



THE BANK IS THE PEOPLE!

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ERSTE BANK A. D. NOVI SAD /

CORPORATE SOCIAL RESPONSIBILITY REPORT 2015



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Erste Bank a. d. Novi Sad

Corporate Social Responsibility Report 2015



Foreword

SLAVKO CARIĆ

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

Dear colleagues and friends,

The 8th Erste Bank Corporate Social Responsibility Report, which I have the great pleasure of presenting to you, refers to the year in which we celebrated an important anniversary – 10 years of operation in Serbia. The first decade of our work was marked by a turbulent and challenging period, but it was precisely the anniversary year that was the most successful business year for us, whereby we once again underlined our commitment to the development of modern banking in our country, as well as the communities in which we operate. During the previous 10 years, since the takeover of Novosadska Banka, which had been a symbol of successful business, but in a completely different environment, we have become a modern bank that provides competitive comprehensive products and services, responding to the needs of all social stakeholders: citizens, entrepreneurs, companies and the public sector. At the same time, we are proud that we have preserved the best from the long tradition we inherited – a culture in which people always come first.

In the year in which we mark our anniversary, we once again confirmed our strategic commitment to corporate social responsibility being an integral part of all our processes by adopting our new CSR (Corporate Social Responsibility) Strategy for the period 2015–2019. The new Strategy involves an even closer integration of corporate social responsibility into our core activity, with the focus on responsible financing and financial inclusion of individuals and groups who have more difficulty accessing financial services. One of the most important initiatives in this direction is the establishment of the Step by Step programme that will include, in addition to access to financial services for these groups, equally important mentoring support, education and financial literacy elements. In addition, the new Strategy provides for further development of management of our impacts through the supply chain in accordance with one of the most important trends in the CSR development, which involves expanding the company's responsibility to its indirect impacts as well.

When it comes to retail operations, in 2015 we continued improving our online channels, which present the future of the banking business, as well as developing the accessibility of our products to vulnerable groups. We are proud of our first specialised branch for our senior citizens, which was opened in Novi Sad during 2015. Our many years of efforts invested in the improvement of the products and services that we offer to our customers brought exceptional business results as well – in 2015 our retail department achieved the best result since the beginning of the Bank's operation in Serbia.

The Report you have before you was prepared, as in the previous four years, in accordance with the most relevant internationally accepted guidelines of the Global Reporting Initiative – GRI, presenting our understanding of corporate social responsibility in a systematic and transparent way – from setting the strategy and identifying priority topics to measuring and presenting performance, initiatives realised and results achieved. In accordance with the suggestions of the UN Global Compact, for the first time we also introduced reporting related to our contribution to the implementation of the Women's Empowerment Principles defined by the UN Women organisation, which the Bank supported back in 2012, among the first signatories in Serbia. The aim of publishing this Report is to respond to the questions and topics of importance to you, our partners and colleagues, so your suggestions and impressions are precious to us in making the next report even more relevant.

Participation in the work of business associations dedicated to corporate social responsibility, as well as cross-sectoral platforms, public debate and sharing of good practices in the field of sustainability remains our priority in the future.

I invite you to continue to accept constructively new challenges and achieve new successes together, as partners and allies, in the next ten years, and I would like to thank once again all our employees and customers, who confirm what is deeply rooted in our business strategy – the Bank is the people.

Cordially,
Slavko Carić



Foreword

ANDREA BRBAKLIĆ

HEAD OF COMMUNICATION DEPARTMENT AND HUMAN RESOURCES DEPARTMENT

Dear friends,

In the year behind us, we had many reasons to be proud and celebrate – Erste Bank marked the 10th anniversary of its operation, we achieved the best result compared to all previous years and confirmed our strong commitment to make corporate social responsibility an integral part of our business model by adopting our new CSR Strategy.

An anniversary is always a good opportunity to reflect on the results achieved and the progress made and to express gratitude to those without whom we would not have achieved all this – to our dedicated employees, always ready for new ideas and improvement, and to our customers with whom we develop partner relationships of trust and dialogue. We placed the investment in employee development among our top priorities, thus contributing to their expertise and improvement of business processes, but also to their motivation and job satisfaction. Therefore, it is not surprising that last year alone over 21,000 hours of employee training were organised, in which almost RSD 36 million was invested.

With the same aim, we improved our remuneration policy during last year, particularly for our colleagues in the Sales Department. In communication with our customers, we continued to foster transparency, as well as to be even more accessible by constantly introducing new communication channels. The high level and stability of our customer satisfaction index year after year, which was 91.5% in 2015, tells us that we are on the right track.

When it comes to support to the community, in 2015 we conducted the first complete cycle of an innovative donation platform superste.net, which includes our earlier donor support programmes, redesigned and adapted to the novelties brought to us by the development of technology, along with a faster way of living, new forms of connection and communication. We approached the community and involved it directly in project selection – as many as 60,000 people voted for the projects submitted in the virtual space created by the Superste Project, 40 best organisations got mentoring support for the development of their ideas and we financially supported 11 best as well as 11 exceptional young individuals in the realisation of their responsible programmes for the development of society. We also inform our employees and get them acquainted with the importance of support to the community, and we invite them to get involved – our Bank has eight full years of volunteering tradition, with more than 200 colleagues donating almost 1,100 hours in seven different campaigns in 2015.

In the following pages, you will find many other initiatives and activities we

present to you with the aim of providing a comprehensive and detailed insight into the way in which we set and achieve our strategic priorities. We take pride in being one of the first companies in Serbia that introduced corporate social responsibility reporting as a practice, and today, eight years later, we continue applying and promoting high reporting standards in the context in which it becomes imperative, with the public showing more and more interest in different aspects of CSR. We hope that all of you, our partners and associates, will find in this year's report topics that are important to you, as well as ideas and inspiration for future joint endeavours.

Cordially,
Andrea Brbaklić

HOW TO READ THIS REPORT?

The 2015 Report, the eighth Erste Bank Corporate Social Responsibility Report, brings an overview of results achieved and activities realised in all business areas – corporate governance, customer relations, work environment, investment in local community, environmental protection and supply chain management. Our approach to reporting arises from the Bank's strategic commitment to manage responsibly the impacts its business has on the social and natural environment.

We recommend all our readers to view this Report as a whole in order to gain a full and consistent insight into our strategic directions and corresponding activities and results. If, however, you focus on specific parts of the Report, we draw your attention to the areas and topics that may be of the greatest importance to different stakeholders.

IF YOU ARE...

A representative of the business sector

See how Erste Bank achieves the sustainability of its business and tries to give example by taking a proactive role in promoting successful 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.
- SUSTAINABILITY MANAGEMENT: "STRATEGIC APPROACH TO CSR", PAGE 12.
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 21.

A colleague from the banking sector

Read more about our responsible financing practices, as well as about the development of products and services for groups and individuals with difficult access to financial services. In addition, get informed of our involvement in

business and CSR associations, as well as about our advanced practices in the field of digital communication channels and services.

- RESPONSIBLE FINANCING AND COMMUNICATION: "RESPONSIBILITY TO CUSTOMERS", PAGE 44.
- INVOLVEMENT IN JOINT INITIATIVES: "COMPANY PROFILE", PAGE 32.

An Erste Bank employee

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

- "OUR PEOPLE", PAGE 33.

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. We particularly draw your attention to the development of products for small start-ups, entrepreneurs and social enterprises, with the aim of contributing to financial inclusion.

- PRODUCTS AND SERVICES, CUSTOMER SATISFACTION AND TRANSPARENT COMMUNICATION: "RESPONSIBILITY TO CUSTOMERS", PAGE 44.
- BUSINESS RESULTS, STRATEGIC APPROACH AND CORPORATE VALUES: "COMPANY PROFILE", PAGE 6.
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 21.

Our fellow citizen

See how Erste Bank contributes to the development of local communities and to environmental protection, as well as how we impact the general 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 84.
- CSR STRATEGY AND KEY IMPACTS, RISKS AND OPPORTUNITIES IN THE SUSTAINABILITY CONTEXT: "STRATEGIC APPROACH TO CSR", PAGE 12.

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

- FINANCIAL RESULTS: "COMPANY PROFILE", PAGE 6.
- SUSTAINABILITY MANAGEMENT: "STRATEGIC APPROACH TO CSR", PAGE 12.
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 21.
- SUPPORT TO BUSINESSES: "RESPONSIBILITY TO CUSTOMERS", PAGE 44.

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 through 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.
- SUSTAINABILITY MANAGEMENT: "STRATEGIC APPROACH TO CSR", PAGE 12.
- GOOD CORPORATE GOVERNANCE: "GOOD CORPORATE GOVERNANCE", PAGE 21.

Our supplier or a business interested in becoming part of our supply chain

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

- SUPPLIER SELECTION AND CSR PRACTICES: "RESPONSIBILITY IN SUPPLY CHAIN", PAGE 61.
- INITIATIVES IN LOCAL COMMUNITY: "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", PAGE 66.

A media representative

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

- MARKETING AND EXTERNAL COMMUNICATIONS: "RESPONSIBILITY TO CUSTOMERS", PAGE 44.
- INITIATIVES OF SIGNIFICANCE FOR THE COMMUNITY: "RESPONSIBILITY TO CUSTOMERS", PAGE 44.
- "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", PAGE 66.

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 AND VOLUNTEER ACTIVITIES: "OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE", PAGE 66.
- ENVIRONMENTAL INITIATIVES: "RESPONSIBILITY TO THE ENVIRONMENT", PAGE 84.
- RESPONSIBLE FINANCING: "RESPONSIBILITY TO CUSTOMERS", PAGE 44.

1 • COMPANY PROFILE

1 • 1 Erste Group – Sustainability in Focus

Erste Group was founded in 1819 in Vienna as Erste Österreichische Spar-Casse. The founders of this first private savings bank wanted to build a financial institution open to all, so, for the first time, people with low income were allowed to open bank accounts. The 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 Chapter “Our Fellow Citizens in the Communities in Which We Operate”, in pages 80–82).

Erste Group and its savings banks are a result of the work of some ten generations of bankers who worked with them. In its almost two-hundred year long history, Erste Group was witness to the best and the worst of times – economic upturns and downturns, wars, revolutions and conquests of freedom – and was always open to its customers and partners.

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

Erste Group's Business Position:

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

Key operating results in 2015:

- Total assets: EUR 199.7 billion
- Operating profit: EUR 2,902.9 million
- Net profit: EUR 968.2 million
- Return on equity: 9.3%.

Detailed financial report of Erste Group may be found at www.erstegroup.com

"A net profit of nearly 1 billion euros, a strong capital base and substantially lower risk costs for 2015 show that we have done our homework," said Andreas Treichl, CEO of Erste Group Bank AG, at the presentation of the results. "The interest rate environment remains challenging and the impact can be seen in the reduction of our operating result. On a positive note, we have seen solid growth in lending, equally driven by the retail and corporate business."

"Our result shows that we belong to the small group of banks that are able to earn their cost of capital. We will do our utmost in the coming years, even if the environment for our industry remains difficult, to maintain our position on the market. Our strong result allows us to do three things: continue to fund growth in our markets, strengthen our capital base and pay dividends", added Treichl.



EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE

**ČESKÁ
SPORITELNA A.S.**

CZECH REPUBLIC
Nº of branches: 621
Nº of customers: 4.8 million
employees: 10,501

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

AUSTRIA
Nº of branches: 952
Nº of customers: 3.4 million
employees: 15,646

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

CROATIA
Nº of branches: 157
Nº of customers: 1.2 million
employees: 2,851

**SLOVENSKÁ
SPORITEL'ŇA, A.S.**

SLOVAKIA
Nº of branches: 291
Nº of customers: 2.3 million
employees: 4,205

**ERSTE BANK
HUNGARY ZRT.**

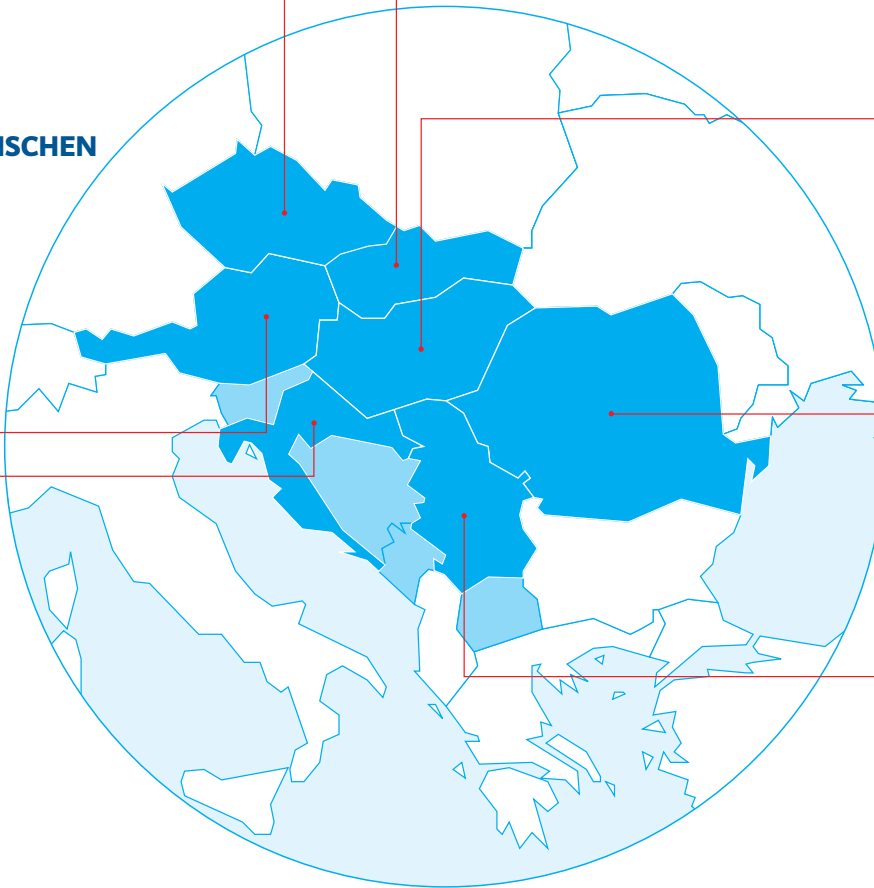
HUNGARY
Nº of branches: 128
Nº of customers: 0.8 million
employees: 2,813

**BANCA COMERCIALĂ
ROMÂNĂ S.A.**

ROMANIA
Nº of branches: 511
Nº of customers: 2.9 million
employees: 7,065

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

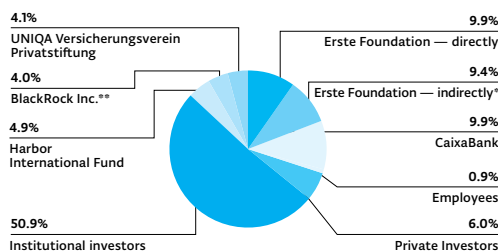
ERSTE BANK a. d. Novi Sad
Nº of branches: 75
Nº of customers: 0.4 million
employees: 1,027



Sustainability Indices

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

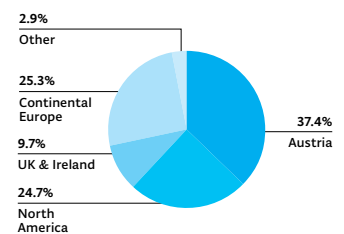
**SHAREHOLDER STRUCTURE
AS OF 31/12/2015 BY INVESTOR**



* Includes voting rights of Erste Foundation, savings banks, savings bank foundation and Wiener Städtische Wechselseitige Versicherungsverein.

** Based on voting rights of shareholders

**SHAREHOLDER STRUCTURE
AS OF 31/12/2015 BY REGION**



1 · 2 Erste Banka in Serbia – Tradition and Innovativeness

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

Erste Bank provides comprehensive support to the citizens and economic entities of Serbia with the aim of fulfilling their financial needs and goals, striving to expand the base of satisfied customers and increase its market share in key segments, with technologically advanced and innovative solutions and investment in human development as the most important drivers of further growth.

As in the entire Erste Group, corporate social responsibility is deeply engrained in the Bank's identity in Serbia as well. A responsible approach to all business aspects enables us to create sustainable value for all our stakeholders, providing universal financial services, and to contribute actively, together with them, to the development of the local community and society as a whole.

Erste Bank a.d. Novi Sad in brief (as of 31/12/2015):

- Serves over 370,000 customers.
- Employs 1027 employees.
- Has a network of 75 retail business units and three 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.

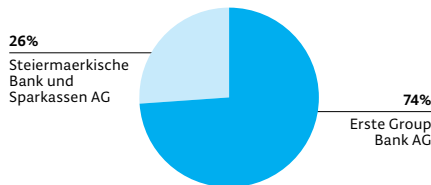
Erste Bank's values:

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



In 2015 Erste Bank marked an important anniversary – 10 years of its operation in Serbia, after the acquisition of Novosadska Banka in 2005. The anniversary was celebrated in an unusual way, with an event named "10 Years of Banking", a big party for customers, partners and the community, with Zoran Kesić and the Njuz. net portal team being in charge of its original content. In his recognisable manner, Zoran Kesić conducted a witty and informal "interview" of the Bank's CEO Slavko Carić and other members of the top management who presented the previous results but also the plans, inviting customers to join the bank in the quest for new victories, with positive energy, as partners and allies. The guests particularly enjoyed and reacted with a lot of smiles and applause to our customer Dragan Popović wittily describing his relationship with the Bank, with which many identified. Most importantly, with this event we once again expressed our deepest gratitude to our customers and the community in which we operate, confirming what is deeply rooted in our business strategy – the Bank is the people!

SHAREHOLDER STRUCTURE BY INVESTOR AS OF 32/12/2015



Other Erste Group members in Serbia:



Erste Bank a.d. Novi Sad is a majority owner of S-Leasing d.o.o. with an equity stake of 75%, while 25% is owned by Steiermaerkische Bank und Sparkassen AG, Graz, Austria.



Accessibility of Facilities

It is our commitment to improve financial inclusion in all aspects, including physical accessibility of our facilities. The office buildings of our Bank in Belgrade and Novi Sad, as well as 26 business units of the Bank, have been adapted to enable autonomous access to persons with disabilities, accounting for 34.21% of all our business facilities, relative to 32.39% during 2014.

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. By adapting four branches in 2015, now six branches in total have installed tactile surfaces on the floor, clearly leading persons with visual impairments to the nearest teller's counter and advisor's desk.

Three branches with more than three teller's desks were adapted in 2015, so now four branches have a clearly marked part of the teller's counter of appropriate height for work with persons in wheelchairs and an induction loop, which enables direct unhindered communication of the teller with persons who use new-generation hearing aids.



Sirius Offices in 2017 in Novi Beograd

Ten years after the arrival of Erste Bank in the Serbian market, in the presence of Siniša Mali, Mayor of Belgrade, city and other officials, as well as business partners, we formally marked the start of the construction of Phase I of the Sirius Offices business complex, which will be located at the corner of Milutina Milankovića Boulevard and Antifašističke Borbe Street in Belgrade. The office buildings, in the construction of which (Phase I) Erste Group will invest EUR 39 million, will cover a gross area of 18,500 square meters of office premises, commercial premises and stores, with 230 parking spaces in underground garages.

Sirius Offices will be built in two phases. The Phase II construction of an additional gross area of 12,500 square meters and 160 parking spaces is planned as well. The Phase I construction is planned to be completed in March 2017, when the building will receive its first users. The guiding idea of the Sirius projects is environmental sustainability, so the buildings will be constructed according to the highest environmental standards in order to provide ideal working conditions and optimize costs to users.



Key business results in 2015:

- **Loans to retail and micro customers** increased by 11.7% relative to the end of 2014 to RSD 33 billion; **deposits** of retail and micro customers rose by 12.2% to RSD 43.7 billion
- **Corporate loans** increased by 31.7% relative to the end of 2014 to RSD 49.6 billion; corporate **deposits** increased by 29.4% to RSD 26.5 billion
- **Interest income** increased by 15.1% relative to the same period of 2014 and amounted to RSD 5,268.8 million, whereas **fee and commission income** fell by 5.7% to RSD 1,649.6 million
- **Net profit** in 2015 amounted to RSD 1,189.5 million
- **Balance sheet total** went up by 20.2%, from RSD 97.8 billion at the end of 2014 to RSD 117.5 billion at the end of 2015
- **Capital adequacy** is safely above the NBS regulatory minimum and is 17.28%.

"We recorded growth in all key business segments in 2015. We are committed to long-term and stable partnership with companies and customers, and the profit we made will be used, as before, for strengthening the Bank's capital base and new investment in Serbia. Support to projects oriented towards community improvement continues to be one of our strategic commitments in the future as well," stated Slavko Carić, CEO of Erste Bank a. d. Novi Sad, when presenting annual results.

