risks, which account for 20% of all business units. The analysis included the Large Corporates Department, SME Department, Real Estate and Other Special Finance Department,

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### Commitment to anti-corruption

In addition to a number of adopted policies and procedures (page 27), Erste Bank is a signatory to the Declaration Against Corruption, which is promoted by the United Nations Global Compact network in Serbia, as well as globally.

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Public Sector and Specialised Finance Department, Risk Management Division (except the Collection Department and Retail Credit Risk Department), Investment Banking Department and Transaction Banking Department.

Important parts of the corruption related risk management are communication and employee training, which contribute to raising awareness and strengthening internal capacities necessary for the prevention of corruption. A so-called “Tone at the Top” training, involving general topics relating to corruption and reputational risks, is conducted for the top management levels. The management training also includes e-learning modules, as well as special presentations for specific positions. The training for the Executive Board members, concerning the Compliance principles as well as the obligations of the EB members in line with the Compliance regulations, is conducted annually. One member of the Executive Board (of the total of three) received anti-corruption training in 2014.

As part of the training for new employees, the central Compliance conducts monthly training concerning the general provisions on the conflict of interest, corruption and reputational risk. Training in handling the information relevant for Compliance is conducted annually, as a reminder to the employees exposed to corruption risks and reputational risks. During 2014, these training courses were attended by 106 existing employees and 49 new employees, of whom 89.03% were non-managers and 10.97% were managers.

In addition to strengthening its internal capacities, the Bank communicates its policies and procedures in this area to its customers and business partners for the purpose of a comprehensive approach to the prevention of corruption. The provisions relating to anti-corruption and conflict of interest are integral parts of the General Business Conditions that are integral parts of contract with each customer and are also available on the Bank’s website. Special meetings are held with customers and business partners where deemed necessary.

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

The Whistle Blowing Policy was implemented back in 2011 with the aim of providing protection to so-called whistleblowers and enabling anonymous reporting. The Policy was implemented following the example of the UK and US practices, and its significance increased after the announcement of the local Whistleblower Protection Regulation, the implementation of which began in 2015. Here, too, the Bank recognised the significance of the topic, so it introduced employee protection measures long before the local regulation came into existence.

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## Prevention of Fraud and Abuse

Erste Bank is a member of the Forum for the Prevention of Abuse in Credit Operations, whose main objective is efficient protection of corporate and retail customers of banks, as well as the banks themselves, from fraud and abuse in the process of loan approval and disbursement. The Forum members exchange the data and information relevant for fraud detection and prevention. The Bank and the other Forum members are obliged to keep as a business secret any data and information obtained in the communication with the other Forum members, in line with the Bank business policy regulations and documents.

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The Bank puts an emphasis on fraud prevention and detection of potential fraud before it occurs, while deriving conclusions from detected cases in order to improve further the process that would prevent such events, thus reducing the number of bad loans and, ultimately, making the future products cheaper for customers and making the Bank more competitive in the market.

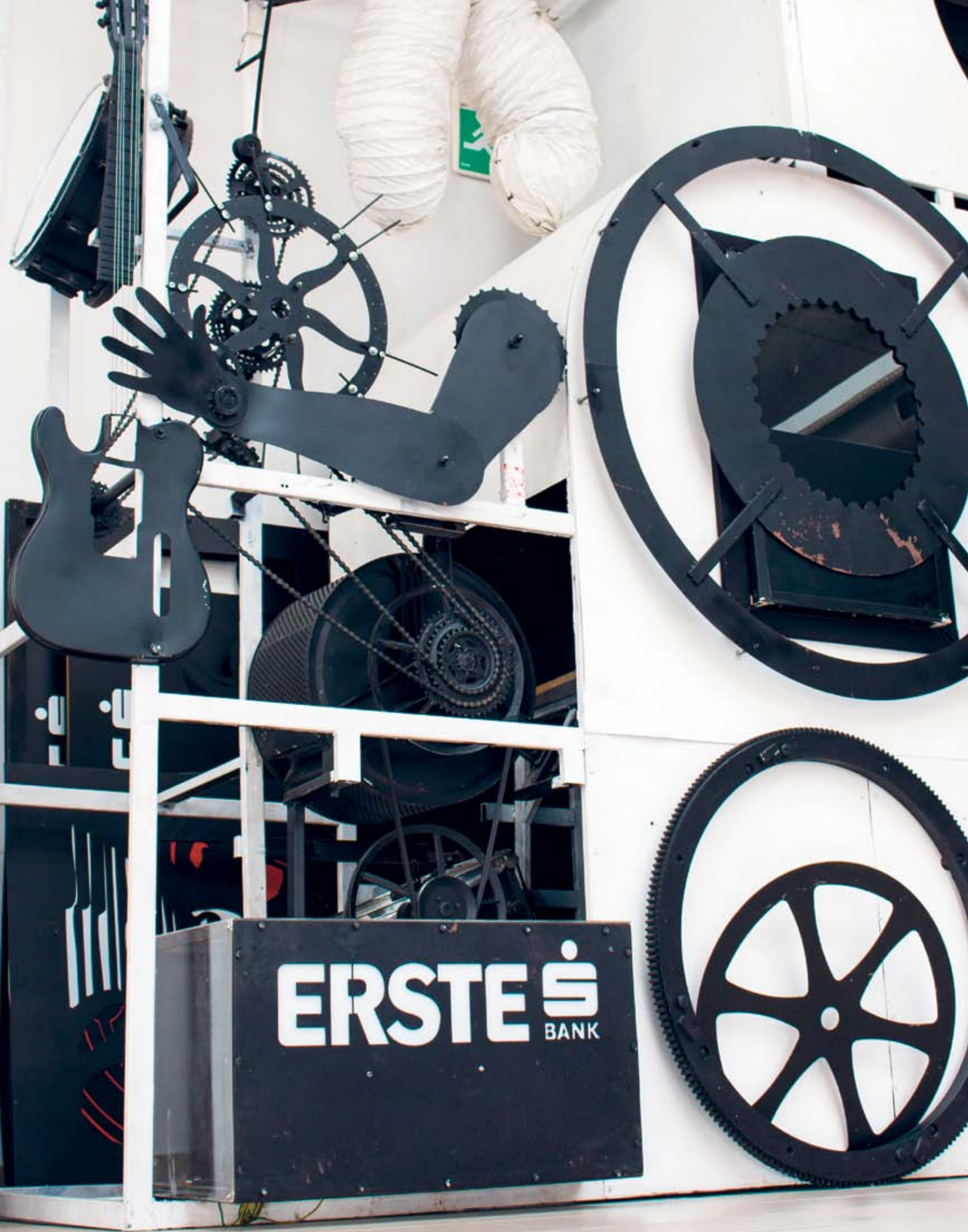
## Protection of Competition

In 2014 activities continued on the full implementation of the Competition Protection Programme, adopted by the Bank in late 2011. Free competition and the compliance with the competition protection regulations are not only an important market principle but also a firm business commitment and goal of the Bank. The Programme that regulates this segment includes several documents relating to the following key areas:

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

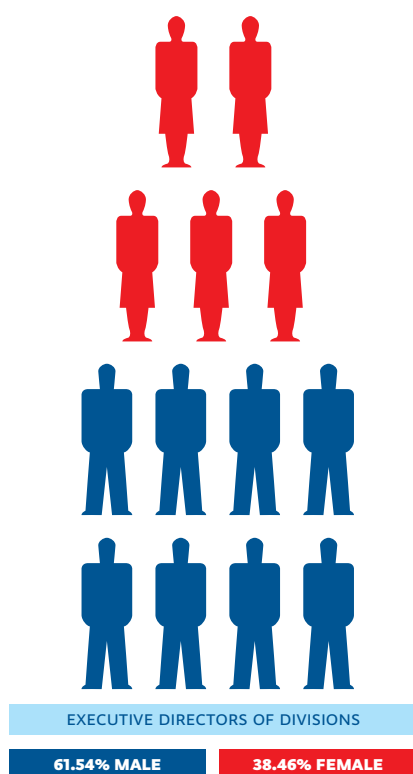
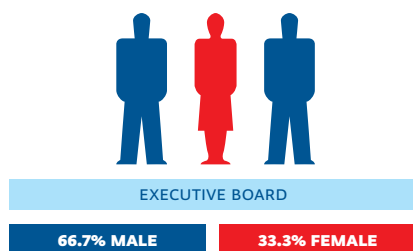
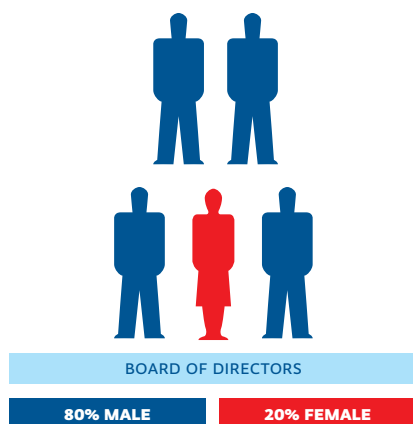
Information on the Programme was included in 2013 in the Welcome to Erste regular training for new employees. The training includes raising awareness of the significance of competition protection and providing information about the harmful consequences in the event of violating the competition protection regulations. A total of 49 new employees received the competition protection training during 2014.

In addition, during 2014, the process was introduced of regular quarterly reporting to Erste Group about any incidents and proceedings instigated against Erste Bank Serbia in connection with the violation of free competition. There were no such incidents or proceedings during 2014.



**ERSTE**   
BANK

## 3 • 3 Transparent Governance Practices



### The Erste Bank Board of Directors comprises five members:

- Gernot Mittendorfer, Chairman of the Board of Directors
- Aleksandar Vlahović, member of the Board of Directors
- Sava Dalbokov, member of the Board of Directors
- Hannes Frotzbacher, member of the Board of Directors
- Svetlana Smiljanić, non-executive 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
- Frank Michael Beitz, member of the Executive Board



In June 2014, Michael Beitz, who has been with Erste Group since 1984, was appointed member of the Executive Board of Erste Bank Serbia. Before coming to Serbia, Mr. Beitz worked with the Group members in Austria, the Czech Republic, Slovakia and Romania.

### The age structure of the Executive Board:

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

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).

All stated data are as of 31 December 2014.



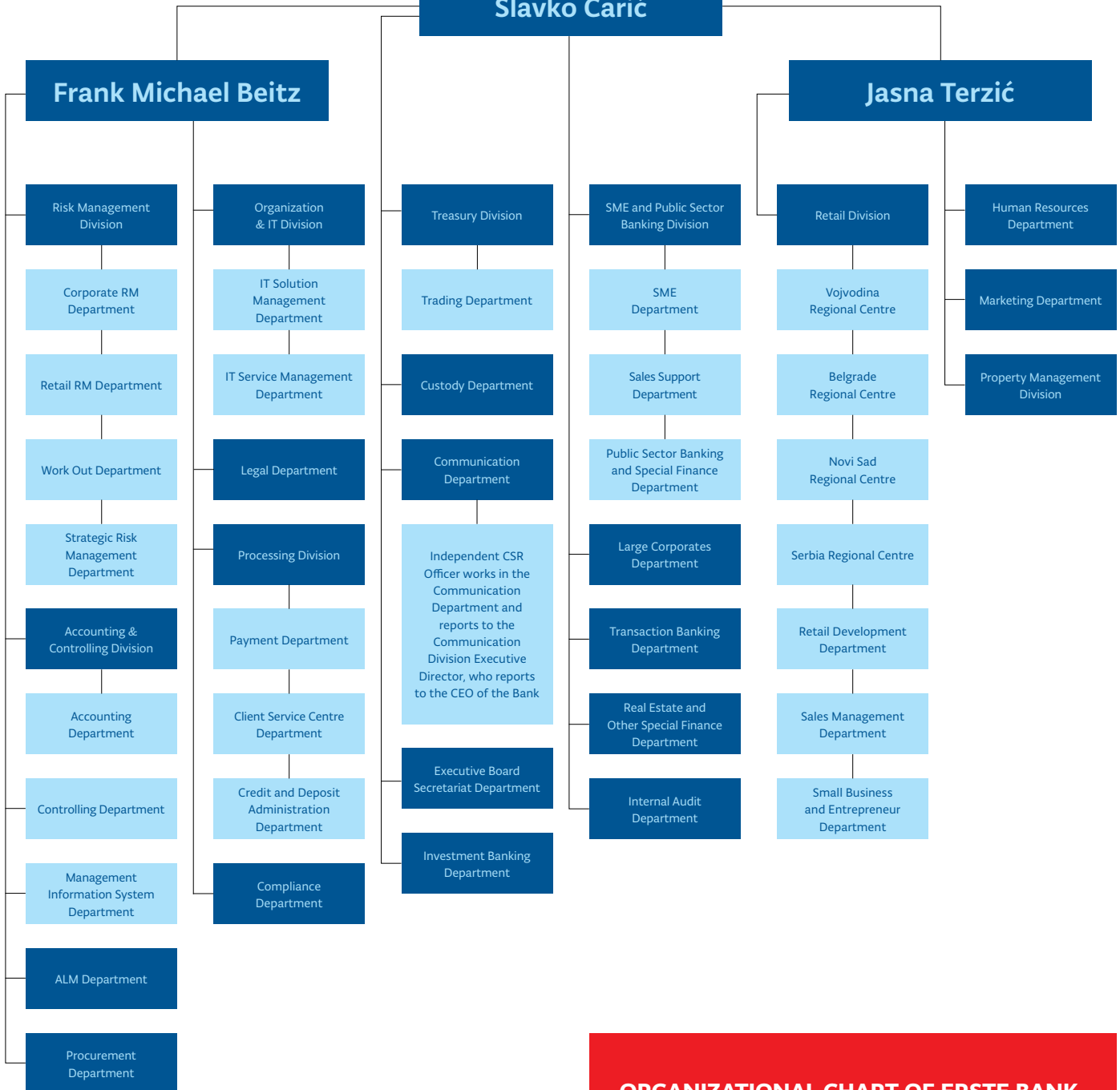
**BOARD OF DIRECTORS**

**EXECUTIVE BOARD**

**Slavko Carić**

**Frank Michael Beitz**

**Jasna Terzić**



**ORGANIZATIONAL CHART OF ERSTE BANK  
A.D. NOVI SAD AS OF 31/12/2014**



Members of the Board of Directors and the Executive Board are elected for a four-year term of office, with an unlimited possibility of re-election and subject to prior approval by the National Bank of Serbia. The Bank Law and the Bank Articles of Association regulate the issue of the election of members of managing bodies. The Bank Board of Directors has at least five members including the President. The Chairman of the Board of Directors may only have an 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 stake in the Bank or in any member of the banking group to which the bank belongs, as well as not being employed with the bank or any member of the banking group to which the bank belongs or with any shareholder of the bank. The National Bank of Serbia may prescribe additional requirements 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 has at least two members including the President. The President of the Executive Board represents the Bank. When entering legal transactions and taking legal actions within the purview of the Executive Board, the President of the Executive Board must obtain the signature of one member of this Board. The EB members are employed with the Bank as permanent employees 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. The next management level of the Bank are executive directors of divisions and departments.

