



The Bank IS THE PEOPLE!

Erste Bank a. d. Novi Sad

CORPORATE SOCIAL RESPONSIBILITY REPORT 2012



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The Bank

IS THE PEOPLE!

Erste Bank a.d. Novi Sad
Corporate Social Responsibility Report 2012



SLAVKO CARIĆ **CEO, Erste Bank a. d. Novi Sad**

Dear colleagues and friends,

In challenging times of economic instability and constant social turmoil, it is not easy to achieve good business results and preserve integrity. Particularly challenging for the whole financial sector are growing expectations of the public and a loss of trust which the banks and other financial institutions have been facing since the start of the financial crisis. In recent years corporate responsibility has proven to be an imperative of modern business in all aspects and it is in our common interest to remain true to the beliefs and standards that we set for ourselves. Erste Bank's experience proves that we can only achieve and maintain long-term success if people trust us. Therefore, social responsibility has been at the very heart of our Bank and all of our business processes ever since its founding as an added value not only for our Bank but also for society as a whole.

You will see on the pages that are in front of you how Erste Bank managed to respond to the challenges it faced by its responsible approach in all business aspects, true to its commitment to achieve business success only in the manner acceptable to our social and natural environments. Social responsibility is not just one of the faces of our Bank but also an integral part of our business strategy and all of our daily activities. To show that we are a trustworthy partner, we strive to make our products and services have a wider contribution to our economy and society as a whole. We continued to finance small and medium-sized enterprises, energy efficiency projects and social enterprises in 2012 as well and we improved our sustainable financing practices by adopting the Natural and Social Environment Protection Policy. Corporate loans increased by 34.4% relative to the end of 2011. Our business processes were improved significantly, which resulted in increasing

the number of our customers to over 310,000 and customer surveys record a high level of their satisfaction with the services provided.

The past year, 2012, was also the year of redefining our internal strategic directions and processes and, as the result of these efforts, the ethical performance of the Bank improved significantly in all aspects, which once again reinforced the position of our Bank as the leader in social responsibility in its sector. The new Corporate Social Responsibility Strategy, adopted in 2012, set the basic direction towards which we strive, and that is to make corporate social responsibility (CSR) strategically connected with our core business to a higher extent and more closely. In addition, the topics in focus are defined so as to follow international trends in the banking sector, which are moving towards sustainability and responsible financing, building at the same time upon our previous orientation and the results achieved.

We strongly believe in the achievement of set goals, while remaining committed to our employees, fostering a relationship of trust with our shareholders and customers and supporting the communities in which we operate. We wish to thank all of them, and those not mentioned here, as our partners, because their support motivates us to continue in the direction we have chosen, contributing, finally, to the stability and development of our country as well.

Cordially,
Slavko Carić

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



ANDREA BRBAKLIĆ
Communication Department
Director and Human Resources
Department Director

Dear friends,

You have before you the fifth Corporate Social Responsibility Report, for 2012, by which Erste Bank wishes to share with you the results achieved and new strategic directions, successes and dilemmas when it comes to economic, social and environmental dimensions of our business. It is our great pleasure that, owing to a shared vision, dedication and perseverance, we are recognised today as a company that operates responsibly in Serbia. We built our recognisability in the field of corporate social responsibility primarily owing to the partner relationship that we foster with all stakeholders and to our strategic approach to this topic.

The directions defined by the previous CSR Strategy and all our efforts to implement them proved to bring good results and recognisability to the Bank. This encouraged but also further obliged us to become even more committed to the preparation of our new Corporate Social Responsibility Strategy in order to justify the confidence shown and to continue to improve our CSR practices in the right direction. Our new CSR Strategy adopted in 2012 was created as a result of a long and comprehensive process of analysing the views of our internal and external stakeholders. This is the fact of which we are particularly proud because only after adequately understanding your needs and combining your interests with the Bank's internal goals did we manage to get a strong basis for what we now call our basic strategic direction.

The year that is behind us in Erste Bank was marked by a number of new strategic documents that will largely steer our business. In addition to the new CSR Strategy, the Natural and Social Environment Protection Policy was adopted, which will significantly improve the field of responsible financing.

Last year, we worked hard to provide our employees with working conditions that fully meet their needs and to create a new Human Resource Strategy. Around one hundred projects and initiatives in local communities were supported and more than RSD 43 million was invested. We translated all of the activities and results made through the five basic directions defined by the CSR Strategy into this Report, which itself is significantly improved in terms of concept and methodology. In 2011, as the first bank and one of the first companies in Serbia, we based our CSR reporting on the internationally recognised GRI (Global Reporting Initiative) framework, so in the following year, 2012, we successfully reached the next reporting level (B), which testifies to the advanced CSR practices in our Bank.

The promotion of new trends and good practices, experience exchange and intersectoral cooperation, when it comes to corporate responsibility, are of special importance to us, which we confirmed by many years of our active engagement in business and sectoral associations and CSR initiatives. Our aspiration is to engage and motivate in this way as many of our partners and customers as possible in the future, while insisting on the importance that responsible approach to business undoubtedly has to all of us.

Cordially,
Andrea Brbaklić


How to Read This Report

THE FIFTH CSR REPORT OF ERSTE BANK is intended for all of you who want to become more familiar with what Erste Bank is and aspires to become in line with its core commitment to be a GOOD CORPORATE CITIZEN and with its business philosophy that is based on close connection between RESPONSIBLE and PROFITABLE BUSINESS.

Reporting on sustainability is an integral part of our new CSR strategy, but STRATEGIC COMMITMENT TO REPORTING ON SUSTAINABILITY is not a goal in itself. To Erste Bank, it is essentially a part of a broader process of setting the Strategy, implementation and evaluation of results. In addition to TRANSPARENT COMMUNICATION with all stakeholders, reporting enables us to evaluate continuously the achievements and review our further steps in accordance with the goals set.

We believe that this report will provide you with a clear, readable and comprehensive overview of everything that Erste Bank achieved in 2012 in the field of social responsibility and that it will be a source of useful information or new knowledge for some of you and an additional motivation for others to give their contribution to the improvement of our CSR practices, but also of the state of CSR in Serbia, for which we bear JOINT RESPONSIBILITY.

See pages 72–77 for more details on the methodology of Report preparation.

REPORT PARAMETERS	Corporate Social Responsibility Report 2012, Erste Bank a. d. Novi Sad	
REPORTING CYCLE	Annual	
REPORTING PERIOD	For 2012 (Report published in 2013) corresponds to business year from 01/01/2012 to 31/12/2012	
PREVIOUS CSR REPORT	For 2011 (Report published in 2012)	
FIRST CSR REPORT PUBLISHED	For 2008 (Report published in 2009)	
REPORTING METHODOLOGY	Global Reporting Initiative (GRI) –B Level (GRI Index, page 78) GRI Financial Services Sector Supplement United Nations Global Compact (UNGC) COP	
OTHER STANDARDS	AA 1000SE Standard (AccountAbility: 2011)	
EXTERNAL VERIFICATION	/	
CONTACT PERSON	<p>SONJA KONAKOV SVIRČEV, SENIOR CSR EXPERT dop@erstebank.rs sonja.konakov.svircev@erstebank.rs + 381 (0) 112015011 + 381 (0) 608747497 The report is available at: www.erstebank.rs</p>	

IF YOU ARE:	See
<p>A REPRESENTATIVE OF THE BUSINESS SECTOR</p>	<p>AREA 1 “COMPANY PROFILE”, PAGE 6 For information about financial results and good CSR practices and about our involvement in joint initiatives.</p> <p>AREA 4 “OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE”, PAGE 52 For information about initiatives conducted in local communities</p>
<p>A COLLEAGUE FROM THE BANKING SECTOR</p>	<p>AREA 3 “RESPONSIBILITY TO CUSTOMERS”, PAGE 39 For information about responsible customer treatment, monitoring customer satisfaction, improving products and services and external communication.</p> <p>AREA 1 “COMPANY PROFILE”, PAGE 6 For information about good market practices, anti-corruption and anti-fraud and involvement in joint initiatives.</p>
<p>AN ERSTE BANK EMPLOYEE</p>	<p>AREA 2 “OUR PEOPLE”, PAGE 26 For information about good labour practices, corporate culture, internal communication, development and training, trade union activities and volunteering.</p>
<p>A CUSTOMER OF OUR BANK</p>	<p>AREA 3 “RESPONSIBILITY TO CUSTOMERS”, PAGE 39 For information about the quality of products and services and transparent communication.</p> <p>AREA 1 “COMPANY PROFILE”, PAGE 6 For information about business results, contribution to GDP, business philosophy, corporate values and good governance practices.</p>
<p>OUR FELLOW CITIZEN</p>	<p>AREA 4 “OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE”, PAGE 52 For information about initiatives conducted in local communities.</p>
<p>A REPRESENTATIVE OF THE PUBLIC SECTOR</p>	<p>AREA 1 “COMPANY PROFILE”, PAGE 6 For information about business results, contribution to GDP and good governance practices.</p> <p>AREA 3 “RESPONSIBLE TO CUSTOMERS”, PAGE 39 For information about support to different segments of economy.</p>
<p>A BUSINESS ASSOCIATION REPRESENTATIVE</p>	<p>AREA 1 “COMPANY PROFILE”, PAGE 6 For information about business results, good governance practices, CSR approach and promotion of CSR through joint initiatives.</p>
<p>A MEDIA REPRESENTATIVE</p>	<p>AREA 3 “RESPONSIBILITY TO CUSTOMERS”, PAGE 39 For information about external communication and good practices in the area of marketing.</p>
<p>A REPRESENTATIVE OF NON-GOVERNMENTAL SECTOR</p>	<p>AREA 4 “OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE”, PAGE 52 For information about local initiatives aimed at the youth, marginalised groups and cultural decentralisation.</p> <p>AREA 5 “RESPONSIBILITY TO THE ENVIRONMENT”, PAGE 66 For information about responsible resource management and investment in projects for energy efficiency and renewable energy sources.</p> <p>AREA 2 “OUR PEOPLE”, PAGE 2 For information about volunteer activities.</p>

1. COMPANY PROFILE

1.1. Erste Group – Together to Success

CSR Rating

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

Key operating results in 2012:

- Total assets: EUR 213.8 billion
- Operating profit: EUR 3,472.8 million
- Net profit: EUR 483.5 million
- Return on equity: 7.6%

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

Erste Group in a nutshell (data as of 31/12/2012):

- Serves around 17 million customers
- Employs approx. 49,500 people
- Operates 3,100 branches in 8 countries
- Market leader in AUT, CZ, RO, SK

Erste Group's business position:

- Leading book runner for sovereigns, corporates and financial institutions in Austria and CEE
- No. 1 asset manager in CEE with EUR 45 bn assets under management
- TOP Mandated Lead Arranger of syndicated loans in CEE
- No. 3 in CEE commercial real estate business

What makes Erste Group and its members special is the fact that they operate based on a two-century tradition of integrating economic and social imperatives: in 1819, the first private savings bank Erste oesterreichische Spar-Casse was established in Vienna, whose mission was to make financial services accessible to all citizens. This savings bank developed into Erste Group, and its legal successor is ERSTE Foundation, established in 2003, which is still today the main shareholder of the Group.

In 1997, Erste Group started its strategic expansion to the Central and Eastern European (CEE) region, focusing on retail business and support to small and medium-sized enterprises. Today, Erste Group is one of the largest financial service providers in Central and Eastern Europe.



“Erste Group recorded a net profit of EUR 483.5 million in 2012, a solid bottom-line result considering the economically challenging environment and net negative one-off effects of EUR 361 million – including banking taxes in an amount of EUR 187 million,” said Andreas Treichl, CEO of Erste Group Bank AG.

EXTENSIVE PRESENCE IN CENTRAL AND EASTERN EUROPE



AUSTRIA
 number of employees: 16,060
 number of branches: 254
 number of customers: 0.8 million



number of branches: 744
 number of customers: 2.5 million



CZECH REPUBLIC
 number of employees: 11,014
 number of branches: 658
 number of customers: 5.3 million



SLOVAKIA
 number of employees: 4,185
 number of branches: 297
 number of customers: 2.4 million



UKRAINE
 number of employees: 1,530
 number of branches: 120
 number of customers: 0.3 million



HUNGARY
 number of employees: 2,690
 number of branches: 141
 number of customers: 0.9 million



ROMANIA
 number of employees: 8,289
 number of branches: 623
 number of customers: 3.5 million



CROATIA
 number of employees: 2,629
 number of branches: 150
 number of customers: 1.0 million



SERBIA
 number of employees: 993
 number of branches: 67
 number of customers: 0.3 million

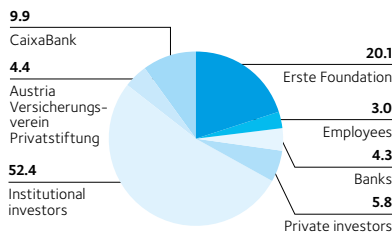
Erste Group – Regional leader in private banking in 2012:

Last year, Erste Group Private Banking won two significant international awards: after having been pronounced in February the best private bank in Austria, Hungary and Romania by the international business magazine Euromoney, on 8 November another prestigious publication, The Banker, awarded Erste Group Bank AG Best Private Bank in Central & Eastern Europe 2012.

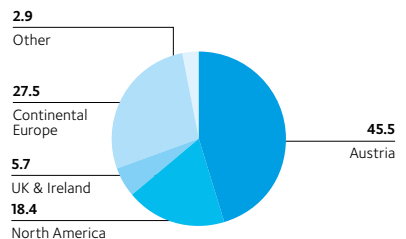
Due to centralized strategy combined with extensive regional know-how, Erste Group Private Banking substantially expanded its client base, managing assets worth around EUR 15 bn across CEE.

Note: In April 2013, Erste Group Bank AG (Erste Group) completed the sale of the 100% share in its member in Ukraine, Erste Bank Public Company (Erste Bank Ukraine) to PUJSC FIDOBANK (FIDOBANK), a group whose business is managed by Oleksandr Adarich, a Ukrainian banker.

SHAREHOLDER STRUCTURE AS OF 31/12/2012 BY INVESTOR (%)



SHAREHOLDER STRUCTURE AS OF 31/12/2012 BY REGION (%)



1.2. Erste in Serbia – High Business Standards

Erste Bank a.d. Novi Sad in brief
(data as of 31/12/2012):

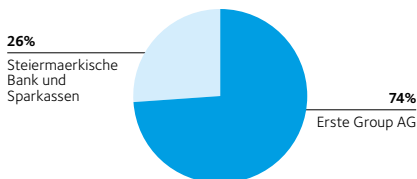
- It serves over **300,000 customers**
- It employs around **1,000 employees**
- It has a network of **67 retail branches in 45 towns of Serbia**, as well as **five corporate centres** distributed to nine towns.
- In addition to providing around 1,000 jobs, Erste Bank has a direct impact on the Serbian economy through employee-related direct costs that amounted to **RSD 1,930,708 thousand** in 2012, most of which, **RSD 1,869,909 thousand, was allocated to employee wages and contributions, while the Bank invested RSD 21,875 thousand in the community in the same period.**

Erste Bank a.d. Novi Sad ima sedište u Bulevaru oslobođenja 5, u Novom Sadu.

Erste Bank a. d. Novi Sad, with its headquarters in Novi Sad, is the oldest financial institution in the country, established in 1864 as the first savings bank (Novosadska Štedionica). During 2005, Novosadska Banka became a member of Erste Group, continuing to implement a business model whose integral part is social aspect of business.

Since the very start of our operation, we have been building long-term partner relations with our customers and employees, striving to become “the bank of choice” to them. Our aim is to create sustainable value for all our stakeholders by providing universal financial services. Together, we have been actively contributing to the development of local community and society as a whole for many years now, which makes our business sustainable in the long term. This is also evidenced by the successful 2012 that is behind us; although we work in an unstable and complex environment, we continuously achieve good results.

SHAREHOLDER STRUCTURE



Other companies, members of Erste Group in Serbia:





“In many ways, 2012 was a very successful year for Erste Bank, despite the uncertain business environment. First of all, we intensified credit support to our clients, which had a positive impact on the bank’s financial result. At the same time, we provided clients with new ways to save through our innovative products, which we consider to be our specific obligation, given the 200-year tradition of Erste savings. Furthermore, we diversified the bank’s funding through the issuance of dinar-denominated corporate bonds, in a way that presented a pioneer move in the Serbian market. We also consider the development of direct cooperation with international financial institutions, such as the EBRD, the EIB and KfW, through which we provided our clients with access to specific and favourable credit lines, to be very significant,” said Slavko Carić, CEO of Erste Bank a.d. Novi Sad.

Key business results in 2012:

- Total assets went up by 12.0% from RSD 72.1 billion at the end of 2011 to RSD 80.7 billion at the end of 2012.
- Total lending increased by 21.1% compared to the end of 2011 to RSD 55.6 billion, while total deposits grew by 10.54% to RSD 62.0 billion.
- Corporate lending rose by 34.4% against the end of 2011 to RSD 37.8 billion.
- Net profit amounted to RSD 1,250.1 million at the end of 2012, which is a 58.4% increase compared to RSD 789.0 million a year earlier.

Detailed financial report of Erste Bank may be found at www.erstebank.rs

Erste in Serbia – high scores for quality

The results of Erste Bank’s efforts in the area of quality improvement are also shown by the Finalte and Banking Market Monitor surveys according to which Erste Bank got excellent scores according to the following criteria:

- The number of customers per employee in the network (**419**), the number of products sold per employee (**430**) and the increase in the number of customers in the market (**20%**).
- Erste Bank ranks first in the market based on the Customer Satisfaction Index, which is uniform and relatively high (**84%**). We also record the highest Recommendation Index (**83%**), which makes us the market and group leader according to this criterion.

How is sustainability managed in Erste Bank?

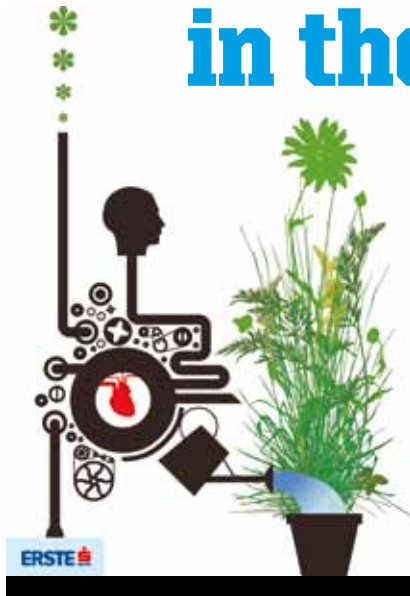
Owing to its integrative approach by which it seeks to view all aspects of sustainability as equally important, Erste Bank has shown that its future is tied in the long term to social and environmental dimensions of business. The Executive Board of Erste Bank provides full support to CSR initiatives, actively supporting their promotion and improvement.

In addition to officially adopting the new Corporate Social Responsibility Strategy, the EB of the Bank is involved in strategy review, but also in the preparation process itself in terms of providing suggestions and proposals. Our executive directors are personally involved in this process, with at least one person from specific sector that will be responsible for further activities and implementation.

The Executive Board actively supports involvement in external CSR promotion initiatives, such as the United Nations Global Compact (UNGC), Business Leaders Forum (BLF), Association of Serbian Banks (ASB), National Alliance for Local Economic Development (NALED), Serbian Association of Managers (SAM) and similar. The Executive Director of the Communication Department and HR Department has been the Chair of the UNGC SC since its founding, while Suzan Tanriyar, a representative of the Bank Executive Board, personally signed the UN Women’s Empowerment Principles.

The introduction of the new Natural and Social Environment Protection Policy, on which several divisions worked as a team, was initiated by the Bank Executive Board. In addition, the Executive Board strongly supports the promotion of social entrepreneurship and microbanking by granting loans, purchasing ethical products as corporate gifts of the Bank, creating “supERSTEp”, a special credit line for young entrepreneurs, etc.

1.3. New Corporate Social Responsibility Strategy of Erste Bank – a Step in the Right Direction



Achieved in 2012:

- ✓ CSR Report was published according to C Level of the GRI methodology
- ✓ A survey of the opinions and views of all key stakeholders of the Bank was made with the aim of preparing a new Corporate Social Responsibility Strategy
- ✓ New multiyear Corporate Social Responsibility Strategy was prepared and adopted

What does the Strategy enable us to do?

- Achieving the set GOALS through successful implementation of the planned programmes and attainment of VISIBLE RESULTS.
- Better horizontal and vertical MANAGEMENT of CSR-related processes, which often go beyond the authority of only one position or division in the company.
- Successful MEASUREMENT AND MONITORING OF RESULTS by defining the process of monitoring, evaluation and reporting based on the identified parameters that are essential to monitoring the implementation of the Strategy and its improvement.

In 2012, the Executive Board of Erste Bank adopted a new Corporate Social Responsibility Strategy (CSR Strategy) for 2012–2014. The new CSR Strategy was designed so as to build upon the Bank's results achieved in this area in the previous period, as well as to lay the foundations for further activity in the areas of corporate social responsibility that have so far been less represented in the activities of the Bank.

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

The CSR Strategy is available to our employees in the Corporate Social Responsibility section on the InfoNet.

The Basic Principles of the New CSR Strategy

CONNECTION WITH BUSINESS – The Corporate Social Responsibility Strategy of Erste Bank is set on the principle of connection with business and focus on those areas in which the Bank has the greatest impact in each of the pillars of corporate social responsibility.

BALANCE – This principle refers to equal share of socially responsible practices in all areas of Bank business, as well as in all areas provided for by the Strategy. The application of this principle is necessary to meet the reasonable expectations of a wide range of stakeholders.

HOLISTIC APPROACH – Dealing with certain issues separately may produce results and be a good basis for activity upgrade, but it is necessary for the set strategic directions and the practice itself to be constantly imbued with the desire for a holistic approach, i.e. approaching the topic in all its aspects, with result measurement and reporting.

INTEGRATIVE APPROACH – The new Strategy is set so that it relies on the already existing mechanisms and built governance and operating systems in the Bank, as well as on the mechanisms and results achieved by successful implementation of the Corporate Social Responsibility Strategy in 2009–2011.

The CSR Strategy of Erste Bank is implemented through five core areas accompanied by set goals and one topic put into focus, as well as a number of other topics that will be approached through different projects and initiatives.