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

1 · 3 Strategic Approach to Corporate Social Responsibility

Erste Bank has systematically been incorporating corporate social responsibility into its business since 2009, which makes it one of the first companies in Serbia approaching this topic in a strategic manner. The first CSR Strategy was adopted for 2009–2011, while the Strategy for 2012–2014 was prepared by revising its main directions.

During the six-year period of strategic approach to incorporating corporate social responsibility into our business the following most important results were achieved:

- The Bank has been recognised year after year in the financial and business sector, as well as by professional community, as one of the leaders in the area of corporate social responsibility.
- The Natural and Social Environment Protection Policy and the Responsible Financing Policy were adopted, raising the practices of corporate social responsibility in our core business to a significantly higher level.
- The practices in the fields of microbanking, support to young entrepreneurs through the Superstep programme and to social enterprises were significantly developed.
- CSR aspects were included in the standard criteria for supplier selection, which makes the Bank one of few companies in Serbia that systematically improve CSR practices in their supply chain.
- Investments in employee development, as well as care of their health and safety are raised to a higher level year after year.
- Investments in the community were consolidated and improved by the Superste online platform.
- Although the Bank has no significant environmental impacts, the improvement in the resource management process reduced consumption according to all major parameters (energy, water, waste, transport).

In 2015, the new CSR Strategy for 2015–2019 was adopted, based on the main directions set by the strategy applying in the previous period and upgraded in accordance with the achieved results and the current external environment.

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, 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, priority topics and related activities. The areas are permanent elements of the framework and the Strategy of the Bank and, in addition to arising from the definition of the Bank's corporate social responsibility, they arise from the previously conducted situation analysis, especially the CSR trend analysis, evaluation of the results of implementation of the Bank's previous Strategy and the analysis of stakeholders' views and expectations. Topics and related activities within each area may change in the medium term depending on the current internal and external contexts. In accordance with this, action plans are updated for each area as well.

The Basic Principles of the CSR Strategy:

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

Achievements in 2015:

- ✓ The new CSR Strategy for 2015–2019 was adopted
- ✓ The CSR Report was published in compliance with the new version of the G4 GRI methodology guidelines
- ✓ The implementation of the Natural and Social Environment Protection Policy and the Responsible Financing Policy was continued.



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



THE STRATEGY AREAS ARE SET SO AS TO ALLOW THE BANK TO MEET REASONABLE EXPECTATIONS AND NEEDS OF ALL STAKEHOLDERS PRESENTED ON THE MAP (PAGES 14–15)



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



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

In order to determine the successfulness of the Strategy implementation and the degree of achievement of the set goals, Erste Bank monitors the performance indicators defined in the annual action plans for each of the areas. Monitoring and measurement process also significantly contributes to greater transparency and quality of CSR reporting (About this Report, page 94).

Compared to the previous strategy, this strategy brings two new important elements:

1. An even stronger linking of corporate social responsibility with the core business, through the focus on the financial inclusion of individuals and groups who have difficulties accessing financial services, by establishing the Step by Step programme. In addition to access to financial services, the programme will include equally important mentoring support, education and financial literacy elements. Read more about the programme in the "Responsibility to Customers" chapter, page 44.

2. The introduction of responsibility in the supply chain as a separate area of the Strategy, in accordance with one of the most important trends in the CSR development, which involves expanding the company's responsibility to its indirect impacts through supply chain. Read more about the initiatives in this area in the "Responsibility in Supply Chain" chapter, page 61.

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

Our Key Stakeholders

Stakeholder engagement is of key importance for the strategic approach to corporate social responsibility, but also for the long-term sustainability and success of any company. It means that the company will identify, understand and respond to the issues of importance to its stakeholders, using appropriate two-way communication channels. Responsibility and transparency mechanisms are thus established.

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



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

BUSINESS COMMUNITY	SALES NETWORK OF ERSTE BANK IN SERBIA AND ERSTE GROUP SUBSIDIARY FOUNDED IN SERBIA	CONFERENCES, EVENTS, MEETINGS, CSR REPORT, BANK WEBSITE
	BUSINESS ASSOCIATIONS PROMOTING CSR	CONFERENCES, EVENTS, MEETINGS, CSR REPORT, BANK WEBSITE
	OTHER BUSINESS ASSOCIATIONS	CSR REPORT, BANK WEBSITE
	OTHER	CSR REPORT, BANK WEBSITE
CUSTOMERS	INDIVIDUALS	BRANCHES, BANK WEBSITE, CSR REPORT, SOCIAL NETWORKS
	CORPORATES – SMALL ENTERPRISES AND ENTREPRENEURS	BRANCHES, BANK WEBSITE, CSR REPORT, SOCIAL NETWORKS
	CORPORATES – SMALL AND MEDIUM-SIZED ENTERPRISES AND LARGE CUSTOMERS AND PUBLIC SECTOR	BRANCHES, BANK WEBSITE, CSR REPORT, MEETINGS, CONTRACTS
ENVIRONMENT	/	N/A
COMMUNITY	LOCAL LEVEL (IN PLACES WHERE THE BANK OPERATES)	BRANCHES, BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
	NATIONAL LEVEL	MEDIA, BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
NON-PROFIT ORGANISATIONS	CONSUMER ASSOCIATIONS	BANK WEBSITE, SOCIAL NETWORKS
	PARTNERS	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT, MEETINGS, E-MAIL COMMUNICATION
	OTHER	BANK WEBSITE, SOCIAL NETWORKS, CSR REPORT
MEDIA	SPECIALISED (ECONOMY, FINANCE AND BANKING)	INTERVIEWS, ARTICLES
	NATIONAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
	LOCAL	INTERVIEWS, ARTICLES, QUERIES, BANK WEBSITE, SOCIAL NETWORKS
PUBLIC INSTITUTIONS	REGULATORY BODIES	BANK WEBSITE, PROFESSIONAL CONFERENCES
	PUBLIC ADMINISTRATION INSTITUTIONS	BANK WEBSITE, PROFESSIONAL CONFERENCES
	PARTNERS ON PROJECTS	BANK WEBSITE, CSR REPORT, MEETINGS, E-MAIL COMMUNICATION
	LOCAL SELF-GOVERNMENTS (IN PLACES WHERE THE BANK OPERATES)	BANK WEBSITE, PROFESSIONAL CONFERENCES

For the purpose of preparing the Corporate Social Responsibility Strategy, during March 2015 stakeholder views were collected via a questionnaire distributed electronically to stakeholder representatives in all relevant groups. This survey related to external stakeholders, while the views of internal stakeholders were gathered at the meetings with the representatives of Bank organisational units.

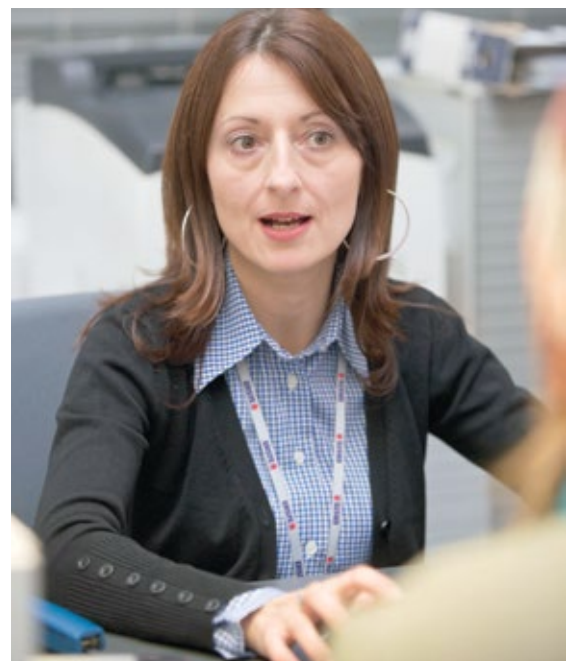
The aim of the questionnaire was to gain insight into the stakeholder's views and expectations, which is extremely important for a proper identification of relevant topics and priorities in corporate social responsibility. The questionnaire included economic, social and environmental protection topics recognised as relevant in the strategic direction of Bank corporate social responsibility so far, and the stakeholders were asked to rank them by importance, from their own perspective.

The following topics stood out as the most relevant to the stakeholders:

- Responsible communication towards customers
- Promotion of CSR in the business sector
- Employee development and improvement
- Anti-corruption and competition protection
- Health and safety at work

This result shows the stakeholders' well-developed awareness of the fact that the company's priorities should be aligned with the greatest impacts it makes through its core activity. The highly-ranked topic "Promotion of CSR in the business sector" confirms that the Bank is perceived as leader in this area and a role model to its partners. Employees are also recognised as the most important resource for any company, while the other topics reflect the current problems in the society. Most importantly, the overall results of the questionnaire indicate that the Bank is on the right track and that it meets the expectations of its stakeholders with its strategic commitment and activities so far.

The stakeholder consultation results are one of the key starting points in setting the Corporate Social Responsibility Strategy and are incorporated into all steps of Strategy preparation, as well as into setting the structure of the Corporate Social Responsibility Report.





Sustainability Management

Strategic approach is a prerequisite for the success and durability of CSR initiatives, thus requiring the top management 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 Executive Director of the Communication Department, who reports to the CEO of the Bank.

Socio-environmental Risk Management

We in Erste Bank are aware that our impacts on the society and environment cannot be limited solely to direct impacts of our activity, but that they also include the impacts of the activities of all our customers. Therefore, when assessing customers and selecting projects the Bank will finance, special attention is paid to the principles and objectives of natural and social environment protection management, which are defined in the policy under the same name adopted in 2012. In addition to the principles and objectives, **the Natural and Social Environment Protection Policy**, whose preparation, but also implementation, involves several divisions, also provides for the actions to be taken with the aim of analysing and mitigating possible negative impacts.

In June 2013, the **Responsible Financing Policy** was also adopted, with the intention of defining, based on 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.

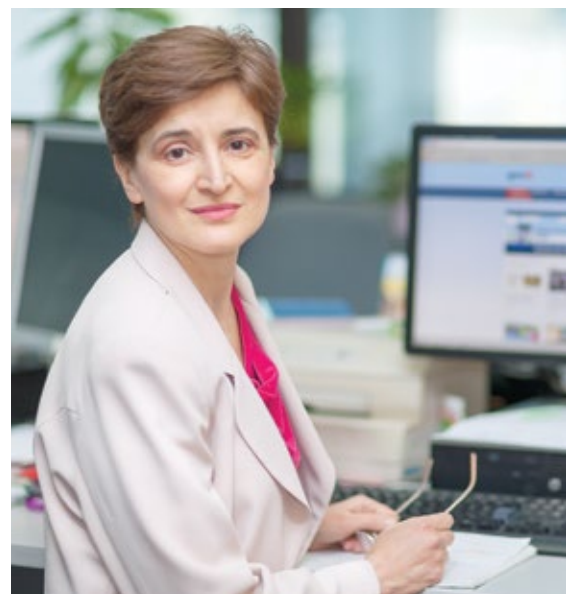
Read in more detail about the application of our policies in this area in chapter "Responsibility to Customers", page 44.

Contribution of Erste Bank to Sustainability

In addition to taking into consideration the social and environmental performance of the companies in which it invests, the Bank supports projects with significant social and environmental impacts, such as investment in renewable energy sources and energy efficiency (page 92). 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 50–52).

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

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



Contribution of Erste Bank to GDP:

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





ERSTE  BANK



2 • GOOD CORPORATE GOVERNANCE



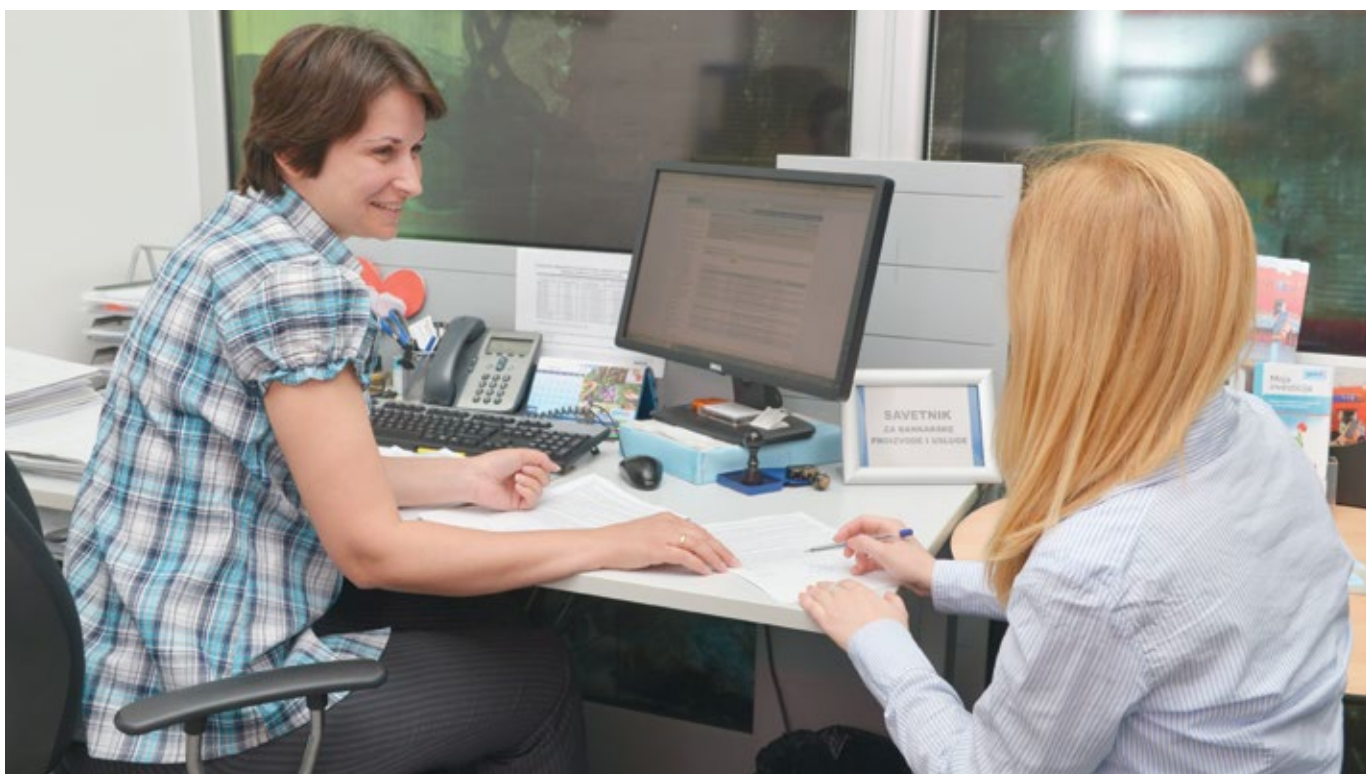
In accordance with our CSR Strategy, our goal in this area is to improve the existing good CSR practices and promote their application in the business community, focusing on the following priority areas:

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

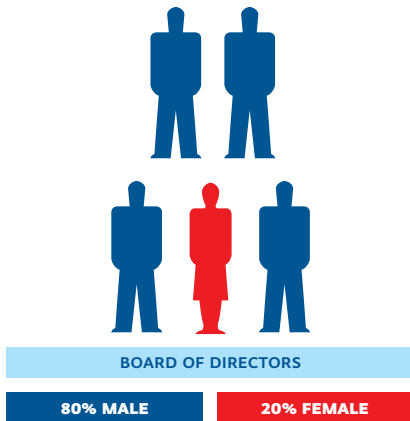


In addition to the CSR Strategy, good corporate governance practices are defined and guaranteed by the following strategic documents adopted by the Bank:

- General Business Conditions
- Banking Code of Conduct
- Articles of Association of Erste Bank a.d. Novi Sad
- Procedure for preventing conflicts of interest in Erste Bank a.d. Novi Sad (for Compliance and Security Risk Management Department and bank management)
- Gift policy
- Policy for managing conflicts of interest
- Compliance regulations
- AML/TF programme
- Programme for compliance with anti-monopoly regulations
- Financial Crime Risk Management Policy
- Whistleblower Protection Policy
- Procedures for establishing employee responsibility
- Performance management policy
- Remuneration policy
- Waste management procedure
- Erste Group energy management policy



2·1 Transparent Governance Practices

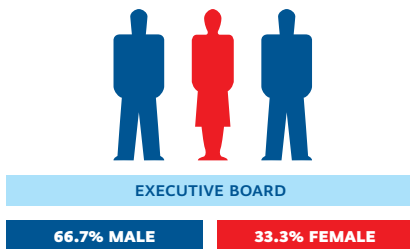


The Erste Bank Board of Directors comprises five members:

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

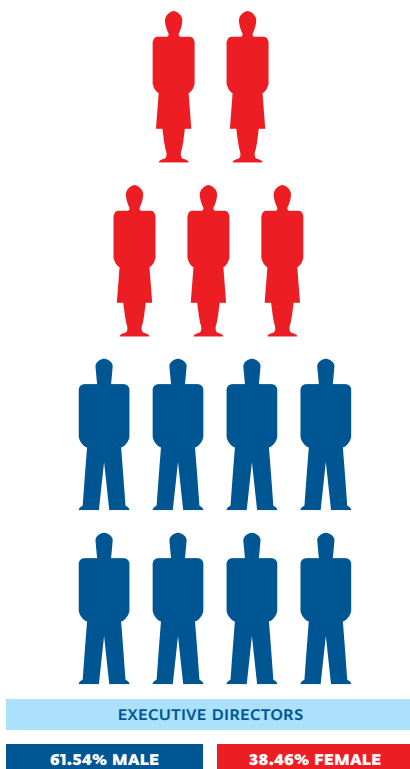
The Executive Board comprises three members:

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



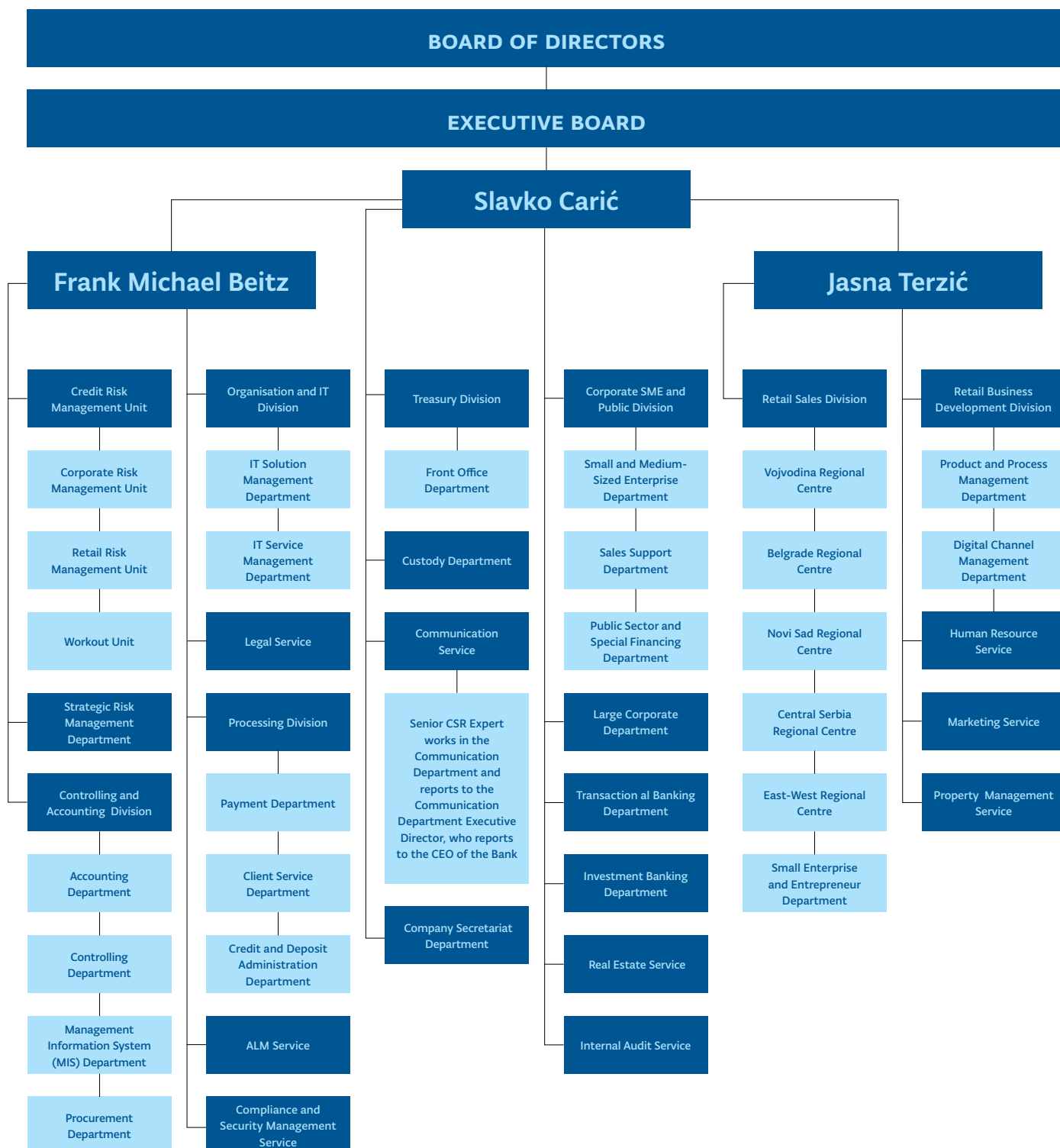
The age structure of the Executive Board:

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



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

All the stated data are as of 31 December 2015.