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





based on internal and external reports and submits its findings and conclusions about the existence of any conflict of interest, together with proposals for resolving them, in the case of members of the Executive Board, to the Board of Directors, which gives its approval 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 the Bank's business performance, the greater the possibility of getting a bonus. The bonus potential of the Executive Board members is defined by their employment agreements and the percentage of bonus potential to be paid depends primarily on the Bank's results and then on the individual performance that is evaluated after the end of the financial year at the meetings of the so-called Remuneration Committee, where the top (competent) management of the Group and the Board of Directors discuss the performance of individual Board members and thus the amount of bonus awarded to them.

The work of the Executive Board is evaluated by quarterly reports on the Bank's operation that are considered by the Board of Directors. The duties, rights and responsibilities of the EB President and members are regulated by the Bank's Articles of Association, the Rules of Procedure of the Executive Board, as well as the decisions of the Board of Directors. The EB is responsible for its work to the Board of Directors and to the shareholders of the Bank. The Bank Law, the Bank's 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 General Meeting and the shareholders of the Bank, and its work is regulated by the Bank Law, the Bank's Articles of Association and the BoD Rules of Procedure.

## **Communication Channels between the Managing Bodies and Employees**

When publishing annual operating results or in cases of certain announcements whose subject is of strategic importance to the Bank, the CEO of Erste Group and members of the Board of Directors of Erste Bank address the employees by video messages.

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. In addition, meetings of all trade unions of the Group, attended also by Mr Treichl, CEO of Erste Group, are held three times a year, and Erste Bank Serbia employees may ask the CEO questions through the Trade Union because the Chairman of the Trade Union attends these meetings.

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

In addition, e-mail address [otvoreno@erstebank.rs](mailto:otvoreno@erstebank.rs) is open for all kinds of questions, proposals, ideas and suggestions of employees.

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

## **Risk Management and Internal Audit**

The role of internal audit is not to establish or perform control 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 reviewers of internal audit quality.

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

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

- Credit risk, including residual risk, 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, reputational risk, fraud/financial crime risk, securities risk, money laundering risks, regulatory sanction risks)
- Strategic risk
- Security risks (information security and physical security risks, business continuity risks)
- Other risks (macroeconomic risk, securitisation risk, business risk, etc.)

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.

The work of the internal audit improved significantly in 2014 with the introduction of a new application, GRC (Governance, Risk and Compliance). The introduction of this application standardised the audit process from the planning phase to the audit performance, follow-up and reporting processes.





# 4 • OUR PEOPLE

**One of the most important ways of integrating the principle of social responsibility in Erste Bank is the care about people.**

**In line with the CSR Strategy of the Bank, our goal in this area is to develop a motivating working environment based on the rights and needs of employees, focusing on the following priority topics:**

- **Employee development and training**
- **Health and safety at work**
- **Social support to employees**

In addition to the CSR Strategy, the working environment responsibility practices are defined and guaranteed by the following strategic documents adopted by the Bank in the previous years:

- Code of Ethics
- Employment policy
- Training and development policy
- Remuneration policy
- Performance management policy
- Human resource strategy
- Internal communication strategy
- Rulebook on health and safety at work
- Collective bargaining agreement

Erste Bank approaches the compliance with the principle of the right to work with special attention, which is also reflected in the new Collective Bargaining Agreement, which came into force on 12 November 2014 and which regulates all spheres of business and employee relations – from employment of individuals to their rights and obligations, advanced training, safety and health. The new Collective Bargaining Agreement was signed, among other things, in order to reflect the amendments to the Labour Law adopted during 2014. The Collective Bargaining Agreement still provides benefits to employees beyond the statutory minimum provided for by the new Law. In accordance with the good practice of social dialogue, it applies, as the previous agreement, to all employees, regardless of whether they are members of the Trade Union or not. The Collective Bargaining Agreement is accessible to all employees on the Bank's internal portal, and the Human Resources Department and the members of the Trade Union Board are always available to the employees for any necessary information and clarifications.

The employee structure of the Bank is dominated by women, who account for 70% of the total number of employees. In terms of age structure, middle-aged persons, between 30 and 50 years of age, are the majority in the Bank (63%). In 2014, the employee turnover rate was 7%.

## **Achieved in 2014:**

- ✓ New Collective Bargaining Agreement was concluded
- ✓ Over RSD 38 million was invested in employee development, with over 16,000 hours of training carried out
- ✓ 667 employees took a free annual medical check-up
- ✓ The Development of Digital Culture programme was launched, aimed at presenting the digital world of communication to the employees and introducing them to it

## **Compliance with the Amendments to the Labour Law**

The amendments to the Labour Law of the Republic of Serbia came into force in July 2014. New employment agreements were prepared for all Erste Bank employees with the aim of bringing them into compliance with the provisions of the new Law, as well as with the new Collective Bargaining Agreement. In order to inform the employees about the most important changes, the colleagues from the Human Resources Department prepared for the Bank's Puls internal magazine a summary of important changes and new provisions relating to vacations and wages, wage benefits and other income.



Ensuring equal opportunities in the working environment and preventing all forms of discrimination are among the highest priorities of the Bank. The rules relating to transparent employment process, based on the equal opportunity principles, are defined by the Human Resource Strategy and the Employment Policy. In addition, all new employees of the Bank, as well as interns, receive a two-day training as part of the Welcome to ERSTE training, which includes basic information on all organisational units of the Bank, as well as its Business Code of Conduct, and, within the segment relating to information on human resources, all new employees are informed of the Bank's approach to human rights and anti-discrimination – the equal opportunity rule for all job candidates and of their rights and opportunities regarding work, development and promotion. Forty-nine employees attended the Welcome to Erste training during 2014, in the duration of 2,064 hours in total, of which 17 hours were dedicated to human rights.

	2011	2012	2013	2014
<b>TOTAL NUMBER OF EMPLOYEES</b>	988	993	972	992
<b>TOTAL NUMBER OF PERMANENT THIRD PARTIES</b>	166	31	165	226
<b>TOTAL WORKFORCE</b>	1,154	1,024	1,137	1,218

<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>2011</b>		<b>2012</b>		<b>2013</b>		<b>2014</b>	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>NOVI SAD</b>	115	336	76	235	110	316	125	310
<b>BELGRADE</b>	101	162	95	185	101	164	103	169
<b>OTHER</b>	66	208	109	293	68	213	69	216
<b>TOTAL</b>	<b>282</b>	<b>706</b>	<b>280</b>	<b>713</b>	<b>279</b>	<b>693</b>	<b>297</b>	<b>695</b>

<b>EMPLOYEE STRUCTURE BY CATEGORY</b>	<b>2011</b>		<b>2012</b>		<b>2013</b>		<b>2014</b>	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>MANAGERS</b>	76	87	76	94	86	88	78	86
<b>NON-MANAGERS</b>	206	619	204	619	193	605	219	609
<b>TOTAL</b>	<b>282</b>	<b>706</b>	<b>280</b>	<b>713</b>	<b>279</b>	<b>693</b>	<b>297</b>	<b>695</b>

### Anti-mobbing Counselling Service

For the purpose of efficient prevention of workforce mobbing, for the past four years an anti-mobbing counselling service has been operational in the Bank, consisting of the Bank employees from the board of the Bank Trade Union. In coordination with the competent bodies of the Ministry of Labour and Social Policy, Labour Inspectorate and Anti-Mobbing Agency, the Counselling Service monitors the resolution of employees' complaints related to this issue, which may also be lodged anonymously. During 2014, as in the previous year, there were no complaints lodged.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT AGREEMENT TYPE	2011		2012		2013		2014	
	FT	OE	FT	OE	FT	OE	FT	OE
NOVI SAD	17	434	29	282	7	256	14	421
BELGRADE	12	251	8	272	18	410	17	255
OTHER	9	265	9	393	8	273	9	276
<b>TOTAL</b>	<b>38</b>	<b>950</b>	<b>46</b>	<b>947</b>	<b>33</b>	<b>939</b>	<b>40</b>	<b>952</b>

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE	2011		2012		2013		2014	
	FT	PT	FT	PT	FT	PT	FT	PT
NOVI SAD	450	1	309	2	426	0	435	0
BELGRADE	262	1	278	2	264	1	271	1
OTHER	271	3	402	0	281	0	285	0
<b>TOTAL</b>	<b>983</b>	<b>5</b>	<b>989</b>	<b>4</b>	<b>971</b>	<b>1</b>	<b>991</b>	<b>1</b>

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

PERCENTAGE OF EMPLOYEES BY AGE	2012.	2013.	2014.
UNDER 30	13%	15%	14%
30 – 50	61%	62%	63%
OVER 50	26%	23%	23%

EMPLOYEE TURNOVER	2012	2013	2014
TOTAL NUMBER OF NEWLY EMPLOYED	74	44	89
TOTAL NUMBER OF PERSONS WHO LEFT THE COMPANY	69	65	69
EMPLOYEE TURNOVER RATE*	6,97%	6,6%	7%

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

## 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 with guaranteed schedule of wage payment and job safety

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

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

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





## 4.1 Employee Development and Training

Employee development is recognised by Erste Bank as a key form of investment not only in people and their professional skills and career but also in the improvement of business as a whole. It contributes to increasing employee satisfaction, improving business processes and productivity, directly the achievement of better business results. The directions of employee development, whether relating to the development of managerial or technical skills and knowledge, are defined by the Human Resource Strategy. In addition, the Strategy includes appropriate resource planning, definition of key jobs, succession planning, precise definition of the main principles of employee remuneration and benefits, performance management and employee promotion. The Human Resource Strategy was revised in 2014, primarily in the aspect of employee remuneration – the remuneration system intended for the sales functions of the Bank was improved, considering that they are the generators of profit and the backbone of the company's strength.

The bank invested over RSD 38 million during 2014 in the development and advanced training of its employees, with 15,725 hours of training carried out in total. In addition, all employees got a formal rating of their performance and individual development, as in the previous years.

TOTAL HOURS OF TRAINING BY EMPLOYEE CATEGORY	2011	2012	2013	2014
MANAGERS	5,549.28	3,538	3,901	6,446.48
NON-MANAGERS	16,052.72	14,939	7,457.5	9,278.52

TOTAL HOURS OF TRAINING BY GENDER	2011	2012	2013	2014
MALE	5,906.5	5,388	4,678	6,290
FEMALE	15,695.5	13,089	6,680.5	9,435

AVERAGE HOURS OF TRAINING PER YEAR BY EMPLOYEE	2011	2012	2013	2014
MANAGERS	34.04	20,811	22.4	39.3
NON-MANAGERS	19.46	6,693	9.3	11.2

AVERAGE HOURS OF TRAINING PER YEAR BY GENDER	2011	2012	2013	2014
MALE	20.95	19.24	16.7	21.1
FEMALE	22.23	18.38	9.6	13.5

### Team Spirit and Solidarity

In line with the long-term commitment of Erste Bank to providing support to the local community, team building activities are often organised in the form of volunteering. One of such examples in 2014 was the Accounting & Controlling Division – our colleagues painted the premises of the Maslačak kindergarten in Novi Sad and arranged the yard of this institution. In addition to contributing to community development, volunteering improves the team spirit and skills of employees, thus bringing benefits both to the community and to the company. For this reason, Erste Bank has had the volunteering programme for years. Read more about the Erste volunteer campaigns on page 75.



## Group Graduate Programme

The Group Graduate Programme (GGP) is an intensive group training programme of Erste Group for university graduates involving classic lectures, distance learning, in-service training and work on a project. The twelve-month programme provides an opportunity to trainees from different organisational units of the Group members to acquire basic knowledge of the banking industry and of the way of doing business in banking. The goal of the programme is to increase the potential of each employee and to improve Erste Group as a whole – by encouraging the exchange of ideas and providing opportunities for professional and personal development.

The Group Graduate Programme cycle, which ended in September 2014, was also attended by our colleague Ninoslav Ćosić from the Controlling Department of Erste Bank Serbia. He recommends this form of advanced training to all interested colleagues: “The year behind us has special significance to me for several reasons, one of them being the successfully completed GGP. The programme helped me to improve myself both in the business sense and in the personal sense – I acquired new knowledge and skills that I now use in my daily work, I got to know different business cultures, saw how business challenges are addressed in other countries and, above all, created a new network of people and friends that I got the chance to meet for the duration of the programme. I recommend everyone to not miss this opportunity but to invest a year of efforts in order to improve themselves and gain a unique experience provided by the GGP.”

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

Given the nature of its business, the Bank identified as its priority the care of health and safety at work, as well as social support and the development of social solidarity, in cooperation with the Bank's Trade Union.

Most of the activity in this area is aimed at raising awareness of health and health risk prevention. This year, in cooperation with the Vizim Health Centre Belgrade, the Bank organised free annual full medical check-ups for its employees for the second time. Regular health checks are an important preventive measure because they enable timely detection of any disease, risk assessment and development of a health improvement plan together with the doctor.

As in the previous year, mobile teams were organised for our employees from Novi Sad and the other towns where our branches and business centres operate, which come to agreed locations according to a defined schedule. The full medical check-up includes basic medical check-up, full blood test, ophthalmological examination, ECG and ultrasound examination of breasts, the thyroid or abdomen. The medical check-up cycle begins toward the end of one year and ends at the beginning of the following year, so 765 Erste Bank employees had a check-up during the 2013/2014 cycle and, so far, 667 employees in the new 2014/2015 cycle.

Since the biggest health risks for our employees, because of the nature of their job, are associated with prolonged sitting, the Bank pays special attention to the promotion of active lifestyle. Prolonged sitting in front of a computer may have a number of consequences for the health of the spine and heart, as well as for eyesight and other health risks associated with the lack of movement. Therefore, through its internal magazine Puls and through its dedicated portal For Your Good Day, Erste Bank regularly provides its employees with advice on health improvement, the importance of physical activity, as well as concrete proposals for the adoption of healthy habits. In addition, in 2014 the Bank initiated a Get Healthy by Walking campaign, with the aim of encouraging its employees to take advantage of all the benefits of physical activity in the open air – mountaineering. Owing to the help of our colleagues who are experienced active mountaineers, the first joint walk was organised on 8 June on Fruska Gora, and we were joined by 18 colleagues on a 17-km long track.