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



WITH THE AREAS SET IN THIS WAY, THE BANK MAY MEET REASONABLE EXPECTATIONS AND NEEDS OF ALL STAKEHOLDERS PRESENTED ON THE MAP (PAGES 12–13).



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



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



The goals for each of the areas build upon the goals of the previous Strategy and the results achieved by its implementation. See more about the goals defined by the new CSR Strategy on pages 14–15.

Stakeholder Engagement

The stakeholder engagement concept is of key importance to Erste Bank for achieving sustainability and success. This concept is a fundamental tool that the Bank uses to identify properly its key stakeholders, understand and answer the questions that are important to them or that cause their concerns and to inform them of its decisions, activities and results.

The preparation of the new CSR Strategy also included a detailed stakeholder analysis that was conducted in cooperation with the Bank’s partners, CESID and Smart Kolektiv, by surveying the views of Erste Bank employees and partners on the corporate social responsibility concept, with the aim of identifying the needs and expectations of relevant stakeholders.

Our Key Stakeholders

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

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

In addition, basic goals and communication channels were set for each stakeholder category, and primary strategic areas and topics in focus that are of material importance to Erste Bank and all of its stakeholders are derived from the conclusions of the entire process.



1.4. Goals in the Area of Sustainability

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

✓ DONE
→ GROWTH AND IMPROVEMENT
▶ INTRODUCTION AND DEVELOPMENT
* IN ALL AREAS, ERSTE BANK OPERATES IN LINE WITH CURRENT LEGAL REGULATIONS.

STRATEŠKI DOKUMENTI	PROGRAMI
<ul style="list-style-type: none"> ✓ GENERAL BUSINESS CONDITIONS ✓ BANKING CODE OF CONDUCT ✓ REGULATION FOR MANAGING CONFLICTS OF INTEREST OF ERSTE BANK A.D. NOVI SAD ✓ REGULATION FOR PREVENTING CONFLICTS OF INTEREST IN ERSTE BANK A. D. NOVI SAD BASED ON GROUP PRINCIPLES ✓ GIFT POLICY ✓ POLICY FOR MANAGING CONFLICTS OF INTEREST ✓ AML/TF PROGRAMME ✓ PROGRAMME FOR COMPLIANCE WITH ANTI-MONOPOLY REGULATIONS ✓ FRAUD RISK MANAGEMENT POLICY ✓ WHISTLE BLOWING POLICY ✓ PROCEDURE FOR ESTABLISHING EMPLOYEE RESPONSIBILITY 	<ul style="list-style-type: none"> ✓ PARTICIPATION IN THE WORK OF THE UN GLOBAL COMPACT SERBIA THROUGH WORKING GROUPS, JOINT INITIATIVES AND PROGRAMMES ✓ SIGNING THE ANTI-CORRUPTION DECLARATION ✓ SIGNING THE WOMEN'S EMPOWERMENT PRINCIPLES ✓ ACTIVE ENGAGEMENT IN PROMOTING CSR THROUGH THE BUSINESS LEADERS FORUM AND PARTICIPATION IN THE CSR FORUM CONFERENCE → PROMOTING CSR IN SECTORAL ASSOCIATIONS ▶ ENGAGEMENT OF SUPPLIERS IN CSR ACTIVITIES
<ul style="list-style-type: none"> ✓ NATURAL AND SOCIAL ENVIRONMENT PROTECTION PROCEDURE ✓ CUSTOMER CARE CONCEPT ✓ GS1/GS2 GROUP QUALITY STANDARDS FOR COMPLAINT HANDLING THROUGH THE PIRE APPLICATION ✓ GENERAL BUSINESS CONDITIONS COMPLYING WITH THE NEW LAW ON THE PROTECTION OF FINANCIAL SERVICE CONSUMERS AND THE LAW ON PERSONAL DATA PROTECTION ✓ COMMUNICATION TONE IN ADVERTISING 	<ul style="list-style-type: none"> ✓ DEVELOPMENT OF LOANS FOR THE YOUTH AND SMES THROUGH THE SUPERSTEP PROGRAMME ✓ FINANCING SOCIAL ENTERPRISES ✓ FURTHER DEVELOPMENT OF SERVICES IN THE AREA OF MICROBANKING ✓ FURTHER DEVELOPMENT OF SERVICES INTENDED FOR SOCIAL ENTERPRISES ▶ PRACTICES OF RESPONSIBLE FINANCING ACCORDING TO SOCIAL AND ENVIRONMENTAL CRITERIA ▶ PROMOTING CSR TOPICS THROUGH EXISTING CUSTOMER COMMUNICATION CHANNELS AND PRODUCTS
<ul style="list-style-type: none"> ✓ HUMAN RIGHTS AND EQUAL OPPORTUNITY POLICY ✓ CODE OF ETHICS ✓ HUMAN RESOURCE STRATEGY ✓ REGULATION ON HEALTH AND SAFETY AT WORK ✓ INTERNAL COMMUNICATION STRATEGY ✓ COLLECTIVE BARGAINING AGREEMENT 	<ul style="list-style-type: none"> ✓ INVESTING IN EMPLOYEE IMPROVEMENT THROUGH TRAINING, IMPLEMENTATION OF PERSONAL DEVELOPMENT PLANS AND THE MOBILITY PROGRAMME ✓ PROMOTING THE OPEN DOORS AND IDEA MARKET CONCEPTS ✓ GET INVOLVED AND SHOW WHAT YOU KNOW INTERNAL CAMPAIGNS ▶ ENGAGEMENT OF EMPLOYEES IN CREATING AND IMPLEMENTING CSR ACTIVITIES ▶ CONTINUATION OF OPERATION OF THE ANTI-MOBGING COUNSELLING OFFICE ▶ CONTINUATION OF OPERATION OF THE MARINA ČURČIĆ SOLIDARITY FUND ▶ ORGANISING CAMPAIGNS FOR RAISING AWARENESS OF THE IMPORTANCE OF HEALTH CARE AND EXAMINATIONS FOR EMPLOYEES IN ALL BUSINESS LOCATIONS
<ul style="list-style-type: none"> ✓ VOLUNTEERING POLICY ✓ VOLUNTEERING PROGRAMME 	<ul style="list-style-type: none"> ✓ FINANCIAL EDUCATION OF THE LICEULICE MAGAZINE VENDORS ✓ CONTINUATION OF THE CENTRIFUGE, SUPERSTE CLUB AND SHARE YOUR KNOWLEDGE – BECOME A MENTOR PROJECTS ✓ INITIATION OF INDIVIDUAL PHILANTHROPY PROGRAMMES ✓ PROMOTION OF VOLUNTEERING: SEPTEMBER – THE VOLUNTEERING MONTH → FURTHER IMPROVEMENT OF PROGRAMMES OF SUPPORT TO MEMBERS OF VULNERABLE GROUPS → FURTHER IMPROVEMENT OF CONTESTS FOR SPONSORSHIPS AND GRANTS IN LOCAL COMMUNITIES, BASED ON THE ANALYSIS OF COMMUNITY NEEDS → ENGAGEMENT OF EMPLOYEES IN CSR ACTIVITIES ▶ ENGAGEMENT OF CUSTOMERS AND PARTNERS IN CSR ACTIVITIES
<ul style="list-style-type: none"> ✓ WASTE MANAGEMENT PROCEDURE 	<ul style="list-style-type: none"> ✓ CONTINUATION OF ENVIRONMENTAL IMPACT MONITORING AND REDUCTION THAT WERE STARTED THROUGH THE ECOPROFIT PROJECT ✓ A WASTE MANAGEMENT OFFICER WAS APPOINTED ✓ ENERGY SAVING AND WASTE REDUCTION CAMPAIGN AIMED AT EMPLOYEES ✓ RECYCLING PROGRAMME (PAPER, PET, GLASS) ✓ FINANCING RENEWABLE ENERGY PROJECTS → IMPROVING THE GREEN PROCUREMENT SYSTEM ▶ IMPROVING THE RESPONSIBLE FINANCING PRACTICES THROUGH INTRODUCING ENVIRONMENTAL CRITERIA

1.5. Key Impacts, Risks and Opportunities in the Sustainability Context



Erste Bank attaches the highest importance to the issues of natural and social environment protection and considers as one of its priorities the balanced relationship between sustainable economic development, on the one hand, and natural and social environment, on the other. Precisely for this reason, the Bank adopted the Natural and Social Environment Protection Policy, which regulates not only the business operation of the Bank itself and all of its organisational units, but also prescribes the standards that our customers and business partners should meet to ensure that their operation is in line with the best international practices in this domain.

Some of the aspects covered by this policy are:

- Assessment and management of environmental protection and social issues
- Pollution prevention and reduction
- Biodiversity conservation and sustainable management of living natural resources
- Working and labour conditions
- Health, safety and protection of local population
- Land expropriation, compulsory displacement and relocation of business activities
- Indigenous population
- Cultural heritage
- Data publication and stakeholder engagement.

Because of the financial crisis that hit the entire world and revealed the weaknesses of the economic system in which we live, public expectations and pressures are directed today more than ever to banks and financial institutions, which face major challenges: to restore the stability of the financial system, while trying at the same time to restore the lost trust of their customers and the entire public.

It is evident that the financial sector is the centre of economic activity. Managing a significant amount of capital, today banks bear responsibility for the stability of national financial systems and, generally, the reliability of financial markets, while also having an indirect responsibility for the financial standing of their customers. In this context, there is no alternative to ethical approach to business – the banks thus position themselves as more or less responsible, socially aware and reliable institutions. Erste Bank justifies the trust placed in us by our customers, employees and all other stakeholders by its commitment to reporting, transparency and strict adherence to defined codes, rules and policies in all aspects of our business. With the aim of preventing and minimising the risks, we implemented numerous initiatives aimed at educating and informing customers and other groups about the appropriate use of banking products and avoidance of overindebtedness.

Erste Bank is aware that it, as a financial institution, has the greatest impact on the society and the environment through business activities of its customers. Our constant aspiration is to ensure that the respect of human rights and the protection of social and natural environment are integral parts of all our financial activities. Responsible financing and starting initiatives related to our core business are the CSR aspects in which our Bank recognised a chance for progress. Activities were initiated in the area of financial education and, as its contribution to sustainability, the Bank funds renewable energy projects in line with its **Natural and Social Environment Protection Policy**. This document defines environmental and social criteria that are a condition for cooperation with our customers and partners. In the future, further CSR development will open new opportunities in the banking sector at the level of introducing new competitive financial products, where we see our chance for further development.



1.6. Good Corporate Governance

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

Open new opportunities to yourselves – a good example: Erste supplier

In line with its strategic commitment to promote the corporate social responsibility concept among its stakeholders and increase the standards of quality and sustainability, Erste Bank conducted a survey of views and practices of its suppliers in the CSR area. Of the total of fifty large suppliers, 38% took part in the survey and 72.37% of them confirmed that they were familiar with the CSR concept and that they tried to apply the Global Compact principles in their business. Some among them emphasised their membership in external CSR initiatives and their efforts to communicate publicly their initiatives and results in this area.

In addition, the issues related to the protection and respect of human rights of employees in the companies comprising the Bank supply chain are integral parts of the Invitation to Bid in tenders for physical security of facilities, employment through youth employment agencies, cleaning and maintenance of facilities. In order to establish cooperation with a specific supplier, the Bank also sets possession of certain certificates as a requirement (ISO 9001:2008 – Quality Management System, ISO 14001 – Environmental Management System, OHSAS 18001 – Occupational Safety Management System).

In order for this practice to be sustainable, given the potential risks of its absence, it is necessary to identify those aspects in which it is possible to make a significant impact, and also to find the most efficient way to achieve this effect ensuring mutual satisfaction and achievement of long-term cooperation.

With the start of the global economic crisis, corporate governance became one of the most pressing issues of social responsibility in the banking sector in the context of transparency, ethical and efficient business. Therefore, one of the five core strategic areas defined by the new CSR Strategy is precisely the area of corporate governance. The goal of our Bank is to improve its existing good corporate governance practices and promote their implementation in the business community, primarily through the sectoral and CSR associations of which the Bank is a member (involvement in joint initiatives, page 24). We are also actively engaged in other business associations, trying to also engage our partners and suppliers in CSR activities.

To Erste Bank, good corporate governance involves transparent governance practices and continuous improvement of communication practices of our employees and the general public with our Executive Board. We decided to improve and raise to the strategic level our activities so far in the areas of anti-corruption and protection of competition due to the importance of these topics for our sector as well as for our wider socioeconomic environment. The development of these areas is reflected in continuous improvement of risk assessment and employee training procedures, as well as in raising awareness of these issues in the business community.



Erste Success Story: Financial Crime Risk Management

Anti-corruption and protection of competition

Corruption, as one of the most damaging phenomena in the society, as well as business, is confronted by Erste Bank through clearly defined procedures and measures aimed at preventing, combating and sanctioning this type of behaviour. In connection with combating corruptive activities, the Bank adopted a series of policies and procedures from **Erste Group: Guide to Managing Conflicts of Interests, Anti-Money Laundering Rules**, based on which the **AML Programme** was implemented, with this area also being regulated by the **Banking Code of Conduct and Employee Code of Ethics**, adopted at the level of the Bank in Serbia.

In addition to Erste Bank being 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 Executive Board also adopted the **Competition Compliance Programme**, based on the **Competition Compliance Programme** adopted at the Erste Group level. Free competition is an important business goal of the Bank and compliance with competition regulation is a duty and obligation of all Bank employees. The Programme provides for measures, actions and procedures within the Bank that ensure conduct of all employees in accordance with the regulations on the protection of competition, the reduction of the risk of non-compliance with the regulations relating to the protection of competition and the prevention of negative consequences that the non-compliance with of competition regulations may have for the Bank. The Programme includes several documents relating to key areas:

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

Fraud is a real threat to the Bank and may have a negative impact on its market value, the reputation and ability of the Bank to achieve its strategic and business goals. Our Bank, like Erste Group, is committed to reducing the risk of fraud to the lowest level possible and fully complies with all legal provisions in providing assistance to regulatory bodies in identifying criminal activities, in particular any kind of fraud or financial crime.

In order to prevent fraud and to work strategically on its prevention, the **Financial Crime Risk Unit** was established in Erste Bank in early 2012. The unit was established within the Compliance Division and aims at:

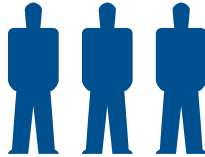
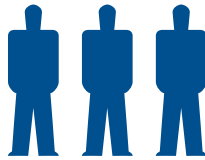
- investigating and monitoring any activity suspected of having the characteristics of fraud
- creating an organisational culture that actively fights fraud.
- enabling employees to report any suspicion of fraud – the so-called **Whistle Blowing Policy** adopted in 2011
- establishing values, standards and processes for efficient fraud management, including an adequate system of measures against perpetrators of internal fraud (Employee Responsibility Establishment Procedure)
- using state-of-the-art IT tools for supporting the detection, prevention and management of fraud risks.

One of the main tools for internal fraud management is fraud suspicion reporting – so-called **Whistle Blowing** – where reports are made by Bank employees primarily in order to protect the Bank, and therefore their own work and status, and Bank customers. The Whistle Blowing procedure enables everyone to report the activities for which they suspect or know for certain that they have the characteristics of fraud. At the same time:

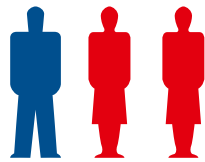
- the persons who filed the report remain protected
- their report is sent to a trusted independent team
- the report remains confidential
- the report may bypass the hierarchical management levels if the fraud is of such nature that the bypassing is necessary
- a round-the-clock possibility of filing the report with guaranteed anonymity.

An important aspect of responsibility and transparency in the Bank is the existence of a mechanism that enables employees to express their concerns regarding the existence of fraud in a responsible and efficient way and without any fear of retaliation. The Whistle Blowing Policy protects the employees who thus fulfil their legal and moral duty of reporting any fraud and suspicion of fraud. In addition, this Policy emphasises that each employee is responsible for his/her report and that malicious reports will be sanctioned.

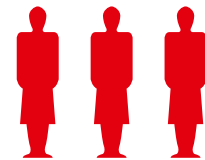
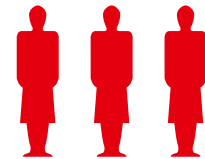
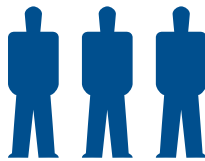
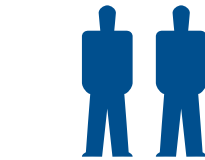
An additional procedure enables employees to file reports to a trusted person appointed to the Whistle Blowing Team, who is obliged to keep the anonymity of the person filing the report.



BOARD OF DIRECTORS



EXECUTIVE BOARD



EXECUTIVE DIRECTORS OF DIVISIONS

We have so far recorded six internal and four external reports related to 2012 and the observed problems, such as the inability to prove the report and incorrect interpretation of facts resulted in amending the relevant procedures and processes and initiating the procedure by the Human Resources Department in cases where the reports proved to be well-founded.

In the following period, more attention will be paid to the policies and procedures on which the fraud management strategy will be based and on the basis of which the responsibility of all employees, the prevention measures and the "zero tolerance" policy will be defined. Employee training and field inspections will be intensified, primarily in our branches. In addition, attention will be paid to training and supporting the employees in the newly formed Financial Crime Risk Unit.

In addition to the Whistle Blowing Policy, Erste Bank operates in line with the **Fraud Risk Management Policy**, which covers the issues of criminal offences, non-compliance with the Bank policy and work procedures, unethical conduct etc. as well as the **Employee Responsibility Determination Procedures**.

Transparent Governance Practices in Erste Bank

The Board of Directors comprises six members:

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

The Executive Board comprises three members:

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

The share of women in top management bodies:

Board of Directors: Male 100% – 6 members

Executive Board: Male 34% / Female 66% – 1 member + 2 members of 3 in total.

Executive directors of divisions: Male 35,71% / Female 64,29% – 5 + 9 of 14 in total.

The age structure of the management bodies:

Under 30 years: /

30–50 years: 100%

Preko 50 years: /

All information about shareholders and members of the highest management bodies of Erste Bank a. d. Novi Sad can be found at www.erstebank.rs

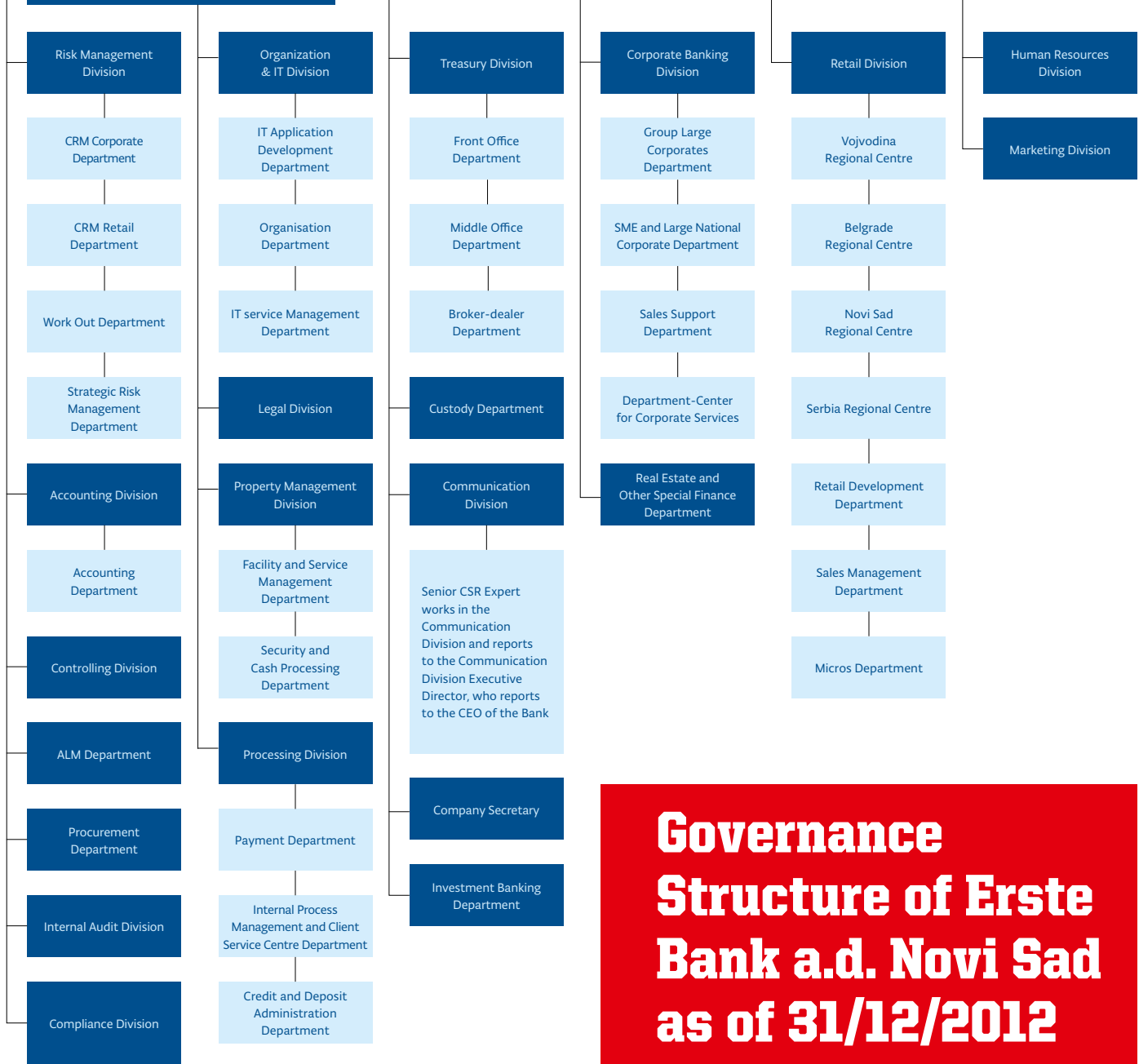
BOARD OF DIRECTORS

EXECUTIVE BOARD

Slavko Carić

Suzan Tanriyar

Jasna Terzić



**Governance
Structure of Erste
Bank a.d. Novi Sad
as of 31/12/2012**

How are members of the highest management bodies elected?

Members of the Board of Directors and the Executive Board are elected for a four-year term of office, with an unlimited possibility of re-election and subject to prior approval by the National Bank of Serbia. Chairman of the Board of Directors may only have a non-executive position. Members of the Executive Board are elected by the Board of Directors. According to the Articles of Association of our Bank, no member of the Board of Directors may simultaneously be a member of the Executive Board. The next management level of the Bank comprises executive directors of divisions and departments.