**ORGANISATIONAL CHART OF
ERSTE BANK A.D. NOVI SAD
AS OF 31/12/2015**

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 Chairman. Members of the Executive Board are elected by the Board of Directors. 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 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 Chairman. The Chairman of the Executive Board represents the Bank. When entering into legal transactions and taking legal actions within the purview of the Executive Board, the Chairman of the Executive Board must obtain the signature of one member of this Board. The EB members are permanent, full-time employees of the Bank. 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. The legal provisions relating to the appointment of members of the Board of Directors apply accordingly to the appointment of members of the Executive Board. According to the Bank Articles of Association, a member of the Board of Directors may not be a member of the Executive Board at the same time. The next management level of the Bank are executive directors of divisions and departments.

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



internal and external reports and submits its findings and conclusions about the existence of any conflict of interest, together with proposals for resolving them, in the case of members of the Executive Board, to the Board of Directors, which gives its approval of the proposal of the Compliance Department.

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 Chairman and members are regulated by the Bank Law, the Bank's Articles of Association, the Rules of Procedure of the Executive Board, as well as the decisions of the Board of Directors. The EB is responsible for its work to the Board of Directors and to the shareholders of the Bank. 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 or e-mail.

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





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

E-mail address otvoreno@erstebank.rs is open for any questions, proposals, ideas or suggestions of employees

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

Risk Management and Internal Audit

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

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

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

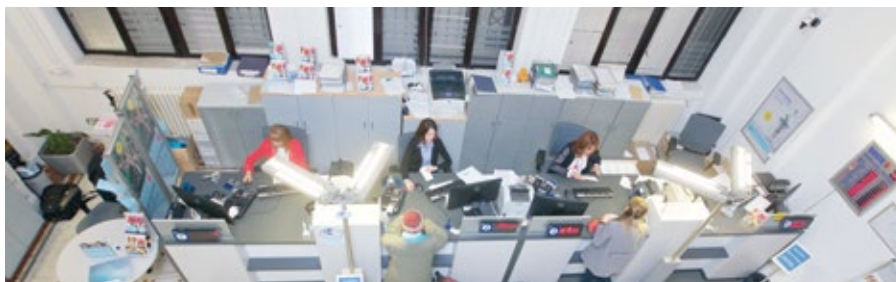
- Credit risk, including residual risk, asset impairment risk, settlement/delivery risk, counterparty risk and currency-induced credit risk
- Liquidity risk
- Interest rate risk

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

The role of internal audit is 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 to the top management accordingly. The second role of internal audit relates to the provision of consulting services upon the management's request. The result of internal audit's work is an audit report with recommendations that aim to add value to a particular process.

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 practice, they are subject to two types of audits: one performed by the Group and one performed by certified reviewers of internal audit quality.

The work quality assessment obligation is provided for by the International Standards for the Professional Practice of Internal Auditing. During 2015, the KPMG experts from Austria and Serbia conducted a work quality assessment of the internal audit at the level of the Holding Company and all member banks of Erste Group, including Erste Bank Serbia. It was determined based on the assessment results that the work quality of internal audit at Erste Bank a. d. Novi Sad, as well as at the whole Erste Group, complied with the International Standards for the Professional Practice of Internal Auditing, as well as with the best practice of the profession.



2 · 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 has adopted the document "Anti-corruption Policy", which covers this subject-matter, and according to which any form of corruptive behaviour is strictly forbidden. In addition to a number of adopted policies and procedures (page 22), 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.

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.



No corruption risk analysis by business unit was made in 2015. Since the corruption risk management was placed within the competence of the Financial Crime Risk Management Unit, the Unit made an assessment of the corruption risk at the Bank level as an input for defining a new Corruption Risk Management Policy. The above risk assessment found a medium risk level at the Bank level, taking into account external factors as high-risk factors (overall state in the country by experts' estimate) and internal factors, i.e. the existing mitigation measures that significantly reduce external risks.

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. No special training of the EB members was conducted during 2015, because in earlier years all EB members had received all necessary trainings, but all of them were involved in adopting all new documents and updating the old documents in this area, so when adopting them – in addition to familiarising themselves thoroughly with their content – they improved them with their proposals and comments.

As part of the training for new employees, the Compliance Department conducts monthly training concerning non-financial risks, financial crime risks, general provisions on the conflict of interest, corruption and reputational risk. Training in handling the information relevant for compliance is conducted annually for the so-called confidentiality units, as a reminder to the employees exposed to corruption risks and reputational risks. The training is conducted in direct communication by using presentations. In addition, once a year, all Bank employees receive general training through e-learning in connection with conflict-of-interest management and reputational risk prevention. During 2015, these training courses were attended by 21 existing employees and 109 new employees, of whom 97.7% were non-managers and 2.3% were managers. Looking forward, the plan is to integrate the anti-corruption training through the system of e-learning and e-testing as part of the anti-fraud training for all employees periodically, or at least once every two years, as well as the system of "face to face" trainings, which the Financial Crime Risk Management provides to sales functions each year.

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.

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 regulations and Bank business policy documents.

There is a unit in Erste Bank that is engaged solely in abuse and fraud prevention, the FCM – Financial Crime Management, but the prevention of fraud requires constant support by all colleagues. One of the basic tools for internal fraud management is the reporting of any suspicion of fraud – the so-called Whistle Blowing – where reports are made by Bank employees primarily with the aim of protecting the Bank and therefore their own job and status, as well as the Bank's customers. The Bank puts an emphasis on fraud prevention and detection of potential fraud before it occurs, while deriving conclusions from detected cases in order to improve further the process that would prevent such events, thus reducing the number of bad loans and, ultimately, making the future products cheaper for customers and making the Bank more competitive in the market.

Protection of Competition

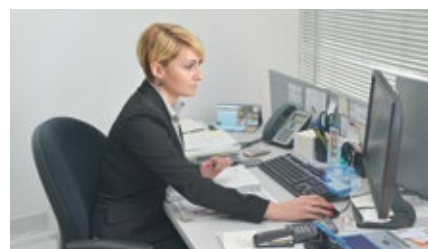
In 2015 activities continued on the full implementation of the Competition Protection Programme, adopted by the Bank in late 2011. Free competition and compliance with the competition protection regulations are not only an important market principle but also a firm business commitment and goal of the Bank. 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.

Familiarisation with the Programme has been included in the Welcome to Erste regular training for new employees since 2013. The training includes raising awareness of the significance of competition protection and providing information about the harmful consequences in the event of violating the competition protection regulations. A total of 109 new employees received the competition protection training during 2015.

In 2015, quarterly reporting to Erste Group continued and there were no incidents or proceedings initiated against the Bank in connection with violation of free competition.

The Right of Competition training was held in 2015, which was attended by 18 employees in relevant organisational units of the Bank. The lecturer was Srđan Petronijević LL.M, partner in the Moravčević, Vojnović and Partners Law Office, in cooperation with the Schonherr company.



CSR Development through Joint Initiatives

Erste Bank is an active member of business and sectoral associations dedicated to corporate social responsibility, participating in joint initiatives and sharing good practices in corporate governance, but also other CSR areas.

Since its very establishment, the Bank has been a member of the local chapter of the United Nations Global Compact initiative in Serbia as well as the Responsible Business Forum.

The principles of the United Nations Global Compact are rooted deeply in our business, and we improve our progress reporting practices year after year, which now also include reporting according to the UN Women's Empowerment Principles. Read more about the Global Compact principles and the Bank reporting on pages...

In 2015, as in every year, the Bank participated in the survey of the contribution of the Responsible Business Forum member companies to the community, as well as in the Business Skills Academy programme, through which the employees in member companies transfer their knowledge to the representatives of civil society organisations. In addition, at the CSR Forum annual conference, we were rewarded for our contribution to the development of non-financial reporting and for our many years of reporting in accordance with the GRI guidelines.



www.ungc.rs

www.odgovornoposlovanje.rs



3 • OUR PEOPLE

Recognising that the people are the most important resource of any company, Erste Bank is committed to creating a working environment in which the rights and individual needs of employees come first. In our Corporate Social Responsibility Strategy for 2015–2019, responsibility in the working environment is recognised as one of six key areas, with the aim of further developing a motivating working environment based on the rights and needs of employees.

As in the previous period, our priorities in this area remain the following:

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

Different aspects of responsible treatment of employees are defined in the Bank strategic documents for individual areas, such as:

- Code of Business Conduct
- 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

The Collective Bargaining Agreement, which includes all employees in accordance with the good practice of social dialogue, regulates all spheres of employee treatment – from employing an individual, his/her rights and obligations to his/her improvement, safety and health. The Collective Bargaining Agreement provides benefits to employees beyond the statutory minimum provided for by the Labour Law, which is accessible to colleagues on the Bank's internal portal.

Erste Bank aims to bring together in its team talented and dedicated people who will give an added value to our business. The respect of every person's right to work, as well as the prohibition of discrimination on any basis are the principles owing to which we ensure diversity among our employees, thus achieving innovativeness and diversity in our approach to creating new services, addressing challenges and making decisions.

Achieved in 2015:

- ✓ A new Internal Communications Strategy was adopted
- ✓ Almost RSD 36 million was invested in employee development, with over 21,000 hours of training carried out
- ✓ 500 employees had a free annual medical check-up
- ✓ Erste Internal Social Network was launched.



Therefore, in hiring staff we are guided by transparent procedures and exclusively by the quality criteria. 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 Code of Business 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 applicants and of their rights and opportunities regarding work, development and promotion. Fifty-five employees attended the Welcome to Erste training during 2015, of which 15 hours were dedicated to human right-related topics.

The same equal opportunity principle applies when it comes to the opportunities for development and advancement. Our commitment to the fight against all kinds of discrimination is evidenced by the existence of the Anti-Mobbing Counselling Office within the Bank that, for five years already, has been monitoring the handling employee complaints filed on this basis, which may be lodged anonymously as well. The Counselling Office comprises Bank employees from the Bank Trade Union committee, who work in coordination with the competent bodies of the Ministry of Labour and Social Policy, the Labour Inspectorate and the Workplace Harassment Prevention Agency. The high standards in the area of employee rights protection is evidenced by the fact that no complaints were filed to the Counselling Office during 2015 and no complaints regarding the violation or endangerment of human rights were recorded in the same period either.

A total of 1027 people are employed with the Bank, of which 69.7% are women and 30.3% are men. In addition, another 209 permanent third parties work with the Bank. Almost all employees work under full-time contract, while 94.2% are employed under an open-ended employment agreement and 5.8% under a fixed-term agreement.

The share of women in managerial positions at the Bank is 53.6%, and the share of men is 46.4%. The top managing body of the Bank is the Board of Directors, which comprises five members, one of which is a woman. The Bank Executive Board comprises three members – two men and one woman.



	2011	2012	2013	2014	2015
TOTAL NUMBER OF EMPLOYEES	988	993	972	992	1,027
TOTAL NUMBER OF PERMANENT THIRD PARTIES	166	31	165	226	209
TOTAL WORKFORCE	1,154	1,024	1,137	1,218	1,236

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

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

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT AGREEMENT TYPE	2011		2012		2013		2014		2015	
FIXED-TERM (FT) OR OPEN-ENDED (OE)	FT	OE	FT	OE	FT	OE	FT	OE	FT	OE
NOVI SAD	17	434	29	282	7	256	14	421	23	434
BELGRADE	12	251	8	272	18	410	17	255	18	269
OTHER	9	265	9	393	8	273	9	276	19	264
TOTAL	38	950	46	947	33	939	40	952	60	967

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE	2011		2012		2013		2014		2015	
FULL TIME (FT) OR PART TIME (PT)	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
NOVI SAD	450	1	309	2	426	0	435	0	457	0
BELGRADE	262	1	278	2	264	1	271	1	286	1
OTHER	271	3	402	0	281	0	285	0	283	0
TOTAL	983	5	989	4	971	1	991	1	1,026	1

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

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

* 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

PERCENTAGE OF EMPLOYEES BY AGE	2012	2013	2014	2015
UNDER 30	13%	15%	14%	13.4%
30–50	61%	62%	63%	63.9%
OVER 50	26%	23%	23%	22.7%

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

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

** The number refers to the employees who returned to work during the relevant year after the expiry of maternity leave, but took the maternity leave in the previous period.

*** The number refers to the employees for whom the period of 12 months from their return to work expired during the relevant year and who took the maternity leave in the previous period.

Erste Bank provides its employees with the following benefits:

- Interest-free loan for employees whose contracted gross base salary does not exceed EUR 500
- 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 grant 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

3.1 Employee Development and Training

Investment in people has a central place in Erste Bank's socially responsible approach to the working environment, because it contributes not only to employee expertise focused on the improvement of business processes, but also to their satisfaction and motivation, as well as to raising the capacity of the communities in which we operate. In our view, in addition to investment in training and professional development, employee development also involves a wider range of interconnected activities such as appropriate resource planning, definition of key jobs, succession plan management, precise definition of the main principles of employee remuneration and benefits, performance management and employee promotion.

The constant employee development was enabled by conducting various activities that include, inter alia:

- Internal and external training, with exceptional attention being paid to the customisation of training to all target groups. With the aim of improving our own capacities, we are focused on investing in the development of capacities of internal trainers, whenever possible;
- Preparation of personal development plans;
- Implementation of the lifelong education and learning programme, which provides the employees with the opportunity to acquire necessary knowledge and skills with which they increase their overall employability;
- Formal assessment of performance and individual development, which is conducted every year and includes all employees.

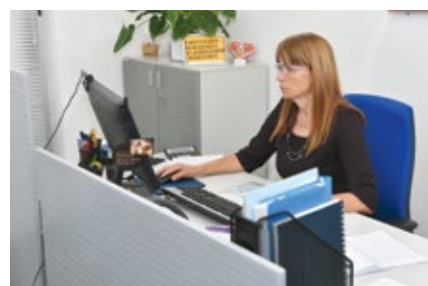
Taking into account that banking services will be increasingly based on new technology in the future, our focus in the future will be on improving the knowledge and skills our employees need for successful implementation of all the changes that are in store for us.

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

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

Remuneration Policy

A fair compensation system based on performance assessment and workplace valuation has been developing at the Bank since its very start of operation in Serbia, through policies and other developmental and strategic documents, and is aimed at further continuous development for the purpose of making the Bank one of the most desirable places for work in our country. In addition, we try to motivate our employees additionally by fair remuneration policies and internal promotions of employees, whereby we emphasise that loyalty and dedication to our team is appreciated and recognised. Most novelties in the reporting period were introduced with regard to salaries and bonuses in the Sales Division. A new remuneration method was prepared for them during 2015, which will enable their salary to depend, in certain part, on their performance and on the sales achieved. In addition, higher amounts of rewards for the best sales staff were announced, as well as the formation of Top Performer Clubs in the regions in which we operate.



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

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



Professional Development through Volunteering

In addition to the long tradition of organising joint volunteer campaigns, Erste Bank employees dedicate time to assisting individually with their expertise different target groups – students, civil society organisations, social enterprises and their beneficiaries. In 2015, we got involved in the work of the Business Skills Academy conducted by the Responsible Business Forum member companies with the aim of making business knowledge available to the civil sector, thereby strengthening their capacities for combating social problems. The Academy covers different topics identified based on the needs of organisations participating in the programme. The first training within the Academy was conducted by Sonja Konakov Svirčev, Senior Expert for CSR, on the topic "How to Make Successful Partnerships between the Business Sector and Non-profit Sector", sharing the extensive experience of our Bank in the cooperation with and provision of support to civil society organisations.

In addition to assisting the community, this volunteering model also enables the employees to improve their leadership, communication and presentation skills, so it is extremely important in achieving our aspirations to develop and strengthen our internal trainer capacities.

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

In addition to professional development and personal growth and development, the Bank considers the care for health and safety at work, as well as social support to its employees, to be as its key responsibility. These areas are jointly taken care of by the Security Management Unit and Human Resources Department with the support of the Trade Union and all other organisational units of the Bank.

The Security Management Unit operates within the Compliance and Security Risk Management Department. The priority topics covered by this unit include physical protection, technical protection, fire protection, emergencies and health and safety at work. In order to communicate these topics and related corporate procedures and instructions to employees as clearly as possible, with the aim of maximising the proper utilisation of the safety systems, the following trainings are organised:

- Training on the procedure in the event of robbery and other emergencies
- Training on handling aggressive customers
- Basic fire protection training of employees
- First aid training (one employee from each branch).
- Health and safety at work training
- Training on the manner of using the Technical Protection System

In addition, we continue to provide free preventive medical check-ups for our employees for the third consecutive year, in cooperation with the Vizim Health Centre. Mobile teams are organised for our employees in Novi Sad and other cities where our branches and business centres operate, which, in accordance with defined schedule, come to agreed locations, so we ensure maximum coverage of all our employees with this preventive health care measure. The new cycle of full medical check-ups started in late 2015 and 500 employees have been included in this cycle so far. A total of 2,017 medical check-ups were conducted in the three-year period of implementing this programme. Full medical check-up provided to our employees includes a set of preventive check-ups as follows: basic medical check-up, full blood test, ophthalmological examination, ECG, ultrasound of breasts, thyroid or abdomen.

Taking into account the nature of work of most Bank employees, the cause of the most common job-related health problems are many hours spent sitting in front of the computer. Physical inactivity 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 exercise. For this reason, using different communication channels, the Bank encourages more active lifestyles among its employees, primarily on its internal portal, in the internal magazine for employees, while the special-purpose portal "For Your Good Day" is still active and regularly provides advice on health improvement, the importance of physical activity, as well as concrete proposals for the adoption of healthy habits.



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

* 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 absentee rate shows the percentage share of sick leave days in the total number of work days. It was calculated according to the following formula: total number of sick leave days / total number of work days of engaged workers.

INJURY RATE	2012		2013		2014		2015	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
NOVI SAD	0.00	0.30	0.10	0.51	0.10	0.40	0.10	0.10
BELGRADE	0.00	0.00	0.00	0.20	0.20	0.00	0.28	–
OTHER	0.00	0.20	0.00	0.31	0.00	0.30	0.10	–
TOTAL	0.00	0.50	0.10	1.02	0.30	0.70	0.48	0.10

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



Erste Bank Trade Union – Lasting Partnership

Erste Bank and employee representatives within the Erste Bank Independent Trade Union Organisation (SSOS) have been building a successful partnership for the past decade, primarily owing to the fact that they work towards the same goals – good business results and employee satisfaction. The SOSS is the only representative trade union at our Bank and, as such, the only one authorised to bargain and sign the Collective Bargaining Agreement.

The Trade Union represents the interests of all our colleagues and negotiates with the Bank on any issue concerning the employees as individuals. Therefore, Erste Bank sees the Trade Union as an ally in achieving the goals concerning satisfied people who make up our Bank and as a reliable partner that helps us understand their needs from different perspectives. The activities conducted by the Trade Union include joint campaigns to help vulnerable people, volunteer campaigns, as well as the participation in financing the lease of facilities for recreational activities of its members. In addition, the Trade Union offers tickets at favourable prices to its members for cultural events/facilities (libraries, theatres, concerts, etc.), concludes as a legal entity agreements with other legal entities and provides its members with an opportunity to purchase goods and services under more favourable conditions, participates in organising and financing workers' sports events, social gatherings of all employees, providing New Year's gifts to employees' children, enables its members to participate in various seminars in the area of trade union work and labour law protection, cooperates and exchanges information with the trade unions of other financial institutions from the Republic of Serbia, as well as the trade unions from other European countries, and cooperates with the Erste Group Trade Union.

The Trade Union is managed by the Committee comprising 14 representatives from all organisational units and a Chairperson elected every fifth year. After two terms, during which the Trade Union was headed by our colleague Stanica Sarčanski, Tihomir Jovičić was elected Chairman at the last elections held in May 2015. He has been with our Bank ever since 1988 and currently holds the position of Customer Relations Manager at the Corporate SME and Public Division. In addition, he has been the Chairman of the Solidarity Fund for 10 years.

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.

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

Solidarity Fund

This year, as in every previous year during its decade-long operation, the Marina Čurčić Solidarity Fund helped many employees who found themselves in an adverse financial situation. During 2015, by combining the funds of the Bank and the Trade Union, together with voluntary contributions of employees, the Fund paid for 153 different types of aid to employees, a total of RSD 4,388,740. Of this amount, the employees collected RSD 406,657 in own donations through the individual philanthropy programme.