In 2014, in Erste Bank, there were no reported or recorded occupational diseases or diseases resulting from harmful effects at work, according to the regulations in our country that apply to this area. Also, there were no accidents with a fatal outcome, and ten injuries at work were recorded.



### Erste Bike Cup

As part of the Kolo Pro Život cycling event, the third Erste Bike Cup was held in September 2014 in the town of Znojmo, Czech Republic. The Erste Bike Cup was attended by around 200 colleagues from Erste Group, divided by country into 22 teams. The Erste Bank Serbia team participated this year as well on all tracks, 17 km, 30 km and 53 km. Andreja Bogdanović, Miodrag Todorović, Dalibor Bogdanović, Marko Vukotić, Ivan Đolović and Slaviša Belić proudly wore the jersey of our biking team this year.

	2012	2013	2014
<b>TOTAL NUMBER OF INJURIES</b>	5	11	10
<b>INJURY RATE*</b>	0.5	1.12	1
<b>TOTAL NUMBER OF LOST DAYS</b>	56	276	318
<b>LOST DAYS RATE **</b>	5.59	28.17	31.80
<b>TOTAL NUMBER OF SICK LEAVE DAYS***</b>	5,753	5,939	6,501
<b>RATE OF ABSENCE FROM WORK ****</b>	2.3	2.43	2.60

\* 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 business 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 business days. It was calculated according to the following formula: total number of sick leave days / total number of business days of engaged workers.

INJURY RATE	2012		2013		2014	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>NOVI SAD</b>	0.00	0.30	0.10	0.51	0.10	0.40
<b>BELGRADE</b>	0.00	0.00	0.00	0.20	0.20	–
<b>OTHER</b>	0.00	0.20	0.00	0.31	–	0.30
<b>TOTAL</b>	<b>0.00</b>	<b>0.50</b>	<b>0.10</b>	<b>1.02</b>	<b>0.30</b>	<b>0.70</b>

LOST DAYS RATE	2012		2013		2014	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<b>NOVI SAD</b>	0.00	2.39	0.00	7.04	0.20	13.70
<b>BELGRADE</b>	0.00	0.00	0.00	2.76	7.10	–
<b>OTHER</b>	0.00	3.20	0.00	18.37	–	10.80
<b>TOTAL</b>	<b>0.00</b>	<b>5.59</b>	<b>0.00</b>	<b>28.17</b>	<b>7.30</b>	<b>24.50</b>

## Security Comes First

The Security Risk Management Unit takes care of the security of all employees and of the security of the entire property of the Bank, which has been a part of the Compliance and Security Management Department since 2014. The priorities in the work of this unit 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 Risk Management Unit, in cooperation with the other Bank's organisational parts depending on topic, continuously conducts different types of employee training:

- training on the procedure in the event of robbery and other emergencies
- training on handling aggressive customers
- fire protection training
- first aid training (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.



# ERSTE BANK



## Erste Bank Trade Union – A Successful Partnership

Erste Bank recognises the importance of the Trade Union as a partner with which it shares goals in connection with constant improvement of the employee status and working conditions. This long-time partnership was confirmed by signing the new Collective Bargaining Agreement, which came into force on 12 November 2014 and will apply for a three-year period.

The independent trade union organisation of Erste Bank a. d. Novi Sad has been functioning for nine years, with the Bank's support. Its main tasks and goals are collective bargaining, labour-law protection of employees and fight for their better social status, monitoring employee protection from mobbing and compliance with working hours and procedures for working longer than full working hours (overtime), etc.

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 disability
- Notification of temporary inability to work.

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

## 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 382,550.00 during 2014. This made it possible for 96 employees to receive aid totalling over RSD 3.3 million for different sorts of treatment, scholarship, coverage of costs in the event of death and similar.

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### The Erste Bank Trade Union at the Seminar of the World Organisation of Workers

The representatives of the Erste Bank Trade Union participated at the seminar of the World Organisation of Workers (WOW), which was held from 12 to 14 February 2014, with the support of the Independent Trade Union of Employees in Banks, Insurance Companies and Other Financial Organisations of Serbia (BOFOS), the European Centre for Workers' Questions (EZA) and the European Commission. The main topic of the seminar included sectoral collective bargaining agreements and the experiences of the European countries with collective bargaining agreements at the company level and those at the sectoral level. The representatives of our trade union had the chance to exchange experiences in this area with their colleagues from the Netherlands, Austria and Malta.

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## 4·3 Internal Communications



By constantly improving and developing innovative channels of internal communication, Erste Bank strives to constantly improve its interdivisional communication, as well as vertical communication within all its existing structures.

A new three-year Internal Communication Strategy was prepared during 2014, which was adopted by the Board of Directors in January 2015. The preparation process involved gathering inputs from employees regarding their satisfaction with their working environment, general situation and atmosphere at the Bank, and with the branch visits (the so-called Road Show) organised each year by the Communication Department in cooperation with the Human Resources Department. In addition, in the preparation of the Strategy, the results were used of the 2013 Employee Engagement Survey and the Internal Communication Survey conducted in 2014, which showed that internal communications at the Bank are at a satisfactory level, but that there is room for their improvement and development, especially in communicating the Bank's strategic goals and results to its employees, as well as in even better networking in daily work.

The goals of the new Internal Communication Strategy are:

- raising the employee awareness of the modern communication methods and the digital sphere,
- introducing new communication channels – portal, video news, chat, documentation change monitoring system and internal social network,
- enhancing the satisfaction with interdivisional communication in the next three years,
- developing the culture of innovation and open communication.

During 2014, the Bank's internal portal was enhanced by a number of new functionalities, and 48 ideas arrived through the Idea Market – an innovative tool active since 2007, through which the employees can give their proposals for business improvement – six of which were adopted and rewarded.

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).

### Digital Culture Development

The technology development and application led to many changes in the employees' business and private sphere. Therefore, Erste Bank launched the Digital Culture Development programme that, among other things, aims to present the digital world to those who do not pay attention to it, to enhance the knowledge and understanding in those who know it superficially, and to involve advanced users in joint action. Many activities take place as part of the Digital Culture Development programme: workshops about Twitter and other social networks at all major internal meetings, interactive updating of advice for the appearance on social networks, using different capabilities of smartphones in one's work, introducing an internal social network, internal blogs, etc. It is a multi-year programme and is intertwined and complemented with the employee training and development system.



# 5 • RESPONSIBILITY TO CUSTOMERS



To Erste Bank, doing business in the financial sector involves primarily the practice of high level of responsibility towards the customers. Erste Bank tries to be recognised by its customers as a reliable and safe financial institution that provides the best financial products and services in accordance with their needs and the modern trends in the market. As a socially responsible company, we are particularly committed to financial education and financial inclusion, development of entrepreneurship and support to self-employment, which we consider to be the key challenges of society that we as a bank can address. Our responsibility in the market is also reflected in 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 , pages 17–20.

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

- Financial inclusion and responsible financing
- Responsible communication
- Engagement of customers in CSR activities.

In addition, the strategic approach to this area is supported by the following Bank documents:

- Natural and social environment protection policy
- Responsible financing policy
- Customer care concept
- Complaint handling system Reppoza
- General business conditions complying with the Law on the Protection of Financial Service Consumers and the Law on Personal Data Protection
- Communication tone in advertising
- Marketing strategy aligned with CSR principles
- Online communication strategy aligned with CSR principles

#### Achieved in 2014:

- ✓ Online account opening at Erste Bank was enabled
- ✓ Three new Express branches of Erste Bank were opened
- ✓ A new NetBanking functionality – Financial Advisor – was introduced
- ✓ Technobank 2014 Award for the Take a Picture and Pay functionality
- ✓ Skype calls were integrated in the User Centre
- ✓ Five new factoring products were introduced
- ✓ Faster and higher-quality loan approval process
- ✓ The complaint management system was improved
- ✓ Development of inclusive products and services and financial education continued
- ✓ Contribution to the development of entrepreneurship by implementing a strategy for start-ups and special loans for micros and small and medium-sized enterprises and the Super-step credit line for young entrepreneurs and social enterprises
- ✓ The Bank invested more than RSD 1 million in the purchase of products of social enterprises
- ✓ The best sustainable ideas of micro entrepreneurs were rewarded
- ✓ The 2014 Customer Satisfaction Index was 91%



## 5 • 1 Financial Inclusion and Responsible Financing

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Our CSR Strategy is particularly focused on removing barriers and improving access to financial products to all groups of society to which they are less accessible, as well as on improving financial literacy, both in retail customers and in corporate customers. 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. In strategic terms, the Bank is particularly focused on supporting the development of social entrepreneurship in Serbia, as one of the sustainable forms of addressing social challenges. When it comes to responsible financing in the area of environmental protection, Erste Bank was among the first banks in Serbia that recognised the importance and potential of projects that use renewable energy sources and encourage energy efficiency and defined procedures for financing them (read more about these initiatives in Chapter „Responsible Towards the Environment“, page 86.

### Inclusive Products and Services

The inclusive financial products and services of Erste Bank are aimed at providing access at more favourable terms relative to market terms to citizens who do not have adequate access to banking products and services due to poverty or insufficient income, thus helping them achieve economic prosperity and a better quality of life.

When it comes to young people, in 2014 Erste Bank continued granting the Youth Loan intended 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 – based on pro-forma invoice. This loan is still characterised by interest rates below standard rates for cash loans, as well as a lower fee for the approval of this loan (1% of the amount of the approved loan). In 2014, 70 loans were granted in the total amount of RSD 8,788,611, which is 7.9% relative to all consumer loans.

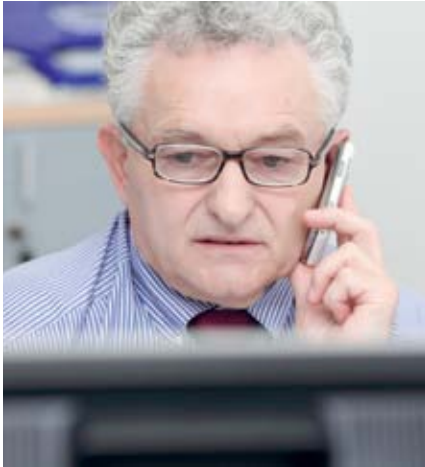
In addition, the Youth Account is intended for young people (aged 16 to 27), which includes free account opening, free debit MasterCard that allows payments on the internet, free NetBanking service and fee-free money withdrawal from Erste Bank ATMs. The maintenance of this account was free in 2014 as well, and the users of the Erste MasterCard debit card got 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.

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### Financial Literacy

One of the key preconditions for financial inclusion is certainly financial literacy. Financial literacy enables citizens to adequately plan and manage their personal finances, make informed decisions, develop healthy financial habits and, consequently, have a better quality of life. In order to provide its customers with complete and reliable finance-related information, as well as advisory and any other assistance, in 2014 Erste Bank continued to provide information through specialised finance websites such as: [www.kamatica.com](http://www.kamatica.com), [www.kredit.rs](http://www.kredit.rs) and similar portals. In order to raise financial literacy and enable the acquisition of financial competence needed in everyday life, it is necessary for financial education to be provided since childhood. Therefore, in 2014, in addition to providing financial advice to its customers and broader community, Erste Bank also implemented numerous financial education programmes, primarily for children and young people. Read more about the financial education programmes in Chapter “Our Fellow Citizens in the Communities in Which We Operate”, pages 71-72.

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In 2014, the Bank continued granting Pensioner Loans for its eldest fellow citizens, intended for pensioners aged up to 70 years at the moment 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 standard cash loan from the Product Catalogue and a possibility of getting a loan without guarantors up to 70 years of age of the customer at the moment the last instalment becomes due, which is different from the standard cash loan where maximum customer age is 66 years at the moment the last instalment becomes due. The innovation that marked 2014 was that the Bank offered free collective life insurance to all its customers who applied for this loan in the amount of up to RSD 500,000 with the repayment period of up to 60 months, including the extension of maximum age to 75 years. In 2014, 2,245 of these loans were granted, in the total amount of RSD 439,092,649. The share of these loans in the total dinar cash loans granted in 2014 was relatively low at 5.30%.

## Savings Habits in Serbia

Savings are one of the more important aspects of financial planning. A survey\* of savings habits, views, motives and concerns of the citizens of Serbia was carried out during 2014 as well on behalf of Erste Bank, as part of the Erste Group Savings Barometer global annual survey.

- The average monthly amount set aside by savers is RSD 4,200, a slight increase compared to 2013 (RSD 4,185). 44% of the respondents set aside between RSD 2,000 and RSD 6,000 per month, a slight increase by three percentage points compared to 2013.
- The savings products used by the citizens in 2014 mostly included term deposits (9%), life insurance (9%) and demand deposits (7%). Savings at home (“under the mattress”) were the predominant form of savings among the citizens of Serbia (49%) in 2014 as well.
- Savings are important to 77% of the respondents, a slight increase compared to 2013 (74%). When it comes to young people, 72% of the respondents of age 15 to 29 think that it is important to save, compared to 60% of them in 2013. The highest importance is ascribed to savings by citizens over 50 years of age – as many as 81% of them agree with the statement that it is important to set some money aside.
- The main reasons for savings primarily mentioned by the respondents were provision for emergency and financial stability in old age, which are of concern to 72% of the savers. The other important reasons for savings are setting some money aside in order to afford something later (43%), minor or major purchase including home renovation (36%) and travel (22%).
- There was a slight improvement in the views of the citizens of Serbia regarding financial investment, such as shares, bonds or investment funds. Approximately one-fourth of them have a positive opinion about such investment, while 64% of the respondents have a neutral view.
- When asked “In your opinion, how will the interest rates to savings products or investment products develop in the next five years?”, 41% of the respondents answered that the interest rates on deposits would remain at the present level. One-fourth of them expect an increase (24%), while one-fifth of them fear further decrease (21%).
- As much as 91% of the Serbian savers responded that they did not make any long-term plans about the best ways to invest their money. Of these 91%, only 17% stated that they would work more on planning in the future.

\* The survey was conducted by the IMAS International market research agency by telephone poll on a sample of 500 respondents representing the population over 15 years of age capable of saving. Apart from our country, the same survey was conducted in Austria, the Czech Republic, Slovakia, Hungary, Romania and Croatia.