How are conflicts of interest regulated?

In order to avoid conflicts of interest, the general principle that must be adhered to by all employees and consequently the Board members as well is to recognise the conflict of interest and inform the Compliance Division of this without any exception and delay, which is defined by the Conflict of Interest Regulation and the Conflict of Interest Policy.

In addition, in accordance with our internal acts, when it comes to Bank employees and their external activities, the approval is given by the competent member of the Executive Board upon the recommendation of the Compliance Division. When it comes to a member of the Executive Board, the required approval is given by the Board of Directors.

How are the members of top management bodies remunerated?

As for the system of remuneration and bonuses for executive directors, the bonuses are defined by the Performance Management Policy and the Remuneration Policy. According to these acts, individual bonuses of managers depend on three criteria: the Bank's financial results, their professional conduct and measured individual results.

Qualifying for performance bonus depends on the impact that the job category has on business performance. The higher the impact on the achievement of Bank business performance, the greater the possibility of getting a bonus. The bonus potential of the Executive Board members is defined by their employment agreements and the percentage of bonus potential that will be paid depends primarily on the Bank results and then on the individual performance that is evaluated after the end of the financial year at the meetings of the so-called Remuneration Committee, where the top (competent) management of the Group and the Board of Directors discuss the performance of individual Board members and thus the amount of bonus awarded to them.





How is the work of top management bodies evaluated?

The work of the Executive Board is evaluated by quarterly reports on Bank operation that are considered by the Board of Directors. The duties, rights and responsibilities of the EB Chair and members are regulated by the Bank Statute, 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 Banking Law, the Bank Statute and the Rules of Procedure of the Executive Board regulate the composition, scope and method of work of this body.

The Bank BoD is responsible to the Bank General Meeting and the shareholders, and its work is regulated by the Banking Law, the Bank Statute and the BoD Rules of Procedure.

What is the way of communication with the members of top management bodies?

Video messages are the tool for the CEO and members of the Board of Directors and the Executive Board to address the employees when publishing annual operating results or in cases of certain announcements whose subject is of strategic importance to the Bank.

Internet Chat is an annual talk with the CEO that is intended not only for internal audience, but also for shareholders and other interest groups and individuals.

E-mails are used by members of the Executive Board to contact employees several times during the year.

Annual meetings of all trade unions of the Group, attended also by Mr Treichl, CEO of Erste Group Bank AG, are held three times a year, and it is possible to ask the CEO questions through the Erste Bank Trade Union because the President of the Trade Union attends these meetings.

Open doors are organised periodically in the form of individual meetings with members of the Executive Board and Bank executive directors chosen by the employees themselves.

The Bulletin informs the employees of organisational and personnel changes, annual or quarterly results and other strategic topics and events.

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

Involvement in Joint Initiatives

Contribution to the development of corporate social responsibility, as well as its promotion through joint initiatives are defined as one of the strategic commitments of Erste Bank. In the previous years as well, we were actively involved in the work of the largest networks dedicated to corporate social responsibility in Serbia - the United Nations Global Compact (UNGC) and the Business Leaders Forum (BLF).

Erste Bank is one of the founders of the Business Leaders Forum Serbia, the first business network for corporate social responsibility that now comprises 20 member companies. In December 2012, Erste Bank participated in the annual conference of this network, the CSR Forum, as well as in several other important projects, such as joint volunteering activities.

In 2012, Erste Bank signed the Women's Empowerment Principles, which were presented at the conference entitled "Women's Empowerment Principles: Equality Means Business – Serbian Companies Leading the Way", organised by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the UNGC Serbia. The principles are seven guidelines or business principles on how to empower women in the workplace, marketplace and community. Andrea Brbaklić, Director of the Communication Department and Human Resources Department in Erste Bank, has been the Chair of the Steering Committee of the Global Compact Serbia since its founding in 2007. In addition, representatives of our Bank are active in five out of the seven working groups that currently exist within this network.

www.ungc.rs

www.fpl.rs





2. OUR PEOPLE

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

Erste Bank's strategic approach to human resources development is based on real needs of the Bank's employees and organisational units, but also on the goals to which we strive in our business operation in Serbia and at the Erste Group level. Our employees are recognised as key stakeholders in implementing the CSR Strategy, as well as in conducting all of our business processes.

Certainly the greatest and most important change in the Human Resources Department in 2012 is the adoption of the Human Resource Strategy for a three-year period, defined specifically on the abovementioned principles. By defining our mission, vision and basic guidelines for the following period, we made a step further, and the practical implications will follow through action plans, with whose help our strategic goals should be translated into daily, operating level objectives.

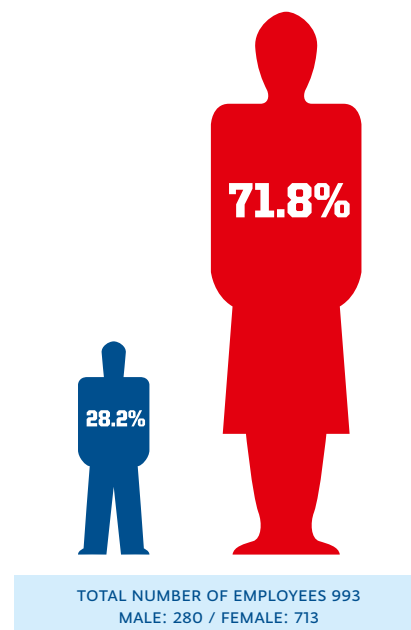
Achieved in 2012:

- ✓ RSD 19,501,890 was invested in employee improvement
- ✓ 50% of employees received at least one type of training
- ✓ RSD 46,570,000 was invested in improving employee health and safety



2.1. Employee Development and Improvement

TOTAL NUMBER OF EMPLOYEES	2012 (AS OF 31/12/2012)	
	MALE	FEMALE
NOVI SAD	76	235
BELGRADE	95	185
OTHER	109	293
TOTAL	280	713
TOTAL NUMBER OF EMPLOYEES	993	



Of the total number of employees (993), as many as **947 people are employed under permanent employment agreements**, while **989 employees are hired on a full-time basis**.

The total number of employees who left the Bank in 2012 was 69 and 74 people were employed in the same period.



EMPLOYEE AGE STRUCTURE (AS OF 31/12/2012)			
	MALE	FEMALE	TOTAL
TO 20 YEARS	/	/	/
20–30 YEARS	40	92	132
30–40 YEARS	155	295	450
40–50 YEARS	36	118	154
50–60 YEARS	44	204	248
OVER 60 YEARS	6	3	9
TOTAL	281	712	993



The investment in employee development and improvement not only has a positive effect on employee motivation, but also makes them more competitive in the increasingly demanding job market. In the context of the CSR Strategy, employee development relates not only to the improvement of business skills, but also to the involvement in developing and implementing socially responsible practices of the Bank, as well as to personal development, by sensitisation to various social issues.

In 2012, in line with our Human Resource Strategy, a special emphasis in Erste Bank was placed **on realising personal employee development plans**, which are designed together with immediate superiors in line with planned business goals, and all our employees got feedback on their respective performance.

The training and development in our Bank are oriented towards a clear goal, which is the only way to achieve their full effect. When our employees plan their business goals, we encourage them to think about what knowledge, skills and abilities they need to achieve them and to propose accordingly the activities that may help them in this. To make this process simpler, a **Training Catalogue** was prepared, which is accessible to all on the Bank's internal portal. In addition, regular meetings with division directors were started and will be held on a quarterly basis in order to identify on a timely basis the needs in the business domain and to offer accordingly systemic and realistic solutions in all aspects of human resources.

Erste Group offers its employees different trainings relating not only to the performance of business activities, but also to the development of leadership and managerial skills. As part of the **GLDP** (Group Leadership Development Programme), two participants who attended this programme in 2012 will be included in job rotation with other colleagues from the region in the future. Owing to the other projects that we implement locally and regionally, several our colleagues from the Corporate Banking Division and the Risk Management Division will participate in the seminars organised by the Bled School of Management.

Erste Bank also provides its employees with certain training programmes aimed at helping them acquire and improve the skills necessary for achieving continuous competitiveness in the labour market. This includes different internal courses, financial assistance for external training or education and allowing time periods for studying with guaranteed return to the workplace. In addition, our Bank provides retirement pays, taking into account the age and years of service of our employees, in order to help them successfully end their employment.

2012				
TOTAL HOURS OF TRAINING	MANAGERS	NON-MANAGERS	MALE	FEMALE
	3,538	14,939	5,388	13,089
AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE	MANAGERS	NON-MANAGERS	MALE	FEMALE
	20.811	6.693	19.24	18.38

Internal Job Market - In-house Opportunity

Following the modern trends of consolidation and unity, Erste Group recognised the need for an open, dynamic and accessible job market. Therefore, an Internal Job Market was created, tailored to the employees of all seven Erste Group members, with the aim of providing the employees with a possibility of changing their workplace and increasing employee mobility within the Group. There are open job positions from all Group member countries on the Intranet portal, which connects all employees, with the aim of collecting all vacancies from all Group member countries in one place – on the Internal Job Market page – and making them available to all employees.



In addition, a very important goal of this advertising of vacancies is to give priority to internal employees over external candidates and to enable **the development and promotion not only within the employee's own Bank but within the entire Group**. The Group Intranet pages are available in Serbian, and if an advertisement is posted in a foreign language, this means that the knowledge of the given language is a necessary condition for applying. The basic principles on which the functioning of the portal is based are accessibility and simplicity. At all times, each Erste Group employee has access to the vacancy market and the portal search is done very simply, by keywords.

Each posted job advertisement is open to all skilled employees of the Group if they meet the conditions specified in the advertisement – the only condition a candidate must meet to apply is the completed period of trial work or traineeship. The basis for selection is the competence model, in terms of previous experience, education, etc., with which the employees may familiarise themselves on the InfoNet, and in all countries the selection process is conducted according to a procedure defined in advance. Erste Group guarantees the confidentiality of information – the application itself, as well as personal data – to all who wish to apply for a vacancy. All applicants are equal in the selection process regardless of their gender, race, background, age, health status, political or religious belief.

Erste Bank employees may get more information at e-mail address:
karijera@erstebank.rs

Erste Success Story: Ambassadors of Values

In order to promote and adopt the desired corporate culture, in previous years Erste Bank launched a number of projects, one of which stood out primarily for its innovation and then for the results achieved. The effects are most noticeable at the level of employee involvement in the project and their identification with the corporate values. Since the moment of defining its five corporate values in 2009 - creation, responsibility, support, innovativeness and trust - Erste Bank has aimed at making them alive by giving them a human face, thus raising awareness of the values among its employees.

In order to recognise our colleagues who have the Erste Bank values deeply embedded in their daily method of work, communication and cooperation with other colleagues, we decided to select ambassadors for each value. The selection was organised so that the employees could nominate colleagues who they thought deserved the "ambassador" title for their work and conduct. The selection of ambassadors achieved one of the basic goals of the project - promotion of desirable modes of conduct that reflect the defined values.

In 2010, ambassadors were selected for two values — CREATION and RESPONSIBILITY, and in 2011 the selection of ambassadors was held for two more values — SUPPORT and INNOVATIVENESS.

In 2012, ambassadors were selected for our fifth value, TRUST. Katica Vukadinov from the Organisation & IT Division, Svetozar Jankov from the Retail Division and Zoran Popara from the Processing Division were selected by their colleagues as the best representatives of this value based on the total of 311 employee votes.

The selected ambassadors have so far had a chance to give their proposals, through different workshops, for encouraging employees to behave in line with the values they represent. The effects achieved by promoting corporate values will have a positive impact not only on the mutual cooperation of the employees, but also on the improvement of relations and cooperation with external partners.



KATICA VUKADINOV



SVETOZAR JANKOV



ZORAN POPARA

Ambassadors selected in 2010:

Creation:

Gordana Nejgebauer
Dušanka Jelić
Nela Vladušić

Responsibility:

Jovana Zeljić
Ivana Zečević
Jelena Milenković

Ambassadors selected in 2011:

Support:

Ilija Valan
Dušanka Jelić
Maja Marjanović

Innovativeness:

Vladimir Serdar
Dejan Kešelj
Srđan Cicmil

"In the moments when users are relieved, when a particular problem is solved, the importance of trust – the value for which I was selected – is felt most. Work is a great pleasure when your colleagues trust you, and I try to justify this trust."

Katica VUKADINOV

„I notice the importance of this value most when new customers come to us upon a recommendation of other customers or when we work with customers who have been coming to our Bank for many years now with a lot of confidence, making it clear that it is about the human factor. I also expect my colleagues to be consistent, principled, and responsible and to improve their values continuously, because their conduct in line with the Bank's values contributes to the development of the Bank just as it does to the development of ourselves"

Svetozar JANKOV

"The trust gained can help us a lot in our work, but also in our everyday life, because in making business decisions, but also life decisions in general, we always need help from someone on whom you may count, whom you trust and whose values and views you share and respect. If a person (as well as a company) has a clearly built system of values that they respect and develop, they will assume an important role in society because they will be recognised by it as a serious, consistent, competent and well-intentioned partner."

Zoran POPARA

2.2. Health and Safety at Work and Social Support to Employees

Care for Everyone's Security

Within the Security and Cash Processing Unit of the Property Management Division there is the Security Unit that takes care of the security of all employees and of the security of the whole property of the Bank. The Security Unit's priority is to provide all Bank employees with as secure working conditions as possible, and to achieve this, measures and activities are continuously taken to improve the physical and especially technical security in all business premises of the Bank.

Security is a complex area dealing with:

- physical security
- technical security
- fire protection
- health and safety at work.

Because of the specific nature of the Bank's business and work with cash and other valuables, the most vulnerable organisational units are branches and sub-branches, in which the security measures are at the highest level.

Physical security operations are primarily preventive in character and aimed at detecting perpetrators and eliminating actions that may lead to endangering the premises and the property and people in them. Physical security service is engaged in all major branches, whose main task is to protect the material and human assets and values used in the branch from different forms of danger, particularly robbery, theft, sabotage, damage that may be caused by faulty installations or fire, as well as prevent the practices and behaviour that endanger the work process.

Technical security systems have a major preventive role because their existence and action discourage potential attackers from their intention and prevent other negative events and consequences, and their task is to detect any dangerous event, precisely locate the place and time of its occurrence, ensure the control of proper operation of security equipment, provide appropriate signalisation, enable remote alarm transmission, partly eliminate the dangerous event and create conditions for appropriate service to respond efficiently.

Fire protection system, video surveillance system, access control system and automatic fire alarm system, which together constitute the technical security system, are installed in all Erste Bank premises. For the proper use of the technical security system and the improvement of employee security culture, the Security Unit in cooperation with the Human Resources Division continuously conducts:

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

A significant role in education and improvement of employee security culture is played by clear security procedures and instructions that were adopted and are available on the portal, as well as the presentations that we hold at joint meetings and seminars. In 2012, five injuries at work were recorded in Erste Bank and there were no reported or recorded occupational diseases or diseases appearing as a result of harmful effects in the workplace, according to the regulations in our country that apply to this area.

2012	INJURY RATE*		LOST DAYS RATE**	
	MUŠKARCI	ŽENE	MUŠKARCI	ŽENE
NOVI SAD	0.00	0.30	0.00	2.39
BELGRADE	0.00	0.00	0.00	0.00
OTHER	0.00	0.20	0.00	3.20
TOTAL	0.00	0.50	0.00	5.59

* 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 (mild and severe).

** The lost days rate is the frequency of lost days due to injuries per 100 employees. It was calculated according to the following formula: (total number of lost days / total number of work hours) × 200,000. The "days" include working days (Monday–Friday), and lost days are counted starting from the day after the accident.

TOTAL NUMBER OF SICK LEAVE DAYS*	5753
RATE OF ABSENCE FROM WORK**	2.3%

* Total number of sick leave days of all employees in the reporting period, not counting maternity leaves.

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



Erste Bank Trade Union – Why Is It Important to Be a Member?

At present times of dynamic changes and social and economic instability, workers' rights, employee status and their financial status are extremely sensitive issues. In this context, Erste Bank recognised the importance of trade unions as a force that represents the interests of employees and as its partner with which it shares common values and goals when it comes to improving the employee status and whose activities it supports. Our Bank is proud of the large membership, unity and solidarity of the trade union organisation, which has already been in operation within the Bank for eight full years.

The independent trade union organisation (SOSS) of Erste Bank a. d. Novi Sad constantly works on upholding workers' rights, as well as on improving the relations between the employer and the employees. The Youth Section was founded recently within the SOSS Erste Bank as a new working body aiming at greater engagement of the youth in the work of the Trade Union. The most important responsibilities of the Trade Union are: concluding a collective bargaining agreement satisfactory to both parties, the employer and the employees, upholding dignity at work, preventing discrimination, workplace harassment, ensuring safe conditions at work and health care, influencing the content of labour and social legislation, providing free legal assistance and labour-law protection, providing resources from Trade Union funds, regularly informing and educating members and organising strikes in the employer's premises.

The Collective Bargaining Agreement that was signed by Erste Bank and the Bank Trade Union and that applies to all employees, regardless of whether they are Trade Union members or not, regulates all spheres of business and employee treatment from the establishment of employment of an individual employee and his/her rights and obligations to his/her training, safety and health and to the Trade Union status and operation.

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

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

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

Special attention is paid to workplace harassment prevention and for this purpose an Anti-Mobbing Counselling Office was established that comprises Bank employees from the Bank Trade Union committee. The Counselling Office, in coordination with



the competent bodies of the Ministry of Labour and Social Policy, the Labour Inspectorate and the Workplace Harassment Prevention Agency, monitors the handling of employee complaints filed on this basis, which may be lodged anonymously as well.

Employee Benefits:

- Interest-free loan
- Retirement pay
- Collective employee insurance against the consequences of accidents at work and during commute
- Compensation for injury at work or occupational disease in accordance with the law
- Refunding necessary funeral expenses to immediate family members in the event of death of employee
- Refunding necessary funeral expenses to immediate family members in the event of death of employee, as well as a person with whom the employee lived in the same household and who was not a member of the immediate family
- Solidarity financial assistance to employee due to prolonged or serious illness of the employee or a member of his/her immediate family
- Solidarity financial assistance to employee because of his/her poor financial situation
- New Year's gifts to employees' children up to 10 years of age
- Gift to employee for child birth
- Anniversary award for years of service
- The employer may also give an anniversary award to employee on the occasion of marking another important event relating to the employer
- Maternity leave.



RIGHT TO MATERNITY LEAVE	MALE	FEMALE
	280	713
NUMBER OF EMPLOYEES WHO EXERCISED THE RIGHT TO MATERNITY LEAVE*	0	40
NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF MATERNITY LEAVE **	0	36
NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF MATERNITY LEAVE AND WHO REMAINED EMPLOYED 12 MONTHS AFTER RETURNING TO WORK***	0	34
RATE OF RETURN TO WORK AFTER MATERNITY LEAVE	0	85%
RATE OF REMAINING IN EMPLOYMENT 12 MONTHS AFTER RETURNING TO WORK	0	100%

* The number refers to the employees who exercised the right to maternity leave in the January–December 2012 period.

** The number refers to the employees who returned to work during 2012 after the end of maternity leave, but took the maternity leave in the previous period.

*** The number refers to the employees for whom the period of 12 months from their return to work expired during 2012 and who took the maternity leave in the previous period.

2.3. Internal Communications



After defining the three-year Internal Communication Strategy in 2010, in the following year, 2011, the first campaign aimed at all Bank employees was launched – the Get Involved campaign, launched with the aim of raising the level of employee awareness of the need for every individual to get involved and take responsibility to raise the communication in the Bank to a higher level. Through different communication channels, such as the Intranet, e-mail, workspace branding, the Puls internal magazine etc., the employees were directly invited to request answers to the questions that trouble them most, to propose themselves solution to the observed problems and to use the existing communication channels as much as possible. Most of the tools used in the campaign, in addition to entertaining content, communicated a contact address through which the employees can “ask, propose and find out”. This campaign was the first step towards improving internal communications and the start of implementing the activities envisaged by the three-year strategy.

In February 2012, a new internal communication campaign was launched on which our Ambassadors of Values and Erste “star actors” worked hard towards the end of the previous year. The actors of our video clips and posters tried to present the Bank’s corporate values as nicely and clearly as possible and announce games in which interested employees could participate. The **Show What You Know** campaign is aimed at promoting Erste Bank values and the employees were invited to say what the values were by e-mail for a symbolic prize. The winning team won a prize trip after the end of the campaign.

In addition to an increasingly large number of employees involved in internal communication, especially in the Idea Market where as many as 72 ideas arrived in 2012, the fact that both campaigns were successful was also confirmed by the 2012 Serbian Public Relations Society Award in the Internal Communications category for the Get Involved campaign, while our Show What You Know campaign got among the three finalists.

Strategic goals of internal communications:

1. Improvement of vertical communication within all existing structures of the Bank
2. Raising awareness of the importance of personal responsibility and contribution to the improvement of internal communication
3. Reinforcing the sense of belonging to Erste Bank
4. Improvement of intersectoral communication
5. Introducing new communication channels and raising the credibility of and improving the existing communication channels.



Idea Market - Employee Proposal for Business Improvement

Since the market in which the Bank operates is very dynamic and requires us to be constantly innovative in order to differentiate ourselves from the competition, we strive to be seen by our customers as a modern bank with a large number of new innovative solutions, products and services, which can only be achieved by engaging the whole potential that we have, including, first of all, our employees, who have enough creativity, knowledge and experience for business improvement, and owing to this the Idea Market has already been around for four years.

Two types of ideas come to the Idea Market: the "Plus ideas", aimed at fixing errors and improving the current method of work, and the "Click ideas", relating to the introduction of innovations that would significantly improve business operation. The new way of the Idea Market functioning involves monthly meetings of the newly established committee to evaluate the ideas that arrived that month and then award prize money to the best ideas and monitor their implementation. Compared to the previous year, 2011, when we had 31 employee proposals in the Idea Market, the number of ideas increased significantly in 2012, so as many as 11 of the total of 72 ideas that arrived were approved and several additional good ideas await implementation since they involve more serious changes in business operation.