3 • 3 Internal Communication

Idea Market

Idea Market is a platform that enables all Bank employees to engage proactively in the development of Bank operation and improve its operation and enhance its efficiency and productivity with their creative ideas, whether by proposing changes in the existing procedures and rules or by creating innovative products and services. During 2015, 34 proposals for improving the Bank operation and products were considered within the Idea Market, of which 15 were marked with the green index, which means that their implementation has already begun or is in the preparation stage.

Erste Bank understands very well that efficient internal communication is a precondition for successful operation and that open communication at all levels now becomes the main generator of ideas and driver of innovations. We therefore dedicated last year to the implementation of the new Internal Communications Strategy, which was adopted in early 2015.

Employee communication channels are various and numerous:

- Internal meetings, gatherings, conferences where the employees have an opportunity to connect with each other in direct communication, hear the news at the Bank, exchange ideas and work on problem solving;
- InfoNet – the Bank's internal portal including the Idea Market platform;
- PULS internal magazine in which we present our strategic plans, employees, teams, departments and celebrate their personal successes and Bank successes;
- E-mail addresses constantly available for any dilemmas, questions, ideas, advice, praise and criticism (otvoreno@erstebank.rs; berza.ideja@erstebank.rs; otvorena.vrata@erstebank.rs, kommunikacije@erstebank.rs).

The development of digital culture has become part of the everyday approach to work and is interlinked and complemented by the employee training and development system. During 2015, a series of workshops on social networks were held in different organisational units, the Tweetwall became a permanent part of major internal events, interactive online tools are used at management meetings, and the options of the current Intranet platform get an increasingly complex business application.

Erste Internal Social Network

Working on the achievement of the Internal Communications Strategy objectives, last year we launched with great satisfaction an internal social network, which made the communication between employees faster, more interesting and intensive, enabled us to better understand each other and made an impact on the development of team spirit and friendly relations. It enables the employees to become mentors to their colleagues in the areas of their expertise or to ask their colleagues for help much faster if they have a problem they are not sure how to solve. In this network, all Bank employees, as members of a large, single team, exchange ideas and experience and help each other do their tasks with maximum efficiency and quality. The Erste Social Network, which utilises all social network functionalities such as #(hashtag) and @(mention), raised the communication between colleagues to a higher level, thus making the work of all employees easier every day.



4 • RESPONSIBILITY TO CUSTOMERS



The primary responsibility of Erste Bank as a financial institution is to respond to the needs of its customers in a timely and most adequate manner, providing them safety, a reliable service and products. With high service quality, transparent communication and constant monitoring of modern trends in the market, our strategic commitment is to provide our customers and the society with added value in the areas in which we can contribute the most, and these are financial literacy and financial inclusion, support to entrepreneurship and self-employment. In addition, we are aware that our responsibility in the market extends to the impacts of our customers with their activities, and we are therefore particularly committed to constant improvement of responsible financing practices.

In our Corporate Social Responsibility Strategy for 2015–2019, we set as our goal an even stronger integration of corporate social responsibility into our core activity, through the following priority areas:

- Responsible financing
- Financial inclusion
- Responsible communication with customers

Achievements in 2015:

- ✓ Online submission of requests and documentation for credit cards, cash loans and overdraft facilities was enabled
- ✓ Two new Express branches of Erste Bank were opened
- ✓ The first specialised branch for pensioners was opened
- ✓ The development of inclusive products and services and financial literacy continued
- ✓ The financial literacy programme for SMEs was conducted for the first time
- ✓ Contribution to the development of entrepreneurship by implementing a strategy for start-ups
- ✓ The Bank invested more than RSD 1.5 million in the purchase of products of social enterprises
- ✓ For the third time, the best sustainable ideas of micro entrepreneurs were rewarded
- ✓ The 2014 Customer Satisfaction Index was 91.5%

Retail Rules

The first joint gathering of all employees of the Retail Sales Division and the Retail Development Division was held in November 2015. The gathering was wittily named Retail Rules because, inter alia, of the exceptional results achieved by these divisions in 2015 – the best since the beginning of the Bank operation in Serbia based on the net profit generated. Strategic goals for 2016–2019 were presented to the employees through a series of panel discussions in which the top management and the representatives of other organisational units, as well as the representatives of Erste Group participated and where the methods of achieving the set goals were considered. In addition to the working segment, the employees had an opportunity to socialise with their colleagues as well as have fun with the stars of the Government Job TV series, who presented, in their unique manner, different situations and challenges in everyday work of bankers. Read in more detail about our new Retail Banking Strategy on page 57.

The Bank's strategic approach to this area is supported by our internal concepts, systems and adopted documents:

- Natural and social environment protection policy
- Responsible financing policy
- The Customer Care concept, presented in the Sales Network Internal Quality Standards Catalogue
- Complaint handling system Reppoza
- General business conditions aligned 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



4 • 1 Responsible Financing

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

This policy regulates credit risks and reputational risks that may arise due to inappropriate management of 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 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, within which the Small Enterprise and Entrepreneur Unit operates, is also in direct contact with customers;
- 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. All customers who apply for a credit product of the Bank (loan, overdraft facility, guarantee, etc.), regardless of the exposure level, complete a Questionnaire prescribed by the Natural and Social Environment Protection Policy, which contains questions regarding:

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

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

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

In June 2013, the Responsible Financing Policy was also adopted, with the intention to define, based on the Erste Group's Principles of Responsible Financing, the



principles of responsible financing in relation to socially, environmentally and ethically sensitive sectors. For this purpose, the first set of principles was developed that relate to the energy sector and the defence/arms industry sector, as well as to the Bank's view on financing political parties. The Policy regulates credit risks and reputational risks that may arise due to inappropriate choice of customers from the viewpoint of the business activity they are engaged in and potential impacts of such financing on society, regardless of the type of customer.

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

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

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

An example that is most commonly used in the Policy application training courses explains the importance of clear differentiation between customer assessment and the assessment of the specific application for financing, regardless of the customer's core business. This means the following: if company A, which is engaged in oil refining and categorised as a polluter, requests funds from the Bank, prior to the final decision it is important to consider 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 the intended purpose.

Since 2014, the Responsible Financing Policy has been an integral part of training courses conducted by the Central Compliance Unit. This Policy, with its practical examples, is presented to all new employees through the "Welcome to Erste" induction training programme. In 2015, the training on this topic was attended by 109 new employees.



In 2015, the Responsible Financing Policy was an integral part of training for all employees through the TEA Bank testing application. A total of 786 employees took the test, of which 123 were managers and 663 were non-managers.

In 2015, 4 customers were checked for compliance with the Responsible Financing Policy of a total of 35 cases – individual customer applications. Business cooperation was supported in all these cases.

The Responsible Financing Policy and the Natural and Social Environment Protection Policy are available to employees on the Bank's internal portal, the InfoNet. In accordance with the General and Individual Act Management Policy of Erste Bank a. d. Novi Sad, the internal acts of the Bank must be checked at least once a year. The updating of internal acts is within the competence of the document owners who, when checking them, take into account changes in regulations, organisational changes, changes in methodology and other. The Compliance Department takes care of the process of harmonisation, official adoption and timely revision of documents. The Internal Audit Department assesses the application of internal acts in the processes that are the subject of audit in accordance with the adopted Annual Plan and the Individual Audit Programme. The Natural and Social Environment Protection Policy and the Responsible Financing Policy applied in 2015 in the same form as in the previous year.

In the area of environmental protection, Erste Bank has for years been among the leaders when it comes to investments in energy efficiency and renewable energy sources projects and is recognised as a real partner to all companies interested in starting and developing such projects (read more about these initiatives in Chapter "Responsibility to the Environment", pages 92–93).



Financial Inclusion

In accordance with the tradition and history of Erste Group, our new CSR Strategy, adopted in 2015, focuses especially on improving the access to financial products and services to all individuals and groups who have more difficulty accessing them. An integral part of this inclusive approach is the work on enhancing the financial literacy of individuals as well as legal entities.

The Step by Step Programme

More than 37,000 new companies are founded each year in Serbia. One of the greatest challenges these young companies face, due to high risk when starting up the business, is difficult access to the sources of financing. Erste Bank recognised this problem and, due to the importance of encouraging entrepreneurship in society, started to develop a systemically sustainable model of financing, which will be available to beginners in business.

In 2015, the development was initiated of a comprehensive Step by Step Programme intended for newly established small businesses with less than two years of operation and for social enterprises regardless of their founding date. In addition to access to financing, this Programme provides the customers with business education and mentoring in order to help them develop their business, which will also enable long-term sustainability of the programme.

The development of this Programme was helped by extensive experience gained in the work with beginners in business through the Superstep and Youth Business Serbia programmes, as well as well-developed partnerships with social enterprises.

The education and mentoring will be conducted in cooperation with Smart Kolektiv (for social enterprises) and Business Innovation Programs – BIP, Development Business Centre – RBC and the EcoNomic Expert Community Association – ENECA (for young enterprises and entrepreneurs).

The initiative for launching the programme of introducing financial services intended for groups to which they currently are inaccessible or accessible with difficulty at commercial banks was created in Erste Group in 2013. The aim of this Programme is the creation of jobs, financial stability of the population groups at risk of poverty and support to the programmes that create positive change in the society.

After launching the Step by Step Programme for start-ups and social enterprises in mid-2016, financial services for other currently excluded customer groups will be developed in the following years as well.

Financial Literacy

One of the key preconditions for financial inclusion is certainly financial literacy. Financial literacy enables citizens to plan and manage adequately 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 2015 Erste Bank continued to provide information through all official profiles of the Bank on social networks, by posting specialised blogs on current financial topics, etc. 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. Thus, in addition to providing financial advice to its customers and broader community, in 2015 Erste Bank again implemented numerous financial education programmes for the youth.

Pet Friendly Branches

In April 2015, two Erste Bank branches became pet friendly. We opened our doors to pets as well, and they are welcome at our GTC branch at 11b, Milutina Milankovića Street, Novi Beograd, and at our branch at 12, Bulevar Mihajla Pupina, Novi Sad.



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.

The Bank's numerous CSR activities are aimed at young people as the future drivers of the development of our country, who should be given support to develop all their potential. When it comes to financial services, the Youth Account is intended for young people (aged 16 to 27), which includes free account opening and maintenance, free debit MasterCard that allows payments on the internet, free NetBanking service and cash withdrawal from Erste Bank ATMs at no commission. The youth have also been exempted from the payment for account maintenance in the first year after shifting from youth account to regular current account, as well as from charges for the use the NetBanking service.

Youth Financial and Digital Life – Erste Group Survey

Wishing to get to know and understand as well as possible the target group to which it is most oriented, in terms of corporate social responsibility as well as in terms of business strategy, Erste Group, with expert assistance provided by the IMAS International market research agency, conducted a survey of the digital and financial life of youth in Serbia. Face-to-face interviews were conducted in February and March 2015 on a sample of 750 young people aged 14 to 25. Apart from our country, the same survey was conducted in Austria, the Czech Republic, Slovakia, Hungary, Romania and Croatia.

Financial status is the key determinant of opportunities and impacts the everyday handling of money and digital behaviour of youth; however, the survey has shown that some habits are nevertheless characteristic of all youth, regardless of the money they have and the country they come from. When it comes to monthly personal budget, with EUR 116 our fellow citizens aged 14 to 25 have the lowest personal budget compared to their peers in other countries. The youth in Serbia spend most money on food, drink, going out and clothes, while putting aside a smaller portion of their monthly budget for paying for transport, buying cosmetics and engaging in hobbies. When it comes to the use of mobile phones, the survey has shown that the youth in Serbia aged 14 to 25 are true representatives of Generation Z and do not differ much from their generation in other countries, so a great majority of respondents (85 percent) have a smartphone that they use for surfing the Internet and accessing applications. That smart technologies do not differentiate between urban and rural areas is evidenced by the data that as few as 6% of youth in rural areas of Serbia do not have a smartphone.

In 2015, the Bank significantly modified its existing Pensioner Loan for its eldest fellow citizens by including insurance policy in the loan price itself, which means that there are no additional insurance premium costs to the customer because the premium is paid by the Bank. All pensioner customers can use this Bank product until the calendar year in which they turn 75 years of age. In 2015, 4,993 of these loans were granted, in the total amount of RSD 939,284,372.31. The share of these loans in the total dinar cash loans was 12.67%, which is a significant increase relative to the 5.30% in 2014.



In addition to special-purpose product offer, the first specialised branch for our eldest fellow citizens was opened in 2015 in Novi Sad, at 3, Šumadijska Street. First of all, the branch working hours are tailored to pensioners, and so the branch will be open from 7:00 a.m., while it will be open until 7:30 p.m. twice a month, at the time pensions are paid out. In this branch, pensioners will be able to withdraw their pension immediately after its transfer by the Pension and Disability Insurance Fund, which so far was only possible at ATMs. There are benches and a chessboard table in front of the branch, and there are more seats and desks in the branch itself. The factors for the selection of the branch in Šumadijska Street to become a pensioner branch included the vicinity of the Fish Market, the oldest in Novi Sad, the promenade and the city centre, but also the sufficient distance from the city hustle and bustle.



In addition to facilitating the performance of everyday activities, the aim of the specialised branch is to organise special trainings for pensioners on finance management and the use of new technologies in banking. At the opening of the branch, the Erste Bank representatives invited the customers to give their own suggestions for additional facilities tailored to them.





Saving Habits in Serbia

According to the latest Erste Group surveys of saving habits and attitudes of the citizens of Serbia, the savers currently put aside an average amount of RSD 4,227 at the monthly level. Currently 37% of respondents put aside between RSD 2,000 and RSD 6,000 per month, while 18% of savers put aside more than RSD 6,000. As few as 55% of respondents save, while only 8% of them do this for no special reason. The survey also shows that 18% of respondents are satisfied with their current amount saved, 4% less than in the previous year.

Saving cash at home or in a safe deposit box is the choice of 37% of respondents, 8% fewer than in the previous year, while the citizens' interest in savings products offered by banks and other financial institutions remained at approximately the same level – term deposits (6%), life insurance (9%) and demand deposits (8%). Precautionary savings slightly decreased relative to the previous year, while creating financial reserves and putting money aside for emergencies are still the main motivation for saving. According to the respondents, securing money for the "golden years" is among the other important reasons for saving.

When it comes to advice regarding saving or investing money, the most frequent source of information for almost half the respondents is family and friends, while going to the bank branch comes second. The Internet, magazines and newspapers come third, while one-tenth of the citizens consult their personal bank advisor.

Twenty-seven per cent of the respondents think that they are well informed about banking products, while 23% of them carefully follow the news about money and savings in the media. Nearly one-third of the citizens (30%) think that the role of the government and political institutions is important in financial education, while one-fifth of them, respectively, think that the banks and the family should be of key importance for this segment of education. Fifteen per cent of the respondents expect that the media should engage in this kind of education, while 13% of them think that schools should be responsible for this segment of education as well.

The telephone poll was conducted by the IMAS International market research agency 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

The Bank's approach to the development of entrepreneurship is comprehensive and includes the promotion of this concept, education, financial support through products and services and inclusion in the supply chain.

In 2015, the Bank initiated for the first time a financial literacy programme for SMEs, in cooperation with the Valor academy and USAID. The programme was intended for our customers, owners and CFOs of SMEs and included a wide scope of corporate financial management, gave answer to the question what SME finance is and identified three main areas of finance: strategic financial management, controlling and accounting. The everyday problems the companies face, such as: liquidity, cash flows, investment and similar are perceived through the prism of these areas. The idea was to make the Bank business even more transparent and comprehensible so that the customers better understand the products and services available to them and make informed financial decisions more easily in the future.

Twenty participants applied for the programme and completed the training divided into 6 modules:

1. Innovative business models
2. Accounting
3. Strategic financial management
4. Planning and budgeting
5. Controlling
6. Debt structuring

The goals achieved by conducting the trainings may be classified into three groups:

- Gained knowledge about the methods enhancing financial planning and strategic management;
- Strategic educational support was provided for preparing financial data, reporting, plans and other documents related to financial management, as well as the documents required when applying for loans with banks;
- The gap was closed that had existed between all existing bank products and services and the ones actually needed, primarily by increasing transparency and establishing better communication between SMEs and the financial sector.

The Bank offered better financing conditions, such as interest rates lower by around 0.20% on average, to all participants who successfully completed all programme models. One of the companies has already used this opportunity for a revolving loan and saves EUR 1,500 per year by having a lower interest rate of 5.30% instead of 5.50%.

Support to Internet Entrepreneurship

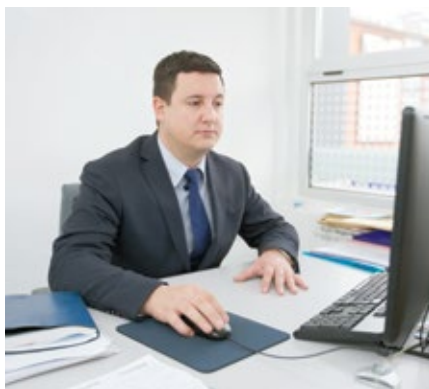
The Webiz 3.0 conference on the business application of the Internet was held in March 2015 in Zrenjanin. For the second consecutive year, Erste Bank had the great pleasure of supporting the organisation of the conference that promotes entrepreneurship and Internet culture. The IT sector development opportunities for the Serbian economy, the utilisation of local potential for the development of products and successful teams, with the presentation of examples and experience of successful entrepreneurs, were the main reasons for more than 1,800 visitors to come to Zrenjanin. The Bank took part in the Business Education programme, where our colleague Vladimir Todorović shared his experience with promotion on Twitter. The Webiz conference was intended for young people, students and those who build their professional career on the Internet or using modern information and communication technologies.

The Bank also supported the third international Internet conference wwvrsac 2015 "Live Locally – Work Globally", which brought together more than 400 young, brave and creative people who chose to become independent and start their own business. The participants had an opportunity to listen to international lecturers and get emboldened by listening to twelve inspirational lectures about outsourcing, freelancing, starting own business and all challenges on that path.



In February 2015, the European Investment Bank (EIB) and Erste Bank a. d. Novi Sad made an agreement on a EUR 50 million credit line for long-term financing of small and medium-sized, medium-capitalised enterprises and local governments. Most of the funds (70%) will be used for financing businesses, while 30% will be dedicated to local governments. The cooperation with the EIB enables us to grant these funds at interest rates below standard rates, and the repayment periods are long and will depend on the specific projects for which the funds are used. The availability period for this credit line, i.e. the period in which the Bank can draw funds from the EIB is 24 months from the agreement signing date. This is the third credit line in cooperation with the EIB – the previous two were in 2010 and 2012 and were EUR 75 million in total. The majority of these funds were granted to the enterprises engaged in production, trade, real estate, construction, hospitality industry and tourism, as well as agriculture.

Support to the Development of Social Entrepreneurship



Erste Bank is committed to the development of social entrepreneurship in all countries in which it operates, and the reasons are certainly rooted in the establishment of the First Austrian Savings Bank, the predecessor of today's Erste Bank – which aimed at making financial services and products available to people with low income.



In Serbia Erste Bank supports social enterprises by providing mentoring and consulting support in the development of business ideas, business plans, public relations and in other areas. Social enterprises are one of the main target groups of the new Step by Step support programme (page ...). In addition, the Bank regularly orders products from social enterprises, which guarantees a steady cash inflow to them, as well as their survival in the market, while it guarantees the Bank 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, Supernatural, Naša kuća, KEC MNRO, Bagel Bejrл and LiceUlice investing over RSD 1.5 million in purchasing their products.

Best Sustainable Ideas

For three years now Erste Bank has been supporting the Green Ideas National Forum contest, which is realised by the Trag Foundation in cooperation with the Rockefeller Brothers Fund (RBF). The Green Ideas Forum awards the best innovative entrepreneurial green projects with the aim of encouraging individuals, associations and small enterprises to develop green business ideas utilising local



resources and revitalising traditional production. The contest is open to projects that evenly encompass all elements of sustainable development and that, in addition to financial sustainability, creatively solve economic, social and environmental problems.

In 2015, 87 projects entered the contest, and eight of them, which most encompassed all elements of sustainable development, were shortlisted. The priority in the selection was given to the ideas that primarily relied on local resources, including the employment of local population and the utilisation of their knowledge and skills, and that also included a draft business plan, as well as an environmental protection and improvement plan. Three best projects were selected in June 2015 at an all-day event at which eight finalists presented their projects to the jury. The project presentation was followed by a panel discussion about green business challenges and an official presentation of awards. The awarded projects also got additional support in the form of consultation and mentoring with the aim of making them competitive and sustainable in longer term. The expert jury comprising Dragan Srećković (CWS), Nemanja Božić (Božić i Sinovi Company), Olivera Popović (Association of Business Women in Serbia), Sonja Dakić (DajDaj Pelene), Sreten Vranić (Erste Bank) and Vladimir Stojanović (Optimist Association) rated three ideas as being the most significant in terms of bringing important changes at the local level.