## Support to Entrepreneurship

Erste Bank strives to encourage the development of entrepreneurship in Serbia by a comprehensive approach that involves the promotion of entrepreneurship and entrepreneurial culture, education in this area, development and improvement of banking products and services and inclusion in the supply chain. In 2014 the Bank implemented the strategy for start-ups established at the Erste Group level in 2013, with the aim of investing in its customers in order to make them stable and sustainable firms that will contribute with their successful business to the economic growth in the long term.

## Corporate 2015 Project

Corporate 2015 is a project focused at improving and changing the structure of the Bank's corporate operations. This project is realised with aim of 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.



Since we wish and strive to provide our corporate customers with as good, quality, fast and complete service as possible in the fierce market competition of today, as well as to further strengthen our relations with them, so the year behind us was marked by changes in customer segmentation, as well as by accompanying organisational changes. The threshold between the two customer segments is now defined at EUR 25 million. The customers whose annual revenue exceeds this amount are in the group of large customers and they will be served in the future by the employees at the Large Corporates Department, whereas the customers whose revenue is below EUR 25 million are in the group of small and medium-sized enterprises and they will be served by the Corporate SME and Public Division.

Such segmentation allowed us to differentiate our approach to customers in a more adequate manner. In order to provide our large customers in the future with highly sophisticated services and demanding employee engagement in terms of time and expertise, we chose the industry-based model, i.e. service provision and specialisation according to the industry in which our customers operate. On the other hand, our customers from the SME segment, who are oriented toward faster and simpler but equally effective solutions, will be served based on the proximity-based model – regional distribution and proximity.

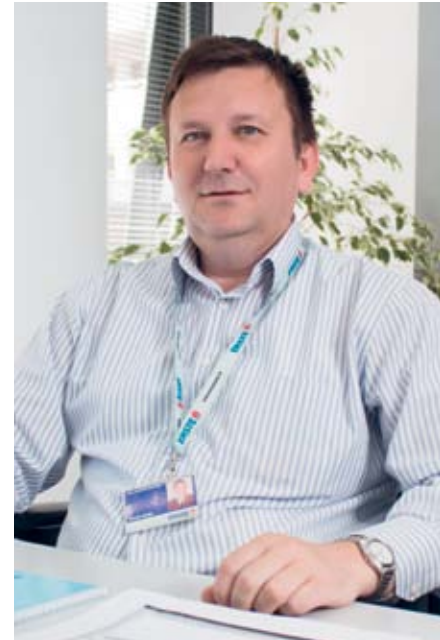
The changes in the organisational structure also involve introducing the role of financial analysts – experts in financial analysis, which will undoubtedly significantly strengthen this segment of our loan process. In addition, we introduced a mid-office, a team that will serve as direct support and tailwind to our colleagues from sales in their daily market activities and customer servicing.

## Five New Factoring Products of Erste Bank for Improving Market Liquidity

Factoring, or purchasing an existing financial claim not yet due or a future short-term financial claim, improves the liquidity of the entire market by its flexible approach and a transaction structure suited to the customer's need. If the borrower is solvent, factoring provides new opportunities to start-ups, to the enterprises that have seasonal activities or unacceptable credit rating, as well as to the enterprises that fully utilise credit limits of their parent banks or have a more intensive expansion compared to their competitors.

Erste Bank introduced the following products in its offer in 2014:

- Domestic factoring with the right of recourse against the customer (seller) – the customer (seller) participates in the transaction risk after selling the claim to the bank.
- Domestic factoring without the right of recourse against the customer (seller) – the bank assumes the risk of non-payment by the buyer. The Bank establishes a limit for the buyer, who is thoroughly analysed and should have exceptional business and financial indicators. This is a riskier engagement, which is approved through a more specific and complex procedure compared to the recourse factoring.
- Framework short-term factoring limit (one seller – several buyers) with or without the right of recourse is intended for the customers that have continuous deliveries to their buyers and therefore a frequent need for claim discounting. In order to shorten the time aspect of sales, a credit line is approved from which individual claims are discounted based on the presented invoices.
- Direct export factoring with or without the right of recourse is intended for exporters so that they can improve the quality of their business and reduce the risks relating to the sales of goods in foreign markets.
- Reverse factoring (with or without the right of recourse) – the bank finances the fulfilment of obligations that the customer (buyer) has towards its suppliers, with transferring the suppliers' claims to the bank and obligating the buyer to make payment to the bank. Reverse factoring is a rare example of tripartite arrangement that brings benefits to all parties to the transaction: the buyer, the supplier and the bank.





## Supporting the Development of Social Entrepreneurship

The forerunner of the present Erste Bank is the First Austrian Savings Bank (Erste österreichische Spar-Casse), created in 1819, whose founders wanted to solve a social problem in an entrepreneurial way – to enable people with low income to get bank accounts, which had not been possible until then. Entrepreneurial solutions to social challenges are a sustainable way of solving social problems, so Erste Bank is committed to the development of social entrepreneurship in all countries in which it operates.

Erste Bank supports social enterprises in Serbia through access to preferential loans, pro bono consulting services and mentoring. In addition, Erste Bank regularly orders products from social enterprises, which guarantees them a steady cash inflow, as well as their survival in the market, while it guarantees the Bank to have quality and unique products. In 2014, the Bank mostly cooperated in this way with social enterprises Eko BaG, Dobra Torba, Bioidea Sapuni, the Work Centre of the Milan Petrović School for Elementary and Secondary Education, Daj Daj and Supernatural, investing over RSD 1,100,838 in purchasing their products.

## Superstep Loans for Young Entrepreneurs

Young people in Serbia are reluctant to start their own business and see the lack of resources, knowledge and entrepreneurial skills as the key obstacles to starting a business. In addition, young people often lack the support of their environment. Those who dare to get into entrepreneurial waters are faced with numerous challenges: most often, they are not familiar with cash flows, 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 and the like.

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. Since 2011 this programme has joined forces with the Smart kolektiv's Youth Business Serbia programme, which today is a part of the Youth Business International, an international youth entrepreneurship support network.

The Programme involves training prior to starting a business, access to finance – the Superstep loan – as well as direct work with business mentors employed with the Bank, who help the young people better understand all of the elements of financial business, as well as communication with the Bank. After they have started their business, the young entrepreneurs start individual mentoring work with experienced businesspeople who work with them on further development of their business for the next twelve months.



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### The Best Media Report on Youth Entrepreneurship

In 2014, together with the Social Inclusion and Poverty Reduction Team of the Government of the Republic of Serbia and Smart kolektiv, Erste Bank organised a contest for the best media report on youth entrepreneurship. The goal of this contest was the promotion of the topic and reporting on youth entrepreneurship among the journalists in Serbia. Marko Andrejić, a journalist of *Ekonometar*, won the main award for his report "Youth Entrepreneurship in Serbia: Obstacles and Advantages". Apart from *Ekonometar*'s Marko Andrejić, who was awarded a work and study visit to Brussels, a prize of RSD 15,000 went to Mirela Veljović, a journalist of *TV Forum Prijepolje*, for her story on the entrepreneurial journey of Emina Srna, the owner of the *Visus* optometrist shop.

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From the launch of the Youth Business Serbia programme until the end of 2014, around 3,000 young people received the programme training, ranging from defining the business idea to the development of the business plan and successful launch of their own business. Fourteen of them were financed by the Superstep credit line in the total amount of RSD 4,695,500.

At the end of the Programme in 2014, the Bank approved loans in the total amount of RSD 3,092,560 to seven enterprises, of which only one drew the funds. It was BABYSTAR NOVI SAD, an enterprise for the production of children's cloth diapers and clothing, and the loan amount disbursed was RSD 345,500, which was 0.78% of the total loans for small enterprises and entrepreneurs granted in 2014.

## Best Sustainable Ideas

In 2014, for the second consecutive year, Erste Bank was one of the partners of the Green Ideas National Forum contest, which awards the best innovative entrepreneurial green projects, together with the Trag Foundation, the Rockefeller Brothers Fund and the US Agency for International Development (USAID) in cooperation with the Institute for Sustainable Communities (ISC).

The contest is aimed at encouraging the development of entrepreneurial ideas that should equally encompass all elements of sustainable development and have social, environmental and economic impacts on the community while using local resources, and targets associations, small enterprises, entrepreneurs and individuals.

One hundred and ninety-three applications to the contest were received in 2014, of which 23 ideas got to the second round of the contest. The National Forum, where ten finalists presented themselves, awarded Nikola Grujičić from Valjevo, Vladan Pantović from Knić and the farm of Stevan Čović from Subotica with USD 7,000 grants each. The best ideas were selected by a five-member jury comprising Vojislav Stokić, Director of the Small Enterprises and Entrepreneurs Department at Erste Bank, Kristina Nikolić, Marketing Manager of Strawberry Energy, Biljana Stepanović, CEO of Business Info Group, Vladimir Stojanović, Programme Manager of the Optimist Association and Dragan Srećković, Manager of the Sustainability and Evaluation Programme at the Institute for Sustainable Communities (ISC).

Afterwards, the winning ideas applied for additional USD 10,000 at the Green Ideas Regional Forum of the Rockefeller Brothers Fund, together with the participants from Macedonia, Kosovo, Albania and Montenegro. At the Regional Forum, the ideas of the candidates from Serbia won the first and second places: the idea for the prototype of automated flow-through dryer for fruits, vegetables and culinary herbs based on the energy efficiency principles, by Vladan Pantović of Knić (first place) and the earthworm farm for the production of earthworm humus at the farm of Stevan Čović from Subotica (second place), while the third place was won by Eltjan Shkreli from Albania for the development of cycling tourism in the vicinity of Shkoder.



## 5 • 2 Responsible Communication

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The primary responsibility that the Bank has due to the nature of its business is the responsibility to customers, specifically in the aspects of business transparency, accessibility in communication with customers and development of special-purpose products adapted to their needs. In 2014, Erste Bank actively implemented its online communication strategy with the aim of improving the quality of customer relations and its services, reputation strengthening and raising awareness of the important social topics in Serbia. Apart from being present on most of the social networks existing in Serbia, the Bank has been maintaining its corporate blog since 2011. Responding to the market demands, Erste Bank was very active in 2014 in the area of business digitalisation and the development and use of new technologies in banking.

### Online Account Opening at Erste Bank

In 2014, Erste Bank enabled an online process of opening any special-purpose account for private individuals: standard, premium, youth and foreign currency account, thus expanding the range of services that fulfil the current needs of customers. Online account opening is performed on the homepage of the Bank website [www.erstebank.rs](http://www.erstebank.rs) in five simple steps:

- Selecting an account and related products
- Entering personal information
- Selecting the branch for taking over the card and signing the agreement
- Accepting the general business conditions and other legal regulations
- Downloading the offer.

After the Bank has checked the customer information, it creates the account, which the customer can use immediately after the identification and personal signing of the agreement at the Bank branch. The online account opening process will be improved in the future taking into account customer comments and experiences.

### New Financial Advisor for Erste Bank Customers

In 2014, Erste Bank offered its customers a new, free functionality as part of the already existing NetBanking service. It is the Financial Advisor functionality, which enables advanced control and planning of income and expenses in a simple way. All customer transactions created through any channel (card use, standing order, payment through NetBanking...) are automatically categorised and classified into a specific subcategory. By using this functionality, the customers have an overview of their income and expenses at any time and thus a better control, planning and a more efficient management of their home budget. The Financial Advisor allows categorisation into 14 main categories (e.g. home and housing, education, finance, taxes and fees, food and beverage...) and 93 subcategories (e.g. food, pets, books and school kits, kindergarten, cosmetics and makeup, clothing and footwear, fines...).

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### Technobank 2014 Award to Erste Bank for the Take a Picture and Pay Service

The organisers of the 14th TECHNOBANK Banking Technologies Conference and Exhibition presented the award for the best banking technology to Erste Bank, for the Take a Picture and Pay service which is part of the Erste mBanking smartphone application. The Take a Picture and Pay service enables paying bills using the mobile phone camera.. 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.). The Erste Bank mBanking application is available to users of Android and iOS-based devices. During the first three months since its launch, nearly 3,000 bills were paid in the total amount of RSD 7 million using the Take a Picture and Pay functionality. In addition to the Take a Picture and Pay option, 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. The Erste Bank mBanking application was given an average rating 4.61 by its users, which is a very high rating for a financial application, and the Bank plans to upgrade it in the future.

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Some photos are only photos.  
"Take a picture and pay" is revolution.



The Financial Advisor has a number of advanced functions:

- a comparative view of income/expenditure during the past months (income and expenditure trend analysis)
- a summary of average spending by category in the specified time period
- further classification of categorised transactions into subcategories (for detailed monitoring)
- placing any uncategorised transactions into specific categories or subcategories
- automatic monitoring of all transactions and establishing patterns in payment and income – the so-called Prediction Drafts.

In order to plan expenses with precision in the future, it is possible to define expected income within the budget for basic categories and subcategories, and if there are any expected future transactions, entering them will provide a detailed insight into the funds available to the customer in a specific period. By introducing this functionality, Erste Bank enables its customers to manage their budget better.

## A Higher-Quality and Faster Loan Approval Process

In 2014, Erste Bank implemented in all of its branches a unique loan approval application, which, owing to an increased level of automation and a number of controls, enables a more efficient and faster loan process with a considerably reduced possibility of human error. Due to the exceptional complexity of business processes, the Pokret application required the involvement of many employees from different divisions of the Bank. In addition to the uniqueness of the application, the biggest steps forward compared to the previous work method are electronic product catalogue, programmed General Provisions and automatic preparation of agreements and contractual documents. The entire credit product catalogue and all its conditions, which previously existed only in paper form or on the portal, are now within the application itself, with a number of controls that prevent any error in important matters such as e.g. the fee amount, interest or maximum loan amount. In addition, loan agreements, which were previously completed by hand, now get fully completed by a single click in the application. The use of this application considerably shortens the time that the customers spend waiting for loan approval.







## 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.

During 2014, Erste Bank did not record any cases of non-compliance regarding the provision of adequate information about the products and services to customers, which was established by a detailed review of the complaint management application. No cases of customer privacy violation, no complaints regarding the loss of personal data and no complaints regarding the respect of human rights were recorded, either.

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### Skype: ErsteBankSerbia, Do You Copy?

Aiming to improve its customer communication channels and increase its accessibility to customers, Erste Bank is the first bank in the market of Serbia to integrate Skype calls in its Call Centre. This also enabled the customers from abroad to call the User Centre free of charge via Skype in order to get the information about the products and services, make an appointment with an advisor or solve a problem. The Skype username of Erste Bank is ErsteBankSerbia.