Intranet Redesign

Many things have changed since May 2006 when the **InfoNet** started to operate, first for the needs of the Retail Division and afterwards for the employees from other organisational units. A new portal was developed in 2012; in the first phase, changes related to the homepage appearance and structure, with the introduction of several new functionalities that were presented in special Operating Instructions. For example, the employees now have their own page that, in addition to their contact details, presents the organisational structure of the team to which they belong, but also certain documents that are useful for their work and that are visible only to them, and there are also comments and messages in a form similar to those on Facebook pages. In the next phase, all InfoNet pages were redesigned with the aim of finding an optimal structure that would allow faster and simpler document search. Pages were updated in cooperation of all organisational units.

Doors Open to All

One of the strategic goals of the Human Resources Department in the area of internal communication is the promotion of the Open Door concept, which has so far proven to be very successful: via the InfoNet, the employees request individual meetings with an Executive Board member or executive director of their own choice and thus have an opportunity to give their suggestions and proposals personally, as well as criticism, and to ask questions and ask for help. The following contact addresses are available to employees:

hr.otvoreno@erstebank.rs
otvoreno@erstebank.rs
berza.ideja@erstebank.rs



Erste Topic: What Does It Mean to Be a Good Employer in Serbia Today?



Due to business globalisation and volatile economic environment, people and their knowledge become the main corporate value in the developed business world and are recognised as the true source of competitive advantage. The term “employer branding” is more and more present in the world of human resources. This is a way for companies to approach strategically the attraction of skilled workforce trying to stand out from the competitors, promoting their values, organisational culture, working conditions and business ethics. Being a desirable employer today is not about being good in one of these areas, but being the best in each of them. In addition to using their reputation as a good employer to try to attract and employ talented people with whom they share the same values, the companies find it equally important to position themselves in the same way internally in relation to their employees – the employer can count on greater loyalty and motivation of its employees when there is a commitment to the same goal.

On the other hand, being a good employer is especially important in the countries where the legal regulations relating to labour rights are underdeveloped or, if they exist, are insufficiently implemented in practice, so that the standards of work that the employer promotes and the responsible approach to employees become the only system of protection and security for the workers who cannot exercise their rights.

In a situation where unemployment is at 26.2% and more and more businesses are closing down or forced to reduce the headcount, aspects such as investment in the development of employees, additional benefits or care for the health and safety of employees are often completely disregarded and the term “decent work” mostly comes down to regular payment of wages. In our country, there is a huge number of those who work in shadow economy, those whose social security contributions are not paid by their employer or those who suffer various types of workplace harassment. In practice, there is a lack of effective enforcement of the existing legislation in the field of labour rights, which is still in the process of

harmonisation with the European standards. In such conditions, where anyone who operates within the limits of the law may be considered a good employer, the employers themselves assumed a great responsibility for raising the standards and improving business practices. More and more socially aware entities have been appearing in the business community in Serbia in recent years that recognised the importance of their role as a good employer for building a developed and productive society. Many of them invest constant efforts in improving their business practices and promoting ethical values in order to increase employee satisfaction, and we find out how successful a company is in this from, inter alia, the surveys on the most desirable employers that have recently become topical and publicly available in Serbia as well. We are proud that our Bank has also been recognised for its results in this area, which is also evidenced by the award for ranking third in the Best Employer category of the annual prizes awarded by the Serbian Association of Managers.

Erste Bank's experience shows that building the brand of the company as a good employer does not happen instantly. It is a result of the vision and a consequence of the strategy of the company in which it is believed that there are no top and long-term successes or results without satisfied employees. Many years of responsible employee treatment resulted in the adoption of the 2012 Human Resource Strategy, which approaches this important topic in a comprehensive and systemic way. Even in hard economic conditions, Erste Bank managed to stay true to its values, which had a positive impact on the attitudes of our employees, judging by the results of the Employee Engagement Survey conducted in 2011. In addition to serving as the basis for the preparation of the new Strategy, the Employee Engagement Survey and all of its accompanying activities based on the obtained results were aimed at helping us strengthen the organisational culture and making the Bank a better place to work.

The Engagement Survey was conducted at the Group level and the 74% turnout rate, i.e. the participation of over 32,000 employees, is an indicator of the need and desire of our employees to contribute to the improvement of their working environment by their active participation. As many as 77% of employees from Erste Bank Serbia participated in the survey, resulting in our Bank ranking second by turnout rate in Erste Group. This certainly is a reflection of confidence shown and, on the other hand, guarantees a high level of validity of the data obtained by the survey. Above-average scores were recorded in the following areas: Relationship with Immediate Superior, Faith in the Company's Future and Vision, and Teamwork. When it comes to the relationship between the manager and team members, positive answers were given to the questions: Does the manager treat you with respect, does he/she fulfil his/her obligations and do you have trust in him/her? It turned out that as many as 92% of employees believed that Erste Group had an exceptional future, while 65% of respondents trusted their management at the Erste Serbia level. The statement that there was good teamwork and cooperation among the organisational units was confirmed by 48% respondents, which indicated to us the need to improve additionally friendship and teamwork at the level of the whole Bank. The areas that received somewhat lower scores included the Growth and Development area with 54% positive answers, the Job and Tasks area with 57% positive answers and the Performance Management area with 58% positive answers.

After announcing the results at the Bank level, the Division Managers got the results of their respective areas of responsibility, with the generation of reports being only possible for the organisational units where ten or more employees completed the survey questionnaire, in order to preserve anonymity. Afterwards, with the Human Resources Department's support, individual analysis of the results was made, strengths and weaknesses were identified and plans of accompanying activities were designed. The plans were implemented during 2012 and a new engagement survey is planned for 2013 in order to measure the effect of all of the actions taken.

As regards raising the motivation of employees and activities in the field of engagement improvement, 2012 was a busy year for Erste Bank. Among other things, an Employer Branding project was launched with the aim of positioning Erste Bank as the "first-choice employer". The project involved setting up an employment page on the Bank's external website according to the standards set by Erste Group. With its new page, the Bank tries to present itself as an employer and to show potential candidates in more detail how it feels to work with Erste Bank. To this end, Erste Bank employees were invited to participate in the making of a film that can be found in the employment section of the Bank's website. Our colleagues and actors who played in our first film had a task of answering the question why they liked working with Erste Bank. Two other films designed for the purposes of the project feature Slavko Carić, CEO, and Andrea Brbaklić, Director of the Communication Department and Human Resources Department, in the lead roles. Raising the level of employee engagement, commitment, loyalty, but also performance has a positive impact on the business performance, but also the identity of the Bank as a responsible institution, which is our essential commitment and the only way to success.

3. RESPONSIBLE TO CUSTOMERS

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



Achieved in 2012:

- ✓ Increasing the number of customers to over 310,000
- ✓ Customer satisfaction at 92.9%
- ✓ Corporate loan portfolio increased by 34.3% relative to the end of the previous year, while retail and micro loans increased by 11%
- ✓ Around EUR 80 million granted in subsidised loans
- ✓ EUR 50 million provided from the European Investment Bank for long-term SME lending
- ✓ EUR 10 million provided for financing the activities that involve increasing energy efficiency and using renewable energy sources and the needs of micros, small and medium-sized enterprises

The primary responsibility that the Bank has due to the nature of its business is the responsibility to customers, specifically in the aspects of communication with customers and development of special-purpose products adapted to their needs. The imperative of the modern market, as well as our Bank is transparent and efficient business operation enhanced by continuous improvement of the quality, variety and accessibility of products and services, education and adequate information.

Working in a dynamic and demanding environment, we try to be flexible, continuously adapting ourselves to customer needs and market specificities. An additional challenge that we face as a result of the current financial crisis, which also affects the financial status of our customers, is to find new ways of optimising our business, maximising our efficiency and, with cost reduction, increasing our income while meeting the needs of our customers taking their capabilities into account. These requirements, as well as our desire to continue to be proactive and always one step ahead of events, motivated us to start projects in 2012 that improved the Bank's performance and increased the quality of service to all our customers.

3.1. Financial Inclusion and Responsible Financing

The primary strategic topic - the topic in focus - when it comes to our customers is defined primarily in accordance with the principle of connection with the core business of the Bank. In addition, the topic stood out as one of the most important social issues and elements of corporate social responsibility for our internal and external stakeholders in the stakeholder analysis process, which is why more space in this Report is dedicated to it compared to other topics in the Responsibility to Customers area.

A necessary precondition for financial inclusion and its integral part is also the financial education of vulnerable groups, which the Bank has already started with the programme of financial education of the users of the Drop-in Centre for Children, a credit line for your entrepreneurs in the SuperSTeP programme, as well as with loans intended for social enterprises. After launching the programme of selling the Liceulice street magazine, whose sellers are the users of the Drop-in Centre for Street Children, the Bank wanted to give its contribution to financial empowerment of these Roma children, creating, in accordance with their needs, a programme of raising awareness and skills in the area of finance through workshops on income and cost management in everyday life. Ten children participated in the programme of financial education of Roma children from the Drop-in Centre in 2012.



Accessible to All

Wishing to facilitate access to its financial products and services for its vulnerable fellow citizens, Erste Bank adapted its business premises taking into account their needs: our Bank's office buildings in Belgrade and Novi Sad, as well as 15 of the total of 67 retail banking branches and three of the five corporate banking centres throughout Serbia and an ATM in Novi Sad are adapted to people with disabilities. All Erste Bank branches are equipped with advisory desks that are lower and used for providing services to customers with disabilities when necessary.



Finance education projects in cooperation with our partners

Personal Finance Management – The programme was launched in 2010 with the aim of raising the level of citizens' knowledge and skills in the area of finance in order for them to make better and more informed financial decisions and moves. It consists of free-of-charge workshops intended for all citizens of Serbia, with a special emphasis on employed population and those who are overindebted. So far, 36 workshops have been held as part of the programme, which were attended by more than 500 participants.

The programme was launched by the Global Compact Serbia Working Group on Corporate Social Responsibility in Banking and Finance and the National Bank of Serbia, the Academy of Banking and Finance, Serbian Chamber of Commerce and seven commercial banks – Working Group members from the territory of our country – participate in this programme.



“Children’s Economy” – This interesting programme is intended for elementary school pupils, children aged six to eleven years, in order to educate them about the basic concepts of economy and business through creative contents. This programme also directly involves their teachers who received appropriate training and preparation for the implementation of this programme in practice.

The programme was launched by the Junior Achievement Serbia organisation and four trainings were held in 2012 for 130 teachers who then implemented the programme in their schools. The Programme has so far been attended by 3,375 elementary school pupils, a fine art contest was organised on the topic “What Are You Saving For?” to which 250 pupils applied and two exhibitions were held presenting 60 best works in Novi Sad and Belgrade.

During 2012, we also extended the purpose of the previous loan for education and financing the needs of younger-generation customers, who, with the **new Youth Loan**, in addition to paying tuition fees at post-secondary schools and universities, can pay for courses, seminars, work and study trips and other activities related to professional improvement, as well as for driving lessons and tests.

Another important element of the Bank’s responsibility to customers relates to taking into account **social and environmental aspects when financing retail and corporate customers** (Natural and Social Environment Protection Policy, page 16).

To this end, in 2012 **Erste Bank a. d. Novi Sad and German Bank for Reconstruction, Frankfurt (KfW) signed an agreement on a EUR 10 million credit line** primarily intended for financing the activities that involve increasing energy efficiency and using renewable energy sources. At least 50% of the contracted EUR 10 million will be granted for these purposes, while the rest will be used for financing the needs of micros and small and medium-sized enterprises for non-current assets. This credit line will allow us to provide our customers with loans at a fixed interest rate and with a longer repayment period than would be possible in our standard offer and the funds from this credit line will be granted to corporate and retail customers during 2013. Financial support to micros and small and medium-sized enterprises in Serbia is very important for economy stabilisation and job creation and the measures for increasing energy efficiency contribute to energy savings, which is especially important for our country, which imports energy to satisfy its energy needs.

In 2012, Erste Bank increased its portfolio of loans granted to corporate customers by 34.4% relative to the end of the previous year, while loans to retail customers and micros increased by 11%. In addition, Erste Bank has so far granted **EUR 80 million** to companies in Serbia **through the programme of subsidised loans of the Government of the Republic of Serbia**. In this way, more than 70 companies got favourable funds for their business. The interest in this type of financing is still very great and every day we make efforts to meet the needs of as many customers as possible.

Please find more information about financing the projects of renewable energy sources on page 69 of this Report.

Erste Success Story: Support to Small and Medium-sized Enterprises

In November 2012, the European Investment Bank (EIB) and Erste Bank a. d. Novi Sad signed an agreement on a EUR 50 million credit line intended for financing economic activities in Serbia.



The funds are primarily intended for small and medium-sized enterprises, but may also be used by large enterprises having up to 3,000 employees. The credit line may also be used to a lesser extent for financing local government projects. These are long-term investment loans and the interest rates on the loans from this credit line will be at least 0.5 per cent lower than the standard levels for this type of customer lending.

“With these EIB funds, Erste Bank joins the efforts for starting a new investment cycle in Serbia. We expect that all of the EUR 50 million will be granted to customers by the middle of next year,” said Slavko Carić, CEO of Erste Bank, and invited small and medium-sized enterprises that have investment projects to seize this chance for favourable financing.

In addition to the agreed credit line with the KfW intended for financing the activities that involve increasing energy efficiency and using renewable energy sources, as well as financing small and medium-sized enterprises, this is the second credit line of Erste Bank launched in cooperation with the EIB. The previous one was agreed in the amount of EUR 25 million in 2010.



Saving with Erste Bank

As the oldest financial institution in the country founded under the name of Novosadska Štedionica and as a part of Erste Group, the successor to the oldest savings bank in the Central and Eastern European region, we feel a special responsibility in the time of economic challenges to offer to our customers and the market new ways to make savings. Today, we offer four new savings products to our customers: **Change Savings, 30+ Savings with a possibility of withdrawing 30% of the deposit, Combo Savings and Mixed Savings** – annuity savings with mixed insurance and monthly premium payment.



The simplest of these four ways of saving is also the most innovative. It is the **Change Savings**, which is a link between credit card and savings account. This novelty in our market relies on the established habit of leaving the change aside with every purchase, only now it will be done electronically. Upon each payment by credit card, the customers will be able to round up the amount in a way that they themselves chose in advance. The balance goes to their savings account, earning interest.

Erste Bank is one of the first banks in Serbia that enriched its offer by savings products intended for children. Since the financial education of children and youth is one of the Bank's priorities, we have been offering **children's savings** in dinars, euros, Swiss francs and U.S. dollars for five years already.



With a view to further promoting savings as a form of investment in the future, in June 2012, on the occasion of the fifth anniversary of this project, Erste Bank prepared a special offer that includes current account management and electronic banking services free of charge for 12 months for all whose salary is currently not deposited into their account with Erste Bank and who open or already have opened a children's savings account in June and start receiving wages through Erste Bank from that time on.

Compared to standard term savings, children's savings include higher interest rates and a premium. During the first quarter of 2012, the total amount of children's term savings with Erste Bank increased by 20% in dinar terms compared to the end of the previous year (around 15% in euro terms). Currently there is nearly EUR 1.5 million in children's term savings accounts with Erste Bank. To us, the recorded increase in children's savings is a proof that, by introducing this product, we contributed to re-establishment of indisputable values, such as a responsible attitude towards money and planning the future.

3.2. Responsible Communication



For three year already, the Customer Care concept has been a platform for the development of relations and transparent communication between Erste Bank and its customers. In this context, the initiatives launched in 2012 were also designed with the aim of adequate understanding of the needs of our customers and responding to their requests through the highest-quality communication and professional advice possible, for which Erste Bank employees are professionally trained. One of our strategic goals in this area is also the continuous improvement of customer satisfaction survey channels.

Satisfied Erste Customers

In line with the Group's standards, once a year Erste Bank conducts customer satisfaction surveys of retail customers (66 branches – 5,200 customers) and corporates (350 micros and 200 customers belonging to SMEs and large companies). The survey is conducted in two ways: by face-to-face survey at Erste Bank branches and by CATI – a telephone method of surveying corporate customers. A seven-level scale is used for satisfaction rating. The score of overall satisfaction of

all three customer segments is incorporated into a single CSI – Customer Satisfaction Index score. The index of customer satisfaction with the Bank as a whole is 91% (of the total of 100%) for 2012 and the average rating is 6.3 out of 7. All planned goals were achieved in this domain. In the main product and service category, the overall customer satisfaction with products and services is as high as 92.9%.

The continuous improvement of the quality of products and services and raising the standards certainly had an impact on the customer satisfaction with transactions with our Bank. This progress is also evidenced by the IMAS surveys of the satisfaction of users of our products and services, where the most significant progress in 2012 relative to 2011 was recorded in the following spheres:

· **SMEs – corporates (small and medium-sized enterprises):**

The satisfaction with the speed of loan granting increased by +4 percentage points and the reliability and trust increased by +4 percentage points as well.

· **Micros:**

The highest increase was recorded in the satisfaction with the decrease in the required collaterals for securing loans (+11) and the speed of loan granting (+6) as well as in the variety of products, with a +1 percentage point increase.

· **Retail customers:**

The index of Erste Bank customers' trust in their Bank is 77 and it is at the same level as in 2011, and the customer satisfaction increased by +1 percentage point relative to 2011. With these results, Erste Bank is the leader in our market in 2012. The Customer Recommendation Index increased by +1 percentage point relative to 2011.

The reasons for this great result lie, inter alia, in the establishment of the **Centre for Corporate Services** that was separated into a special Unit. During 2012, an **Erste Open** project was also launched that is aimed at improving our process of corporate account opening. With the improved and modernised process, we expect to acquire new, quality customers and additionally increase the satisfaction of the existing customers. In addition, we work on process automation, which will directly improve the deposit business. The introduction of new transaction banking products and a continuous focus on cross selling will further strengthen the relations that the Bank already has with its corporate customers. Special projects were also separated into a special organisational unit, the **Public Sector and Special Finance Unit**, which cooperates with both public companies and local governments.

Your Opinion Matters to Us!

Through the **Complaint Management** section on the Bank's website www.erste-bank.rs, all our customers can express their satisfaction or dissatisfaction with their cooperation so far with Erste Bank and the quality of its products and services and give suggestions, criticism or commendations, and the same form is available to them at the Bank branches as well.



Customer communication channels:

Call Centre – for all information about products and services and feedback from customers.

Advisors in our branches – on working days, for advisory assistance and any other type of assistance.

Addresses for communication with stakeholders:
info@erstebank.rs
dop@erstebank.rs
zivotnasredina@erstebank.rs

Complaint channels:
zalbe.stanovnistvo@erstebank.rs
zalbe.mikro.preduzeca@erstebank.rs
zalbe.preduzeca@erstebank.rs

Customer Complaint Management: New Standards - Better Service

In line with the new Law on the Protection of Financial Services Consumers, which came into force on 5 December 2011, Erste Bank implemented the GS1/GS2 quality standards of Erste Group that include customer complaint management at the Bank level, i.e. their collection, handling and the observance of the handling rate. Two new procedures were also adopted at the Bank level: one on handling written complaints of retail customers and the other on handling written complaints of corporates and entrepreneurs.

Both procedures explain clearly and in detail the responsibilities and the manner of acting upon written complaints of retail customers, corporates and entrepreneurs in accordance with the Law and the Group quality standards. The GS1 and GS2 quality standards relate to complaint recording and handling through the PIRE application, which allows close monitoring and control of the process management at the Bank level.

"It is important to single out the service-level agreement (SLA) that is integrated in the PIRE application. With it, we monitor daily the complaint handling rate at the Bank level compared to the set objectives," says Snežana Vukašinić, Head of the Consumer Analysis and Research Unit, adding that 60% of the complaints received by Erste Bank are handled within 24 hours, 25% within seven days, 15% within 30 days, while no complaint waits longer than this period. The entire process of complaint management as well as reporting on the achievements compared to the set objectives is monitored and supervised in the Consumer Analysis and Research Unit/Marketing Division, while the complaint itself is handled in the organisational unit that offers the service or prescribes the rules for the service regarding which the retail customer lodged the complaint.

An increase in the number of received complaints and commendations has been evident since the introduction of the new standards. In addition, a detailed customer complaint management report is generated on a monthly basis and the Bank management is regularly informed of possible problems, as well as of the proposals for overcoming them. In 2012, Erste Bank prepared a brochure for its customers with all necessary information about where and in what way a complaint may be lodged with Erste Bank in accordance with the Law on the Protection of Financial Service Consumers. Both the brochure and the form are located in clearly visible places at all Bank branches.

The new General Business Conditions adopted in December 2011 result from bringing this act into compliance with the Law on the Protection of Financial Service Consumers, as well as from the Bank's desire to educate customers about the rights deriving from the Law on Personal Data Protection. In addition, in this way the Bank informs its customers about the rights and obligations regarding payment services, as well as about redefining custody and broker-dealer services in accordance with the new regulations governing capital market and investment funds.

The General Business Conditions are available on the Bank's website www.erstebank.rs

What does the new Law on the Protection of Financial Service Consumers bring to customers?