The Aranđelovac Equestrian Club won first prize for starting a camp in Vukosavci near Aranđelovac with bungalows intended for eco-tourism and for equine-assisted therapy users. Second prize was won by Sanja Andrejević from Belgrade for wood recycling and old furniture restoration, while the Kamenica Local Development Association won third prize for the revitalisation and restarting of a bungalow camp at Kamenički Vis near Niš, with accompanying tourist contents based on environmental principles. In addition to being awarded USD 5,000 each, these three ideas got an opportunity to compete for an additional USD 10,000 award in July 2015 at the regional Rockefeller Brothers Fund (RBF) Forum in Kosovo, together with their colleagues from Macedonia, Kosovo, Albania and Montenegro. At the regional competition, by the decision of an independent jury, first prize went to the Kamenica Local Development Association, Niš, second prize was awarded to the Good Earth Association, Macedonia, and third prize was awarded to the Eco Logic NGO, Podgorica.

4 • 2 Responsible Communication

Open, transparent, two-way and timely communication is the foundation of the responsible approach to customers and therefore the top priority of Erste Bank. Changes in the banking market, caused primarily by the development of new technologies, the emergence of new competition forms, as well as by changes in customer needs and requirements are a motive for us to constantly improve the communication with our customers, continuing to be a relevant and reliable partner.

Online Approvals of Credit Cards, Cash Loans and Overdraft Facilities

After enabling its customers to open accounts online in 2014, in 2015 Erste Bank also introduced the possibility of electronic submission of the application and documentation required for the approval of the most popular credit products such as credit cards, cash loans and overdraft facilities. Before the submission of documentation, based on the information entered in the calculator, the customers can calculate the available monthly debit amount, as well as set by themselves the desired amount of fixed credit card instalment and, on that basis, the card credit limit. They can submit all required documents for product approval to Erste Bank in electronic form, as scanned documents or as photographs. The customer comes to the chosen branch on the day of granting the credit product, when it is necessary to submit original documentation. Speed, flexibility and availability are the key advantages that we wish to provide to our customers in this way, meeting the new needs created by the modern way of life.

The development of digital channels has been in Erste Bank's focus for several years now, so our customers already have at their disposal the Financial Advisor service for cost planning and control as part of NetBanking, and the Take a Picture and Pay Service in the mBanking smartphone application, which enables bill payment in three steps: taking a photo of the bill, confirming the sending and confirming the transaction.



New Retail, Small Business and Entrepreneur Banking Strategy

According to our new Retail, Small Business and Entrepreneur Banking Strategy, the strategic goals for 2015–2019 are reflected in Erste Bank's desire to be No. 1 bank by customer choice, among the top three banks in innovativeness and among the top five banks in terms of market share. In order to achieve these goals, it is necessary further to adjust our business to customer needs, expand our business network, develop digital channels and continue investing in our people. Precisely in order to adapt to the needs of our customers and market trends, the previous Retail Division was divided into the Retail Development Division and the Retail Sales Division, and the support by other organisational units is also a very important factor for the realisation of the set plans.

Erste Bank Express Branches

In order to make available to its customers more locations at which they can perform the most common transactions with the Bank, in 2014 Erste Bank launched a new expansion concept by introducing Express branches. After Belgrade and Gornji Milanovac, in 2015 Obrenovac and Svilajnac got two new Erste Bank Express branches at which citizens and businesspeople can perform the most common transactions with the Bank.

Your Opinion Matters to Us!

Active customer communication channels:

- Through the Suggestions and Complaints section on the Bank's web-site 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.
 - The official Facebook and Twitter profiles, through which the customers receive answers to their questions in the shortest time possible
 - Advisors in our branches – on business days, for advisory and any other type of assistance
 - Addresses for communication with stakeholders:
info@erstebank.rs,
dop@erstebank.rs
zivotnasredina@erstebank.rs
 - Complaint channels:
zalbe.stanovnistvo@erstebank.rs
zalbe.mikro.preduzeca@erstebank.rs
zalbe.preduzeca@erstebank.rs
 - Information brochure available at all Bank branches
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Customer Information

The Law on the Protection of Financial Service Consumers also regulates the issues of providing information about products and services to consumers and the Bank strives to make every form of information clear and accurate for customers. Easily accessible and transparent information about Bank products and business practices is necessary to consumers and end users in the process of making informed decisions. In cases where an advertisement for deposits or loans includes an interest rate or any numerical data relating to cost or income, 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 criterion
- Information about the total amount of deposit/loan
- Information about all costs borne by the customer
- Information about deposit insurance and its effects

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

During 2015, 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.

Erste Bank complaint management system includes the Grievance and Complaint Management Procedure, the procedure – process for lodging complaints by insurance service users, and the instructions for the Repozza application, owing to which all customer complaints, as well as their commendations and suggestions sent through any communication channel, including 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.

Responsible Marketing

In all markets where it operates, Erste Bank offers products and services that fully comply with the legal norms, the high Group standards, as well as the company's ethics principles. The Bank conducts its marketing activities in line with the Advertising Law, the 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 humane. A set of questions is defined for each of these categories, so by answering them for each form of marketing communication the extent to which each advertising message meets these criteria is checked.

The Marketing Strategy adopted in 2013 means that the adapted Group solutions are no longer used; instead, the Bank develops the solutions independently, so that they are more suited to the domestic market and customers. The Strategy also provides for 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.



Customer Satisfaction

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

- Customers who predominantly use a branch for performing transactions with the bank (64 branches, stratified sample according to the total number of customers of each branch, total sample 4690 customers)
- Customers who predominantly use e-banking – the NetBanking product for performing transactions with the bank (342 customers)
- Customers who predominantly use Mobile Banking – the mBanking product in performing transactions with the bank (394 customers)
- Micro customers (350 customers) and
- SME customers (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, by completing an online survey (for NetBanking and mBanking users) and CATI method of telephone survey of corporate customers. A seven-degree scale is used for rating satisfaction from 1 to 7, where 1 is the lowest rating and 7 is the highest rating. The rating of overall satisfaction of all three customer segments is 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 91.50%, and the average rating was 6.40 out of 7. The general satisfaction with the products and services is 92% in case of retail customers, 92% in case of micro customers and 91% in case of corporate customers. The satisfaction is the highest with e-banking, reaching 96% in case of retail customers.

Moments of Truth – From Survey to Service Quality Improvement

The Bank's aim is for each customer to be satisfied and to transfer their satisfaction to the members of their family, friends and acquaintances. For this precise reason, the Moment of Truth Management Project has been implemented since 2013. It concerns the improvement in the sales and service function towards individuals, entrepreneurs and SME customers. It is a process of identifying critical moments through many internal and external surveys conducted throughout the year with constant improvements and innovation, in which active customers, employees, former and prospective customers participate as respondents. 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 2015:

- The speed of processing domestic and foreign payment operations for entrepreneurs and SMEs increased through the introduction of two additional clearing rounds
- Errors at tellers' desks when entering cash payment and transfer orders were minimised

The agreed and defined priority moments of truth for handling in 2016 are:

- Waiting for service at branches – individuals
- Improving the quality of service for individuals at the Novi Sad Regional Centre
- Improving the logging on Netbanking & Mbanking – individuals, small businesses and entrepreneurs
- Insufficient recognisability of service centre by customers – micros, small businesses and entrepreneurs
- Improving the cooperation between the Customer Relations Manager and customer – SMEs.



5 • RESPONSIBILITY IN SUPPLY CHAIN



Erste Bank once again confirmed its aspiration to become one of the leaders in corporate social responsibility in Serbia by its efforts to assume responsibility for wider, indirect impacts of its business that are made through its supply chain. This topic has been equally present in the Bank priorities ever since 2011, and the new 2015–2019 CSR Strategy defined it as a strategic priority, thus making it a new, separate reporting area, which is fully in line both with the current global trends in the CSR development and with the requirements of the new GRI G4 methodology.

The responsibility in supply chain is achieved by minimising the negative impacts and maximising the positive impacts that the Bank makes on the society and environment through its supply chain by:

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

Supplier Code of Conduct

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

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

Centralised Procurement and Supplier Selection Process

Procurement at Erste Bank is a duty of the Erste Group Procurement (EGP) Company, which coordinates procurement in all seven countries in which Erste Group operates. The EGP's goal is to satisfy all needs of different Erste Group entities for goods and services – on time and in accordance with their special quality-related requirements, under the best conditions possible (price, payment terms, guarantees, reliability, etc.), locally or abroad. Erste Group views its suppliers as partners with which it jointly contributes to business sustainability, so the suppliers of Erste Group are obliged to meet the defined standards in the areas of business ethics, environmental protection and human rights. The procurement decisions at the Erste Group level and locally also include a social and environmental impact assessment.

In meeting their contractual obligations, the suppliers of material, equipment and services selected to be our partners must:

- Operate in accordance with state and local laws, decrees and regulations
- Fulfil all their legal obligations in connection with the safety and health of their employees and contractors
- Strictly comply with environmental protection legislation
- Respect and apply the basic principles of corporate social responsibility:
 - Protection of fundamental human rights and labour rights
 - Environmental protection
 - Promotion of health and safety at work
 - Anti-corruption.

The principles of cooperation and the main requirements for suppliers are defined in the Supplier Code of Conduct, which applies throughout the Group in order to ensure that all with whom we do business support the basic standards of our Group. An integral part of the Code of Conduct and one of the most important elements in the procurement process is the Supplier Audit Questionnaire (SAQ).

The assessment of quality in the supply chain is conducted by completing the Supplier Audit Questionnaire (SAQ) by suppliers whose turnover exceeds EUR 100,000 at the annual level. This questionnaire, which has been applied in Serbia since 01 April 2014, was introduced to ensure that the suppliers with which we cooperate comply with our standards in corporate social responsibility, is an integral part of the EGP supply chain and is regulated by the Electool eRFX. This operating tool ensures full transparency and enables timely risk assessment and identification prior to signing contracts with suppliers.

The results of the audit conducted by using the questionnaire are complemented by additional supporting materials and represent the basis for supplier assessment in the supply process. The audit and evaluation must be completed or otherwise the IT application prevents further procedure of assessing the particular supplier. In case of non-compliance with the Supplier Code of Conduct, the selected compliance representatives decide on further measures, if necessary. In addition to initial evaluation, standard assessments are also conducted, which cover the most important or potentially the highest-risk suppliers. When it comes to the sectors identified as particularly vulnerable, the questions relating to the protection and respect of human rights of employees, as well as having certain certificates, are an integral part of the Request for Proposal.

Supply Chain

The procurement practices of Erste Bank Serbia, as well as Erste Group, are focused on cooperation with local suppliers. When it comes to the bank in Serbia, 97% of its budget is spent on local suppliers, or those registered in the territory of Serbia. Total spending for all procurement of Erste Bank Serbia in 2015 was EUR 15,870,317 and we cooperated with 1,337 local suppliers and 69 foreign 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 eRFX tool, after which the system sends invitations to all interested bidders. All bidders registered for the relevant procurement category in the Bank's database, as well as the bidders who applied for the relevant procurement through the Bank's website and who can meet the requirements in the Invitation to Bid, have a right to participate.

eRFX tool is 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.

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.

Applying Environmental Protection Criteria in Supplier Assessment

In accordance with the Group's efforts to contribute to environmental protection, the aspects relating to this area are part of the supplier selection process. The Supplier Questionnaire contains the following specific questions:

- Environmental protection management system in place
- Participation in the Carbon Disclosure Project
- Written environmental protection policy in place
- CO₂ emission measurement methods
- Existence of environmental protection goals
- Information about the fines and fees for violations of environmental protection regulations
- Description of the supply chain.

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

During 2015, of the total of 25 new suppliers with which Erste Bank recorded transactions worth over EUR 100,000, 36% (or 9 suppliers) passed the analytical examination according to the environmental protection criteria. No supplier was the subject of a special environmental impact assessment beyond the SAQ, because there were no significant negative impacts or potential risks identified.





Applying the Social Environment Criteria in Supplier Assessment

Since the supplier selection process involves social aspects as well, the SAQ contains special topics in this area:

- Compliance
- Corruption risk
- Competition protection
- Complaint mechanisms in place
- Stakeholder engagement
- Abolition of child labour
- Elimination of all forms of forced and compulsory labour
- Elimination of discrimination in respect of employment
- Freedom of association and the right to collective bargaining
- Reasonable working hours and fair remuneration
- Health protection
- Health and safety at work
- Restructuring
- Fair working conditions
- Other social criteria in the supply chain.



During 2015, of the total of 25 new suppliers with which Erste Bank recorded transactions worth over EUR 100,000, 36% (or 9 suppliers) passed the analytical examination according to the social environment criteria. No supplier was the subject of a special social impact assessment beyond the SAQ, because there were no significant negative impacts or potential risks identified.

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

Investment in the development of the communities in which we are present through our business is an integral part of Erste Bank business philosophy, according to which economic growth and social development are only possible if conducted in parallel.

In accordance with the characteristics of our business, we felt that we could achieve the greatest impact by investing in the following two priority themes identified in our Corporate Social Responsibility Strategy for 2015–2019:

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

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

The Bank carefully and strategically approaches the community and the analysis of its needs, making constant assessments, monitoring trends and engaging stakeholders in different ways in the planning and decision-making processes. Based on this comprehensive process, we design new programmes and make constant adjustments to the existing programmes and mechanisms of support to emerging needs.



Our achievements in 2015:

- ✓ The first cycle of the redesigned donation programme Superste successfully conducted, in whose implementation RSD 13 million was invested together with the grants for the winning projects
- ✓ 11 projects with the greatest contribution to community development were selected in the Centrifuge competition
- ✓ Superste Club grew by 11 new members, young and talented people with ideas that change the world
- ✓ We supported over 50 projects through our sponsorship programmes
- ✓ More than RSD 17.5 million was invested in the community through Erste Bank donation and sponsorship programmes
- ✓ More than 200 Erste volunteers donated nearly 1,100 hours to the community through 7 volunteer campaigns throughout Serbia and through the Superstep programme
- ✓ Erste Bank won the Corporate Volunteering Award of the Responsible Business Forum for its Superstep programme



One of the best examples of results of this process is the creation of the Superste.net donation platform, whose development began during 2014, and in 2015 the entire cycle of this redesigned programme was conducted in a new, virtual space (you can read more information about the Superste programme on pages 68–70).

Erste Bank donation and sponsorship programmes are public and are announced as open invitations, with the rules, terms, deadlines, potential amounts of support, as well as the results being always publicly announced as well. In addition, year after year we remain true to our rule to respond to every request for support. With the aim of making the support programme fully transparent, the information about the total funds invested in programmes in the community at the annual level are available in the Bank Corporate Social Responsibility Report.

Financial support is not the only support mechanism that we apply; education, mentorship and other forms of expert support are equally important. In addition, we are committed to providing support to initiatives having the potential of sustainability, as well as synergy and networking with other initiatives in the community, with the aim of spreading and increasing the impact and results.

We pay special attention to supporting vulnerable social groups, such as the youth, women and persons with disabilities. We find it very important for the initiatives that we support to respect the equality and inclusion principles to which we as a bank strictly adhere in all aspects of our business.

6 • 1 Development of Youth Potential

With the long tradition of Erste Bank operation in this region, we strive continuously to monitor current trends and challenges, the way the young people, the future of our society, live and create, so that we could reach out to them and support them in the right way. Feeling that their ideas and energy are key for community development, we provide the youth with support through specialised financial mechanisms, but also with very important expert support for further improvement.

Superste.net

Superste.net is a platform that combines all the features of our community support strategy – focus on sustainable solutions, development of local potential, innovation, support to young people and other vulnerable groups, transparency and two-way communication.

Our new donation platform, through which we gave a new form to Erste Bank's well-known Centrifuge and Superste Club donation programmes, is adapted to the youth and the new digital era. After it was concluded, based on an internal analysis conducted and community comments collected, that the programmes set in 2008 could no longer cope in an adequate way with the changes brought into our lives by technology, we decided to perform the selection of projects to which donations will be awarded, through an online public process. Now Centrifuge and Superste Club are in a virtual space that enables us to learn from experience and interact with the community on a daily basis. In addition, the platform helps us be more transparent, and the level of interaction in project nomination and selection is incomparably higher than before in every respect. This platform, which we developed with our partners Vibe Network and Dokukino Foundation, is the hub for all information, applications, voting, news and interesting facts regarding our Superste annual donation cycle and for networking of young leaders.

In 2015, the first cycle was conducted of the redesigned programme, which now consists of two phases: Centrifuge and Superste Club. In the first half of the year, our Superste caravan visited Belgrade, Novi Sad, Subotica, Čačak, Niš and Šabac, with the aim of presenting the details of the new programme to the citizens and getting feedback and ideas for its further development.

Centrifuge is the first part of the Superste cycle and takes place in the first half of the year. It is intended for formal and informal groups wishing to develop their own projects in the areas of culture, art and education, with the aim of long-term contribution to the community. A total of 194 applications arrived for the competition, which lasted from the beginning of March until the end of May 2015. The project applicants could get mentoring support in the development of their ideas already in the early phase of the cycle by participating in our Superste Project Clinic, in the areas of





project management, strategic planning, fundraising, community mobilisation, social media, design, entrepreneurship and communications. The process of selection of 10 most successful projects for whose implementation RDS 500,000 each was allocated and mentoring support was provided, consisted of several phases. First, all approved projects were placed on the voting platform. Afterwards, in September, during the 48 hours of public hackathon, 40 representatives of the selected formal and informal groups had a chance to improve their projects further in cooperation with dedicated mentors of the Superste programme. Owing to a number of mentoring lectures and direct advice, each team further refined and shaped their projects. After productive work, the projects were presented at the Ideodrome, the final event, to the expert jury, which pronounced 20 finalists. The final decision on the competition winners was made by the public by voting on the superste.net platform. Around 60,000 people voted for the projects applying for the contest, which shows that there is a need for quality ideas and room for them to be actively supported in the community. The creativity and enthusiasm with which they approach the solving of problems in the community are the common characteristics of all awarded projects.

The following projects were awarded:

- **Debattfield, Niš** – implementation of creative rhetoric and debate in elementary and secondary schools of the City of Niš and its vicinity with the aim of providing space for exchanging opposing ideas.
- **Vučilo – Valley of Magic Words, Niš** – an application focused on education in orthography through game.
- **Svetlost Youth Cultural Centre, Smederevo** – revitalisation of the abandoned facility of the old cinema Svetlost, with the aim of providing the Smederevo youth with a place for creative expression and improving the cultural offer.
- **Revitalisation, Užice** – revitalisation of the tradition of city mural paintings by painting four new murals, marking the old ones, making an interactive map of murals and organising festivals.
- **Bubble on the Web, Belgrade** – a show with original, authentic and progressive audio content broadcast via the Internet.
- **Travelling Sparks of Good Manners, Novi Sad** – peer education of the youngest about good manners and the culture of living through games, dance and music.
- **Maps of the Invisible Balkans, Novi Sad** – a cartographic guide to the cities of Balkans, providing information about interesting facts not found in tourist brochures.
- **Going Out, a play, Belgrade** – production and performance of a theatrical play that raises the issues of the position of young people in our society.
- **Pimp Your Bike, Zrenjanin** – promotion of cycling through competitive games and workshops at which young people will have an opportunity of restoring or making their own bicycles, finding out about the environmental benefits of cycling and connecting with like-minded persons from their surroundings.
- **Rosmersholm – What Happened to Our Ideals?, Belgrade** – the play "Rosmersholm", which opens a direct debate about ideals and manipulation, as well as the debate "The Essence of Idealism".

The jury's special award worth RSD 100,000 went to the Sound Library, whose aim is the production of audiobooks for blind and visually impaired fellow citizens.

Superste Club is the second phase of the Superste donation programme, intended for outstanding individuals who wish to develop their socially useful projects into long-term sustainable and complete solutions. The Superste Club application period lasted from the end of September until the end of October 2015. The selected projects were presented for public inspection as well, and the jury selected 17 best projects, which participated at B101 – Summit of 100 Young Leaders of Southeast Europe. The work of the jury was followed by community voting, which decided who the Club winners would be. The ten projects for local community development with the highest number of votes won RSD 200,000 each. The new members of the Superste Club are:

- **Vladimir Prvulović**, representing the project of creating an online platform that includes all relevant offers of hunting associations in Serbia – Hunting Tourism of Serbia;
- **Slobodan Tihojević**, representing the project aimed at preventing the mysterious extinction of bees as a species – City Bees;
- **Nikola Arežina**, representing the project of interactive mapping of landfills on Fruška Gora – Clean Business;
- **Milan Belić**, representing the alternative culture promotion project – Rock Movement – Choose the Alternative;
- **Nina Milenković**, representing the project of empowering young women for engaging in sports by sharing the experiences of professional sportswomen – OPAžene za osnažENE (Be Recognised – Be Empowered);
- **Dragan Kovačević**, representing the project An Interactive Grammar of the English Language, online content making the learning of the English language easier to students;
- **Lidija Vuletić**, representing the project concerning the amateur musical theatre school – the Eudven Musical Theatre School;
- **Ivan Brkljač**, representing the Arbo project, which will plant a tree for each brand bracelet sold;
- **Anđelka Vulić**, representing the travelling show project for rural children – We Grow Watching Theatre Plays;
- **Nađa Bobičić**, representing the interactive multimedia database project – Read Me.