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## Improved Complaint Management System

During 2014, Erste Bank fully integrated in its business the Reppoza application for managing complaints and objections concerning the service, as well as customer requests and commendations. Owing to this application, all customer complaints, as well as their commendations and suggestions sent through any communication channel, including oral complaints, are integrated in one place, from where they are processed faster by the Customer Service Centre Unit of the Processing Division and the Marketing Department, which manages quality processes. After recording the complaint, the competent departments check all of the customer's allegations and, after all checks, a response is sent to the customer. Preparations were successfully made during 2014 in connection with the amendments to the Law on the Protection of Financial Service Consumers relating to customer complaints. The main change relates to the period for responding to customer complaint, which was shortened from 30 days to 15 days. Erste Bank successfully met these changes, given that 87% of the objections and complaints in 2014 were solved within seven days.

## Responsible Marketing

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

The Marketing Strategy adopted in 2013 means that the adapted Group solutions are not used anymore; instead, the Bank develops the solutions independently, so that they are more suited to the domestic market and customers. The Strategy also provides for adapting to new expectations of customers, who are no longer focused solely on spending, but also assess the company's ethical and value commitments when choosing products and services.

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### Your Opinion Matters to Us!

Active customer communication channels:

- Through the Suggestions and Complaints section on the Bank's website [www.erstebank.rs](http://www.erstebank.rs)
  - Call Centre – for all information about products and services and feedback from customers:
    - A toll-free telephone number for calls from Serbia for all landline and mobile networks (from 8 a.m. to 7 p.m. on business days and from 8 a.m. to 2 p.m. on Saturdays) **0800/201 201**
    - For mobile phone calls and calls from abroad **+38166/89 69 000**
  - Skype (from 8 a.m. to 7 p.m. on business days and from 8 a.m. to 2 p.m. on Saturdays) Skype name: **ErsteBankSerbia**
  - **\*ERSTE** (available via all networks) **\*37783**.
  - Advisors in our branches – on business days, for advisory assistance and any other type of assistance
  - Addresses for communication with stakeholders:
    - info@erstebank.rs**
    - dop@erstebank.rs**
    - zivotnasredina@erstebank.rs**
  - Complaint channels:
    - zalbe.stanovnistvo@erstebank.rs**
    - zalbe.mikro.preduzeca@erstebank.rs**
    - zalbe.preduzeca@erstebank.rs**
  - Information brochure available at all Bank branches
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### Better Customer Relations

A new CRM application was introduced in Erste Bank in 2014 as one of the key new tools in customer relationship management. CRM involves a business strategy oriented towards the customer, with the aim of meeting their needs in all contacts and generating profit in the long term. Customer satisfaction and improving the Bank service are the main goals of introducing this application in the business.

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## Customer Satisfaction

In line with the Erste Group standards, once a year Erste Bank conducts a customer satisfaction survey – retail (80 customers in each of the 64 branches – 5,120 customers in total) and corporate (micros – 350 customers and SMEs – 320 customers). Customers rate more than 40 aspects of their cooperation with the Bank. The survey of retail customers is performed using the face-to-face method at the Erste Bank branches and the CATI method of telephone survey of corporate customers. A seven-degree scale is used for rating satisfaction from 1 to 7, where 1 is the lowest rating and 7 is the highest rating. The rating of overall satisfaction of all three customer segments is incorporated in a single rating, the CSI – Customer Satisfaction Index, on the scale from 1% to 100% satisfaction level. The survey results are used for the Bank's internal purposes and serve for improving the service and increasing the customer satisfaction level. The 2014 Customer Satisfaction Index at the Bank level was 91%, and the average rating was 6.38 out of 7. The general satisfaction with the products and services is 94% in case of retail customers, 90% in case of corporate customers and 89% in case of micro customers. The satisfaction is highest with e-banking, reaching 96% in case of retail customers.

## The Moments of Truth – From Survey to Service Quality Improvement

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

The following was done according to the priority moments of truth agreed and defined in 2013:

- The process was initiated of signing SLAs (Service Level Agreements) between all participants in the credit process, which will considerably reduce TTY – Time to Yes & TTC – Time to Cash.
- A new unit was formed, the SME and Entrepreneurs Service Centre Unit, and the employees in this unit perform all ancillary office work, assisting their colleagues in charge of sales so that they can provide faster and better service to customers. The SME and Entrepreneurs Service Centre Unit got a very high average satisfaction rating of 6.59 on the 1-7 scale in the customer satisfaction survey.



- The RSD 2,000-denominated banknotes were included in the banknote structure in over 80 ATMs of the Bank back in late 2013. The latest surveys have shown that the customers are now satisfied with this electronic channel of communication with the Bank and that no further improvements are necessary in this business segment.
- The working hours were optimised in most branches where it was estimated that the branches should be available to customers for more hours. Therefore, a new working schedule was prescribed by a decision and announced on the website of our Bank, with some branches having more flexible working hours, from 9 a.m. until 6 p.m. on Tuesdays and Thursdays.

The agreed and defined priority moments of truth for handling in 2014 were:

- The speed of approving loans to small enterprises and entrepreneurs
- Inadequate customer support by account managers (small enterprises and entrepreneurs)
- Improving the speed of processing domestic and international payment operations (Micro&SME Processing)
- Reducing the large number of system errors in Credit Bureau reports.



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

In order to justify the trust and reputation of a responsible company, partner and fellow citizen, the Bank remained devoted to the strategic approach involving needs monitoring, proactive action and provision of support to further development of the communities in which it operates. Acting in line with its three-year CSR Strategy (for 2012–2014), the Bank succeeded in establishing an even tighter connection between the initiatives in the community with its core business.

In the area of investment in the community, Erste Bank strategically defined the following priority topics:

- Investing in the development of potential of all members of the communities in which the Bank operates
- Promotion of corporate and individual philanthropy

In addition, the strategic approach to this area is supported by the following Bank documents:

- Volunteering Policy
- Community Volunteering Programme



## Achieved in 2014:

- ✓ More than RSD 25.8 million was invested through sponsorship and donation programmes in projects in the areas of culture, popularisation of science, promotion of entrepreneurship and financial education of children and youth;
- ✓ Erste Bank, its employees and Erste Group employees donated more than RSD 4 million for flood recovery;
- ✓ More than 230 Erste volunteers spent 1112 hours assisting in eight locations throughout Serbia, as well as in various types of financial education and mentoring. Most of the activity took place in Obrenovac, where more than 100 Erste volunteers worked for around 500 hours;
- ✓ The Be in the Black children's interactive exhibition about the world of money was organised as part of the programme of financial education of children, in which more than RSD 21 million was invested;
- ✓ Seventeen young talents in Serbia were supported through the SUPERSTE Club with awards in the total amount of RSD 1.5 million;
- ✓ The Bank donated 414 written-off fully functional computers worth RSD 621,000 in total to 100 institutions in over 30 towns throughout Serbia;
- ✓ Responsible Business Forum Corporate Volunteering Award;
- ✓ Development of new donation platform [superste.net](http://superste.net).



The strategic approach of the Bank involves estimating the real needs of the communities, monitoring trends and a broad consulting process when drafting the programme, based on which appropriate support mechanisms are defined. The Bank supports the communities through the sponsorship programme, the donation programme, the development of individual philanthropy, by employee volunteer campaigns, by providing expert, consulting, mentoring and educational support, as well as by networking partners and multiplying the effects of related initiatives. Rules, conditions, time limits and, when needed, complaint mechanisms are defined for each support programme.

The programmes are created so as to encourage creativity and innovativeness, as well as inclusion and equality, with strict prohibition of discrimination, while working especially on economic and social empowerment of certain groups (unemployed youth, social entrepreneurs, women, persons with disabilities). The Bank particularly supports organisations and projects having the potential for self-sustainability and assists its partners in developing this potential.

The programmes are public and announced as open invitations. Wishing to increase the transparency of its decisions, the Bank publicly announces the contest results although it does not have the obligation to do so. When announcing a contest, the Bank always specifies the rules, conditions and possible amounts of support per programme, and presents the data on the total funds invested in community programmes at the annual level in its CSR Report. Erste Bank also adheres to the rule of responding to each support request. The Bank implements the programmes in all locations in which it operates and many of them are implemented on the national level.

In 2014 Erste Bank developed a new donation platform – superste.net ([www.superste.net](http://www.superste.net)), which will make the donation awarding process even more transparent. You can read more about the SUPERSTE programme on page 73.

## 6 • 1 Support to Young People

As a socially responsible company that strives to contribute to the development of the communities in which it operates, Erste Bank is primarily focused on developing young people. We see young people as a driving force of the society and as our present and future customers, colleagues and partners. We developed different support mechanisms just for them, focusing primarily on their financial education, empowerment and independence, development of their talents and leadership skills and their orientation towards further development of society.

### Seventeen New Members of the SUPERSTE Club

In 2014, for the seventh consecutive time, Erste Bank organised a competition in search for talented young people whom it awards as part of the SUPERSTE Club. The awards are intended for young people aged 16 to 27 years who achieve exceptional results in the areas they engage in and who spread a positive impact on the society.

In 2014, 151 valid applications were submitted to the SUPERSTE Club competition from almost 60 towns in Serbia, and 17 most talented applicants were given recognitions and cash awards.

The total award amount was RSD 1.5 million. The winners of the main awards got RSD 200,000 each on Erste Bank Youth Cards. The Ljubiša Rajić special award for social activism also included a cash award of RSD 100,000, while those awarded based on public voting got RSD 50,000 each RSD on Erste Bank Youth Cards.

In the past six years, the Bank awarded 71 talented and creative young people with the total amount of RSD 7 million. The project 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 of the Republic of Serbia.



### Award Winners

- The Ljubiša Rajić special award for social activism was presented to Maša Davidović (1990), National Co-ordinator for Human Rights and Peace (IFMSA-Serbia)
- The main award in the natural sciences, engineering and technology category went to Dušan Dimić (1990), who graduated from the Faculty of Physical Chemistry of the University of Belgrade.
- The main award in the social sciences and humanities category went to Maša Mišković (1991), winner of the Gold Medal “for outstanding achievements in learning and acquiring knowledge”.
- Two main awards in the arts category went to Irena Josifoski (1996), who has been playing cello since she was five years old, and Ivan Marković (1989), who took part in many festivals in Europe with his solo works and as director of photography.

By public voting, four more awards in the natural sciences, engineering and technology category were given to Ana Stanojević (1990), Stefan Hačko (1993), Miljan Dašić (1990) and Vladimir Petrović (1991). Based on public voting, Dušan Jovčić (1992), Nadežda Tonić (1988), Rada Mašić (1988) and Dragana Vasiljević (1989) were awarded in the social sciences and humanities category. In the arts category, the public also selected Nikola Peković (1991), Dušan Sretović (1995), Nikola Čirić (1992) and Strahinja Pavlović (1996), who distinguished themselves with their work in the arts.





## Erste Student Corner

The Erste Student Corner was opened in 2013 at the Park City branch, Novi Sad, with the aim of creating closer and better connections with young, educated people – primarily students and entrepreneurs wishing to get better informed of banking products and services, but also to attend various educational events by which they will enhance their skills and knowledge. The design of the Erste Student Corner was also a student project – a competition was organised for the students of design and architecture, and the best idea was awarded with a cash prize but also with the implementation of the solution. Lectures and trainings were held at the Erste Student Corner during 2014 on a variety of topics: modern e-banking, insurance now and in the past, the basics of public appearance, the use of digital communication channels and social networks, etc. From its opening until the end of 2014, 150 young people attended workshops, trainings and lectures held free of charge by Erste volunteers – experts in banking, finance and communications.

## Practical Trainings for Young Talent

Wishing to provide young people with as many chances as possible for development and advancement but also employment, which is one of their key challenges today, Erste Bank opened its doors in 2014 and received 110 trainees. We established cooperation with the Ministry of Youth and Sport, secondary schools of economics in Čačak, Niš and Užice, the Legal Business School in Belgrade and the faculties of economics in Niš and Subotica. We also cooperated with various student organisations from the Faculty of Organisational Sciences and the Faculty of Economics through organising workshops (participating in the Hot Chair Project – a simulation of the job application process and selection based on this, lectures at the University of Novi Sad on the topic “How to behave during a job interview” and alike), while some young people contacted us directly through the practical training database available for applying on the Bank website. During their stay at the Bank, the high school and university students got a chance to see everyday banking business and challenges, as well as to check whether they had chosen well their future profession.

In early 2014, the first workshop was held at Erste Bank for 30 holders of scholarship of the Fund for Young Talents of the Ministry of Youth and Sport, at which the Bank employees informed them about the work, organisation and business processes in the company. The workshop was opened by Vanja Udovičić, Minister of Youth and Sport and Slavko Carić, CEO of Erste Bank.

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## Youth Views on Social Issues

Since 2013, as part of the SUPERSTE Club competition, Erste Bank has been conducting a survey of the views of young talented people on the society in which we live and on key issues in Serbia. In 2014, 151 persons aged 16 to 27 years took part in the survey.

The survey has shown that a large majority of the representatives of today's generation of young natural scientists, social scientists and artists wish to do the work they like, at the price of not being paid adequately for their work, while a lower percentage of them are willing to compromise and do the work that is better paid but less challenging and interesting. Very often there is a debate in the public about youth views on social engagement, the manner in and extent to which they are willing to contribute to personal and community development. The SUPERSTE Club candidates were divided based on the response to the question of how they would engage with society. Most of them opted for active participation in solving the issues relevant to them and making decisions in local communities, as well as at the state level, while one candidate in four stated that he/she would engage exclusively at the local level. Only six percent of youth said that they would accept a political engagement, while the remaining individuals listed a wide range of areas such as involvement in workshops, seminars, the media, at the university, through humanitarian activities, only as part of civic duties or by involvement in any organisation in their area of expertise.

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## Equality in Action – Mentoring Walk for the Fifth Time in Belgrade



The milestone fifth Mentoring Walk was held in November 2014 in Belgrade, which closed the Share Your Knowledge – Become a Mentor programme for the 2013/2014 generation. The aim of this programme is economic and professional empowerment of women in our society, and it provides young women 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.

Nineteen mentoring pairs were formed during 2014 and roundtables and/or workshops were organised every last Saturday in the month from February until July for all participants in the programme whose topics were defined in accordance with the interests of the programme participants. In this period, the Bank organised:

- Three roundtables on the following topics: The Place of Youth Social Activism in Serbia, Women and Entrepreneurship, and Women in World War I;
- Two workshops: Public Appearance and Project Management;
- Two public debates: Women's Rights and Gender Equality in Novi Sad and Women in Culture and Art in Čačak.