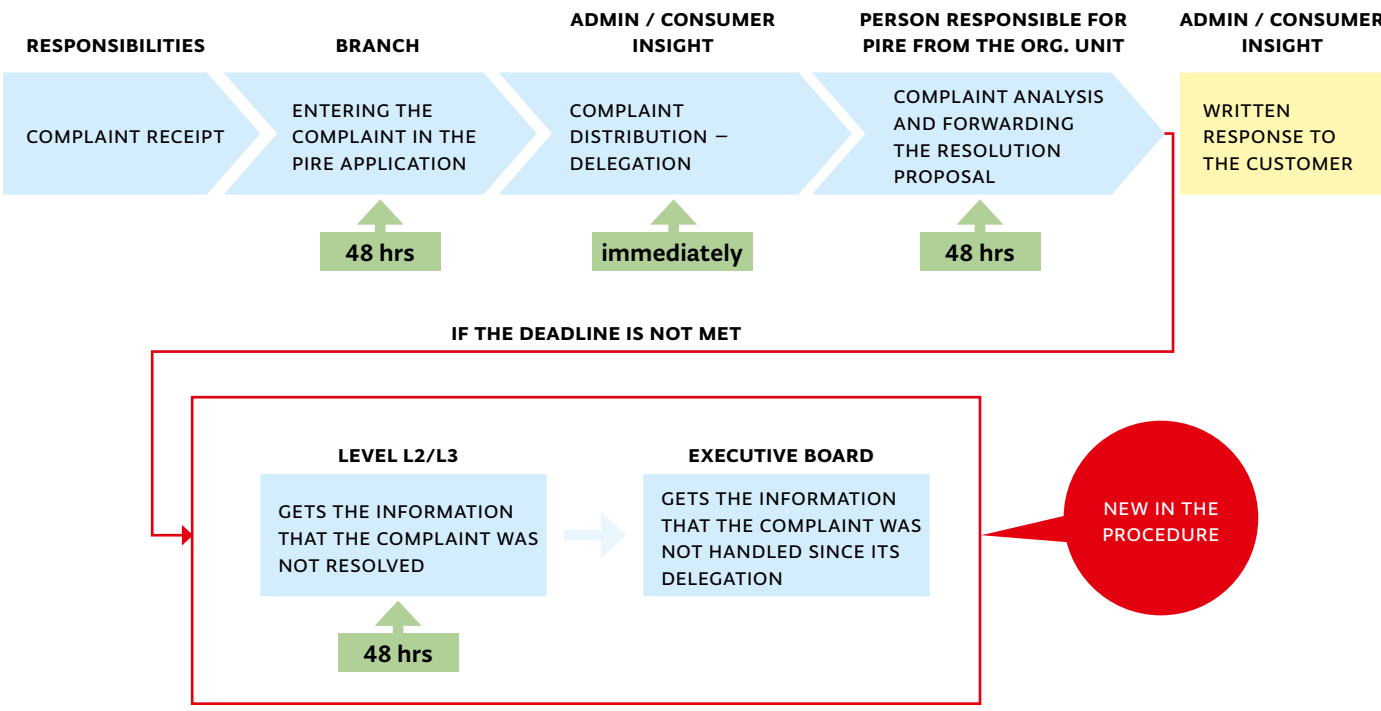
"The Law on the Protection of Financial Service Consumers contributed to the quality of services, in the sense of placing customers in the position of equal, partner relation with the bank. Therefore, the customer satisfaction with our services increases as well. The implementation of this law led to concrete improvements in different business aspects:

- Contract transparency – the customers who are dissatisfied with the signed contract got the opportunity of returning the contract to the bank within 14 days with no additional costs
- Fixed interest rate – also for the customers who had a floating interest rate before the new Law came into force reduces the customers' fear that the banks could raise their interest rates
- Customer complaints – the Law strictly and clearly defines what constitutes an official complaint to the bank, to what it relates and what the customer's rights are
- Service improvement – the Law stipulates high fines for non-compliance with the Law (if the bank violated certain articles of the Law, if it did not respond to the complaint within the set time limit and similar)", says

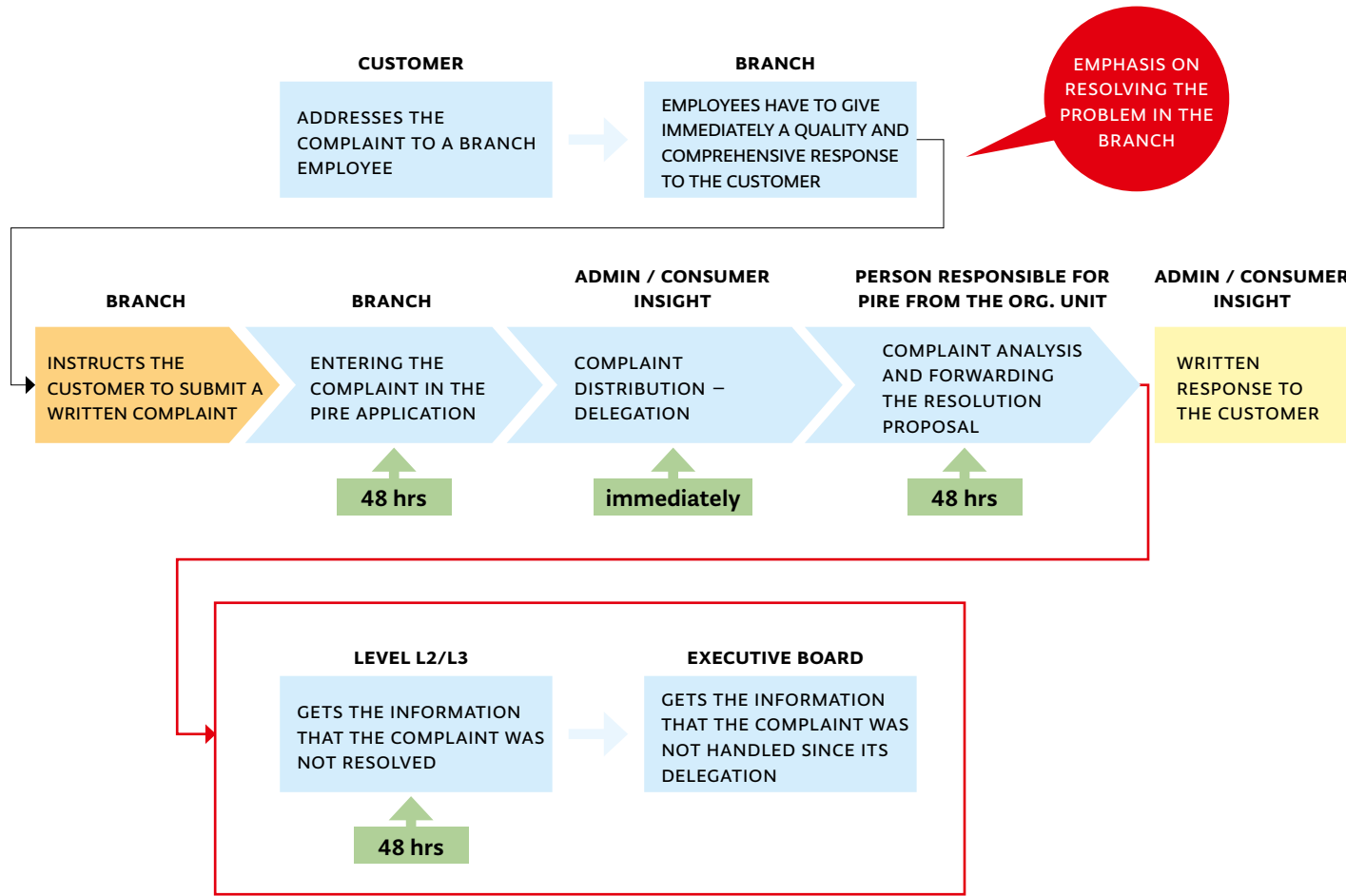
Saša Stefanović

Senior Associate
for Customer Complaint Management,
Consumer Analysis and Research Unit/
Marketing Division, Erste Bank a.d. Novi Sad

WRITTEN COMPLAINT



ORAL COMPLAINT



Data Security and Customer Privacy

Only one complaint was received in 2012, which related to the violation of customer privacy and for which it was later established that it was not well-founded. The Bank has a central application to which any Bank employee may access and enter a complaint in the system. One person, the administrator, is in charge for receiving and handling complaints at the Bank level. After a detailed analysis, inspection and establishment whether the complaint is well-founded or not, a response is sent to the customer.

Although no cases in which customer data leaked or were stolen or lost were recorded in 2012, a project was launched for improving the security and protection of data and corporate computer network that will include the Internet-related protection of computer network and the protection of server systems at the central location. This project will protect the data, the computer network and the server systems from unauthorised access and malicious activities and bring the protection into compliance with the industry standards (PCI DSS) and internal audit findings.

The consolidation of the data backup system will upgrade the existing infrastructure, which will reliably protect the data in the central data storage system and simplify the system administration, reduce the network traffic and the space required for data storage by implementing modern data reduplication and compression technologies. In addition, there will be no need any more for using obsolete and unreliable tape media for data storage.

Responsible Marketing

Every form of marketing communication in Erste Bank must comply with the following regulations to which the Bank adheres in its daily operation: the Advertising Law, the Consumer Protection **Law and the Law on the Protection of Financial Service Consumers**.

As part of the required tone of communication – the recommendations adopted at the Group level – the following stand out as essential requirements in marketing communication: True – we do not promise what we cannot fulfil, and Human – we show genuine human emotions, not suggesting unrealistic ideas and expectations to customers.

Erste Bank offers the products and services that are in line with legal norms, high Group standards, but also ethical and moral principles of society in all markets in which it operates.

In order to provide our customers with full and reliable information that they require in the process of making financial decisions, as well as advisory and any other kind of assistance, we continued to provide information through specialised websites for finance, such as: www.kamatika.com, www.kredit.rs and similar portals.

Online communications – advertising the products and promoting the values and CSR activities of the Bank

Facebook.com/ErsteBankaSrbija

Twitter.com/ErsteBankSrbija

Youtube.com/ErsteBankSrbija

Linkedin.com/company/erste-bank-serbia

Foursquare.com/erstebanksrbija

Slideshare.net/ErsteBankSrbija

Plus.google.com/115526491644434252431/posts

Superste.net

social.media@erstebank.rs

Erste Bank was the first among financial institutions to launch its own corporate blog named Erste Media with the aim of helping all readers understand financial topics and manage their finances. During 2012 we published 33 blogs with advice and analyses on numerous topics, such as entrepreneurship, savings, better budget planning, Bank practices, support to young people, but also with examples of good practice of our partners and customers. We are proud of the fact that the developed culture of direct communication is also promoted by the CEO of our Bank, who himself is very active on the Erste Media blog.

Adequate Customer Information: Small Print – Great Importance

Insisting on transparent communication with customers, Erste Bank consistently adheres to the rules and procedures regulating the processes of product labelling and provision of adequate information about their characteristics and use. Easily accessible information about Bank products and business practices are necessary to consumers and end users in the process of making informed decisions. In cases where an advertisement for deposits or loans includes an interest rate or any numerical data relating to cost or income, we clearly and accurately specify, on a representative example, the following:

- ✓ Information about the type of deposit/loan
- ✓ Information about the level and variability of annual nominal interest rate
- ✓ Information about the effective interest rate
- ✓ Information about the currency in which the deposit/loan is contracted
- ✓ Information about the period for which the deposit/loan is contracted
- ✓ Information about the deposit/loan indexing criteria
- ✓ Information about the total amount of deposit/loan
- ✓ Information about all costs borne by the customer

* The data relate to deposit and loan products, which are among the most common products of the Bank.



Erste Topic: Does Youth Entrepreneurship in Serbia Have a Future?

Entrepreneurship and self-employment play an important role in successful economies because they present the key for innovations and growth. After the governments of the United Nations member countries identified the youth unemployment problem at the World Summit for Social Development in Copenhagen back in 1995, in recent years the international community has been committed to developing strategies and improving the policy of employment and self-employment of young people who were recognised in this context as main factors of growth and development. Thus, one of the key initiatives within the ten-year Development Strategy adopted by the European Union in 2010, the Youth on the Move, is aimed at unlocking the potential of youth with the intention of achieving smart, sustainable and inclusive growth in the European Union through various measures, including support to young entrepreneurs and self-employment.

Despite the fact that it is estimated that the unemployment rate among young people in Serbia aged 25 to 34 is as high as 33%, with the percentage being highest among the young people with university degrees, the results of recently conducted surveys show that as many as 40% of young people in Serbia would still rather choose a safe and less paid job than start their own business. Only 33% of young people would start some kind of enterprise, while as many as 74% think that this is too risky. Such answers are not surprising if taking into account that, according to statistics, only three out of ten businesses started in Serbia are successful. In contrast, in developed countries such as the US, as many as 40% of young people are interested in starting their own business. These results clearly indicate that it is necessary to make a systemic turnaround when it comes to the development of youth entrepreneurship in Serbia.

Erste Bank recognised the importance of this issue and especially the importance of its role as a responsible financial institution when it launched the **SupERSTEp** project in 2011 "with the aim of lending to young business start-ups, since the access to financial resources was identified as one of the major problems faced by young entrepreneurs in Serbia. In this way, Erste Bank has so far supported the ideas of seven young entrepreneurs from different parts of Serbia, with RSD 2.35 million in total. The start-ups were financed under special terms – with no fee, at a lower interest rate (1M Belibor + 4% p.a.) and with a longer repayment period (up to 36 months with a six-month grace period), and a new competition was announced in late 2012.

By the SupERSTEp project, our Bank supported a broader programme of comprehensive support to young entrepreneurs in starting and developing their own business, the **Youth Business Serbia (YBS)** programme, which was launched as a result of cooperation between Smart Kolektiv, Erste Bank, Business Leaders Forum (BLF), National Employment Service and the USAID Sustainable Local Development Project. In addition to providing them access to the SupERSTEp credit line, the YBS programme involves financial education of



young people through free consultation in the preparation of business plan, through trainings and courses in entrepreneurship and through business mentoring in the period of at least one year.

When talking about the resources needed to start a business, they usually refer to start-up capital or inputs in production as tangible resources. However, the importance should not be ignored, either, of intangible resources such as, e.g. advice – the relatively small number of applications (18) demonstrated the fact that finances are not the only challenge for young people. Therefore, by including as many of its employees as possible, Erste Bank strategically tries to provide mentoring support in the phase of planning business ideas, as well as in the phase of their implementation. Owing to a comprehensive approach that includes all segments of business operation and not only the provision of financial resources, all supported projects proved to be successful.

The **Youth Entrepreneurship Prospects** debate held as part of marking the 2012 **European SME Week** and **Entrepreneurship Week**, organised by Erste Bank, the Team for Social Inclusion and Poverty Reduction and Smart Kolektiv, showed that, despite many problems that are a result of the global economic crisis and weakness of the local economy, youth entrepreneurship has a future, but that young people should also be encouraged and adequately educated so that they would recognise and develop their entrepreneurial skills. During the debate, the young entrepreneurs stressed that they also expected greater support from the government, primarily through the creation of a stimulating business environment.

The SuperSTeP project got the Serbian Public Relations Society Award in the Brand PR category and, owing to this project as well as other CSR initiatives, Erste Bank was ranked among the five most socially responsible large companies for 2012 according to the National Corporate Social Responsibility Award of the Serbian Chamber of Commerce.



4. OUR FELLOW CITIZENS IN THE COMMUNITIES IN WHICH WE OPERATE

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

Erste Bank's activities so far in the area of corporate social responsibility in local community have been aimed at supporting the members of vulnerable social groups in achieving their full potential. The implementation of prominent projects such as Centrifuge, SUPERSTE Club, Mentoring Walk and other initiatives in the areas of education, culture and social inclusion brought recognisability and exceptional results to Erste Bank in the past; the abovementioned topic in focus integrates all previous initiatives and provides a platform for an upgrade and an even greater contribution to the achievement of the set goal.

In addition, when surveying the views of Erste Bank's external stakeholders on corporate responsibility (→ Stakeholder Engagement, page 12), an especially positive rating was given to the focus of the Bank's activities on important initiatives and target groups whose interests are not sufficiently represented in the society, as well as to the local orientation of the initiatives conducted by the Bank, giving smaller communities an opportunity for development and quality facilities. All Erste Bank initiatives in local communities are based on the assessments of real needs of the communities and developed with stakeholder engagement and consultation and their effects are regularly monitored and evaluated. One of the primary target groups of our Bank were always young people, whom we support through the areas of education, culture and popularisation of science and art.

Achieved in 2012:

- ✓ 100 projects and initiatives supported with more than RSD 43 million
- ✓ 7 projects supported through the Centrifuge project in 2012 – 42 projects from 25 towns of Serbia supported in six years
- ✓ 17 people awarded through the SUPERSTE Club
- ✓ More than 900 volunteer hours and RSD 2,182,629 invested in the volunteering programme
- ✓ Around 150 secondary school and university students received training at the Bank
- ✓ RSD 1,194,061 invested in the area of social entrepreneurship
- ✓ RSD 207,210 collected through the individual philanthropy programme

4.1. Support to Young People

Competition for the Conceptual Design of the Erste Student Corner



In the spirit of its strategic commitment to promote creativity among young people, in 2012 Erste Bank invited all students and graduates from universities and post-secondary schools of architecture, interior architecture and design to submit their ideas to an innovative competition – designing the interior of the Erste Student Corner, which belongs to the newly opened Erste Bank branch in Novi Sad and will be intended for students.

The task in the competition was to develop a conceptual design of the interior with the total area of 25 m², on the condition that only natural and recycled materials must be used in its implementation, which will also involve young people, and that the design is also applicable in other Erste Bank premises that will have the same purpose.

The main prize for the winner of the competition was the amount of RSD 50,000, as well as the implementation of the conceptual design of the student corner in the branch. The top ten designs selected by the jury were exhibited as part of the Student Corner exhibition.

Erste Volunteers – Proud Mentors to Young People



The Business Challenge regional competition of secondary school students in entrepreneurship brought together 107 students from 11 Vojvodina municipalities in Novi Sad in 2012. The competition was organised by the Junior Achievement Serbia association, and the task for the competitors this year was to design a company that would use renewable energy sources in its operation. Business mentors – Erste volunteers Biljana Stefanović, Željka Unković, Tamara Bašić and Stevan Petković actively assisted the students and the teams led by Tamara and Stevan won the second and third place, respectively.



The Bank continued to support the AIESEC Serbia and Erste trainers – volunteers held very successful and widely attended trainings during 2012. In the premises of the Niš Chamber of Commerce, around 60 young people from Niš heard about a new business concept and social entrepreneurship and then solved a case study by setting up one such company focused on, in their opinion, a key social challenge/problem. The trainers were Mirjana Šakić, Milorad Kocić, Nikola Jovanović and Sonja Konakov Svirčev.

At the CSR forum organised by the AIESEC members in the premises of Novi Beograd Municipality for all interested students of Belgrade colleges, Sonja Konakov Svirčev held a lecture on corporate social responsibility in service companies. In addition to this, our colleagues Vladimir Serdar and Srđan Cicmil,



who were selected as Ambassadors of Innovativeness at the selection of Erste Ambassadors of Values, held a lecture and a workshop at the AIESEC National Conference with the aim of designing, together with the students an ideal working environment for encouraging innovativeness.

Support to Scholarship Holders of Bečej Municipality

For the third time, Erste Bank supported scholarship holders of Bečej Municipality again in 2012 thus showing that it is also possible to approach future university students in small communities that have no university centres. The scholarship holders got a youth account and access to NetBanking and received MasterCard under the motto: "We have as much confidence in you as the Municipality Scholarship Fund and we give you a Master before graduation."



Popularisation of Science

For the sixth consecutive year, the British Council and the Serbian Broadcasting Corporation organised the competition for the best science communicator in Serbia. For the fourth time, the valuable prizes for the most successful were provided by Erste Bank. The best science communicator in Serbia for 2012 is Milivoje Krvavac, a PhD candidate in biology from Vrbas. Before the expert jury and the TV audience in the Laboratory of Famous People finals, Milivoje presented the results of his five-year research work in the tropical forests of Sri Lanka, focused on critically endangered species of amphibians threatened with extinction. As the winner of the national competition, Milivoje represented Serbia at the FameLab international competition held in the United Kingdom in June 2012.

The Laboratory of Famous People is a competition intended for young people (18–35 years of age) who study or work in the areas of natural sciences, technical sciences or mathematics and have an idea how to explain a scientific concept in just three minutes in an entertaining, simple and original manner before an expert jury, the audience in the studio and TV cameras. The presentation should be scientifically correct, but also understandable to the audience not engaged in science. In a nutshell, a successful presentation in the Laboratory of Famous People requires: quality content, clear presentation and contestant's charisma.



The Sixth Science Festival was held in Belgrade from 29 November to 2 December under the motto "No Theory". The Festival was attended by more than 28,000 people during four days in four locations in Belgrade. Erste Bank is a traditional friend of this event and this year it supported the main programme. In a small prize game on the InfoNet, we awarded a dozen of our colleagues and their children tickets to this event.

Erste Success Story: Club 27 – SUPERSTE Club: Youth and Talent Rewarded for the Fifth Time

Club 27 continues a five-year tradition to bring together young and talented people who achieve top results in their areas of activity and give them well-deserved public recognition.

As part of the fifth cycle of the Club 27 contest, 17 young people were awarded with a total amount of nearly RSD 1.5 million. Slobodan Milovanović (23), Ak-sentije Ivanović (18), Dejan Mitrović (26) and Ivana Janjić (25) are the winners of the main prizes awarded by the jury in the 2012 contest. They were awarded RSD 200,000 each. Another 13 winners were awarded RSD 50,000 each. More than 250 applications arrived in the contest. The candidates were presented and Internet voting was conducted on the Erste Bank SUPERSTE.NET portal, whose aim is to bring together creative and talented people and enable them to meet each other and exchange their experiences.

“Looking at the backgrounds and achievements of the candidates for the prize of this contest, who are still biologically in the process of development, I keep getting more and more surprised and even shocked year after year by what undiscovered treasure this poor community lies on and what human potential grows in the shadow of superficial diversion,” said Uroš Đurić, an artist and spokesperson for the Project, explaining his impressions about the contest.

The jury awarded main prizes to the most successful candidates in the categories of natural sciences and humanities, as well as two prizes in the art category, within which the best candidates in the area of performing and visual arts are awarded as of this year. Another 13 winners were selected by public vote, four in each of the natural science and art categories, while five candidates were awarded in the area of humanities, since two finalists got an identical number of votes of the public.

Continuing the tradition of promoting young talents and their success, the former well-known Club 27 evolved into the SUPERSTE Club at the latest 2013 contest. On this occasion, the prize money was increased to RSD 1.5 million. In addition, a **Ljubiša Rajić special award for social activism** will be also awarded at the contest in the future. Initiators and active participants in civil initiatives that promote creativity, tolerance and culture and contribute with their social engagement to positive changes in their community may apply for this award. This special award, with which we wish to reward those who particularly stand out for their social engagement, was introduced in honour of Ljubiša Rajić, recently deceased professor of Scandinavian Studies at the Belgrade Faculty of Philology, a long-time jury member and friend of this project, a man who was an example of social activism in Serbia.

Through the SUPERSTE Club, in the past five years the Bank has supported 53 talented and creative young people with the total prize money of RSD 5 million.

From the very beginning, Erste Bank has been running the SUPERSTE Club in partnership with the Balkan Community Initiatives Fund and with support of the Ministry of Youth and Sport.