The jury's special award went to the sixteen-year-old **Vuk Višnjić** representing the Thirteen Youth Centre for alternative peer education for marginalised children from low-income or single-parent families. Thus the Superste Club got another 11 exceptional young people.

The winning projects were awarded a total of RSD 7.2 million in grants allocated by Erste Bank for the development of projects and local communities. New Superste cycle will begin as early as January 2016.

Superste Mentors

Our assumption that mentoring support to the participants of the Superste programme in the development of their ideas would be as important as the financial support was confirmed in the implementation. The Superste mentors are professionals from different sectors and areas, so they can respond to various needs of project applicants concerning culture, entrepreneurship, programming, marketing and economy. Their aim is to provide support in the development of creative ideas during the process, and they were available through our online project clinic, but also through a series of offline events organised by the Bank.

The 2015 Superste mentors were Andrea Brbaklić, Ivan Ćosić, Sonja Dakić, Biljana Dakić Đorđević, Dragana Đermanović, Aleksandra Kosanović, Đorđe Krivokapić, Aleksandar Mačašev, Marko Radenković, Dejan Restak, Sandra Simonović, Dejan Ubović and Aleksandra Vesić.



European Pact for Youth

Bank activities relating to professional internship for pupils and students are in line with major international initiatives concerning youth education. One of them is the Pact for Youth, a European initiative that invites all key stakeholders, and especially businesses and education institutions, to establish quality and long-term partnerships with the aim of reducing the differences between the skills acquired by education and those needed by the labour market. In November 2015 Sonja Konakov Svirčev, representative of Erste Bank, attended a two-day summit on corporate social responsibility in Brussels, organised by CSR Europe, where Marianne Thyssen, EU Commissioner, and Viscount Etienne Davignon, former Vice-Chairman of the European Commission, formally launched the Pact for Youth. Mirjana Šakić, representative of Erste Group, also took part as a speaker in one of the sessions, the roundtable on entrepreneurship and rethinking the traditional concept of career, abilities and skills.



Internships for Young Talent

One of the biggest challenges for the youth in Serbia today is employment. Acquiring the first work experience is not an easy task particularly when taking into account the gap between the knowledge gained through education and the skills needed for coping at work. This social problem can only be solved through cooperation between education institutions and businesses and by establishing cross-sectoral partnerships. Erste Bank strives through its internship programme to help some young people gain practical business skills and thus make the first steps in building their careers. During 2015 alone, more than 140 interns had an opportunity to develop and gain experience in different positions in banking, such as relationship manager, financial analyst, employment, training and development officer, payment operations officer. The Bank helped the development of young people in banking and finance in cooperation with the Ministry of Youth and Sport, as well as with five colleges and six secondary schools throughout Serbia, such as: Kragujevac School of Economics, School of Economics, Finance and Administration (FEFA), Singidunum University, Novi Sad School of Sciences, Belgrade Banking Academy, as well as Čačak Economics High School, Belgrade Business School – Higher Education Institution for Applied Studies, Bosa Milićević Economics High School from Subotica, Economics High School from Niš, Technical High School from Požega, Economics High School from Kragujevac and High School for Law and Business from Belgrade. In addition, Erste Bank strives to establish partnerships with youth and student organisations and continuously support their work.

Social Impact Award

For many years now, ERSTE Foundation has been a regional partner of the Social Impact Award project – the largest European competition dedicated to students, which promotes social entrepreneurship. In 2015, this competition was held in Serbia for the first time. The competition organiser was the Razlivalište Association, with the local support by Erste Bank, Impact HUB Belgrade and Coca-Cola Hellenic Serbia. The Social Impact Award presents an exceptional opportunity for all students interested in realising their socially responsible entrepreneurial ideas and making a positive and direct impact on society.

The project itself included an educational part and prize awards for the best ideas. The educational part was realised by holding 38 workshops in Belgrade, Niš and Novi Sad, which were attended by over 400 participants. The second part included the opening of the competition to which the students could apply with their ideas for starting social enterprises.

In May 2015, the jury comprising eminent representatives of institutions, the private sector and NGO sector selected three projects, which were awarded EUR 3,000 each as initial capital for project implementation, a trip to two international conferences and a mentoring programme to be implemented with the support by experts in different fields. The three projects awarded are:

- **Eco crates** – which help create a city network of oases for bees, thus participating in solving the global problem of pollinator extinction;
- **The Youth for the Elderly** – aimed at helping elderly persons and activating the youth by providing services for the activities that elderly persons cannot perform;
- **School Escort** – engaging persons to take care of a child or a group of children on a specific route.

The project will continue in 2016 as well, and all enterprising students from state and private universities in Serbia are welcome to apply individually or as a team to the competition for the 2016 Social Impact Award.





Share Your Knowledge – Become a Mentor

For six consecutive years, Erste Bank has traditionally been organising and participating in the project of development of and professional support to women named Share Your Knowledge – Become a Mentor. The mentoring programme lasting several months provides women at the beginning of their career with an opportunity to acquire new knowledge owing to the voluntary engagement of mentors, expert leaders from different professions, as well as younger women with similar interest and a desire to be successful in their fields. Assistance and support to women in their first professional steps is very important, and it is particularly positive that support is also provided by women who understand this specific position. The project is implemented in cooperation with the European Movement in Serbia, the US Embassy and the OSCE Mission to Serbia.

As part of the programme, and as part of the major global campaign organised and coordinated each year in several countries throughout the world by the Global Women's Leadership Network and the Vital Voices organisation, in 2015 two mentoring walks were held for the first time – in Niš and in Belgrade. The walk in Niš was organised on the International Women's Day, and on the same day, 7,200 women participated in another 73 walks throughout the world. The start of the walk in Niš was in front of the Bank branch at 20, Sindelićeva Street, and the walk was followed by a public debate on the topic Women's Rights in the 21st Century. The debate participants discussed the status of women's rights in Serbia, as well as the history of 8 March, evoking the role of women and women's movements in acquiring women's rights.

The mentoring walk, held for the sixth time in Belgrade in November 2015, brought together the trainees and mentors who had been participating in the Share Your Knowledge – Become a Mentor programme since its very beginning. The goal of the mentoring walk is to bring together the programme participants and discuss previous successes and plans, but also to draw public attention to the importance of developing women's capacity for successful career. More than 60 successful women in the areas of business, public life, NGO sector, as well as students, future leaders, walked the central streets of Belgrade. This walk was also an occasion to announce the new cycle of the Share Your Knowledge – Become a Mentor programme. For this purpose, a ceremony was organised at Aeroclub, and afterwards a discussion was organised for programme alumni on the topic Women to Women – What Does Mentorship Mean to Us?

6 • 2 Investment in the Community



Our fellow citizens in the communities in which we operate have always had in Erste Bank a reliable partner in achieving stable and inclusive growth and development. When it comes to corporate philanthropy, we conduct several programmes differing by types of assistance and by target groups. Our most prominent initiative, the Superste donation platform, was created for individuals, formal and informal groups with a clear vision of projects that contribute to community development (pages 68–70).

In addition, a separate sponsorship competition is opened every year, to which registered civil society organisations, institutions and the media may apply. We support through sponsorship the projects that are implemented in the towns in which the Bank operates and that comply with the Bank's priorities – culture and art, science popularisation, entrepreneurship and sport. Over 1,000 applications arrived for the competition for the projects planned to be implemented during 2015. The decision about which project will receive support was made in accordance with the Erste Bank Community Investment Strategy, the competition rules and the available budget for that year. In 2015, we sponsored a total of 55 prominent and quality events, festivals, exhibitions and forums.



Major Sponsorships and Donations 2015

Culture and art

- **16th Guitar Art Festival 2015, Belgrade**, Association of Classic Guitar Players of Serbia
- **31st Belgrade Jazz Festival, Belgrade**, Belgrade Youth Centre
- **18th Pancevo Jazz Festival, Pančevo**, organised by: Pancevo Culture Centre
- **5th International Jazz Festival Jazzibar, Kraljevo**, Ribnica Culture Centre
- **16th International Jazzfest, Kragujevac**, Re-Kreativno dud
- **5th Green Town Jazz Fest, Sombor**, Laza Kostić Culture Centre
- **Subotica International Jazz Festival Jazzik, Subotica**, Jazik Civic Association
- **Serbian Jazz, Man! music CD, Belgrade**, Serbian Soul Association
- **Syntheses Jazz Concert in honour of Vojin Mališa Draškoci, Belgrade**, World Music Association of Serbia
- **Second International Saxophone Festival "Belgrade SAXperience 2015", Belgrade**, Serbian Association of Saxophonists
- **Keyboard Days Belgrade 02 Festival, Belgrade**, Centre for New Art
- **Arouse! Poetry! Belgrade Poetry And Book Festival, Belgrade**, Third Square Civic Association
- **Crocodile House for Writers 2015, Belgrade**, Crocodile Civic Association
- **StandUpFest 2015, Belgrade**, Standup.rs – Centre for the Development of New Theatrical Expression
- **Balkan Up – Regional Festival of Stand-up Comedy, Kragujevac**, Vido Civic Association
- **Free Zone Film Festival Tour, Serbia**, B92 Foundation
- **Interaction – International Student Film Camp, Požega**, Independent Film Centre FILMART Civic Association
- **Seize This Day with Me – film festival about the life and achievements of persons with disabilities, Novi Sad**, Parnas Civic Association
- **Art and Inclusion, Novi Sad**, Per.Art Civic Association
- **Good Habits – weekend walk through galleries, Belgrade**, Remont – Independent Association of Artists
- **Rentakultura, Belgrade**, Stvaraoci (Creators) Civic Association
- **Urban Acupuncture 3-2-1, Novi Pazar**, Atelier
- **In/Visible City, Vojvodina**, DAH Theatre – Centre for Theatrical Research
- **Multiversity, Belgrade**, Multicultivator – Service for Development of Culture and Art
- **The World of Sound, interactive exhibition, Belgrade**, Ilija M. Kolarac Foundation
- **Cultural Recreation, Kikinda**, National Museum of Kikinda
- **Zmaj Children's Games, Novi Sad**, Zmaj Children's Games
- **Beograd Velograd, Belgrade**, IBIKE Belgrade doo
- **Biciklana Fest, Novi Sad**, Novi Sad Cycling Initiative



Science promotion

- **Science Festival 08, Belgrade**, FENOMEN Science and Art Promotion Centre
- **Science Festival, Novi Sad**, Novi Sad University
- **Science Is Not Scary – Science Festival, Niš**, Svetozar Marković High School
- **Eureka Days Science Festival, Kruševac**, Kruševac High School
- **Street Magic Science Festival, Požarevac**, Dositej Obradović Elementary School
- **School Face, Novi Sad**, Horizon 21 Centre for the Development of Knowledge Society
- **Children's Economy – programme of financial education of elementary school pupils, Serbia**, Junior Achievement Serbia
- **Alpbah Belgrade Club, Belgrade**, Alpbah Belgrade Club

Entrepreneurship and coworking

- **New Spark Design Incubator, Centre for Professional Development and Affirmation of Young Industrial Designers, Belgrade**, Culture Code Civic Association
- **Impact HUB Belgrade, Belgrade**
- **Deli Coworking Space, Niš**, Proaktiv
- **Hub Novi Sad, Novi Sad**, eFront Association
- **Social Game about Social Entrepreneurship, Belgrade**, Centre for Socially Responsible Entrepreneurship
- **Social Impact Award, Serbia**, Tok Civic Association
- **Women in IT Conference, Novi Sad**, Biznisnova
- **Belgrade Venture Forum, Belgrade**, Serbia Venture Network Seven
- **Mom Entrepreneurs Club, Belgrade**, Mom Centre
- **Development of Women's Entrepreneurship, Novi Sad**, O21 Foundation
- **SEE ICT Conference, Belgrade**, SEE ICT Association
- **Webiz, Conference on Internet Business Application, Zrenjanin**, Creative Media Art
- **wwvrsac 2016 Conference: Live Locally – Work Globally, Vršac**, Plan & Hill



Individual Philanthropy

The Bank encourages its employees to give their individual contribution by helping their colleagues and fellow citizens. The Marina Čurčić Solidarity Fund has been in existence in the Bank since 2007. Its funds are used to help all employees who find themselves in difficult financial situation, and from 2012 the employees also started to deposit their personal funds to make the Fund bigger. In 2015, around 80 employees per month on average supported the Fund operation by their individual donations, which resulted in more than RSD 400,000 of support to the Fund by the end of the year. In 2015, the Solidarity Fund helped 116 employees with 153 disbursements of different sorts of help (for children's scholarships, medical treatments, funeral expenses etc.) in the amount of almost RSD 4.4 million.

The Christmas Bazaar was, in keeping with tradition, held in December in the halls of three Bank business centres in Novi Sad and Belgrade. The employees brought joy to their loved ones by buying various colourful, cheerful and aromatic gifts, thus helping social enterprises such as BIOIDE Sapuni, Our Puppy, KEC MNRO and the Milan Petrović School for Elementary and Secondary Education.

Large quantities of sweets, snacks and juices, as well as school kits and wardrobe were collected at the Christmas party, which for the first time was organised in humanitarian spirit, also in the three Bank business centres in Novi Sad and Belgrade. The gifts were given to the children at the Drop-in Centre in Novi Sad, the Children's Village in Sremska Kamenica and the Drop-in Centre in Belgrade. For each gift brought, the employees were thanked with New Year's magnets and cards that the Bank had bought from NURDOR, thereby supporting their work as well.

The Bank doors were open for the LiceUlice magazine vendors in 2015 as well. Seven hundred copies of the magazine were sold in several visits in Novi Sad and Belgrade organised by LiceUlice and the Milan Petrović School for Elementary and Secondary Education.



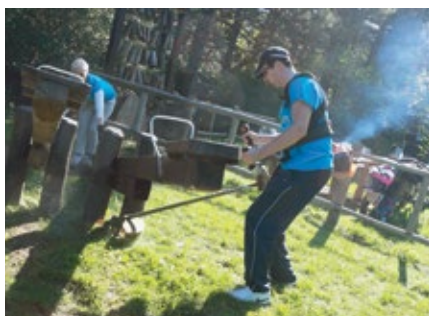


Erste Volunteers

Volunteer work is another way in which we show how important it is to us to grow and develop together with our fellow citizens from the communities in which we operate. We are a bank that supports and encourages volunteer work in all forms, from joint volunteer campaigns to individual volunteering through transfer of professional knowledge and skills. In addition to contributing to the improvement of the quality of life in the community, volunteer engagement strengthens team spirit, while the feeling of belonging, and the irreplaceable feeling of personal satisfaction of each of our volunteers is the reason why our Volunteer Club grows year after year, accounting for more than one-third of all Erste Bank employees. In addition to participating in volunteer campaigns, our volunteers are actively involved in the creation of the volunteering programme itself by proposing locations and activities in their local communities.



During 2015, we organised seven campaigns in total, involving over 200 Erste volunteers. Our dedicated people invested almost 1,100 hours to do something good for their fellow citizens in Futog, Kulpin, Belgrade, Zrenjanin, Užice, Budisava and Iriški Venac. In our traditional central campaign, 130 Erste Bank employees from all parts of Serbia improved the area of Iriški Venac at Fruška Gora and volunteered at a dog shelter in Budisava. Accompanied by their families, the employees installed and painted benches and tables, removed weed, restored a children's playground, set up information boards and new dustbins, while through a series of workshops the youngest had an opportunity to learn how important it is to protect one's environment and the nature. Those employees who simultaneously volunteered at the dog shelter in Budisava set up new doghouses and repaired the old ones so that the abandoned dogs could have a safe place for the coming winter. The major campaign was organised with the Bank's new partner, Arhus Centre Novi Sad, which proved to be a very responsible partner.



The kindergarten day-care section in Futog and the garden of the old Dunderški Castle in Kulpin were renovated; we improved the Medical School yard in Užice and painted the fence and sport courts in the yard of the Đorđe Jovanović General Hospital in Zrenjanin.



In Belgrade, as part of the Our Belgrade campaign, which brings together volunteers from socially responsible companies every year, Erste Bank employees painted the walls of rooms of the Jovan Jovanović Zmaj Home for Children without Parental Care.

In addition to major joint volunteer campaigns, individual volunteering in the form of transfer of professional knowledge and skills is also a large part of our volunteering programme. Erste volunteers make their knowledge, skills and talents available to the community through our programmes such as Superstep and Superste Project Clinic, and last year we joined the Business Skills Academy, a Responsible Business Forum programme, through which the employees in the member companies of this network strengthen the capacities of civil society organisations.

Corporate Volunteering Award

In 2015, the Corporate Volunteering Award by Smart Kolektiv and the Responsible Business Forum was awarded to Erste Bank in the skills-based volunteering category for the Superstep programme. Superstep is an educational financial programme of youth empowerment, which is implemented as part of the Youth Business Serbia programme and was launched back in 2011. In addition to providing the most successful projects with funding through loans granted under favourable terms, the goal of this programme is to contribute to reducing youth unemployment through self-employment and development of entrepreneurial spirit. The educational part of the programme consists of several training levels adapted to different levels of knowledge and motivation of young people. The expert volunteering of our employees, which is an integral part of the Superstep programme, was recognised as an advanced practice when it comes to corporate philanthropy in Serbia. In season 2014/2015, a total of 12 Bank employees were rewarded for their volunteering work with the youth as part of the Superstep programme, in different stages and on different tasks. We congratulate: Branislava Selaković, Sreten Vranić, Bojan Vukilić, Dušan Stejin, Tanja Kojić, Radoslava Islamović, Maja Stanić, Biljana Stefanović, Biljana Blanuša, Irena Janković, Miloš Macut and Bojan Žarković. You can read more on page 50 about Superstep, which, as of next year, will be further developed into a comprehensive programme for the provision of support and financial services to groups of customers with difficulties accessing services of commercial banks.



ERSTE Foundation in Serbia

ERSTE Foundation was founded in 2003, with its head office in Vienna and operations throughout Central and Southeast Europe. The Foundation, which is simultaneously one of the Erste Group shareholders and indirectly controls 19.2% of Group core capital, is unique because it has an almost 200-year long experience in social entrepreneurship. ERSTE Foundation originates from the first private savings bank in Vienna – Erste österreichische Spar-Casse, founded voluntarily by the citizens of Vienna in order to enable common people, factory workers, clerks and craftsmen to save money at an interest and thus secure their future. The Foundation still operates on this premise that everyone deserves a chance; it supports and creates by itself sustainable solutions that are afterwards applied in the local community. The Foundation conducts its activities through three strategic programmes:

- Social development – fighting poverty and supporting social transformation
- Culture – advocating an open society and enabling cultural production
- Europe – bringing people closer and encouraging the development of common perspectives

In 2015, ERSTE Foundation supported the following projects in Serbia:

Summit of the Western Balkans Civil Society Forum

Together with German Friedrich-Ebert Stiftung and Austrian Karl Renner Institute and in close cooperation with the Austrian Federal Ministry for Europe, Integrations and Foreign Affairs, ERSTE Foundation worked intensively on the development of an initiative that brought together the representatives of the Western Balkans civil society and renowned European political leaders at the same table: the Summit of the Western Balkans Civil Society Forum. The summit was held in August 2015 in Vienna, and it was preceded by three workshops held in Albania, Serbia and Bosnia and Herzegovina on the topics Regional Cooperation Culture, Job Creation and Prosperity, and Freedom of Expression.

Academy of Central European Schools (aces)

The Academy of Central European Schools (aces) is one of the largest Central European school networks and enables cross-border school projects. It launches an invitation for proposals for its programme each year in order to encourage students and teachers to join the intercultural exchange with a school in another country. As was the case in the previous years, in 2015/2016 the selected schools in 15 partner countries of Central and Eastern Europe joined forces in the work on the specified topic: "Embracing Solidarity: We Care, Dare and Share!". More





than 500 schools responded to the invitation in 2015/2016, and the international jury selected 105 schools in total, including the following schools from Serbia: Ruđer Bošković High School, Technical School for Chemistry and Food, Stefan Dečanski School for the Hearing-Impaired and Zmaj Technical School (Zemun), Belgrade, Dositej Obradović Elementary School (Ćićevac), Polytechnic School and School and Home for Hearing-impaired Students, Kragujevac, Knez Lazar Elementary School (Lazarevac), Kralj Petar I and Law and Business Administration Secondary School, Niš, Sveti Sava Elementary School (Pančevo), Ivo Andrić Elementary School (Pranjani/Gornji Milanovac) and Radivoj Popović Elementary School (Zemun).