The Mentoring Walk, as the central and final event of the programme, brings together the programme participants – mentors and young leaders, who, in a symbolic walk down Knez Mihailova Street, talk about their successes, but also the challenges they face in their professional and private lives. After the mentoring walk, a Support the Women Leaders debate was organised, at which the importance of the empowerment of women for society as a whole was discussed. The discussion was held in order to identify the ways to support women leaders and the role of both men and women in this. After the discussion, certificates were presented to the 2013/2014 Programme participants.

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 200 women have so far participated in the programme in Serbia, including this year's participants..

## Be in the Black! Children's Interactive Exhibition about the World of Money

As part of its CSR Strategy, the Bank is committed to eliminating barriers and improving the access to financial products to all social groups to which they are less available, as well as to improving the financial literacy of the general public. Nowadays, money is an increasingly topical issue, which children also face from their earliest childhood. Their immediate environment is essential for the establishment of certain systems of values, but often leaves children without any detailed explanation about whether, why and to what extent money is important in life.

Therefore, Erste Group prepared an interactive exhibition about the world of money, intended primarily for elementary school students but also for the wider community, while wishing to remind of the true, priceless values of life. Our goal was to turn the experiences, which we had gained operating on various markets over many years, into best practice examples, trying to help youngsters to find out through play, in a creative and innovative way, how money is made, earned and spent, how to better acquaint themselves with legal tender, learn more about the history of money and how to be morally responsible in handling money.

At the initiative of Erste Group, back in 2010, ZOOM Children's Museum in Vienna designed and set up an interactive exhibition for children about the world of money, which was originally named Moneten, Kies und Kröten. A year later, an idea was born to develop this exhibition into a travelling exhibition across the member countries of Erste Group. The FRida & freD children's museum of Graz was involved as a new partner in the project, which enabled the exhibition to become mobile and fun education of children to start in other countries. Before coming to Belgrade, the exhibition toured Vienna, Graz, Bratislava, Bucharest and Prague and was visited by around 70,000 children.

The exhibition arrived in Serbia in May 2014 under the name Be in the Black. The Bank established a local partnership with the Museum of Science and Technology, recognizing it as the best partner for such an unusual and innovative display intended for children. The exhibition was conceived and organised as a series of interactive points through which children go playing and solving fun quizzes, while familiarising themselves with the world of money. Youngsters acquaint themselves with legal tender in an interactive way, learn more about the history of money (from commodity trade to coins, to paper money to modern electronic payment method), learn how money is made, earned and what it enables, why it is important to save and how one can save, trade in the stock exchange and how best to shop. One of the key goals of the exhibition is to bring the true, priceless values of life closer to children and to show that not everything can be bought with money. A part of the exhibition was dedicated to the development of philanthropy and charity and to donating money and goods to those who really need help.

The exhibition in Serbia was visited by 5,000 youngsters accompanied by adults, with whom they together went through fun contents, learned new things and were proud of the knowledge gained.







## Children's Economy

Erste Bank and Junior Achievement Serbia have already been cooperating for several years on the improvement of knowledge of young elementary school pupils about basic economic concepts (wage, costs, savings and entrepreneurship). This cooperation enabled the Children's Economy Programme to include many elementary schools (79) and thus over 5,000 elementary school pupils got the chance to learn about their community, occupations and professions in it, as well as about the way in which the economy impacts the development of the community and the country.

Children's Economy is a programme intended for elementary school children aged 6 to 11 years, led by Junior Achievement Serbia and implemented by teachers with the assistance of business volunteers. Pupils are educated about the basic concepts of economy and business through creative contents during classes with the assistance of supporting materials (books, posters, etc.).

In 2014 two trainings were held for sixty elementary school teachers (for Belgrade schools included in the South East European Centre for Entrepreneurial Learning programme for entrepreneurship, as well as one training in Batajnica), who conducted the programme at their respective schools. More than 5,000 elementary school pupils have so far attended the programme. The Entrepreneurial Story in Pictures multimedia competition was also organised in 2014, with an aim of activating entrepreneurial spirit among the youngest and enabling them to participate in the project -- from idea to implementation. Thirty-six classes from twelve towns/municipalities in Serbia applied to the competition. As part of the competition, an award ceremony was organised at the Regional Chamber of Commerce in Kruševac, considering that the winning work was actually from that town.

## Financial Education of Young Vendors of the *Liceulice* magazine

In 2014, Erste Bank continued improving the sales skills and knowledge of young vendors of the *Liceulice* street magazine. The programme included young people with disabilities, students of the Milan Petrović School for Elementary and Secondary Education, users of the Drop-in Centre, Belgrade. During the sales of the magazine at the Bank, these young people always have support of Bank employees, who follow and advise them how to improve their communication, presentation and sales skills. The aim of this programme is the development of skills in sales and finance, and ten or so young people participated in it in 2014.

## 6 • 2 Individual and Corporate Philanthropy

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Apart from being a reliable partner in financial services, Erste Bank wishes to support the creation of conditions for the highest quality of life possible in all communities in which it is present. Considering that all of us as organisations, but also as individuals, are part of a wider environment in which we cannot prosper without the prosperity of people and organisations around us, we strategically focus on the development and promotion of corporate and individual philanthropy in Serbia. In the area of individual philanthropy, we launched a programme intended primarily for employees of our Bank, which motivates and inspires them to help those who need help most, and, as a bank, we support initiatives of other organisations that encourage individual philanthropy. In the area of corporate philanthropy, we strive to raise standards in Serbia by developing innovative mechanisms and integrating different forms of support, which contributes to maximising the effects of the initiatives that we support in the community and adds to their sustainability.

### Individual Philanthropy

From the beginning of the individual philanthropy programme at Erste Bank, each month around 150 employees set aside their personal donation funds for defined purposes. The catastrophic floods that hit Serbia and the region in May 2014 inevitably caused immediate shifting of a part of the philanthropic initiatives to helping the persons affected by the floods and to remedying their consequences, which was discussed in the last chapter of this Report, on pages 23-25. Our employees traditionally donate money to the Erste Bank Solidarity Fund, and you can read more about this in Chapter "Our People" on page 51.

### New Donation Platform of Erste Bank – SUPERSTE.NET

For almost a decade as Erste Bank has been operating in Serbia, we have been supporting the development of society and communities by funding projects in the areas of culture and arts, popularisation of science, EU integration, social and economic inclusion of marginalised groups, financial education and social and micro entrepreneurship. We have so far supported around 650 projects with approximately EUR 2.6 million.

Monitoring the turbulent market and society, and above all listening to the suggestions of our existing and potential partners, we have realised that the world around us changed completely in these ten years: today we skype, tweet and use Facebook. We have fast and quality access to information that reaches us in the shortest time possible. It is on social networks that many initiatives and projects are launched and develop.

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### DobroČiniTi Initiative

DobroČiniTi is an informal initiative bringing together those who want to do something good for our society, who believe that a small financial contribution can mean a lot, and who think that more can be done by joint actions. The DobroČiniTi Initiative was launched in 2013, and for now consists of the following members in Serbia: Andrea Brbaklić, Ana Babović, Bojan Joksimović, Mirjana Karanović, Kori Udovički, Sonja Liht and Zoran Stanojević. The initiative is logistically and organisationally supported by the Catalyst Foundation, whose Board is chaired by Andrea Brbaklić, Executive Director of Erste Bank.

Two DobroČiniTi events were held in 2014 – one in June and the other in November. The June event was focused on remedying the damage caused by floods, raising RSD 1,032,000 for the reconstruction of two bridges in the Grabovac village, reconstruction of a children's playground in Velika Reka and provision of 17 plots of land, as well as water supply and sewerage for the families who lost their homes to the floods.

At the other event, RSD 508,500 was raised that was intended for Lužnica Handicrafts Babušnica so that they could get a used vehicle for the transport of old and infirm persons living in the remotest mountain villages; to the Association of the Blind Zaječar to provide white walking sticks for blind persons; and to the Women's Centre Užice to obtain a container for the disposal of used clothing. Erste Bank employees, as well as the Bank itself helped organise the event and enlisted themselves among the donators.

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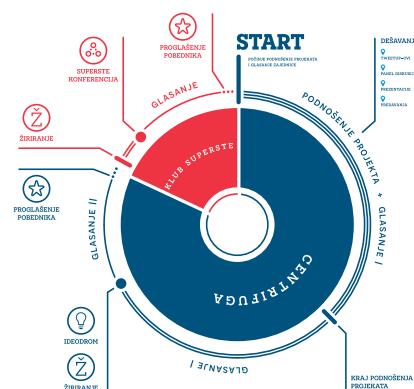
Therefore, we explored, inquired and analysed, considered and reached a conclusion that it was time for us to further adapt to new trends. To find a way to communicate, exchange ideas, launch and support the implementation of socially beneficial programmes, which is new, more innovative and more appropriate for modern society. We wish to give a stronger contribution to promoting activism, networking, and dialogue in the community, as well as to increase the transparency of the selection of programmes to be funded. We want to empower all those who are willing to launch initiatives that contribute to solving a problem, increasing the quality of life or simply to a richer cultural life of local communities, regardless of whether they are young people who registered their associations or whether the idea was borne in a conversation of a few friends... We unified all our former well-known donation programmes, gave them a new form and fully adapted them to the new era. In the future, we shall select the projects for donation award through a public process, via the superste.net platform, whose launch is planned for March 2015. The

# SUPERSTE Rade nas ideje

SUPERSTE annual cycle now comprises two key programmes:

- Centrifuge, which is intended for groups, both formal associations and informal organisations wanting to implement their own projects with which they will contribute to community development;
- SUPERSTE Club, intended for outstanding individuals who have demonstrated leadership skills with their results so far and who want to improve society with their work.

This platform differs from other donation programmes in the fact that, in addition to financial support, the best organisations will get a chance to work with mentors, exceptional experts in various areas, who will help them translate their ideas better and more successfully into sustainable projects with which they will change and improve their environment and society as a whole. Another novelty is the fact that the community will have the key role in selecting programmes and individuals to be supported by donations, and in order to further ensure the quality, the selection will also be made by a panel composed of eminent experts. An active promotion of the platform in towns throughout Serbia is scheduled for the first half of 2015 in order to present the idea in direct talks with community representatives and potential donation users and to get feedback regarding further development of the platform. Follow us on [www.superste.net](http://www.superste.net)



## Erste Bank Volunteering Programme

The number of employees joining the Erste Bank Volunteer Club is growing year after year and employee volunteering engagement was recognised as one of the ultimate values shared within the company. The Erste Bank Volunteer Club now comprises around 380 employees, which is more than one-third of the total number of people working with Erste Bank Serbia. During 2014, Erste volunteers contributed to the development of communities throughout Serbia through as many as 12 volunteer campaigns.

More than 230 Erste volunteers invested 1112 hours in providing help in eight towns throughout Serbia: Obrenovac, Novi Sad, Vršac, Niš, Inđija, Čačak (Kablar), Zabuče (near Užice) and Futog, as well as for various financial education and mentoring events through the Superstep programmes and as part of the Erste Student Corner.

In addition to Obrenovac, where help was needed most, which was discussed in a separate chapter on pages 23-25, this year volunteers managed to provide help in Novi Sad, Inđija, Vršac, Niš, Čačak, Užice and Futog. In Novi Sad, the Maslačak kindergarten was painted and decorated, and in Inđija the furniture of the summer classroom of the Jovan Popović elementary school was moved and painted. In Vršac, volunteers painted benches at the Vršački Breg viewpoint, while, during an intensive one-day campaign in the vicinity of Niš, Erste volunteers together with the volunteers of the Local Development Association Kamenica and volunteers from the Pantelej municipality and the Stevan Sinđelić elementary school successfully revitalised three picnic areas, so that they would be ready for the next season. Volunteers also assisted in marking and cleaning hiking tracks at Mt. Kablar near Čačak. As part of the campaign, an entire track was marked from the foot of Kablar to its top located at 885 meters above the sea level, which offers a fantastic view on the Morava meander and on the Ovčar-Kablar gorge. The campaign enables easier orientation and passage on the track for all those who want to enjoy this clean air region of Central Serbia. The elderly were not forgotten, either, because Erste volunteers painted the corridors and common areas in Geriatric Centre Zabuče near Užice. This campaign brightened and refreshed the everyday life of the centre users. The last but not least campaign this year was organised in Futog. Hardworking volunteers painted the corridors, common areas and woodwork of the Shelter for Homeless Persons and thus brightened the stay of our fellow citizens, centre users, who lost their home due to a series of various unfortunate events.

As in the previous years, Erste volunteers gave their contribution through mentoring, consultancy and education programmes Superstep and Erste Student Corner (read more on pages 58 and 69).



## PROJECTS SUPPORTED IN COMMUNITY IN 2014

### Major sponsorships in 2014:

- **Guitar Art Festival 2014** – music CD of last year’s Guitar Art Festival, Belgrade / organised by: Association of Classic Guitar Players of Serbia
- **30 Belgrade Jazz Festival, Belgrade**, organised by: Belgrade Youth Centre
- **17th Pancevo Jazz Festival, Pančevo**, organised by: Pancevo Culture Centre
- **4th International Jazz Festival Jazzibar, Kraljevo** organised by: Ribnica Culture Centre
- **XV International Jazzfest, Kragujevac**, Re-Kreativno dud
- **Serbian Jazz, Man!** – music CD, Belgrade
- **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
- **Crocodile House for Writers 2014, Belgrade**, Crocodile Civic Association
- **Science Festival 08, Belgrade**, organised by: Science and Art Promotion Centre
- **Science Is Not Scary – Science Festival, Niš** organised by: Svetozar Marković High School
- **Kopaonik Business Forum 2014, Kopaonik** organised by: Serbian Association of Economists
- **StandUpFest 2013 – stand-up comedy festival, Belgrade**, organised by: Standup.rs - Centre for the Development of New Theatrical Expression
- **Balkan Up – Regional Festival of Stand-up Comedy, Kragujevac** organiser: Vido Civic Association
- **Danube Dialogues – contemporary art exhibition, Novi Sad** organised by: Bel Art Gallery
- **PODROOM Gallery – annual programme, Belgrade** organised by: Cultural Centre of Belgrade
- **Weekend Walk through Galleries, Belgrade** organiser: Remont (Overhaul) – Independent Artistic Association
- **Rentakultura, Belgrade**, organiser: Stvaraoci (Creators) Civic Association
- **RE8 DESIGN PARK – Eco Design Week, Novi Sad** organised by: River Civic Association





## Major donations in 2014:

- **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
- **STARTup Live, Novi Sad**, organised by: e-Front
- **Platform for social entrepreneurship, Belgrade**, Impact Hub Beograd
- **Belgrade Venture Forum, Belgrade**, organised by: Serbia Venture Network Seven
- **My Business, Belgrade**, organised by: SEE ICT
- **Researchers' Night – a science promotion event, Novi Sad**  
organised by: Creative-Educational Centre
- **The World of Sound, interactive exhibition, Belgrade**, Ilija M. Kolarac Foundation
- **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
- **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
- **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
- **Beograd Velograd – cycling festival, Beograd**, organised by: IBIKE Belgrade doo
- **Biciklana Fest – cycling festival, Novi Sad**  
organised by: Novi Sad Cycling Initiative



## ERSTE Foundation in Serbia

ERSTE Foundation is a unique organisation in Central and Southeast Europe based on 200-year long social entrepreneurship: the first private savings bank Erste österreichische Spar-Casse was founded in 1819 in Vienna with the aim of bringing financial services closer to all citizens. This savings bank subsequently developed into Erste Group and its legal successor is ERSTE Foundation, founded in 2003 in its current form, which now is the largest individual shareholder of the Group. The Foundation invests in the development of societies of Central and Southeast Europe, where it supports civic engagement and participation.