More information about the SUPERSTE Club can be found at www.superste.net



4.2. Development of Philanthropy

As an initiator of good practices and leader in corporate responsibility, Erste Bank is strategically committed to investment in the development of individual philanthropy, thus giving an entirely new, personal dimension to this topical issue in modern society. In addition to striving to initiate joint projects in the business community and, in particular, to include more and more partners in philanthropic activities, Erste Bank is the first bank in Serbia that initiated an individual philanthropy programme among its employees.

I Choose Responsibility – I Provide Support

Individual philanthropy is based on the idea of continuously allocating small amounts of money, so it is important to involve as many people of good will as possible in such initiatives in accordance with their capabilities. We are aware that only through joint efforts can enough money be raised to change the lives of those who need help and to reach full effect of such projects – so we encourage and motivate all Bank employees to give their contribution.

The donation mechanism is simple – the money is automatically deducted from the account upon salary payment or, more precisely, the salaries are reduced by the amount that the employee chose to donate. At any time, the Bank is able to provide the employees with the information on how much money is raised in total, i.e. how close the achievement of the campaign goal is. The minimum recommended amount of donation under the initiative is RSD 100 a month. If at any time the employee deems that he/she is no longer able to continue with the individual donation or wishes to change the monthly amount that he/she donates, he/she can do so by completing the appropriate statements available on the Bank's InfoNet.

As part of the individual donation project, Erste Bank provided its support to two initiatives in 2012:

Marina Ćurčić Joint Solidarity Assistance to Employees –

a programme of setting up a cash fund of Erste Bank, as the employer, and the Bank's Trade Union, which is intended for the employees who found themselves in social need caused by emergencies and hardships of life (illness, death of an employee or member of his/her family, poor financial situation, as well as granting interest-free loans to employees for the education of their children and granting scholarships to children of employees who are single parents). The time frame for this initiative is not defined.



Inclusive Christmas Bazaar

For the second consecutive year, the Inclusive Christmas Bazaar was held in Erste Bank's business premises in Belgrade and Novi Sad in cooperation with our long-time partner, the Milan Petrović School for Elementary and Secondary Education. This school's students exhibited and sold their products at the bazaar, and many of our colleagues supported their creativity and efforts by buying their products. For the first time, we were joined at the bazaar by our new partner, the UG BIOIDEA Soaps, which is a member of SENS (Social Economy Network Serbia).

You Can Do It, Too project – a project focused on providing housing to refugees who live in collective centres in the territory of Serbia. The funds are collected with the aim of raising between EUR 5,000 and EUR 10,000 in the dinar equivalent, which is enough to buy one house and solve the housing problem of one displaced refugee family. The funds are collected from July 2012 to August 2013 in a special account opened with the Bank for this purpose. After collecting the necessary funds, a family will be chosen in cooperation with the Ana & Vlade Divac Foundation and its partners – the United Nations High Commissioner for Refugees (UNHCR) and the Commissariat for Refugees of the Republic of Serbia, to which an Erste House will be bought. The purchase and adaptation of the house are planned for the period September – October 2013. More than a hundred of our colleagues have joined the project so far.

Centrifuge – Spinning for Six Years Now

Although there has been more and more talk recently about decentralisation, the cultural offer is mostly centralised, so in smaller communities there almost are no creative and innovative events that would attract the attention of young people and direct them in their free time on useful and affirmative activities. It is for that reason that in 2007 Erste Bank, well-known for its creativity in support to youth, initiated one of its largest projects, the Centrifuge programme, which represents a unique example in Serbia of innovative way of investing in youth initiatives across the country.

The Centrifuge programme was initiated in partnership with the Balkan Community Initiatives Fund (BCIF). This partnership was created from the joint realisation that it is necessary to support local initiatives of young people who, despite present-day challenges and migration to larger urban centres, decided to stay in their own place and invest efforts to contribute to the development of their local community. The Centrifuge programme has also been supported by the Ministry of Culture and Information since 2009. The main goal of the Centrifuge programme is to encourage the youth aged 15 to 30 by awarding grants to initiate creative cultural events in the places in Serbia in which Erste Bank operates other than in the territories of the cities of Belgrade, Niš and Novi Sad. Although the programme is primarily intended for young people, a wider engagement of other people – their peers, parents, professors, institutions, the media, businesspeople and all other interested partners – is desirable as well.

As part of the Centrifuge 2012 contest, which was held for the sixth consecutive year, support was given to seven organisations, youth initiatives from Jagodina, Požega, Pančevo, Novi Pazar, Požarevac, Vršac and Kragujevac. The awarded participants of the Centrifuge 2012 contest are: Lighthouse Association, Jagodina, Trail



More information about the Centrifuge programme at www.superste.net

in the Fog Informal Group, Požega, C6H6 Kids Informal Group, Pančevo, Interethnic Youth Alliance, Novi Pazar, Loop Environmental Society, Požarevac, Transform Organisation for Alternative Culture, Vršac, and Informal Group of Architects, Kragujevac. Sixty organisations from 29 towns applied to this year's contest.

In 2012, Erste Bank organised a grant award and a full-day educational seminar for all previous winners at the Grad Cultural Centre. On this occasion, two discussion panels were organised: the first, (Self-)organisation of Conquering Public Spaces, with the aim of emphasising the importance of mobilising citizens to fight for public spaces and show how it is possible to cause a long-term change in the relations in our towns by this type of connection and organisation; and the second on the topic of importance of social networks and on-line media in promoting activism.

By its work so far, **Centrifuge has supported 42 projects from 25 towns of Serbia with over EUR 200,000.** As in the previous year, the Grant Award Committee comprised: Ana Sofrenović, actress, Gordan Paunović, B92 Corporate Social Responsibility Manager, Dimitrije Tadić, advisor in the Department of Modern Creativity, Cultural Industry and Cultural Relations of the Ministry of Culture of the Republic of Serbia, Mia David, Belgrade Cultural Centre Manager, Branislav Ivin, Chairman of BCIF Board of Directors and Mirjana Šakić, Erste Bank Communication Division.

General Sponsorship and Donation Contest of Erste Bank

Like every year, in 2011 Erste Bank launched a contest by which the winners of grants and sponsorships for 2012 were selected in an efficient and transparent way. Unlike the Centrifuge cultural decentralisation programme and the SUPER-STE Club (former Club 27) support to young talents, which deal with specific social issues, with this contest the Bank opens its doors to various organisations to request financial support for the implementation of their initiatives – civil society organisations, civic associations, funds, foundations and institutions. In this way, Erste Bank has so far supported more than **500 projects** with over **EUR 2 million.**

The first selection of applications is made by the Balkan Community Initiatives Fund (BCIF) foundation under the basic contest criteria, such as the social importance of the project and its impact on the general social community. The Bank gives priority to organisations whose missions and goals are in line with the Bank's values and which come from places where Erste Bank has branches. Applications from other places, provided that the project is implemented in the place where a branch of the Bank is located, were also taken into consideration.

Detailed instructions and application forms can be found in the Corporate Social Responsibility section on Erste Bank's website at www.erstebank.rs/rs/DOP/Sponzorstva_i_donacije.

You may find a summary of **Major Community Projects Supported** on pages 64–65 of this Report.



Erste Foundation in Serbia in 2012

For the fourth time, in 2012 ERSTE Foundation announced an invitation for applications for its **Social Integration Award**, inviting non-profit organisations from thirteen countries of Central and Eastern Europe, including Serbia, to submit their projects. Ninety-two organisations applied to the contest and the prize will be awarded during 2013.

Like every year, in 2012, through the **Balkan Fellowship for Journalistic Excellence** contest, ten journalists were selected from the Balkan countries who received funds and professional support to implement their projects of research on a particular topic. The 2012 Fellowship topic was Communities, and one of the ten selected winners of the EUR 2,000 fellowship was Miodrag Sovilj, a radio journalist from Serbia. His research article "Occupy the Military: Squatters Struggle for the Balkans' Derelict Barracks", for which he got the fellowship, presented the efforts of young activists in taking over abandoned public buildings in Serbia.

€uroXibition, a project of the Alpbach Club Belgrade and the Initiative Group Alpbach Kosovo was created with the aim of showing the willingness and ways of cooperation among young people from Kosovo and Serbia through cultural exchange. In 2012, ten photographers (five from Belgrade and five from Priština) were selected to make photographs and present the EU and European symbols in their environment by using the euro sign (€) and the words like "euro" and "Europe". During the project, the selected photographers participated in two workshops organised in Belgrade and Priština aimed at bringing them closer to each other, improving the cooperation in the process of their work and strengthening the exchange of ideas. After being officially opened in Priština, the exhibition was presented in Belgrade and then travelled to the European Forum Alpbach and to Brussels.

About ERSTE Foundation

ERSTE Foundation is a unique institution in Central and Eastern Europe, created during two centuries of social entrepreneurship: in 1819, the first private savings bank Erste oesterreichische Spar-Casse was founded in Vienna, with a mission to make financial services accessible to all citizens.

This savings bank developed into Erste Group, and its legal successor is ERSTE Foundation, which was founded in 2003 and now is the main shareholder of the Group. The Foundation invests a part of its dividends in the development of societies in Central and Eastern Europe, where it supports social participation and engagement in civil society.

ERSTE Foundation initiates and implements projects with partners within three main programmes: Social Development, Culture and Europe. In this way the Foundation contributes to development, exchange of ideas and networking, which creates a base for positive changes.

More details about ERSTE Foundation, the countries in which it is active, as well as the projects may be found at www.erstestiftung.org.



4.3. ERSTE Volunteers



When almost a third of employees decide to spend a part of their free time volunteering, and some of them even travel a few hundred kilometres to the site, it is certain that Erste volunteers are driven by strong motives.

The first volunteer campaign that was joined by Erste volunteers in May 2012 was **Our Belgrade**. This big volunteer campaign was held for the fourth time and organised by the Business Leaders Forum Serbia, of which Erste Bank is a founder and a member. As part of the campaign, a few hundred employees of the leading international and local companies volunteered at 12 sites across Belgrade: the interior and the exterior were improved in the following social care institutions: the Dragan Kovačević Elementary School for the Visually Impaired, the Dušan Dugalić Elementary School, a special school for children with developmental disorders, the Jovan Jovanović Zmaj and Moša Pijade homes for children without parental care, the KEC MNRO Creative Education Centre for Persons with Developmental Disorders, the Let's Live Together Society for Assistance to Persons with Developmental Disorders, Stari Grad, the Tramp, Gulliver and Rainbow kindergartens, as well as the Bežanijska Kosa Retirement Home; the volunteers also contributed to improved appearance of benches in Kalemegdan, the largest and best-known Belgrade park and, through environmental protection activities, to the improvement of the environment in Banjica Forest, a protected natural monument of the third degree.



In line with the Corporate Social Responsibility Strategy of Erste Bank, September 2012 was declared a Volunteering Month. During the first campaign as part of the Volunteering Month, the employees of Erste Bank and the Wiener Städtische Insurance company helped improve the building and yard of the 9 May school in **Zrenjanin** in order to provide schooling in a nicer environment to elementary-school and secondary-school pupils with disabilities that attend this school. This was followed by the **Belgrade Roller Skating Race**, at which the employees of Erste Bank and Wiener Städtische Insurance participated together selling NURDOR's (National Association of Parents of Children with Cancer) "licider hearts" (honey dough cakes), for the purpose of collecting donations for the construction of a parents' house in Niš. With the latest campaign, which was organised in Kraljevo in late September, Erste Bank employees helped SOS Children's Village, a non-governmental humanitarian organisation dedicated to the well-being of children and to strengthening families and community as preventive measures in fighting the abandonment and social neglect of children.

Volunteer campaigns at **Fruška Gora** become a part of Erste Bank's volunteer tradition. In 2012, our choice was to restore the amphitheatre and improve the Mountain Lodge recently burned down in a fire. As part of this same great volunteer campaign at the Stražilovo outing spot, inclusion workshops for Roma children were also attended by our employees together with their children and the Roma children from the Adice settlement, Novi Sad, as well as with children without parental care from

the Jovan Jovanović – Zmaj home, Belgrade. The users of the Milan Petrović work centres coordinated the workshops that include sports activities, the workshops on recycling and making jewellery, vases and paper and clay items, as well as the entertaining content with the mascot Erste Bear. In addition, the volunteers improved the yard of the Mountain Lodge and painted the amphitheatre at the Branko Radičević monument, the funds for whose restoration were donated by Erste Bank.

Until the end of 2012, the hardworking Erste volunteers also took part in the **Our Niš** campaign organised by the Business Leaders Forum and helped on this occasion the 14 October Specialised School for Elementary and Secondary Education. November was marked by the campaign of collecting books for the National Library of Bor, as well as by collecting clothes for vulnerable families through the Novi Sad Humanitarian Centre.

In previous years, Erste Bank employees took part in **12 campaigns** organised by the Bank as well as in another **10 campaigns** with other organisers. The Erste Bank Volunteer Club now comprises more than **300 employees**, which is approximately one-third of the people working with Erste Bank Serbia.



Erste Topic: Women Empowerment – a Road to a More Equal Society



Despite numerous global initiatives and the constant presence of the gender equality issue in the public discourse, gender inequality is still deeply rooted in many societies. Very often, women do not have access to certain jobs and face occupational segregation, unequal pay for men and women, as well as under-representation in decision-making processes related to political and economic issues. In many parts of the world, women are often denied even access to basic education and health care. With the aim of rapidly achieving progress in these areas, in 2010 the United Nations General Assembly established UN Women, an agency dedicated to achieving gender equality and women empowerment. In addition to being a fundamental human right, gender equality, when achieved, can have significant socio-economic effects. Women empowerment can positively affect the prosperity of the economy, stimulating productivity and growth, and the achievement of gender equality is one of the necessary steps to elimination of poverty.

Gender mainstreaming in Serbia started after 2000 with the establishment of institutions and capacity building. The first steps involved the creation of an adequate legal framework, but also the establishment of local gender equality mechanisms. The adoption of the Law on Gender Equality and the National Strategy for Improving the Position of Women and Promoting Gender Equality in the Republic of Serbia for 2010-2015 completed the legal framework. However, despite the proclaimed values and legal regulations, women in Serbia, similarly to women in other post-socialist countries, are in poor social and economic position, as evidenced by recent studies showing that many women in Serbia have no regular personal income, lower wages than men when they are employed and that they wait longer for a job. Female unemployment in Serbia is similar to other countries in the Western Balkan region and is far higher than female unemployment in the EU countries and it is 1.5 times higher compared to male unemployment in Serbia.

The potential that women in Serbia have is large but underutilised, judging from the data that Serbia is at the bottom in Europe in women's share in the labour force. In the context of women's economic empowerment and bearing in mind that the key problem of the Serbian economy is unemployment, the active involvement of women in economic activities could contribute significantly to the reduction of unemployment rate.

Erste Bank has been active in the field of women empowerment ever since 2008 when the Share Your Knowledge – Become a Mentor programme was launched. The goal of the programme is to enable young women who are at the beginning of their careers to obtain new knowledge and advice from their more experienced

and professionally accomplished female colleagues – mentors through a mentoring programme lasting several months. A Mentoring Walk was organised for the first time in Serbia in the same year. In partnership with the members of its Global Leader Network, the Vital Voices organisation coordinates mentoring walks in several countries around the world. All these walks are organised on the same day, illustrating the commitment of women in the development of global leadership and emphasising the achievements of women around the world.

The project in Serbia is organised by the United States Embassy in Belgrade, Erste Bank, the Organisation for Security and Cooperation in Europe (OSCE) and the European Movement in Serbia. The programme has so far involved more than 150 women and more than 60 mentors from different professions, such as Mirjana Karanović, Gordana Čomić, Dijana Vukomanović, with new mentors joining the programme in 2012, including Srbijanka Turajlić, Aja Jung, Nevena Petrušić, Milena Dragičević Šešić, Jasna Matić, Nataša Ristić, Sanja Milaković Kolundžija, Aida Čorović and many others..

Over 40 women applied to the contest for the new generation of participants, which ended on 30 November 2012, and 20 of them were selected for the current Share Your Knowledge – Become a Mentor programme. Until June 2013, when the end of the project is planned, the mentors and the selected participants will be in touch, exchange experiences and meet occasionally, and workshops and roundtables are also planned at which the participants will have an opportunity to improve their public presentation and communication skills.

Erste Bank has recognised that, by investing its human capacities, it can contribute through mentoring to women’s professional development and their career advancement, while investing in building a solidary and gender-equal society. At the same time, supporting the improvement of women’s position in the workplace, in 2012 Erste Bank signed the Women’s Empowerment Principles, which were promoted at the conference entitled “Women’s Empowerment Principles: Equality Means Business – Serbian Companies Leading the Way”, organised by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact Serbia. The conference was aimed at promoting seven principles of women empowerment that present a set of business principles providing guidelines to the business sector on how to empower women in the workplace, marketplace and community. By their subtitle “Equality Means Business”, the principles emphasise a business logic that motivates corporate engagement in the improvement of gender equality and women’s empowerment, are based on real-life business practices from all parts of the world and could have a significant positive impact in the local environment.



Major Projects Supported in Community

Major Sponsorships in 2012:



- **GUITAR ART FESTIVAL**, music CD of last year's Guitar Art Festival, Belgrade / organised by: CA Guitar Art
- **BELGRADE JAZZ FESTIVAL**, Belgrad / organised by: Youth Centre
- **PANČEVO JAZZ FESTIVAL**, Pančevo / organised by: Pančevo Culture Centre
- **NIŠVILLE JAZZ FESTIVAL**, Niš / organised by: Nišville Foundation
- **JAZZIBAR**, Kraljevo / organised by: Ribnica Culture Centre
- **SERBIAN JAZZ, MAN!** – exhibitions, concerts, photo book, promotion of books about jazz, Serbia / organised by: Srpska Duša (Serbian Soul) Association
- **ZMAJ CHILDREN'S GAMES** – Children's event, Novi Sad / organised by: Zmaj Children's Games
- **AROUSE! POETRY! BELGRADE POETRY AND BOOK FESTIVAL**, Belgrade organised by: CA Third Square
- **LABORATORY OF FAMOUS PEOPLE (FAMLAB)** – Programme for popularisation of science in Serbia, Belgrade / organised by: British Council and Serbian Broadcasting Corporation
- **SCIENCE FESTIVAL 06**, Belgrade organised by: Science and Art Promotion Centre
- **SCIENCE IS NOT SCARY** – Science Festival, Niš / organised by: Svetozar Marković High School
- **KOPAONIK BUSINESS FORUM 2012**, Kopaonik organised by: Serbian Association of Economists
- **CSR FORUM** – International Conference on Corporate Social Responsibility Belgrade / organised by: Smart Kolektiv
- **RE8 DESIGN PARK – ECO DESIGN WEEK**, Novi Sad / organised by: Reka (River) Civic Association





Major Donations in 2012:



- **NEW SPARK** – Design incubator, Centre for Professional Development and Affirmation of Young Industrial Designers, Belgrade / founded by: CA Culture Code
- **ILIJA M. KOLARAC FOUNDATION** – support to the institution, Belgrade
- **NETWORKING MEMORIES**, Belgrade / DAH Theatre, organised by: Theatre Research Centre
- **TEDX YOUTH CONFERENCE**, Belgrade / organised by: TEDxYouth@ISB
- **CONTEST FOR THE BEST MEDIA REPORT ON EUROPEAN INTEGRATION**, Belgrade / organised by: EU Integration Office
- **AWARDING GIFTED STUDENTS WHO ACHIEVED TOP RESULTS IN COMPETITIONS IN THE COUNTRY AND ABROAD**, Novi Sad / organised by: Provincial Secretariat for Sport and Youth
- **RECOGNITION OF FOREIGN HIGHER EDUCATION DEGREES — PATH TO ECONOMY OF KNOWLEDGE**, Belgrade / organised by: Fund for Political Excellence
- **INTERNATIONAL CONFERENCE “GRAPHICS DESIGNER: AUTHOR OR UNIVERSAL SOLDIER”**, Belgrade / organised by: NGO Blocs
- **DANUBIA.IT CONFERENCE**, Novi Sad / organised by: Vojvodina ICT cluster
- **INTERACTION** – International Student Film Camp, Požega / organised by: CA Independent Film Centre FILMART
- **EXAMPLE 2012**, 3rd Vojvodina Student PR Competition, Novi Sad / organised by: PR Centre of Novi Sad
- **OPPORTUNITY 2012 CONFERENCE**, Novi Sad / organised by: Serbian PR Association
- **ART AND INCLUSION** – promotion of creative work of youth with cognitive impairment in the domestic art scene and development of inclusion in the field of culture, Novi Sad / organised by: Per.Art Civic Association
- **HUMANITARIAN BAZAAR**, Belgrade / organised by: International Women’s Club
- **CHILDREN’S ECONOMY** – programme of financial education of elementary school pupils, Serbia/ organised by: Junior Achievement Serbia
- **RESIDENTIAL PROGRAMME FOR FOREIGN WRITERS**, Belgrade / organised by: Crocodile Civic Association
- **FINANCIAL EDUCATION OF THE LICEULICE MAGAZINE VENDORS**, Belgrade / organised by: Youth Integration Centre:
- **EMPLOYMENT OF PEOPLE WITH DISABILITIES**, Niš / organised by: Mara Day Care Centre for Children, Youth and Adults with Mental Developmental Disorders
- **SOCIAL INCLUSION OF MENTALLY ILL PERSONS THROUGH CREATIVE WORKSHOPS**, Zrenjanin / organised by: Rainbow Humanitarian Centre
- **EMPLOYMENT OF PEOPLE WITH COGNITIVE IMPAIRMENT WORKING ON THE LOOM**, Pančevo / organised by: CA Half Way
- **MEETING OF EUROPEAN LOCAL NETWORKS OF UN GLOBAL COMPACT**, Belgrade / organised by: Compact Serbia
- **HOMO LUDENS** – educational video game on environmental protection, Serbia / organised by: Cultural Periphery
- **DOCTOR CLOWNS**, Novi Sad / organised by: Doctor Clowns

5. RESPONSIBLE TO THE ENVIRONMENT

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

Erste Bank recognises that sustainable economic development and healthy natural and social environment are inextricably linked. Although it is not a major polluter, Erste Bank ranked responsible approach to environmental protection among its highest priorities, integrating this value in its business philosophy. The reason for introducing the environmental dimension as a separate element at the strategic level stems from the fact that both our internal and external stakeholders recognised this topic as one of the main areas of our previous engagement, in which the Bank has a potential to additionally contribute by further development of the existing practices. Therefore, unlike the previous years, we dedicate a special chapter in this year's Report to this topic.