Balkan Fellowship for Journalistic Excellence

The Balkan Fellowship for Journalistic Excellence is awarded by ERSTE Foundation and the Open Society Foundation in cooperation with the Balkan Investigative Reporting Network based in Belgrade, in order to promote quality reporting in Southeast Europe and encourage regional networking among journalists. Each year, the jury makes a selection among ten experienced journalists from Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Greece, Kosovo, Macedonia, Montenegro, Romania and Serbia who participate in a seven-month programme; in addition, three best articles are awarded prizes at the end of the programme. One of the winners for 2015 is Jasmina Lazić, journalist of the Vreme weekly and culture editor of the ELLE Serbia magazine.



ERSTE Foundation NGO Academy

ERSTE Foundation NGO Academy offers a wide range of capacity building programmes for civil society organisations in Central and Southeast Europe. The goal of the various seminars is to provide support to executives and members of these organisations, the organisations themselves and indirectly to their stakeholders and to provide them with assistance in solving the existing and future challenges in their sectors. Two seminars were held in 2015 in Belgrade: Strategic and Communication Planning, from 21 to 22 January, and Reaching the Community and Mobilising it for Civil Society Organisations, from 14 to 15 April.

CAS SEE Rijeka Scholarships in 2015

The Centre for Advanced Studies – Southeast Europe (CAS – SEE) is an organisational unit of the Rijeka University, which is specialised for scientific research in social sciences and humanities. In 2015, CAS SEE established a scholarship programme together with the Centre for Ethics, Law and Applied Philosophy (CELAP),

an advisory group founded in 2009. CELAP and CAS SEE launched a joint scholarship programme with express focus on young students and thinkers under 35 years of age who are very likely to succeed and are in the stage of postdoctoral studies. Scholarship holders went in Rijeka and Belgrade and on regional research trips, at seminars and conferences organised with support of regional offices in Novi Sad, Ljubljana, Priština, Sarajevo, Podgorica, Tirana, Turin, Trieste and Istanbul. They focused on the studies of migrations in the Mediterranean region, on the connection between natural sciences and social sciences and humanities: towards new and applied interdisciplinarity and on balancing the social progress: social and protest movements – between deconstructing and (re)shaping public space.

European Fund for the Balkans

The European Fund for the Balkans is a joint initiative of European foundations – ERSTE Foundation being one of the four – that predicts, leads and supports initiatives with the aim of strengthening democracy, encouraging European integration and promoting the role of the West Balkans in resolving the emerging challenges in Europe. Based in Belgrade, the modern strategy of the EFB programme is based on three comprehensive areas – capacity development, policy development and regional cooperation.

Romeo and Juliet Integration Workshops

This project supported by ERSTE Foundation concerned the preparation, production and performance of a joint bilingual Serbian-Albanian play based on Shakespeare's Romeo and Juliet, but adapted to local context, i.e. Serbian-Albanian conflict, promoting reconciliation between these two communities.

You can see more details about ERSTE Foundation on its website:

www.erstestiftung.org

Time Machine

The ERSTE Foundation project "The CEE (Savings) Banks History", explores the impact of the development of banking products and services for individuals and groups that had difficulty accessing them on Central and Eastern Europe after its implementation in 1819 in Vienna. This project of long-term research of the corporate heritage of Erste Group member banks is also conducted by us in Erste Bank Serbia. We search for historical sources (documents, photos, films, items) archived internally in banks or in external archives (regional, state-owned or private). We intend to save from oblivion the Bank's communication with its savers from the 19th century until 2000.

The documents we are looking for are savings books of Novosadska Štedionica, other documents bearing the savings bank stamp, letterheads, letters, leaflets, posters, advertisements printed at banks, but also different items, e.g. savings boxes, calendars, different "gifts" that the Bank gave away in that period. We shall photograph the items and record the basic information about the persons who found them. The owners of the found items can give them away to the Advertising Institute for the future museum or just record their findings in the database, so that they could be shown with their permission at an exhibition that will be organised after the end of the campaign.



7 • RESPONSIBILITY TO THE ENVIRONMENT



Erste Bank recognises environmental protection as equally important relative to other aspects of sustainability. Therefore, the management of impacts in this area is approached strategically, in the manner defined by the Bank Corporate Social Responsibility Strategy. In the last few years, this actually led to significant progress in reducing negative impacts and improving good, environmentally acceptable practices in the Bank's everyday operations.

The environmental dimension of our corporate social responsibility involves consumption of resources (raw materials, energy, water), company outputs (emissions, waste), compliance with environmental regulations, costs and investments that the company has in this area, as well as the impact of its products and services on the environment.

Achievements in 2015:

- ✓ Total investment of over RSD 83.5 million in environmental protection management
 - ✓ Construction project of a new business complex, which will be environmentally sustainable, initiated
 - ✓ Five branches adapted according to the environmentally acceptable standards
 - ✓ Continuation of financing renewable energy sources, with over EUR 2.2 million granted for this purpose
-

A detailed indicator fulfilment analysis conducted in the course of preparation of the new CSR Strategy for 2015–2019 showed that all strategic directions defined for 2012–2014 had been adhered to and that they had led to progress in all areas relative to the previous three-year period:

- Natural and Social Environment Protection Policy and the Responsible Financing Policy were adopted, which raised the CSR practices in core business to a significantly higher level and connected them with the Bank's core business.
- Improvement of the resource management process reduced consumption by all major parameters (energy, emissions, water, waste, transport).

Special progress was recorded when it comes to monitoring and reporting the performance in the area of environmental protection, as well as achieving measurable results. Since 2009 when the first CSR Strategy was adopted, the Bank went through a number of strategic steps owing to which the foundations were set for introducing the Environmental Management System and for constant further improvements.

The initial step was the Bank's engagement in the ECOprofit programme, 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), and during 2014 the Bank further improved the data quality and processing owing to the Credit360 project by implementing an application for data processing -- Environmental Data Collection (EDC). The implementation of this project continued in 2015 at the Erste Group level, with the aim of creating an adequate form for more precise processing of environmental impact, in compliance with the global standards.

The participation in the above projects enabled the Bank to systematise initiatives in the field of environmental protection, as well as to develop systems for precise monitoring of energy and water consumption and the amount of waste produced. The Bank then 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 supply chain.

The new CSR Strategy of the Bank confirmed three main directions of activity in the area of environmental protection:

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



7 • 1 Responsible Use of Resources

The most important steps forward in resource management in the past three years were achieved by introducing the measurement of all key parameters (energy, emissions, water, waste, transport), as well as by planning and achieving consumption reduction. We also realised the plans relating to the application of environmental standards in branch refurbishment and the introduction of environmental criteria in supplier selection (Responsibility in Supply Chain, page 61). The basic documents in this segment, which were in force during 2015 as well, are Waste Management Procedure and Erste Group Energy Management Policy.

In accordance with everything learned and implemented in the already mentioned projects that were launched and implemented, we directed our most significant initiatives in this area to: conducting activities on the development of the energy management system for the purpose of reducing energy consumption, decorating the branches using adequate elements and materials, changing the heating system in facilities where necessary, programming the air-conditioning system in accordance with employee working hours, leasing and purchasing more eco-friendly vehicles, using video and telephone conferences with the aim of reducing business trips and innovations in the printing system with the aim of reducing the consumption of energy, paper and toner. The Bank has so far invested almost RSD 300 million in environmental protection projects.

TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)*	2011	2012	2013	2014	2015
	23,555,926.52	27,875,017.00	88,171,043.90	72,142,195.00	83,537,961.04

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



Environmental Sustainability of Facilities



In addition to investing year after year in the adaptation of its branches in accordance with environmentally acceptable criteria, ten years after its arrival in the Serbian market, Erste Bank starts a great undertaking of constructing a new business space that will be environmentally sustainable. The energy efficiency of the building is the guiding idea of the new project of construction of the Sirius Offices business complex that will be located on the corner of Milutin Milanković Boulevard and Antifašističke Borbe Street in Belgrade. The business space, with EUR 39 million to be invested in the first phase of its construction, will cover an area of 18,500 gross square meters of business space, offices and shops, while there will be 230 parking spaces in underground garages.

The facility will thus be built according to the highest environmental standards in order to provide ideal working conditions and optimise users' costs. The business complex will be built in accordance with the BREEAM certification and will be characterised by the highest environmental standards, high energy efficiency, minimum energy consumption for cooling and heating, and recycled materials will be used during its construction. BREEAM (Building Research Establishment Environmental Assessment Method) is one of the leading methods for the assessment of environmental impact of buildings, and the certificate confirms construction that exceeds the regulations, contributing to environmental protection, greater comfort and health of people. The contractor will be Strabag Construction Concern, which will ensure construction of the complex in compliance with the highest standards.

As part of the cooperation with Denkstatt company on local projects in Serbia, in 2014 a detailed study was prepared of energy efficiency of the Bank's administrative building in Novi Sad, based on which further activities are planned for 2015. The installation of the cos Fi factor reduction system as well as the replacement of the existing valves on radiators with thermostatic valves were carried out at the end of 2015 and the beginning of 2016.

Green Branches

It is worth reminding that during 2014 the Bank prepared two energy efficiency studies for its branches in Bačka Palanka and Velika Plana with the experts of Membrane Studio Novi Sad. Further activities are planned at other Bank branches as well based on the experience gained with the adaptation of these branches.

In 2015, we continued renovating our branches according to environmentally acceptable principles. The adaptations and renovations were carried out at five branches – one in Novi Sad, Novi Banovci and Kula and two in Belgrade.

Energy and Emissions

Reducing the use of natural resources, especially electricity, is a key step in minimising the Bank's environmental impact. It is for that purpose that the Bank implements the initiatives aimed at increasing energy efficiency and, consequently, decreasing greenhouse gas emissions. By moving to the new version of the GRI Guidelines, G4, since 2014 Bank has introduced two new sustainability reporting parameters: energy intensity that is a measure of the company's energy efficiency and the intensity of greenhouse gas emissions that provides the context for the company's efficiency, including its performance compared to other companies.

Electricity Consumption Savings

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. 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 ENERGY	2012	2013	2014	2015
TOTAL ENERGY CONSUMPTION (GJ)*	19,344.86	18,016.5030	15,661.60	15,579.4110
ELECTRICITY	10,042.488	9,963.2772	9,121.14	9,050.4565
HEATING AND COOLING	9,544.1976	8,053.2258	6,500.9124	6,528.9545
DIESEL FOR GENERATORS**	N/A	N/A	39.546	N/A
TOTAL ENERGY SAVINGS (GJ*)	3,060	1,570	1,552.42	70.68***

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

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

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

ENERGY INTENSITY (kWh/A PER EMPLOYEE)*	2014	2015
ELECTRICITY	2,554.08	2,447.92
HEATING AND COOLING	1,820.37	1,765.92

* Energy intensity is the necessary quantity of energy per unit according to the selected parameter, e.g. per employee or per product unit. Considering the nature of the Bank's business, the number of permanent employees as of 31/12/2015 was taken as the parameter for calculating energy intensity.

Water Consumption Savings

Owing to the well-developed systems for precise consumption monitoring, Erste Bank has been monitoring and recording water consumption since 2012. The implementation of the initiatives aimed at consumption reduction achieved significant savings, so a total of 8,414 m³ of water from the city water supply network was consumed during 2015, around 1,000 m³ less than in the first year of measurement.

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

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

DIRECT AND INDIRECT EMISSIONS	2014	2015
DIRECT EMISSIONS OF GREENHOUSE GASES (GHG – SCOPE 1)*	443 t/CO ₂ eq**	420 t/CO ₂ eq**
INDIRECT EMISSIONS OF GREENHOUSE GASES (GHG – SCOPE 2)***	3,193 t/CO ₂ eq****	2,515 t/CO ₂ eq****

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

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

*** 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 CO₂eq (kg/kWh)

INTENSITY OF GREENHOUSE GAS EMISSIONS* (t/CO ₂ eq PER EMPLOYEE)	2014	2015
TOTAL GREENHOUSE GAS EMISSIONS (t/CO ₂ eq)	3,636	2,935
TOTAL NUMBER OF EMPLOYEES	992	1,027
INTENSITY OF GREENHOUSE GAS EMISSIONS	3.66	2.86

* Emission intensity includes CO₂ emissions related to direct and indirect greenhouse gas emissions, as well as emissions caused by transport. Intensity of emissions is emission per product unit, product, or other parameter which is unique for company. The number of permanent employees as of 31 December 2015 was taken as the parameter for calculating by the Bank.





Transport

When it comes to the impacts made through transport, the Bank established a precise measurement system as early as 2013, relating to business trips and to employee transport. The impacts made in this way were recognised as being among the most significant direct impacts that the Bank as well as other companies in the financial sector have on the environment. Impact monitoring involves several criteria:

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

In addition, the Erste Group standards define the types of company vehicles with CO₂eq 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	2015
ENERGY CONSUMPTION			
DIESEL (l/a)	40,700	62,000	80,837
PETROL (l/a)	48,000	33,000	40,678
CO ₂ EMISSIONS t/a CO ₂ eq	328	380	302

Waste Management and Recycling

In addition to the measures and initiatives relating to energy savings, one of the Bank's greatest contributions to sustainability is the reduction of its direct impacts through rational use of paper.

Thus, 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 since 2009, which means that timber or paper is produced by controlled and sustainable forest growth and reflects the highest level of ensuring quality and sustainability in forestry, timber industry and paper industry.

When it comes to waste, everyday business at the Bank involves generating significant quantities of waste paper, so our initiatives are also focused on 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 glass waste.

A significant reduction in generated waste was recorded in 2014, when the Bank started using the printing service of the Konica Minolta company, thus freeing itself from the obligation of collecting toner cartridges (except for the quantities left from the previous period). This reduced the quantity of used paper as well.

Waste treatment is precisely defined by our internal document Waste Management Procedure.

WASTE AND RECYCLING	2012	2013	2014	2015
TOTAL GENERATED WASTE VOLUME (t)*	30.603	32.755	13.161	23.582
HAZARDOUS WASTE (t)	2.97	2.510	1.115	0.43
NON-HAZARDOUS WASTE (t)	27.633	30.245	12.046	23.152
TOTAL VOLUME OF RECYCLED WASTE (t)	30.603	32.755	13.161	23.582

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

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

Employee Engagement

The savings and reductions made in all segments of resource use would not have been possible without an active and continuous engagement of Bank employees. The encouragement of our employees to save resources at their workplace, as well as the promotion of environmental protection through our internal magazine and other internal communication channels greatly contributed to our positive results. From proposing concrete initiatives to volunteer campaigns and recycling, our employees recognise the importance of the initiatives focused on environmental protection, as well as the importance of their role in improving environmental practices in everyday operations.

7·2 Responsible Financing

The area of responsible financing is the basic trend in the development of corporate social responsibility in the financial sector and at the same time an aspect in which the most noticeable progress was recorded when it comes to socially responsible business of Erste Bank, by the adoption and application of the Natural and Social Environment Protection Policy and the Responsible Financing Policy (More details about the policies in the Responsible Financing section, pages 46–49), as well as by increasing the amount of investment in energy efficiency projects and other green projects. Social and environmental aspects are integrated in the project design with a clear aim of contributing to the solution of a particular problem and, in a broader context, to the preservation of the environment and to sustainable development of society.

The Bank is still among the leading institutions when it comes to financing projects that use renewable energy sources and is recognised as a reliable partner to companies interested in starting this type of projects. As many as 19 projects for mini hydroelectric power plants, three biogas power plants, 14 photovoltaic plants, the first wind farm in Serbia and two wood pellet production plants have been implemented so far, confirming that Erste Bank is the leading bank in this segment of financing. Since 2009, Erste Bank financed projects that use renewable energy sources with over EUR 55 million.

Several credit lines were available in 2015 for financing energy efficiency projects, for which contracts were signed before 2015, and these were, before all, an agreement signed in 2012 between Erste Bank and the German Development Bank, Frankfurt (KfW) on a EUR 10 million credit line with the repayment period up to the end of 2019, which is intended for financing renewable energy sources (50%), with the remainder distributed to SMEs and the micro segment. Of the total of EUR 3.7 million granted from this credit line, EUR 3.3 million related to energy efficiency and renewable energy, while the remaining funds were allocated to small and medium-sized enterprises. During 2015, EUR 2 million was granted for renewable energy sources. The share of the funds granted in 2015 from the KfW credit line in the total amount granted was 1%.

In addition, in 2014 Erste Bank signed a new agreement with the German Development Bank in the amount of EUR 20 million and with the option of a EUR 3.9 million grant for the projects eligible for grant award. This credit line is intended for financing projects in the area of energy efficiency and renewable energy sources for micro enterprises and SMEs. The grant is to be used for financing projects whose eligibility is analysed using a series of criteria and rules defined in three basic categories: ECO II – investment in replacing old equipment with new energy-efficient equipment, or energy-efficient rehabilitation of old equipment, ECO III – investment in renewable energy, and ECO Buildings – investment in eco-buildings or new buildings or in reconstructing buildings subject to domestic energy efficiency standards/energy passport.

Green Ideas

For the past three 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. In 2015 87 projects applied for the competition, and 8 of them that were shortlisted included the elements of sustainable development to the highest extent and, in addition to their financial sustainability, creatively solved economic, social and environmental problems. Priority was also given to the ideas that primarily rely on local resources. More details about the contest and this year's winners in chapter "Responsibility to Customers", pages 55–56.



The EIB credit line from 2012, in the amount of EUR 50 million and repayment period until 2026, intended for micros, small and medium-sized enterprises, was also active during 2015. In 2015 EUR 10,601,800 of this credit line was approved and disbursed, of which EUR 241,000 was intended for renewable energy sources, i.e. energy efficiency.

So, of the total loans from the KfW line and the 2012 EIB line in the amount of EUR 12,771,848 granted in 2015, EUR 2,241,000 was granted for energy efficiency and renewable sources, i.e. 18%, while the share of these loans in the total loans granted in 2015 at the level of the Corporate SME and Public Division was 1%.



• ABOUT THE REPORT

The Corporate Social Responsibility Report 2015 of Erste Bank a. d. Novi Sad is the eighth CSR report and the fifth report that follows, in terms of methodology, the international sustainability reporting framework, Global Reporting Initiative (GRI).

The Report was prepared in accordance with the Core option of G4 Reporting Guidelines, while also fulfilling some of the requirements for the Comprehensive option, indicated in the GRI Index (page 98). The Report brings responses to 40 indicators, including the indicators and relevant management approaches from the new G4 version of the GRI Financial Services Sector Supplement – FSSS, which makes this Report a relevant source of information also for the international finance institutions with which the Bank cooperates. It is important to mention that certain information in the new G4 version of the GRI Financial Services Sector Supplement was presented as management approach instead of as indicators, which led to a decrease in the total number of indicators reported by the Bank, while the type and quality of information about performance provided by the Report remained at the same level. A detailed summary of changes in the method of information presentation in the GRI Index can be found on page 98.

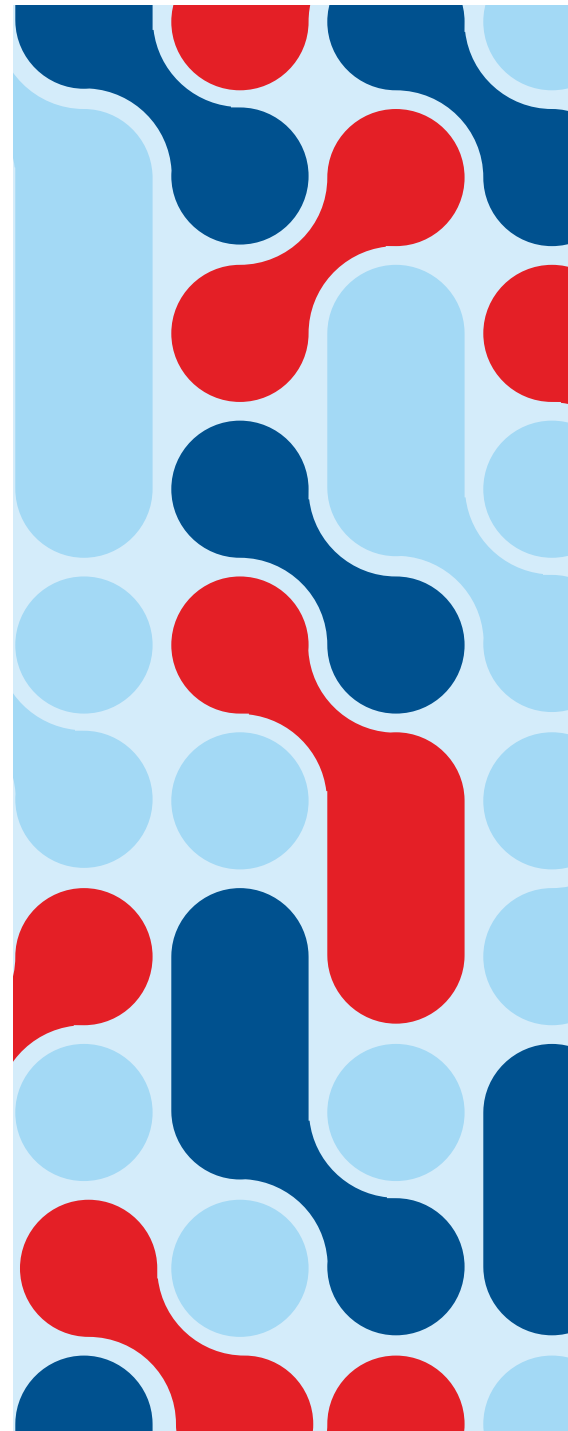
In line with the global drive towards standardisation and harmonisation when it comes to non-financial reporting, the GRI report responds to all requirements of the United Nations Global Compact (UNGC) Communication on Progress (COP), and brings an overview of activities aimed at enhancing gender equality and empowering women in accordance with the United Nations Women's Empowerment Principles.

www.globalreporting.org


www.ungc.rs

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

* In the new, G4 version of the Financial Services Sector Supplement, certain information is presented not as indicators but in the management approach, which led to a decrease in the total number of indicators on which the Bank reports, while the type and quality of performance data the report provides remained at the same level. A detailed review of changes in the manner of presenting information can be found in the GRI Index, page 98.