ERSTE Foundation launches and implements projects with different partners as part of three programmes: Social Development, Culture and Europe. In this way, the Foundation contributes to the development, idea exchange, networking and the creation of the basis for positive changes. For more details on ERSTE Foundation see: [www.erstestiftung.org](http://www.erstestiftung.org).

### Off Frame Festival 2014

One of the projects supported by ERSTE Foundation in 2014 was the Off Frame Festival, a regional socially engaged theatre festival, which was held from 5 to 9 December in Belgrade. It was organised by the Hajde Da... Group in cooperation with the REX Cultural Centre and with support of the 12 HUB gallery. The festival brought together authors and organisations in the area of socially engaged theatre in Serbia, the region and beyond, promoting involvement in theatre work and providing an opportunity for those who are disenfranchised in a particular social context.

The programme consisted of nine theatrical shows/performances focused on censorship and its permanent consequences (On Conscience – a Moving Essay on Dada Vujasinović), language and communication barriers (Silence), visual barriers (Inner Lights), geopolitical boundaries (One Flew over the Kosovo Theatre), personal and political boundaries (Another Letter via the Red Cross), the limits of endurance (Three Minutes; and STRAIGHTJACKETS Still in Our Town: Escapism with a Smile), the impact of art (Star Trek), setting the limits of acceptability of social rules (A Boy Who Says Yes, a Boy Who Says No). In addition, presentations and roundtables inspired by the shows and performances were organised as part of the festival.





### ERSTE Foundation NGO Academy

ERSTE Foundation NGO Academy was founded in 2014 as support to strengthening the social sector of Central and Southeast Europe. It provides assistance to NGOs by offering them two programmes designed to help them strengthen their expertise, adopt new skills and create a network that can cope with the existing and future challenges in their respective areas of work: Social Innovation and Management combines practical training and acquiring professional knowledge and is conducted in Vienna; the Regional Programme includes workshops on different topics and has a strong local focus, and is implemented in different countries in Central and Southeast Europe, including Serbia. In order to implement the programmes, the Foundation teamed up with the Competence Centre for Non-profit Organisations and Social Entrepreneurship of the University of Economics and Business in Vienna.

Six NGOs from Serbia were invited to attend four workshops from October until December 2014 in Belgrade, Vienna and Zagreb, on topics such as: marketing management in non-profit organisations, financial sustainability, and project management. This programme continues in 2015 as well.

### this human world

*this human world* is a festival that is held each year in Vienna and deals with domestic and foreign film, focusing on social issues in Austria and the world. Extremely diverse and socially valuable documentaries, creative stories and cartoons were used as the framework for important topics related to the mission of the festival. In 2014, the festival was held in thirteen different locations in Vienna and included special cooperation supported by ERSTE Foundation: the presentation of the Free Zone Serbian festival named Designing Belgrade – Designing Vienna. Free Zone provides insight in modern film in Serbia, and Rajko Petrović, Programme Director, presented it personally to the festival audience. In 2015, *this human world* will participate in the Serbian partner festival with a selection of recent Austrian films.



# 7 • RESPONSIBILITY TO THE ENVIRONMENT



Erste Bank approaches all aspects of social responsibility with equal attention, striving to increase the positive effects of its business and, at the same time, to minimise the negative impacts. Environmental protection is one of five key areas of our CSR Strategy adopted in 2012.

Taking into account the most significant impacts of our business, we are focused on the following priority topics in the area of environmental protection:

- Responsible use of resources
- Responsible financing
- Raising awareness of environmental protection among employees

#### Achieved in 2014:

- ✓ Total investment of RSD 72,142,195.00 in environmental protection management
- ✓ Nine branches were adapted according to the environmentally acceptable standards
- ✓ A new system of printing was applied, whereby significant savings are made in the consumption of toner, paper and energy
- ✓ Continuation of financing renewable energy sources

In addition to our CSR Strategy, the practices of responsibility in the area of environmental protection are defined by other previously adopted internal policies and procedures:

- Natural and Social Environment Protection Policy
- Waste Management Procedure
- Erste Group Energy Management Policy



## 7·1 Responsible Use of Resources

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Erste Bank has, for years, been putting efforts into reducing direct business impacts on the environment – primarily by as precise identification of those impacts as possible, and then by preparing and implementing plans for their continuous reduction. After joining the ECOprofit project launched in 2011 by the City Administration for Environmental Protection of Novi Sad in cooperation with the Austrian Development Agency and the Denkstatt Consortium Vienna, the Bank continued to participate actively in a new project at the Erste Group level, in cooperation with Denkstatt, called Environmental Data Collection (EDC project). This project focuses on collecting and processing data on the consumption of energy in Bank facilities (electricity, heating, water, waste, data on mileage of vehicles and air transportation, consumption of petrol, diesel, gas, etc.) that causes emission of harmful gases. Participation in the project allows us to systematise initiatives in the field of environmental protection, as well as to develop systems for precise monitoring of the consumption of energy and water, and the amount of waste produced. In this way we set the basis for the introduction of the Environmental Management System, and in the following years we continued to develop initiatives aimed at reducing the use of resources, and expanded our activities with initiatives aimed at reducing the impacts made by transport, as well as indirect impacts through our chain of suppliers.

The Bank also continued its cooperation with Denkstatt on local projects in Serbia. As part of the cooperation, a detailed study was prepared in 2014 of energy efficiency of the Bank's administrative building in Novi Sad, based on which further activities are planned for 2015. The Bank also prepared two energy efficiency studies for its branches in Bačka Palanka and Velika Plana together with experts of Studio Membrane Novi Sad. Based on the experience gained through the adaptation of these branches, further activities in other Bank branches will be planned as well.

Another project called Project Credit360 was launched during 2014 at the Group level, aimed at implementing an application for data processing -- Environmental Data Collection (EDC). EDC collects and processes indicators of resource consumption in Bank facilities (electricity, heating, water, waste, data on mileage of vehicles and air transportation, consumption of petrol, diesel, gas, etc.), which cause emission of harmful gases or the equivalent emission factor CO<sub>2</sub>eq. These data have so far been processed in Excel, and, by implementing the Credit360 Project, data processing will be made by the application that will bring improvement in data processing quality and process.

In accordance with all that was learned and implemented in the already mentioned launched and implemented projects, we directed our most significant initiatives in this area to: changing the heating system in the facilities where it is necessary, programming the air-conditioning system in accordance with the employee working hours, leasing and purchasing more eco-friendly vehicles, using video and telephone conferences with the aim of reducing business trips and innovations in the printing system with the aim of reducing the consumption of energy, paper and toner.

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### Green Branches

In accordance with the goal of promoting and developing the Green Branch concept, as stipulated by the Erste Bank CSR Strategy, during 2014 full adaptations were made according to environmentally acceptable standards in four branches in Čačak, Belgrade, Bačka Palanka and Velika Plana, while partial adaptations were made in five more branches in Beočin, Belgrade, Novi Pazar and Sombor.

In addition, the Bank encourages healthy and sustainable lifestyle by installing bicycle stands in front of the Bank branches where possible; another four branches got such stands in 2014.

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### Employee Engagement

One of the most significant elements of the Bank's success in the area of environmental protection is employee engagement in all phases – proposals for initiatives, personal contribution by saving resources, recycling and participation in volunteer campaigns. In addition, internal communication channels, such as internal portal and magazine, are regularly used for promoting campaigns and raising awareness of our colleagues of the significance of environmental protection.



TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)*	2011	2012	2013	2014
	23,555,926.52	27,875,017.00	88,171,043.90	72,142,195.00

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

## Energy Management

In mid-2014 the final text was adopted of the Group Energy Management Policy defining the standards for energy management process and methodology, which are mandatory for all Erste Group members and therefore for Erste Bank Serbia as well. According to this policy, all Group members must monitor, analyse and reduce total energy consumption in all headquarters and branches. The Policy goals are the following:

- Defining the strategy and methods for reducing energy consumption
- Setting up the standards for measurement and data collection
- Setting the reporting guidelines

In cooperation with Erste Group and with support of the Group Environmental Management, the local-level Policy with the same goals was also prepared and is expected to be adopted during 2015

## Water consumption

One of the most significant natural resources whose consumption we have been monitoring since 2012 is water. The Bank gets water from the public water supply system, and owing to savings measures in this area, we record constant decreases – we consumed 9,735 m<sup>3</sup> in the first year of measurement, and the consumption decreased to 8,003 m<sup>3</sup> by 2014.

## Switching Off Illuminated Logos at Night

Since 2013 the Bank has been implementing the Switch Off Logo initiative, which involves switching off illuminated logos of the Bank every day at midnight. In 2014, as part of the Reduction Logo & Switch Logo project, 22 logos were dismantled and 112 logos were switched off at midnight, by which significant savings were achieved in electricity consumption.

KEY INDICATORS	2012	2013	2014
TOTAL ENERGY CONSUMPTION (GJ)*	19,344.86	18,016.5030	15,661.60
ELECTRICITY	10,042.488	9,963.2772	9,121.14
HEATING AND COOLING	9,544.1976	8,053.2258	6,500.9124
DIESEL FOR GENERATORS**	N/A	N/A	39.546
TOTAL ENERGY SAVINGS (GJ)*	3,060	1,570	1,552.42

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

\*\* The 2012 and 2013 data were not monitored due to differences between G3.1. and G4 versions of the GRI Guidelines.

By moving to the new version of the GRI Guidelines, the Bank introduces another sustainability reporting parameter – energy intensity. Energy intensity is a measure of the energy efficiency of a company, i.e. the necessary quantity of energy per unit according to the selected parameter, e.g. per employee or per product unit. Considering the nature of the Bank’s business, the number of permanent employees was taken as the parameter for calculating the energy intensity.

ENERGY INTENSITY (kWh/A PER EMPLOYEE)	2014
ELECTRICITY	2,554.08
HEATING AND COOLING	1,820.37

## Emissions of Greenhouse Gases

	2012	2013	2014
TOTAL EMISSIONS CO <sub>2</sub> (t/CO <sub>2</sub> eq)*	4,405	4,188	3,636

\* 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.

	2014
DIRECT EMISSIONS OF GREENHOUSE GASES (GHG – SCOPE 1)*	443 t/CO <sub>2</sub> eq**
INDIRECT EMISSIONS OF GREENHOUSE GASES (GHG – SCOPE 2)***	3,193 t/CO <sub>2</sub> eq****

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

\*\* Emission is determined by multiplying the actually consumed energy/Freon (kg/a), fuel (l/a) or mobility (km/a) by a corresponding equivalent emission factor CO<sub>2</sub>eq

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

\*\*\*\* Emission is determined by multiplying the actually consumed energy (kWh) by a corresponding equivalent emission factor CO<sub>2</sub>eq (kg/kWh).





## Transport

The impacts caused by transport, whether relating to business trips or to transport of employees, are among the most significant direct impacts that financial sector companies have on the environment. A precise system for monitoring the impacts made in this way has been in use in Erste Bank since 2013, of which we are especially proud. Impact monitoring includes 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.

In addition, 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.

SIGNIFICANT ENVIRONMENTAL IMPACTS DUE TO TRANSPORT	2013	2014
<b>ENERGY CONSUMPTION:</b>		
DIESEL (l/a)	40,700	62,000
PETROL (l/a)	48,000	33,000
CO <sub>2</sub> EMISSIONS t/a CO <sub>2</sub> eq	328	380

By moving to the new version of the GRI Guidelines, the Bank introduces another sustainability reporting parameter – intensity of greenhouse gas emission. The data on emission intensity provide a context for company efficiency, including its performance compared with other companies. Emission intensity reflects emissions per unit of activity, product or other company-specific parameter. The Bank uses the number of permanent employees as the parameter for calculation.

	2014.
<b>TOTAL EMISSIONS OF GREENHOUSE GASES (t/co2eq)</b>	3,636
<b>NUMBER OF EMPLOYEES</b>	992
<b>INTENSITY OF EMISSIONS OF GREENHOUSE GASES* (t/CO<sub>2</sub>eq PER EMPLOYEE)</b>	3.66

\* Emission intensity includes CO<sub>2</sub> emissions related to direct and indirect emissions of greenhouse gases, as well as emissions caused by transport



## Waste Management and Recycling

Everyday business at the Bank involves generating significant quantities of waste paper, so our initiatives are primarily focused on reducing the use of office paper, procuring and using recycled paper and sorting and delivering waste for recycling. In addition to office paper collection boxes, our business facilities in Novi Sad and Belgrade are equipped with bins for PET packaging and waste glass.

At the beginning of 2014, the Bank started using the printing service of the Konica Minolta company, thus freeing itself from the obligation of collecting toner cartridges (except for the quantities left from the previous period). This reduced the quantity of used paper as well, which together resulted in a significant decrease in generated waste.

	2012	2013	2014
<b>TOTAL GENERATED WASTE VOLUME (t)*</b>	30,603	32,755	13,161
HAZARDOUS WASTE (t)	2.97	2,510	1,115
NON-HAZARDOUS WASTE (t)	27,633	30,245	12,046
<b>TOTAL AMOUNT OF RECYCLED WASTE (t)</b>	30,603	32,755	13,161

\* 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.