In line with the Bank's core activity and the impacts that our business has on the environment, we defined the primary topic on which our strategic approach to environmental protection is based – responsible use of resources. This relates to the application of the principle of use reduction, reuse and recycling in everyday operation. In addition, our Bank is committed to improving the environmental awareness in its employees through volunteering and recycling campaigns. Since the Bank as a creditor plays a key role in the successful implementation and development of energy efficiency projects, it seeks to improve its practices of responsible financing by introducing environmental criteria.

Achieved in 2012:

- ✓ Total CO2 emission recorded: 4,405 tpa CO2 eq*
- ✓ Total investment in environmental protection projects: RSD 27,875,017
- ✓ 30,603 kg of different waste and 350 m² of printed PVC foil recycled
- ✓ 850,000 kWh p.a. of energy saved

* The above data relates to total emission of greenhouse gases in tonnes of CO2 equivalent.

5.1. Responsible Use of Resources

The topic in focus for the Responsibility to the Environment area was selected based on the most significant impact that the Bank's business has on the environment. In addition, this topic in focus is an upgrade to the recently initiated environmental impact measurements that the Bank introduced as part of the ECOprofit project implemented during 2011. By complying with environmental principles, Erste Bank achieved significant reductions in environmental impact in 2012 as well.

Erste Bank is one of the first ten companies and the only bank that joined the ECOprofit project, which promotes the application of principles that enable more profitable and cost-effective operation, while saving money and reducing negative environmental impact.

The ECOprofit international project was launched in Graz two decades ago with the aim of reducing the volume of waste and emission of harmful substances, as well as applying environmental standards in their treatment. In Serbia, the programme was launched by the Novi Sad Environmental Protection Administration in cooperation with the Austrian Development Agency and Denkstatt Consortium, Vienna. As a result of the project, the ten Novi Sad companies that joined the project saved EUR 209,652 in 2011.

2012	
TOTAL ENERGY CONSUMPTION (kWh/a)*	5,440,746
ELECTRICITY	2,789,580
HEATING AND COOLING	2,651,166
TOTAL WATER CONSUMPTION (m ³)**	9,735
TOTAL CO ₂ EMISSIONS (t/a CO ₂ eq) ***	4,405
TOTAL WASTE VOLUME (kg)	30,603
HAZARDOUS WASTE	2,970
NON-HAZARDOUS WASTE	27,633
RECYCLED	30,603
TOTAL ENVIRONMENTAL PROTECTION COSTS (RSD)	27,875,017

* Relates to indirect energy, procured and consumed from non-renewable energy sources (electricity, as well as heating and cooling).

** Involves water used from the water supply network.

*** Relate to indirect emissions because the Bank does not have or control direct emission sources.



Erste Bank has been implementing internal programmes for many years already, with the aim of saving energy and reducing its environmental impact. This achieves a double benefit because responsible behaviour towards the environment at the same time contributes to better business result. *“Our involvement in the ECOprofit project enabled us to expand the already existing environmental initiatives, as well as to make a precise snapshot of our electricity, gas, fuel and water consumption and determine the volume of waste that the Bank produces. This means that now we can measure the savings achieved and evaluate the results of our environmental efforts,”* says Dragana Arsić, Manager of Erste Bank Property Management Division.

In addition, constructive workshops with consultants from the Denkstatt company produced a number of good and practical ideas, some of which are already being implemented in everyday operation. *“There are different ways to achieve many small savings. For example, when it comes to the Bank’s fleet, better inflated tyres automatically lead to more rational use of fuel. When all these little savings are added up, the result is significant,”* adds Dragana Arsić.



Owing to energy consumption optimisation projects, the Bank saved 850,000 kWh of energy in 2012. The initiatives launched in 2012 with the aim of reducing negative environmental impacts related primarily to the reduction of greenhouse gas emissions and waste management. In addition to applying the standards that support environmental protection in the improvement of its branches, the Bank improved the heating system in some of its branches by shifting from electrical heating system to other heating systems, while the operation of the fan coil and other air-conditioning systems in the Belgrade and Novi Sad headquarters was programmed in accordance with the working hours of employees.

After the preparation of the Natural and Social Environment Protection Policy and the Waste Management Procedure, the implementation of waste collection and separation system began. Significant results were also achieved after an internal educational campaign for employees, who had a chance to propose the ways in which the Bank may further achieve energy savings and reduce waste production.

Owing to the ECOprofit project, Erste Bank made its first steps towards introducing the Environmental Management System as a special system, and it also trained its first environmental protection managers and significantly improved the system for the collection of data on real energy consumption.

5.2. Responsible Financing

The fact of which we are particularly proud is the leading position of Erste Bank in Serbia in the domain of financing renewable energy projects, which present a significant global trend, not only because of their positive impact on the environment, but also because of their profitability in the long term. This remains one of the most important directions of cooperation with our customers in the future as well. It is for this reason that we separated these special projects into a special organisational unit in order to give them the attention they deserve in the coming years as well. In addition, Erste Bank adopted a new Natural and Social Environment Protection Policy in 2012 (page 16) that, inter alia, prescribes the standards that our customers and business partners should meet when it comes to environmental protection.

Erste Success Story: Erste Among the Leaders in Financing Renewable Energy Projects

Erste Bank has so far financed renewable energy projects with EUR 12.5 million. These include seven small hydroelectric power plants and one biogas electric power plant with total capacity of 8 MW. Five small hydroelectric power plants of the Eco Energy Group company, constructed on the Vlasina river in the vicinity of Crna Trava and co-financed by an investment loan from Erste Bank in 2010, were completed and started to operate during 2012. A biogas electric power plant of the Mirotin Energo company, also financed by an investment loan from Erste Bank, will soon start to operate in Vrbas.

The construction of the latest project, the Rečica and Crkvina small hydroelectric power plants on the Bistrica river in Bistrica near Nova Varoš, started during 2012. This is a project of the W&W Energy company, Kragujevac. The Crkvina small hydroelectric power plant will have total installed capacity of 960 kW with projected annual production of 4,296,330 kWh. The total amount of the investment is EUR 1.25 million, with 80% of the funds being provided through Erste Bank project financing. The Rečica small hydroelectric power plant will have total installed capacity of 1,400 kW with projected annual production of 6,736,160 kWh. The total amount of the investment is EUR 2 million, with 80% of the funds being provided through Erste Bank project financing.

“The implementation of such projects often involves very complex activities both for project implementers and financiers. Wishing to support the development of the production of energy from renewable resources, which has a great potential, we developed specific knowledge that enables customers to engage even in the most demanding endeavours,” says Aleksandra Pavlović, Manager of the Corporate Banking Division of Erste Bank a. d. Novi Sad. She also emphasises the importance of knowledge and experience that Erste Group has in financing these projects in the region, on which Erste Bank may rely and help future investors in project structuring as well.



A Local Solution Implemented Globally

Erste Bank Serbia designed a simple and modern solution for corporate campaign as a follow-up to the Group's so-called Buttons concept, with the aim of promoting and further strengthening the Bank's position as a pioneer in financing projects that use renewable energy sources. The effectiveness of images and words was also proven by a great customer response that is not common for campaigns aimed at the segment of large customers of the Bank. Our presentation made a strong impression on the colleagues from some divisions of the Group, who expressed their wish to use it in their presentation related to the area of renewable energy sources at the global level.



Erste Topic: Responsible Waste Management

With the development of civilisation, society is facing a growing problem of generation of large amounts of waste that pollutes the air, water and soil. In the UK alone, for example, some 70 million tonnes of waste are disposed of annually, which amounts to more than one tonne per capita. In this context, recycling as a process of converting waste into raw materials from which new products may be created has a wider environmental, economic and social importance in modern society. It may have a positive impact on raising environmental awareness of people, helps prevent environmental pollution and saves natural resources. Less energy is often used for manufacturing a product from recycled components than for making the same product from raw materials and recycling also reduces the amount of waste that is sent to landfills and mitigates the problem of waste disposal and creation of illegal dump sites.



Information on recycling varies greatly from country to country across the world. Japan recycles 80–90% of waste, the European Union countries 30–40%, while Austria recycles so much waste that only 3% remains in landfills. In Serbia, however, 97% of waste is in landfills, which is the least cost-effective and environmentally justified option for waste management. Inadequate waste management in Serbia is one of the biggest problems from the aspect of environmental protection and solely a result of inappropriate social attitude towards this issue. The awareness of responsible treatment of the environment is not yet sufficiently developed in Serbia, although many initiatives were launched with the aim of encouraging relevant stakeholders and the general public to get involved in environmental campaigns. An additional problem for the successful implementation of recycling practices in Serbia is the lack of appropriate infrastructure, although there already are a number of small and medium-sized enterprises engaged in waste collection and processing.

When taking into account the impacts that Erste Bank's business has on the environment, it could be said that our Bank is not a major polluter. In spite of that, we have been monitoring and measuring our impacts for many years now in line with global trends, with the aim of identifying them as precisely as possible, reducing them year after year and bringing our business into compliance with current standards when it comes to environmental protection. Erste Bank is one of the first ten companies and the only bank that joined the ECOprofit project in 2011 with the aim of structuring its activities and results so far in the area of environmental protection and further improving its practices. Our commitment to place the environment among the Bank's strategic priorities was formalised in the new Corporate Social Responsibility Strategy adopted in 2012, when the primary goals in this area were defined, as well as their accompanying activities to which the Bank will be committed in the future. In addition to contributing to sustainability by financing energy efficiency

projects, one of the priority topics to which we are committed is raising awareness of our employees of the importance of environmental protection.

One such initiative is the Erste Recycles waste sorting campaign launched in 2012 with the aim of reducing negative environmental impact and raising awareness of the importance of recycling. This campaign extended the existing system of collecting and recycling office paper, empty toner cartridges, electronic waste and PVC films to include PET and glass bottles.

The first phase of the project included three office buildings of the Bank – two in Novi Sad and one in Belgrade – and involves equipping each office in these buildings with a box for office paper collection, while there is also a box next to each printing and scanning device in the corridors of the buildings. Two large bins were placed in the kitchens of the office buildings, one for PET packaging and the other for other waste. Bins for collection of glass packaging were first placed in the kitchens of the Bank's Executive Board. The next phase of the project, which will be implemented during 2013, involves equipping the Bank's entire sales network with bins. The employees were also informed through the Puls internal magazine of the importance of recycling and how they can do this by following the signs on the bins and disposing of the waste into the appropriate bin. Owing to the dedication and teamwork of all Bank employees, 30,603 kg of different waste was recycled during 2012 as follows:

- 26,690 kg of paper
- 2,970 kg of electronic waste
- 853 kg of toner cartridges
- 90 kg of PET packaging
- 350 m² of printed PVC film.

With this initiative, Erste Bank promoted responsible treatment of the environment as part of corporate culture, motivating its employees to contribute jointly to the preservation of the environment in small steps.



Methodological Approach to Reporting

The Corporate Social Responsibility Report 2012 of Erste Bank a. d. Novi Sad is the fifth CSR Report that the Bank publishes with the aim of showing, in a clear and comprehensive manner, how socially responsible initiatives were implemented as an integral part of its business during 2012.

Sustainability reporting is an integral part of the new Corporate Social Responsibility Strategy 2012–2014 of Erste Bank a. d. Novi Sad and, in this context, goals were defined for the improvement of reporting practice. After the first three years of implementing the previous Strategy, Erste Bank now has specific practices and mechanisms in place, as well as achieved results and in this phase it can focus on measuring and reporting. In order to monitor the performance of the Strategy implementation and the level of achievement of the set goals, Erste Bank monitors the fulfilment of the performance indicators defined by the Strategy for each of the areas.

In methodological terms, the goal in corporate social responsibility reporting is to increase the level of implementation of the Global Reporting Initiative (GRI G3.1) methodology and reporting on the increasing number of indicators prescribed by this methodology. The CSR Report 2012 responded to 26 indicators (24 full and two partial responses) and therefore meets Reporting Level B according to the GRI, for which it is necessary to respond fully to at least 20 indicators. This is significant progress relative to the previous year, when Erste Bank used this methodological concept, first in its sector and for the first time in its many years of reporting, responding to 13 indicators. Besides, as an indicator of advanced reporting practice, it included for the first time two indicators from the Sector Supplement, defined especially for the financial sector, in addition to the basic indicators.

In accordance with the strategic agreement between two largest global networks when it comes to CSR, the GRI and the United Nations Global Compact (UNGC), this Report also presents the Global Compact Communication of Progress (COP). Erste Bank has independently determined that the CSR Report 2012 should meet Reporting Level B according to the GRI methodology.

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

THE GLOBAL REPORTING INITIATIVE (GRI) is a reliable, globally accepted and comprehensive framework for sustainability reporting, with consistent terminology and standard measures of performance, which can be used by all organisations regardless of their size, sector or location.

The first version of the GRI Reporting Guidelines was published in 2000. The second generation of the Guidelines, known as G2, was published at the World Summit on Sustainable Development in Johannesburg in 2002. The third version of the Guidelines, G3, was published in 2006 and is still in use today in its revised 2011 edition (G3.1), along with the latest, fourth version of the GRI Guidelines, G4, which was published in May 2013.

www.globalreporting.org

The **UNITED NATIONS GLOBAL COMPACT (UNGC)** is the largest voluntary association in the world dedicated to promoting corporate social responsibility with more than 10,000 members from over 145 countries. It is a framework for the exchange of professional knowledge and the improvement of business practices of the member companies dedicated to the integration of fundamental and universally accepted principles in the areas of human and labour rights, environmental protection and anti-corruption.

The Global Compact expects companies to embrace, support and establish ten defined principles, within their sphere of influence, as a set of values in the areas of human rights, right to work, environmental protection and anti-corruption policy.

www.ungc.rs

The **UNITED NATIONS GLOBAL COMPACT (UNGC)** and the **GLOBAL REPORTING INITIATIVE (GRI)**, two largest international CSR initiatives, concluded a strategic agreement that globally provides companies with a comprehensive, globally accepted and integrated framework for the implementation of the principles and for sustainability reporting.

Among other things, this agreement confirms that the reports designed based on the GRI methodology are fully accepted as Communications on Progress for the Global Compact, given the fact that the two initiatives have many common aspects. The alliance between the UNGC and the GRI is based on the natural synergy and many common participants, which was the starting point for the consolidation and harmonisation in this area.

COMPARATIVE TABLE OF THE UNITED NATIONS GLOBAL COMPACT PRINCIPLES (UNGC) AND GRI INDICATORS	
UNGC	GRI
HUMAN RIGHTS	
PRINCIPLE 1 BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS	LA 4
	LA 7
	LA 9
	LA 13
	LA 15
	HR 2
	HR 11
	PR 8
PRINCIPLE 2 BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES.	HR 2
	HR 11
LABOUR STANDARDS	
PRINCIPLE 3 BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING;	LA 4
	HR 2
PRINCIPLE 4 THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR;	HR 2
PRINCIPLE 5 THE EFFECTIVE ABOLITION OF CHILD LABOUR;	HR 2
PRINCIPLE 6 THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.	LA 2
	LA 13
	LA 15
	HR 2
	HR 11
ENVIRONMENT	
PRINCIPLE 7 BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES.	EN 30
PRINCIPLE 8 PROMOTE PROJECTS WITH GREATER ENVIRONMENTAL RESPONSIBILITY;	EN 4
	EN 5
	EN 8
	EN 16
	EN 22
	EN 30
	PR 3
PRINCIPLE 9 USE AND DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.	EN 5
	EN 30
ANTI-CORRUPTION	
PRINCIPLE 10 BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.	NOT ANSWERED (SO2-6)*

Notes:

***Principle 10** – although no indicators from SO 2 to SO 6 were responded to, the anti-corruption topic was set as one of the strategic priorities in Erste Bank (see more about anti-corruption on page 19 of this Report)

****Some GRI indicators** to which the Bank responded in CSR Report 2012 were not recognised among the mandatory UNGC requirements for the preparation of the Communication on Progress: EC 1, LA 1, LA 10, LA 11, LA 12, SO 1, PR 5 and PR 6. The Bank also fully responded to two indicators from the Financial Supplement, FS 14 and FS 16.

Reporting Scope and Principles

In preparing the Report, Erste Bank sought to present its social commitment, motivation and goals, as well as concrete activities and results in the area of social responsibility. Wherever it was possible in the description of the impact that the Bank's business operation has on society and the environment, qualitative information was complemented by quantitative information. Depending on their availability, certain data relate to the two most important sites 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 8) are not included in this Report.

This year's Report is a significant step forward in the sense that, according to the potential impacts, the Report scope is expanded so as to include for the first time the information relating to the supply chain of the Bank, which is an improvement compared to the previous understanding and monitoring of direct and indirect impacts of our business operation.

REPORTING PRINCIPLES	CORPORATE SOCIAL RESPONSIBILITY REPORT 2012, ERSTE BANK A. D. NOVI SAD
AS PART OF THE PROCESS OF PREPARING THE NEW CSR STRATEGY, THERE WAS ALSO A REDEFINITION OF THE TOPICS OF STRATEGIC IMPORTANCE TO OUR BANK AND OF PRIORITY TO OUR STAKEHOLDERS WHOSE MATERIALITY IS THE BASIS FOR THEIR PRESENCE IN THE REPORT.	RELEVANT AREAS AND TOPICS IN FOCUS AROSE AS A RESULT OF CONTINUOUS DIALOGUE WITH INTERNAL AND EXTERNAL STAKEHOLDERS WHOSE ENGAGEMENT IS AN ESSENTIAL ELEMENT OF ANY STRATEGIC STEP OF THE BANK.
ERSTE BANK DEVELOPS AND PRESENTS ITS ACTIVITIES ALWAYS TAKING INTO ACCOUNT A WIDER SUSTAINABILITY CONTEXT .	COMPARISON OF PRIORITY ASPECTS OF REPORTING WITH THE TOPIC OF REPORTING AND THE TIME PERIOD TO WHICH THE REPORT RELATES ENSURES COMPLETENESS OF THE REPORT.
TO ACHIEVE BALANCE , WE PRESENTED IN THE REPORT BOTH POSITIVE AND NEGATIVE ASPECTS AND IMPACTS OF THE BANK ON SUSTAINABILITY.	BY REPORTING ACCORDING TO THE GLOBALLY RECOGNISED GRI CONCEPTUAL FRAMEWORK, WE ENABLE THE COMPARABILITY OF THE PROGRESS WE ACHIEVE RELATIVE TO THE PREVIOUS REPORTING PERIODS AND RELATIVE TO OTHER COMPANIES FROM THE SAME OR OTHER SECTORS.
ERSTE BANK GUARANTEES THE ACCURACY OF ALL INFORMATION STATED IN THE REPORT AND STRIVES TO IMPROVE THE DATA COLLECTION AND ANALYSIS SYSTEMS YEAR AFTER YEAR.	THE SCHEDULE OF THE ANNUAL PUBLICATION OF THE REPORT HAS BEEN FOLLOWED SINCE 2008 AND FOLLOWS THE PUBLICATION OF THE ANNUAL FINANCIAL REPORT – WHEREBY ERSTE BANK ENSURES THE TIMELINESS AND CONSISTENCY IN DATA PUBLICATION.
BY CLEAR PRESENTATION OF INFORMATION AT THE CONTENT AND DESIGN LEVELS, WE TRIED TO ACHIEVE CLARITY AND COMPREHENSIVENESS OF THE REPORT TO ALL OUR READERS.	RELYING ON THE INTERNATIONALLY RECOGNISED METHODOLOGIES AND STANDARDS, AS WELL AS THE GLOBAL GUIDELINES OF ERSTE GROUP, ERSTE BANK A. D. NOVI SAD GUARANTEES THE RELIABILITY OF THE INFORMATION STATED IN THE REPORT.

Report Relevance and Materiality

While preparing the Report, we found ourselves in the same situation as in the previous years: insufficient number of pages for the numerous activities conducted in 2012. That is why most of the space in the Report is dedicated to those areas and topics that are defined as relevant to our company, as well as to our primary stakeholders (pages 12-13). The Report is designed according to the needs and expectations of Erste Bank's key stakeholders so as to provide a completely clear insight into all aspects of the company's business with a focus on those topics that are of utmost importance to them.

Key steps to identifying relevant topics and those issues that are of priority both to Erste Bank and to its key stakeholders were taken during the process of preparing the new CSR Strategy of Erste Bank for a three-year period – the situation analysis, the analysis of the previous results of Erste Bank in the area of corporate social responsibility and stakeholder analysis.

The Process of Preparing the New CSR Strategy and Stakeholder Analysis

The process of preparing the new CSR Strategy lasted more than six months and developed in several phases:

- **PHASE I:** revision of the old CSR Strategy (Smart Kolektiv, 2011).
- **PHASE II:** desk analysis of relevant sources: situation analysis, especially the analysis of trends in the banking sector in Serbia and abroad and evaluation of the Bank's results so far in the CSR area (Smart Kolektiv, 2012).
- **PHASE III:** survey of the views of internal and external stakeholders through questionnaires and in-depth interviews (CESID, 2012).
- **PHASE IV:** focus groups in which employees from different Erste Bank divisions participated in order to get their inputs regarding the topics and programmes proposed by the Strategy, especially regarding the operating plans for implementation in the aspects related to their position or the division in which they work. Eight focus groups were held in total, attended by representatives of as many as 18 divisions and units in Erste Bank (Smart Kolektiv, 2012).
- **PHASE VI:** document finalisation and adoption.

An Erste Bank corporate social responsibility FRAMEWORK was thus defined, which comprises AREAS, TOPICS IN FOCUS and OTHER PRIORITY TOPICS and associated PROGRAMMES.

The Corporate Social Responsibility Strategy 2012–2014 of Erste Bank is implemented through five core areas, which is how the Report itself is designed:

- **Corporate Governance**
- **Responsibility to Customers**
- **Responsibility in the Working Environment**
- **Responsibility to Local Communities**
- **Responsibility to the Environment**

Stakeholders are any individuals, groups, organisations or institutions that are reasonably expected to be significantly affected by the company's activities, products and/or services or to have an impact on the company's ability to implement successfully its strategies and achieve its goals.

A quality **stakeholder engagement** contributes to sustainable social development by providing relevant stakeholders an opportunity to participate in decision-making process; enabling better risk management and care for reputation; enabling the synergy of resources such as knowledge, technology, money and human resources in solving problems and achieving goals that individual organisations could not achieve; enabling the understanding of the complex social environment; enabling learning from stakeholders, thus improving the work processes and products; informing and educating stakeholders on issues of importance to the company and society; creating relationships based on trust and transparency.