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 2015.

REPORT PARAMETERS	CORPORATE SOCIAL RESPONSIBILITY REPORT 2015, ERSTE BANK A. D. NOVI SAD	
REPORTING CYCLE	ANNUAL	
REPORTING PERIOD	FOR 2015 (REPORT PUBLISHED IN 2016) RELATES TO THE BUSINESS YEAR FROM 01/01/2015 TO 31/12/2015	
PREVIOUS CSR REPORT	FOR 2014 (REPORT PUBLISHED IN 2015)	
FIRST CSR REPORT PUBLISHED	FOR 2008 (REPORT PUBLISHED IN 2009)	
REPORTING METHODOLOGY	GLOBAL REPORTING INITIATIVE (GRI G4) (GRI INDEKS, PAGES 98–103) GRI FINANCIAL SERVICES SECTOR SUPPLEMENT UNITED NATIONS GLOBAL COMPACT (UNGC) COP	
OTHER STANDARDS	AA 1000SE STANDARD (ACCOUNTABILITY:2011) UNITED NATIONS WOMEN'S EMPOWERMENT PRINCIPLES	
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	SONJA KONAKOV SVIRČEV, SENIOR EXPERT FOR CSR DOP@ERSTEBANK.RS SONJA.KONAKOV.SVIRCEV@ERSTEBANK.RS + 381 (0) 112015011 + 381 (0) 608747497 THE REPORT IS AVAILABLE AT WWW.ERSTEBANK.RS • WWW.UNGC.RS	



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 2015 ERSTE BANK A. D. NOVI SAD
THE REPORT CONTENT IS DEFINED SO AS TO PRESENT THE TOPICS, WHOSE MATERIALITY WAS RECOGNISED DURING THE PREPARATION OF THE CSR STRATEGY, ACCORDING TO THEIR STRATEGIC IMPORTANCE TO THE BANK, AS WELL AS TO ITS STAKEHOLDERS (PAGE 13).	STAKEHOLDER ENGAGEMENT IS A FUNDAMENTAL TOOL THE BANK USES IN ORDER TO UNDERSTAND THE NEEDS AND EXPECTATIONS OF ITS STAKEHOLDERS AND RESPOND TO THEM (PAGES 14–15)
A WIDER SUSTAINABILITY CONTEXT IS THE FRAMEWORK WITHIN WHICH THE BANK OBSERVES ITS BUSINESS AND CSR ACTIVITIES, TAKING INTO ACCOUNT NATIONAL AND INTERNATIONAL TRENDS, IN PARTICULAR THOSE WITHIN THE FINANCIAL SECTOR.	THE PRIORITY ASPECTS OF REPORTING RELATE TO 2015 AND THE ENTITIES DEFINED BY THE BANK AS INCLUDED (PAGE 10). COMPARATIVE DATA IN RELATION TO THE PREVIOUS YEARS ENSURE THE COMPLETENESS OF THE REPORT AND PROVIDE STAKEHOLDERS WITH THE POSSIBILITY TO REVIEW FULLY THE RESULTS OF THE BANK'S ACTIVITIES.
THE BANK TRIES TO VIEW OBJECTIVELY ITS IMPACTS ON SUSTAINABILITY AND PROVIDE AN UNBIASED PICTURE OF ITS PERFORMANCE, WHICH ACHIEVES BALANCE IN REPORTING.	IN ACCORDANCE WITH THE GLOBAL TRENDS IN REPORTING, ERSTE BANK CONTINUES TO PRESENT DATA IN THE REPORT IN A CONSISTENT AND CONTINUOUS MANNER, RELYING ON THE GRI METHODOLOGY FOR THE FIFTH CONSECUTIVE YEAR, WHICH ENSURES COMPARABILITY RELATIVE TO THE PREVIOUS REPORTING PERIODS AND OTHER NATIONAL AND INTERNATIONAL COMPANIES.
AS PART OF THE REPORTING PROCESS IMPROVEMENT, THE BANK DEVELOPS AND IMPROVES ITS DATA MONITORING AND COLLECTION METHODS, GUARANTEEING THE ACCURACY OF THE INFORMATION.	THE BANK ENSURES TIMELINESS AND REGULAR AVAILABILITY OF INFORMATION TO ITS STAKEHOLDERS, SINCE THE SCHEDULE OF THE ANNUAL PUBLICATION OF CSR REPORTS HAS BEEN HARMONISED WITH THE PUBLICATION OF THE ANNUAL FINANCIAL REPORTS SINCE 2008.
THE BANK STRIVES TO ENSURE AVAILABILITY AND CLARITY OF INFORMATION TO ALL READERS, PARTICULARLY TAKING INTO ACCOUNT THE COMPLEXITY AND COMPREHENSIVENESS OF THE TOPIC.	ALL CLAIMS IN THE REPORT ARE SUPPORTED BY APPROPRIATE RELEVANT INFORMATION AND MAY BE CHECKED, AND THE BANK GUARANTEES THEIR RELIABILITY , CONSISTENTLY FOLLOWING THE INTERNATIONAL STANDARDS AND METHODOLOGIES, AS WELL AS THE GLOBAL GUIDELINES OF ERSTE GROUP.

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GRI Indicator Table

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	GRI SUSTAINABILITY REPORTING GUIDELINES (G4)*						
	CATEGORY: ECONOMIC – MANAGEMENT APPROACH						9, 18
	ASPECT: ECONOMIC PERFORMANCES – MANAGEMENT APPROACH						9, 18
1.	G4–EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	●	●	●	●	●	19
	ASPECT: PROCUREMENT PRACTICES – MANAGEMENT APPROACH						61–62
2.	G4 – EC9 PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION	○	○	○	●	●	63
	CATEGORY: ENVIRONMENTAL – MANAGEMENT APPROACH						84–85
	ASPECT: ENERGY – MANAGEMENT APPROACH						86, 88
3.	G4 - EN 3 ENERGY CONSUMPTION WITHIN THE ORGANIZATION* * reporting for 2012 and 2013 in line with GRI G3.1. EN4: indirect energy consumption by primary energy source	○	●	●	●	●	88
4.	G4 - EN 5 ENERGY INTENSITY* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	88
5.	G4- EN 6 REDUCTION OF ENERGY CONSUMPTION* * REPORTING FOR 2012 AND 2013 IN LINE with GRI G3.1 EN 5: Energy savings due to reduced use and increased energy efficiency in GJ	○	●	●	●	●	88
	ASPECT: WATER – MANAGEMENT APPROACH						86, 88
6.	G4 -EN 8 TOTAL WATER WITHDRAWAL BY SOURCE	○	●	●	●	●	88
	ASPECT: EMISSIONS – MANAGEMENT APPROACH						86, 88
7.	G4- EN 15 DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)* * reporting for 2012 and 2013 in line with GRI G3.1 EN 16: Total direct and indirect emissions of greenhouse gases	○	●	●	●	●	89
8.	G4- EN 16 INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)* * reporting for 2012 and 2013 in line with GRI G3.1 EN 16: Total direct and indirect emissions of greenhouse gases	○	●	●	●	●	89
9.	G4- EN 18 GREENHOUSE GAS (GHG) EMISSIONS INTENSITY* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	89
	ASPECT: EFFLUENTS AND WASTE– MANAGEMENT APPROACH						90–91
10.	G4- EN 23 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD IN T	○	●	●	●	●	91
	ASPECT: PRODUCTS AND SERVICES – MANAGEMENT APPROACH						46, 92
11.	G4- EN 27 EXTENT OF IMPACT MITIGATION OF ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES	●	○	●	●	●	46–49, 92–93
	ASPECT: TRANSPORT – MANAGEMENT APPROACH						90
12.	G4- EN30 SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS FOR THE ORGANIZATION’S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE	○	○	●	●	●	90

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	PAGE
	ASPECT: OVERALL – MANAGEMENT APPROACH						84–86
13.	G4 – EN 31 TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES	●	●	●	●	●	86
	ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT						61–62, 64
14.	G4 – EN32 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA* * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	64
	CATEGORY: SOCIAL – MANAGEMENT APPROACH						33, 44, 61–62, 66
	SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK – MANAGEMENT APPROACH						33–34
	ASPECT: EMPLOYMENT – MANAGEMENT APPROACH						33–34
15.	G4 – LA1 TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER AND REGION	●	●	●	●	●	36
16.	G4 – LA 3 C RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER	○	●	●	●	●	36
	ASPECT: OCCUPATIONAL HEALTH AND SAFETY – MANAGEMENT APPROACH						39
17.	G4 – LA 6 RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION	○	●	●	●	●	40
18.	G4 – LA 8 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS	○	●	●	●	●	42
	ASPECT: TRAINING AND EDUCATION – MANAGEMENT APPROACH						37
19.	G4 – LA 9 TOTAL HOURS OF TRAINING P BY EMPLOYEE CATEGORY	●	●	●	●	●	37–38
20.	G4 – LA 10 PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDING	○	→	→	→	→	37
21.	G4 – LA 11 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	●	●	●	●		37
	ASPECT: DIVERSITY AND EQUAL OPPORTUNITY – MANAGEMENT APPROACH						33
22.	G4 – LA 12 COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY	○	●	●	●	●	23, 34
	ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES – MANAGEMENT APPROACH						61–62, 65
23.	G4-LA 14 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICES CRITERIA * * newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	65

GRI Indicator Table

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	PAGE
	ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS						34
24.	G4-LA16 NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS ° newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	34
	SUB-CATEGORY: HUMAN RIGHTS – MANAGEMENT APPROACH						33–34, 47, 58, 61–62, 65
	ASPECT: INVESTMENT – MANAGEMENT APPROACH						46–49
25.	G4 – HR 1 TOTAL NUMBER AND PERCENTAGE OF SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING.	○	○	●	●	●	47, 49
26.	G4 – HR 2 TOTAL HOURS OF EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED	○	○	●	●	●	34
	ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT – MANAGEMENT APPROACH						61–62, 65
27.	G4 – HR 10 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA	○	●	●	●	●	65
	ASPECT: GRIEVANCE MECHANISMS – MANAGEMENT APPROACH						34, 58
28.	G4 – HR 12 NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	○	→	●	●	●	34, 58
	SUB-CATEGORY: SOCIETY – MANAGEMENT APPROACH						66
	ASPECT: LOCAL COMMUNITIES – MANAGEMENT APPROACH						66
29.	G4 – SO 1 PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS	●	●	●	●	●	66
30.	FS 14 C INITIATIVES FOR IMPROVING ACCESS TO FINANCIAL PRODUCTS FOR MEMBERS OF VULNERABLE GROUPS	○	●	●	●	●	50–52
	ASPECT: ANTI-CORRUPTION – MANAGEMENT APPROACH						29
31.	G4 – SO 3 TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION	○	○	●	●	●	30
32.	G4 – SO 4 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	○	○	●	●	●	30
	ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY – MANAGEMENT APPROACH						61–62, 65
33.	G4 – SO9 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY * ° newly introduced indicator in GRI G4	N/A	N/A	N/A	●	●	65

	GRI AREAS AND INDICATORS	2011	2012	2013	2014	2015	PAGE
	SUB-CATEGORY: PRODUCT RESPONSIBILITY – MANAGEMENT APPROACH						44–45
	ASPECT: PRODUCT AND SERVICE LABELING – MANAGEMENT APPROACH (includes the former FS16 indicator – Initiatives for improving financial literacy by user type)						50, 58
34.	G4 – PR 3 TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY THE ORGANIZATION'S PROCEDURES FOR PRODUCT AND SERVICE INFORMATION AND LABELING, AND PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES SUBJECT TO SUCH INFORMATION REQUIREMENTS	●	●	●	●	●	58
35.	G4 – PR 4 TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING, BY TYPE OF OUTCOMES	○	○	●	●	●	58
36.	G4 – PR 5 PRACTICES RELATED TO CUSTOMER SATISFACTION, INCLUDING RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION	●	●	●	●	●	59–60
	ASPECT: MARKETING – MANAGEMENT APPROACH						59
37.	G4 – PR 6 ALE OF BANNED OR DISPUTED PRODUCTS	●	●	●	●	●	59
	ASPECT: CUSTOMER PRIVACY – MANAGEMENT APPROACH						58
38.	G4 – PR 8 TOTAL NUMBER OF SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA	●	●	●	●	●	58
	ASPECTS RELEVANT FOR THE SECTOR ACCORDING TO GRI G4 DATA FOR FINANCIAL SECTOR						
	ASPECT: PRODUCTS AND SERVICES PORTFOLIO – MANAGEMENT APPROACH (former indicators FS1, FS2, FS3, FS4, FS5)						46–49
39.	FS 7 C MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC SOCIAL BENEFIT FOR EACH BUSINESS LINE BROKEN DOWN BY PURPOSE	○	○	●	●	●	51–52
40.	FS 8 C MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO DELIVER A SPECIFIC ENVIRONMENTAL BENEFIT FOR EACH BUSINESS LINE BROKEN DOWN BY PURPOSE	○	○	●	●	●	92–93
	ASPECT: AUDIT – MANAGEMENT APPROACH (former indicator FS9)						49

GRI INDICATOR COMPLIANCE LEVEL

● FULLY MET

→ PARTLY MET

○ NOT MET

* RED COLOUR MARKS INDICATORS FROM THE FINANCIAL SECTOR SECTORAL SUPPLEMENT

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

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

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

* According to the assessment of the author of the report

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

United Nations Women's Empowerment Principles

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATING TO SUPPORT TO WOMEN'S EMPOWERMENT AND ENHANCEMENT OF GENDER EQUALITY IN THE WORKING ENVIRONMENT:		
ACHIEVING AND MAINTAINING GENDER EQUALITY IN TOP MANAGEMENT AND BOARD POSITIONS	✓	PAGE 23
ACHIEVING AND MAINTAINING GENDER EQUALITY IN MIDDLE MANAGEMENT POSITIONS	✓	PAGE 34
EQUAL PAY FOR WORK OF EQUAL VALUE	–	
FLEXIBLE WORK OPTIONS	–	
AVAILABILITY OF SERVICES FOR CHILD CARE AND DEPENDENT PERSON	✓	PAGE 36
SUPPORT FOR PREGNANT WOMEN AND WOMEN RETURNING FROM MATERNITY LEAVE	✓	PAGE 36
RECRUITMENT AND RETENTION IN THE WORKPLACE, INCLUDING TRAINING AND DEVELOPMENT, OF FEMALE EMPLOYEES	✓	PAGES 33–34, 37–38
SPECIFIC ISSUES OF HEALTH AND SAFETY FOR WOMEN	✓	PAGES 39–40
GENDER-BASED VIOLENCE AND HARASSMENT	–	
EDUCATION AND TRAINING OPPORTUNITIES FOR FEMALE EMPLOYEES	✓	PAGES 37–38
CREATING AND MAINTAINING AWARENESS OF GENDER EQUALITY IN THE WORKPLACE AND ON INCLUSION AND NON-DISCRIMINATION FOR ALL EMPLOYEES	✓	PAGES 33–34
MENTORING AND SPONSORSHIP OPPORTUNITIES FOR WOMEN	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	–	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS	–	

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATING TO SUPPORT TO WOMEN'S EMPOWERMENT AND ENHANCEMENT OF GENDER EQUALITY IN THE MARKET:		
DIVERSITY PROGRAMME FOR SUPPLIERS	–	
SUPPLIER BASE GENDER STRUCTURE	–	
SUPPORT FOR WOMEN BUSINESS OWNERS AND WOMEN ENTREPRENEURS	–	
MONITORING AND ENGAGING SUPPLIERS IN CONNECTION WITH WOMEN'S EMPOWERMENT AND GENDER EQUALITY, INCLUDING THE PROMOTION OF THE WOMEN'S EMPOWERMENT PRINCIPLES TO THE SUPPLIERS	–	
GENDER-SENSITIVE MARKETING	–	
GENDER-SENSITIVE DEVELOPMENT OF PRODUCTS AND SERVICES	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	✓	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS	–	

THE REPORT DESCRIBES THE POLICIES AND PRACTICES RELATING TO SUPPORT TO WOMEN'S EMPOWERMENT AND ENHANCEMENT OF GENDER EQUALITY IN THE COMMUNITY:		
CREATING DISCRIMINATION-FREE/STEREOTYPE-FREE AND GENDER-SENSITIVE PROCESS OF STAKEHOLDER ENGAGEMENT IN THE COMMUNITY	✓	PAGES 66–67
GENDER IMPACT ASSESSMENT OR CONSIDERATION OF IMPACTS IN CONNECTION WITH GENDER ISSUES AS PART OF SOCIAL AND/OR HUMAN RIGHTS IMPACT ASSESSMENT	–	
WOMEN AS BENEFICIARIES OF PROGRAMMES IN THE COMMUNITY	✓	PAGES 69–70, 73
INITIATIVES IN THE COMMUNITY SPECIFICALLY AIMED AT THE EMPOWERMENT OF WOMEN AND GIRLS	✓	PAGE 73
STRATEGIES ENSURING THAT THE COMMUNITY INVESTMENT PROJECTS (INCLUDING ECONOMIC, SOCIAL AND ENVIRONMENTAL) HAVE A POSITIVE IMPACT ON WOMEN AND GIRLS	–	
STRATEGIES ENSURING THAT THE COMMUNITY INVESTMENT PROJECTS (INCLUDING ECONOMIC, SOCIAL AND ENVIRONMENTAL) INVOLVE FULL ENGAGEMENT OF WOMEN AND GIRLS	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	–	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS	–	

THE REPORT CONTAINS GENDER-DISAGGREGATED DATA OR RELATES TO THEM:		
ACHIEVING AND MAINTAINING GENDER EQUALITY IN TOP MANAGEMENT AND BOARD POSITIONS	✓	PAGE 23
ACHIEVING AND MAINTAINING GENDER EQUALITY IN MIDDLE MANAGEMENT POSITIONS	✓	PAGE 34
EQUAL PAY FOR WORK OF EQUAL VALUE	–	
FLEXIBLE WORK OPTIONS	–	
AVAILABILITY OF SERVICES FOR CHILD CARE AND DEPENDENT PERSON	✓	PAGE 36
SUPPORT FOR PREGNANT WOMEN AND WOMEN RETURNING FROM MATERNITY LEAVE	✓	PAGE 36
RECRUITMENT AND RETENTION IN THE WORKPLACE, INCLUDING TRAINING AND DEVELOPMENT, OF FEMALE EMPLOYEES	✓	PAGES 33–34, 37–38
SPECIFIC ISSUES OF HEALTH AND SAFETY FOR WOMEN	✓	PAGES 39–40
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EDUCATION AND TRAINING OPPORTUNITIES FOR FEMALE EMPLOYEES	✓	PAGES 37–38
CREATING AND MAINTAINING AWARENESS OF GENDER EQUALITY IN THE WORKPLACE AND ON INCLUSION AND NON-DISCRIMINATION FOR ALL EMPLOYEES	✓	PAGES 33–34
MENTORING AND SPONSORSHIP OPPORTUNITIES FOR WOMEN	–	
THERE ARE NO PRACTICES STATED IN THE REPORT IN CONNECTION WITH THIS CRITERION	–	
OTHER ESTABLISHED BEST PRACTICES OR EMERGING PRACTICES	–	
APPROPRIATE POLICIES, PROCEDURES AND ACTIVITIES THAT THE COMPANY PLANS TO UNDERTAKE FOR ITS NEXT REPORT, WHICH RELATE TO THIS AREA, INCLUDING OBJECTIVES, TIME LIMITS, INDICATORS AND RESPONSIBLE PERSONS	–	

THE BANK IS THE PEOPLE!

Erste Bank a. d. Novi Sad
Corporate Social Responsibility Report 2015

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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



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