RECYCLED WASTE	2012	2013	2014
PAPER (kg)	26,690	29,720	11,350
ELECTRONIC WASTE (kg)	2,970	2,510	1,235
TONER CARTRIDGES (kg)	853	754	496
PET (kg)	90	150	80
PRINTED PVC FOIL (m <sup>2</sup> )	350	274	274

### FSC Certificate

As part of the paper waste reduction strategy, the Bank's internal magazine Puls, the Bank CSR Report The Bank is the People! as well as other Bank publications have been printed solely on FSC-certified paper ever since 2009. The Forest Stewardship Council (FSC) was established in 1993 as a response to the problem of deforestation, and the FSC certificate indicates timber or paper produced by controlled and sustainable forest growth and is the highest level of ensuring quality and sustainability in forestry, timber industry and paper industry.

In line with our green procurement strategy, the furniture procured for the Bank purposes must also be FSC-certified.





## 7·2 Responsible Financing

As a responsible financial institution, we pay special attention to renewable energy sources projects, which, despite their complexity, present investment in the future and preservation of the environment, and in the sustainable development of society.

From 2009, Erste Bank financed projects that use renewable energy sources with over EUR 46 million. These include 17 mini hydroelectric power plants, two biogas power plants, the first wind farm in Serbia, solar power plants, wood pellet production plants, as well as other projects. During the previous period, already ten out of the 17 mini hydroelectric power plants started producing electricity.

When selecting the projects to support, the Bank is guided by their economic justification and risk factor, as well as potential for long-term sustainability of projects lying in an innovative approach. The financing of “green” projects is regulated by our policies – the Natural and Social Environment Protection Policy and the Responsible Financing Policy (read more about these policies in section Social and Economic Risk Management, page 17), which include the principles and goals of managing the natural and social environment protection and prescribe the actions that should be taken in order to analyse further the impacts of the financed projects and mitigate possible negative impacts.

Several credit lines were available in 2014 for financing energy efficiency 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 credit line is intended and used for financing renewable energy sources and the remainder was distributed to SMEs and the micro segment.

In addition to this credit line, in December 2014 Erste Bank signed a new credit line agreement with the German Development Bank in the amount of EUR 20 million and with the option of a EUR 3,900,000 grant for the projects eligible for grant award. This credit line is intended for financing projects in the area of energy efficiency and renewable energy sources and can be applied for by micro enterprises and SMEs. The grant finances projects whose eligibility is analysed using a series of criteria and rules defined in three basic categories: ECO II – investment in replacing old equipment with new energy-efficient equipment, or energy-efficient rehabilitation of old equipment, ECO III – investment in renewable energy, and ECO Buildings – investment in eco-buildings or new buildings or in reconstructing buildings subject to domestic energy efficiency standards/energy passport.

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 still active. Due to its long maturity and favourable terms, this line is most often used for financing renewable energy source-related projects. EUR 19,833,590 of this credit line was approved and disbursed in 2014, of which EUR 7,724,686 was intended for renewable energy sources, which was 38.95%. This line is intended for micros, small and medium-sized enterprises.

### Green Ideas

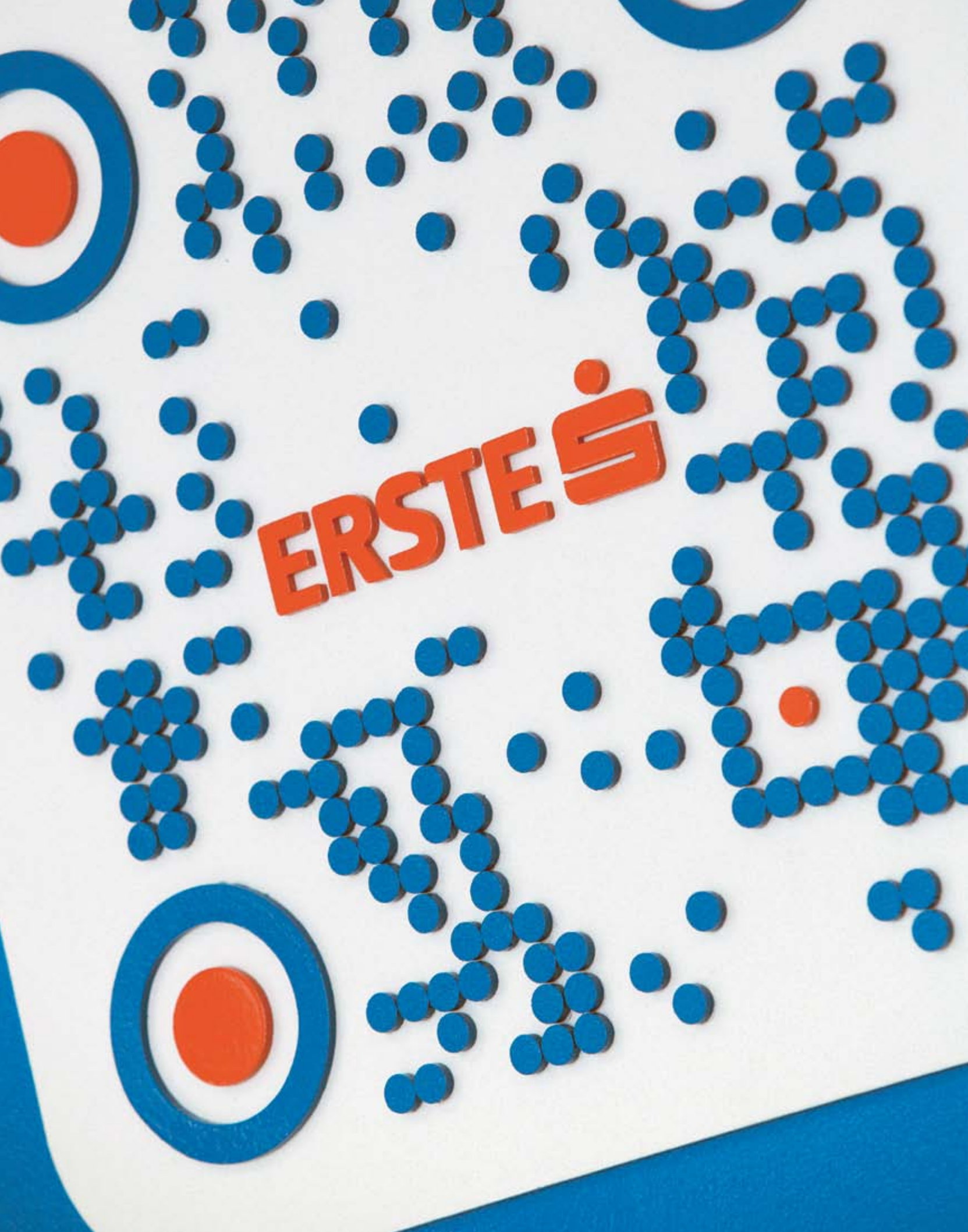
For the past two years, Erste Bank has been one of the partners of the Green Ideas contest, which awards the best innovative entrepreneurial eco-projects. The goal of the contest is to encourage the development of entrepreneurial ideas that equally encompass all elements of sustainable development and have social, environmental and economic impacts on the community. Read more details about the contest and this year's winners in Chapter “Responsible to Customers”, page 59.

### First Windfarm in Serbia

In July 2014, Erste Bank and Vetropark Kula signed an agreement on financing a wind farm in the vicinity of Kula, in the amount of EUR 11.7 million. This is the first agreement on financing the construction of wind farm in Serbia. The installed power of the wind farm will be 9.9 MW and the expected generation is around 25 GWh. The wind farm will consist of three wind generators, 3.3 MW each.



**ERSTES**



# • ABOUT THE REPORT

**The Corporate Social Responsibility Report 2014 of Erste Bank a. d. Novi Sad is the seventh CSR report and the fourth report that follows, in terms of methodology, the international sustainability reporting framework, Global Reporting Initiative (GRI). As of this year, the Bank applies a new, improved version of GRI Guidelines – G4.**

In addition to providing a systematic and precise insight into company performance in all areas of sustainable business, the new version of the Guidelines places a special emphasis on reporting about good corporate governance practices, as well as on a wider understanding of company responsibility, which includes the impacts made through the supplier chain.

Transparent communication with all stakeholders is one of the foundations of responsible business, so reporting on sustainability has been an integral part of the Bank's CSR strategy since 2008. In 2011 the Bank began a process of gradual improvement of reporting owing to the increasing level of GRI methodology application, as well as introducing special indicators for the financial sector.

The Report was prepared in accordance with the Core option of G4 Reporting Guidelines, while also fulfilling some of the requirements for the Comprehensive option, indicated in the GRI Index (pages 94 - 99). In this year's report, responses were given to 47 indicators, of which 37 belong to basic GRI Guidelines. The advanced practices of responsible financing are described through responses to 10 indicators from the GRI Financial Services Sector Supplement – FSSS, which also makes this Report a relevant source of data for the international financial institutions with which the Bank cooperates. In addition, in line with 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)



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 Department. All financial data relating to the company's business are presented on the basis of non-consolidated financial statement for 2014.

REPORT PARAMETERS	CORPORATE SOCIAL RESPONSIBILITY REPORT 2014, ERSTE BANK A. D. NOVI SAD	
REPORTING CYCLE	ANNUAL	
REPORTING PERIOD	FOR 2014 (REPORT PUBLISHED IN 2015) RELATES TO BUSINESS YEAR FROM 01/01/2014 TO 31/12/2014	
PREVIOUS CSR REPORT	FOR 2013 (REPORT PUBLISHED IN 2014)	
FIRST CSR REPORT PUBLISHED	FOR 2008 (REPORT PUBLISHED IN 2009)	
REPORTING METHODOLOGY	GLOBAL REPORTING INITIATIVE (GRI G4) (GRI INDEX, PAGES 94–99) GRI FINANCIAL SERVICES SECTOR SUPPLEMENT UNITED NATIONS GLOBAL COMPACT (UNGC) COP	
OTHER STANDARDS	AA 1000SE STANDARD (ACCOUNTABILITY: 2011)	
SCOPE	DEPENDING ON THEIR AVAILABILITY, CERTAIN DATA RELATE TO THE TWO MOST IMPORTANT FACILITIES OF THE BANK, ITS HEADQUARTERS IN BELGRADE AND NOVI SAD, WHILE OTHER DATA ALSO INCLUDE ALL BRANCHES OF ERSTE BANK THROUGHOUT SERBIA. OTHER MEMBERS OF ERSTE GROUP IN SERBIA (PAGE 10) ARE NOT INCLUDED IN THIS REPORT.	
EXTERNAL VERIFICATION	/	
CONTACT PERSON	<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>	



ERSTE



BANK



To achieve its goal of fully responding to the needs and expectations of its stakeholders, the Bank relies on 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 an 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 2014, ERSTE BANK A. D. NOVI SAD
<p>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 13–14).</p>	<p><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).</p>
<p><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.</p>	<p>THE PRIORITY ASPECTS OF REPORTING RELATE TO 2014 AND THE ENTITIES DEFINED BY THE BANK AS INCLUDED (PAGE 89). 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.</p>
<p>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.</p>	<p>IN ACCORDANCE WITH THE GLOBAL TRENDS IN REPORTING, ERSTE BANK CONTINUES TO PRESENT DATA IN THE REPORT IN A CONSISTENT AND CONTINUOUS MANNER, RELYING ON THE GRI METHODOLOGY FOR THE FOURTH CONSECUTIVE YEAR, WHICH ENSURES <b>COMPARABILITY</b> RELATIVE TO THE PREVIOUS REPORTING PERIODS AND OTHER NATIONAL AND INTERNATIONAL COMPANIES.</p>
<p>AS PART OF THE REPORTING PROCESS IMPROVEMENT, THE BANK DEVELOPS AND IMPROVES ITS DATA MONITORING AND COLLECTION METHODS, GUARANTEEING THE <b>ACCURACY</b> OF THE INFORMATION.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>

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\* according to the estimate by the authors of the report

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	GRI AREAS AND INDICATORS	2011	2012	2013	2014	PAGE
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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 REPORT IS PREPARED IN LINE WITH THE CORE OPTION OF GRI G4 GUIDELINES. ADDITIONALLY, SOME REQUIREMENTS FOR THE COMPREHENSIVE OPTION HAVE BEEN MET: G4-2, G4-35, G4-38 THROUGH G4-42, G4-51, G4-52, G4-57, G4-58.

# THE BANK IS THE PEOPLE!

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Erste Bank a. d. Novi Sad  
Corporate Social Responsibility Report 2014

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We invite you to send your comments, proposals, suggestions and questions regarding corporate social responsibility of Erste Bank in Serbia to:  
[dop@erstebank.rs](mailto:dop@erstebank.rs)

ШКОЛЦИ

Балин календичи у порте од 1 до 7.  
Ако породиш неко порега почни га сакити од тебе, на порега  
порега. На порега 4 и 5 сакити од тебе, на порега 6  
порега. На порега 7 сакити од тебе, на порега 8  
порега. На порега 9 сакити од тебе, на порега 10  
порега. На порега 11 сакити од тебе, на порега 12  
порега. На порега 13 сакити од тебе, на порега 14  
порега. На порега 15 сакити од тебе, на порега 16  
порега. На порега 17 сакити од тебе, на порега 18  
порега. На порега 19 сакити од тебе, на порега 20  
порега. На порега 21 сакити од тебе, на порега 22  
порега. На порега 23 сакити од тебе, на порега 24  
порега. На порега 25 сакити од тебе, на порега 26  
порега. На порега 27 сакити од тебе, на порега 28  
порега. На порега 29 сакити од тебе, на порега 30  
порега. На порега 31 сакити од тебе, на порега 32  
порега. На порега 33 сакити од тебе, на порега 34  
порега. На порега 35 сакити од тебе, на порега 36  
порега. На порега 37 сакити од тебе, на порега 38  
порега. На порега 39 сакити од тебе, на порега 40  
порега. На порега 41 сакити од тебе, на порега 42  
порега. На порега 43 сакити од тебе, на порега 44  
порега. На порега 45 сакити од тебе, на порега 46  
порега. На порега 47 сакити од тебе, на порега 48  
порега. На порега 49 сакити од тебе, на порега 50  
порега. На порега 51 сакити од тебе, на порега 52  
порега. На порега 53 сакити од тебе, на порега 54  
порега. На порега 55 сакити од тебе, на порега 56  
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порега. На порега 83 сакити од тебе, на порега 84  
порега. На порега 85 сакити од тебе, на порега 86  
порега. На порега 87 сакити од тебе, на порега 88  
порега. На порега 89 сакити од тебе, на порега 90  
порега. На порега 91 сакити од тебе, на порега 92  
порега. На порега 93 сакити од тебе, на порега 94  
порега. На порега 95 сакити од тебе, на порега 96  
порега. На порега 97 сакити од тебе, на порега 98  
порега. На порега 99 сакити од тебе, на порега 100  
порега.



R E S  
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