In identifying the stakeholders of Erste Bank, the principles of the **AA1000SE Standard** were used: dependency, responsibility, tension, influence, diverse perspectives. See the map of Erste Bank stakeholders on pages 12–13.

The topics in focus (pages 11 and 14–15) for each of the areas are defined in accordance with the highest impact and therefore the highest/primary responsibilities of the Bank. Compared to the previous year's Report and in response to the need for maximum transparency of governance practices, the Corporate Governance topic was introduced as a separate strategic unit, with a special focus on sustainability management. Another new strategic area created as a result of stakeholder analysis is Responsibility to the Environment. Regardless of the relatively low impact that the Bank's business operation has on the environment, the views of internal and external stakeholders on this topic coincided in the sense that both of them see room for improvement and the possibility for an even greater contribution of the Bank in this area.

Measurement and Calculation Techniques

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 respective divisions. The Communication Department, in cooperation with our partner Smart Kolektiv, consolidated all the data obtained and prepared the Report. The Report was also improved according to the advice of international expert consultants for CSR. All financial data relating to the company's business are presented on the basis of non-consolidated financial statement for 2012.

GRI INDEX	PAGE		PAGE		PAGE
1. STRATEGY AND ANALYSIS		3. REPORT PARAMETERS			
1.1. FOREWORD OF CEO	2, 3	3.1. REPORTING PERIOD	4	4.10. HOW TO EVALUATE THE BOARD PERFORMANCE	23
		3.2. DATE OF MOST RECENT PREVIOUS REPORT	4	COMMITMENTS TO EXTERNAL INITIATIVES	
		3.3. REPORTING CYCLE	4	4.11. RISKS MANAGEMENT	16, 19
		3.4. CONTACT PERSON FOR ISSUES REGARDING REPORTING	4	4.12. ENDORSEMENT OF EXTERNALLY DEVELOPED PRINCIPLES	24, 72–74
		3.5. REPORTING METHODOLOGY, MATERIALITY AND DEFINING REPORT CONTENT	4, 72, 76	4.13. MEMBERSHIPS IN ASSOCIATIONS	24
		3.6. SCOPE OF THE REPORT	75	STAKEHOLDER ENGAGEMENT	
1.2. STRATEGIC APPROACH, KEY IMPACTS, RISKS AND POSSIBILITIES IN THE CONTEXT OF SUSTAINABILITY; TABLE OF GOALS	10–11, 14–16	3.7. RELEVANCE OF REPORT	76	4.14. LIST OF ENGAGED STAKEHOLDERS	12–13
		3.8. REPORTING PRINCIPLES	75	4.15. PROCESS FOR DEFINING STAKEHOLDERS	12, 76
		3.9. MEASUREMENT AND CALCULATION TECHNIQUES	77	4.16. APPROACHES TO STAKEHOLDER ENGAGEMENT	12, 76
		3.10. MATERIALITY MATRIX	11, 75–77	4.17. KEY TOPICS THAT HAVE BEEN RAISED THROUGH STAKEHOLDER ENGAGEMENT	11, 76–77
		3.11. CHANGES FROM PREVIOUS REPORTING PERIODS IN THE SCOPE, COMPREHENSIVENESS, OR MEASUREMENT METHODS	72, 75–77		
		3.12. REPORT VERIFICATION	/		
2. COMPANY PROFILE		4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT OF STAKEHOLDERS			
2.1. NAME OF THE COMPANY	8	GOVERNANCE			
2.2. PRIMARY BRANDS, PRODUCTS, AND/OR SERVICES	8	4.1. GOVERNANCE STRUCTURE, MANDATE AND COMPOSITION OF THE HIGHEST MANAGEMENT BODY AND ITS COMMITTEES	20–22	GRI INDEX	78–82
2.3. OPERATIONAL STRUCTURE	21	4.2. PERCENT OF WOMEN IN MANAGEMENT BODIES	20	GRI AREAS AND INDICATORS	79–82
2.4. LOCATION OF COMPANY'S HEADQUARTERS	8	4.3. MANAGERIAL AND EXECUTIVE FUNCTION OF THE CHAIR OF THE TOP MANAGEMENT BODY	20, 22	COMPARISON TABLE OF UNGC AND GRI	74
2.5. NUMBER OF COUNTRIES WHERE THE COMPANY OPERATES	7, 8	4.4. HOW EMPLOYEES AND SHAREHOLDERS COMMUNICATE WITH HIGHEST MANAGEMENT BODIES	23	GRI LEVELS TABLE	72
2.6. LEGAL FORM AND NATURE OF OWNERSHIP	8	4.5. LINKAGE BETWEEN COMPENSATIONS FOR MEMBERS OF THE BOARD AND SENIOR MANAGERS AND THE COMPANY'S PERFORMANCE	22		
2.7. MARKETS SERVED	8	4.6. CONFLICTS OF INTEREST	22		
2.8. SIZE OF THE REPORTING COMPANY	8	4.7. PROCEDURES FOR BOARD MEMBER APPOINTMENT	22		
2.9. SIGNIFICANT CHANGES DURING THE REPORTING PERIOD	7, 8	4.8. POLICIES AND STRATEGIES	14, 15, 16		
2.10. AWARDS RECEIVED IN THE REPORTING PERIOD	35, 38, 51	4.9. HOW THE SUPERVISORY BODY CONTROLS SUSTAINABILITY MANAGEMENT	9, 21		

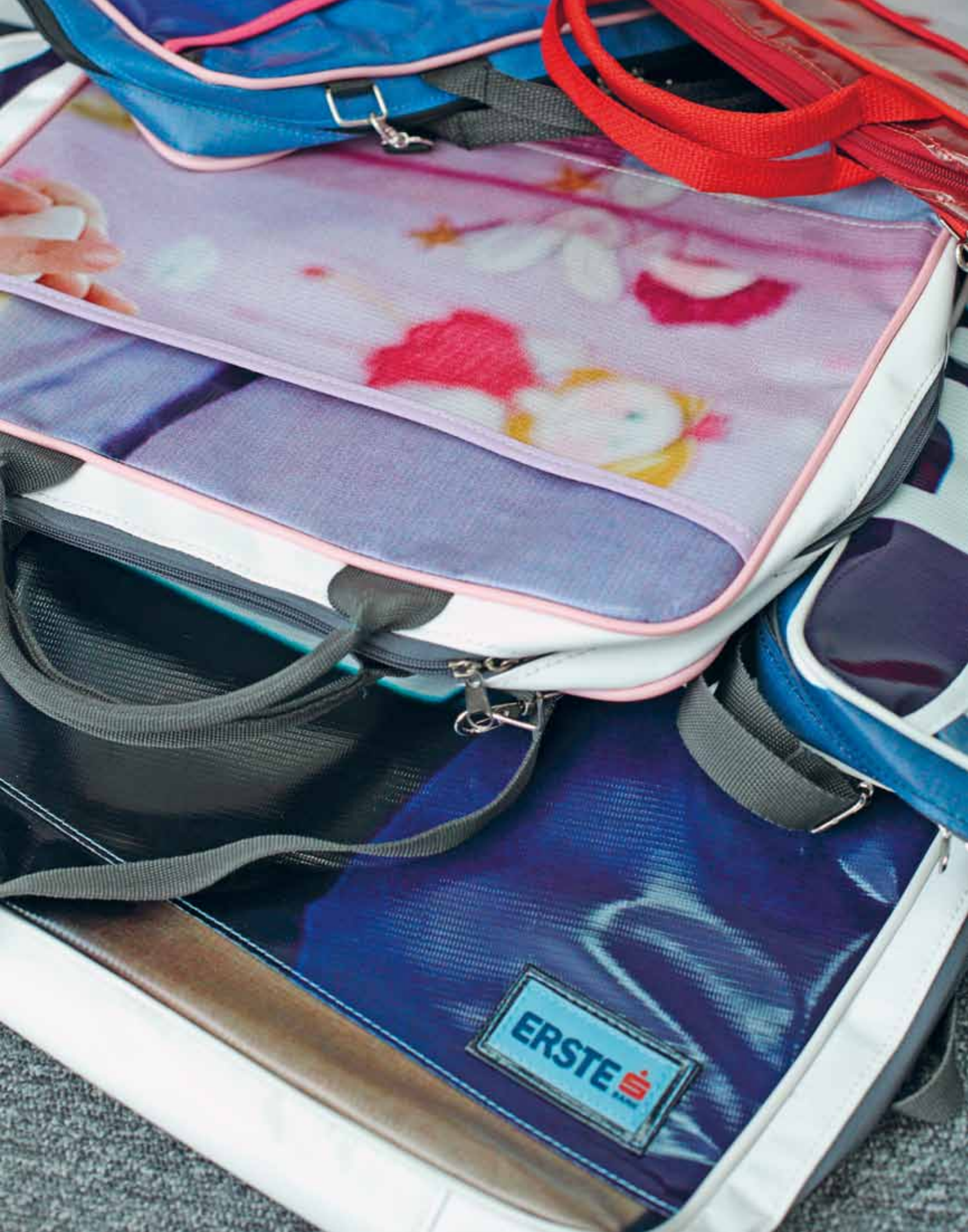
GRI INDICATOR COMPLIANCE LEVEL	
● FULLY MET	
▸ PARTLY MET	
○ NOT MET	
* BLUE COLOUR MARKS TWO INDICATORS FROM THE SECTORAL SUPPLEMENT FOR FINANCIAL SECTOR, FS 14 AND FS 16	

GRI AREAS AND INDICATORS		2011	2012	COMPLIANCE LEVEL	PAGE
ECONOMIC INDICATORS					8, 9
APPROACH TO GOVERNANCE					
EC1 C DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED IN THOUSANDS RSD	TOTAL INCOME	5,321,896	6,075,753	●	79
	TOTAL EXPENSES	3,440,896	3,796,541		
	OPERATING EXPENSES	1,478,896	1,632,128		
	EMPLOYEE EXPENSES	1,762,104	1,930,708		
	EXPENSES RELATED TO CAPITAL PROVISION	/	/		
	EXPENSES RELATED TO LIABILITIES TO GOVERNMENT	/	/		
	DEPRECIATION COSTS	172,440	211,830		
	EXPENSES RELATED TO COMMUNITY	27,456	21,875		
ENVIRONMENT					66, 14–15
APPROACH TO GOVERNANCE					
EN 4 C INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE IN GJ	TOTAL AMOUNT OF CONSUMED INDIRECT ENERGY BY NON-RENEWABLE SOURCE	○	19,344.86	●	67
	TOTAL AMOUNT OF PRIMARY ENERGY		70,720		
	* THE BANK ONLY USES NON-RENEWABLE ENERGY SOURCES (ELECTRICITY, HEATING AND COOLING) ** TOTAL AMOUNT OF PRIMARY ENERGY WAS CALCULATED BASED ON ROUGH ESTIMATE				
EN 5 ADD ENERGY SAVINGS DUE TO REDUCED USE AND INCREASED ENERGY EFFICIENCY IN GJ	TOTAL ENERGY SAVINGS	○	3,060	●	68
EN 8 C TOTAL WATER CONSUMPTION BY SOURCE IN m³	TOTAL WATER CONSUMPTION FROM CITY WATER SUPPLY NETWORK	○	9,735	●	67
EN 16 C TOTAL DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GASES BY WEIGHT (CO₂), tpa CO₂eq	TOTAL CO ₂ EMISSIONS	○	4,405	●	67
	* THE BANK ONLY HAS INDIRECT CO ₂ EMISSIONS BECAUSE IT DOES NOT HAVE OR CONTROL DIRECT EMISSION SOURCES				
EN 22 C TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD IN TONES	TOTAL AMOUNT OF WASTE	○	30.603	●	67
	TOTAL AMOUNT OF RECYCLED WASTE		30.603		
	* THE SPECIFIED AMOUNT RELATES TO PAPER, ELECTRONIC WASTE, TONER CARTRIDGES AND PET THE BANK DOES NOT KEEP RECORDS ON OTHER TYPES OF WASTE				
EN 30 ADD TOTAL COSTS AND INVESTMENTS IN ENVIRONMENTAL PROTECTION BY TYPE IN RSD	TOTAL ENVIRONMENTAL PROTECTION COSTS	23,555,926.52	27,875,017	●	67

LABOUR RIGHTS AND EMPLOYEES APPROACH TO GOVERNANCE					26, 14-15		
LA 1 C TOTAL WORKFORCE	TOTAL NUMBER OF EMPLOYEES	988		993		●	27
	TOTAL NUMBER OF THIRD PARTIES	166		31			
	TOTAL WORKFORCE	1154		1024			
	EMPLOYEE NUMBER BY EMPLOYMENT CONTRACT TYPE	TEMPORARY	PERMANENT	TEMPORARY	PERMANENT		
	BELGRADE	12	251	8	272		
	NOVI SAD	17	434	29	282		
	OTHER	9	265	9	393		
	EMPLOYEE NUMBER BY EMPLOYMENT TYPE	FULL TIME	PART TIME	FULL TIME	PART TIME		
	BELGRADE	262	1	278	2		
	NOVI SAD	450	1	309	2		
	OTHER	271	3	402	0		
LA 2 C TOTAL NUMBER AND TURNOVER RATE OF EMPLOYEES	TOTAL NUMBER OF NEWLY EMPLOYED	○		74		●	27
	TOTAL NUMBER OF PERSONS WHO LEFT THE COMPANY			69			
	EMPLOYEE TURNOVER RATE			6.97%			
	* THE EMPLOYEE TURNOVER RATE WAS CALCULATED ACCORDING TO THE FOLLOWING FORMULA:(NUMBER OF EMPLOYEES WHO LEFT THE COMPANY/AVERAGE NUMBER OF EMPLOYEES IN THE REPORTING PERIOD) × 100						
LA 4 C PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	PERCENTAGE OF THE TOTAL NUMBER OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	100%		100%		●	33
LA 7 C RATE OF INJURIES, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENCE AND THE NUMBER OF FATALITIES RELATED TO ACCIDENTS AT WORK BY REGION	INJURY RATE	○		0.5		●	32
	RATE OF LOST DAYS			5.59			
	RATE OF ABSENCE FROM WORK			2.3%			
	* THERE WERE NO OCCUPATIONAL DISEASES OR ACCIDENTS WITH A FATAL OUTCOME IN THE REPORTING PERIOD						
LA 9 ADD HEALTH AND SAFETY ISSUES COVERED BY FORMAL AGREEMENTS WITH TRADE UNIONS	THE COLLECTIVE BARGAINING AGREEMENT WITH THE TRADE UNION COVERED HEALTH AND SAFETY ISSUES AS WELL	○		YES		●	33
LA 10 C TOTAL HOURS OF TRAINING BY EMPLOYEE CATEGORY	TOTAL HOURS OF TRAINING FOR MANAGERS	5,549.28		3,538		●	28
	TOTAL HOURS OF TRAINING FOR NON-MANAGERS	16,052.72		14,939			
	AVERAGE HOURS OF TRAINING FOR MANAGERS PER EMPLOYEE	34.04		20.811			
	AVERAGE HOURS OF TRAINING FOR NON-MANAGERS PER EMPLOYEE	19.46		6.693			
	TOTAL HOURS OF TRAINING BY GENDER	MALE 5,906.5	FEMALE 15,695.5	MALE 5,388	FEMALE 13,089		
	AVERAGE HOURS OF TRAINING BY GENDER PER YEAR	MALE 20.95	FEMALE 22.23	MALE 19.24	FEMALE 18.38		

LA 11 ADD PROGRAMMES FOR ACQUIRING SKILLS AND LIFELONG LEARNING THAT DEVELOP PERMANENT EMPLOYABILITY OF EMPLOYEES AND HELP THEM TO END THEIR EMPLOYMENT SUCCESSFULLY	PROGRAMMES OF TRAINING OR ASSISTANCE TO EMPLOYEES IN IMPROVING THEIR SKILLS	○	YES		●	28
	TRANSITIONAL ASSISTANCE PROGRAMS WHOSE PURPOSE IS TO PROVIDE ASSISTANCE TO EMPLOYEES WHO RETIRE OR WHOSE EMPLOYMENT WAS TERMINATED		NO			
LA 12 ADD PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	PERCENTAGE OF THE TOTAL NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	93.4%	100%		●	28
LA 13 C MANAGEMENT BODY STRUCTURE AND EMPLOYMENT STRUCTURE BY CATEGORY, GENDER, AGE, BELONGING TO MINORITY GROUPS AND OTHER INDICATORS OF DIVERSITY	PERCENTAGE OF EMPLOYEES BY GENDER	○	MUŠKARCI 28%	ŽENE 72%	●	20
	PERCENTAGE OF EMPLOYEES BY AGE		UNDER 30: 13% 30-50: 61% OVER 50: 26%			
	PERCENTAGE OF MANAGEMENT BODY MEMBERS BY GENDER		MALE 33,3%	FEMALE 66.7%		
	PERCENTAGE OF MANAGEMENT BODY MEMBERS BY AGE		30-50: 100%			
LA 15 C RETURN TO WORK AND RATE OF REMAINING IN EMPLOYMENT AFTER MATERNITY LEAVE, BY GENDER	NUMBER OF EMPLOYEES WHO EXERCISED THE RIGHT TO MATERNITY LEAVE	○	40		●	34
	RATE OF RETURN TO WORK AFTER MATERNITY LEAVE		85%			
	RATE OF REMAINING IN EMPLOYMENT 12 MONTHS AFTER RETURNING TO WORK FOLLOWING MATERNITY LEAVE		100%			
	* MORE DETAILS ON PAGE 34					
HUMAN RIGHTS APPROACH TO GOVERNANCE						16, 14–15
HR 2 C PERCENTAGE OF MAJOR SUPPLIERS AND SUB-CONTRACTORS SUBJECTED TO SCREENING WITH RESPECT TO HUMAN RIGHTS AND MEASURES TAKEN	PERCENTAGE OF MAJOR SUPPLIERS AND SUB-CONTRACTORS WHO ARE CHECKED FOR COMPLIANCE WITH HUMAN RIGHTS REGULATIONS	○	6%		●	18
	PERCENTAGE OF CONTRACTS WITH MAJOR SUPPLIERS AND SUB-CONTRACTORS THAT WERE TERMINATED DUE TO VIOLATION OF HUMAN RIGHTS		0%			
HR 11 C NUMBER OF COMPLAINTS RELATED TO HUMAN RIGHTS THAT WERE LODGED, ACCEPTED AS WELL-FOUNDED AND RESOLVED THROUGH FORMAL COMPLAINT MECHANISMS	TOTAL NUMBER OF COMPLAINTS LODGED	○	2		●	33
	TOTAL NUMBER OF WELL-FOUNDED COMPLAINTS		0			
	* THE TOTAL NUMBER OF COMPLAINTS RELATES TO THE COMPLAINTS LODGED BY EMPLOYEES AND COLLECTED THROUGH INTERNAL COMPLAINT MECHANISM OF THE BANK'S ANTI-MOBING COUNSELLING OFFICE					

LOCAL COMMUNITY APPROACH TO GOVERNANCE					52, 14-15
SO 1 C PERCENTAGE OF COMPANY SITES AND OPERATIONS/ ACTIVITIES WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENT, AND DEVELOPMENT PROGRAMS	LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENT, AND DEVELOPMENT PROGRAMS	YES	YES	●	52
	PERCENTAGE OF COMPANY SITES ON WHICH THE ABOVE INITIATIVES ARE IMPLEMENTED	100%	100%		
FS 14 C INITIATIVES FOR IMPROVING ACCESS TO FINANCIAL PRODUCTS FOR MEMBERS OF VULNERABLE GROUPS	PERCENTAGE OF THE TOTAL NUMBER OF BRANCHES ADAPTED TO PEOPLE WITH DISABILITIES	○	22.4%	●	40
PRODUCT RESPONSIBILITY APPROACH TO GOVERNANCE					39, 14-15
PR 3 C TYPE OF PRODUCT AND SERVICE INFORMATION REQUIRED BY COMPANY'S RULES AND PROCEDURES, AND PERCENTAGE OF SIGNIFICANT PRODUCTS AND SERVICES SUBJECT TO SUCH INFORMATION REQUIREMENTS	RULES AND PROCEDURES FOR ADEQUATE INFORMATION OF CUSTOMERS ABOUT PRODUCTS/SERVICES	YES	YES	●	49
	PERCENTAGE OF PRODUCTS TO WHICH THESE PROCEDURES APPLY	100%	100%		
	* DATA REFER TO DEPOSIT AND LOAN PRODUCTS, WHICH ARE THE MOST COMMON BANK PRODUCTS				
FS 16 C INITIATIVES FOR IMPROVING FINANCIAL LITERACY BY USER TYPE	FINANCIAL EDUCATION INITIATIVES RELATING TO FINANCIAL PLANNING AND FINANCE MANAGEMENT, FOCUSED ON CUSTOMERS OR OTHER GROUPS OR COMMUNITY	○	YES	●	40-41
PR 5 ADD PRACTICES RELATED TO CUSTOMER SATISFACTION, INCLUDING RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION	COMPANY REGULARLY CONDUCTS SURVEYS MEASURING CUSTOMER SATISFACTION	YES	YES	●	44-45
PR 6 C PROGRAMS FOR ADHERENCE TO LAWS, STANDARDS, AND VOLUNTARY CODES RELATED TO MARKETING COMMUNICATIONS, INCLUDING ADVERTISING, PROMOTION, AND SPONSORSHIP	THE COMPANY OPERATES IN LINE WITH THE LEGAL FRAMEWORK AND ITS INTERNAL STANDARDS IN THE AREA OF MARKETING COMMUNICATION	YES	YES	●	48
PR 8 ADD TOTAL NUMBER OF WELL-FOUNDED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSS OF CUSTOMER DATA	TOTAL NUMBER OF COMPLAINTS LODGED REGARDING BREACHES OF CUSTOMER PRIVACY	0	1	●	48
	TOTAL NUMBER OF WELL-FOUNDED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY	0	0		
	TOTAL NUMBER OF COMPLAINTS REGARDING LOSS OF CUSTOMER DATA	0	0		



ERSTE 

The bank Is the People! **Erste Bank a. d. Novi Sad** **Corporate Social Responsibility** **Report 2012**

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