

A classical painting of a Venetian canal scene. In the background, a large domed church with a green patina, likely St. Mark's Basilica, stands prominently. The canal is filled with several gondolas, some with passengers and others with gondoliers. The sky is blue with scattered white clouds. A dark blue triangular overlay is positioned on the left side of the image, containing white text.

Overview of Activities within the Corporate Social Responsibility Programme of PBZ

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INTRODUCTION

Since its establishment, Privredna banka Zagreb has been at the very top of the Croatian banking sector, has played a significant role for many years, and affects the economic and social development of our society. Today, as a member of the large international banking group Intesa Sanpaolo, we are a dynamic and modern European bank that closely monitors the market and the needs of its clients. Strengthening trust and improving relations with all parts of society that communicate with the Bank are conditions for the further improvement of our business. With our actions, we wish to meet the needs and expectations of all participants, ranging from respecting the needs of our clients and staff, through the development of local communities in which we operate and care for the environment to creating new value for shareholders. Below, we present some of the most important activities that we have conducted in 2016

1. EDUCATION AND PROFESSIONAL DEVELOPMENT

- We regularly invest in the development of corporate knowledge by using the PBZ Business School project - in 2016, the 10th generation of students enrolled in the program, which had 216 active participants,
- 73 staff participated in courses led by the ISP/ISBD for a total of 187 days of training,
- we implemented 200 days of training via e-learning and/or online channels,
- in 2016, 55 staff acquired expertise and a HANFA certificate to be investment advisors, which is an increase of more than 40% of certified staff compared to the previous year,
- in 2016, 96 graduates with no work experience successfully completed the Professional Training without Employment program, which was launched by the Croatian Employment Service in the field of encouraging youth employment. For the implementation, we organised professional courses, seminars and rotations through all the business functions of the Bank so that participants could acquire comprehensive access to the PBZ organisation. Human Resources coordinated the training of participants, and more than 120 participating mentors who monitored their work and reported on a monthly basis (to the Croatian Employment Service regarding the progress and motivation of each participant in the program). Upon the completion of the program, as

many as 98% of the program participants continued to work at PBZ as staff

- in 2016, the PBZ Group offered the option to complete the compulsory internship for 18 students and pupils,
- in 2016, we awarded 17 scholarships to exceptional IT students,
- we achieved cooperation with national and international universities to promote the common design and implementation of educational programs in the field of finance and banking; we would especially like to highlight our cooperation with the Libertas Business College and the Applied Computing College.

2. STAFF CARE

- **development and upgrading of internal web application solutions related to human resources:**
 - upgrading and improving the internal eHR application in 2016: upgrading the personal panel for staff and their managers, and upgrading managerial reporting
 - development of the new HRIS (Human Resources Information System) applications - in 2016, the project to create our own software application covered by Human Resources was continued, and it included personnel administration, salary payments and reporting systems for the staff
- with the aim of continuously monitoring the potential and development needs of the PBZ Group staff, we launched additional assessment programs, and the staff can get feedback on their potential and development options,
- in 2016, we continued our intensified implementation of the internal rotary process driven at the strategic level to increase the number of internal transfers, which ensures the transfer of knowledge, improved satisfaction and motivation of staff, and all business and professional openings only are advertised internally,
- considering that the question of staff engagement has become a major organisational challenge at the global level, PBZ has started to measure work engagement. Modern research shows that more than twice as many staff are more motivated by passion for work than career ambitions, and therefore by measuring staff engagement we want to accurately determine the factors that affect better engagement,

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2. STAFF CARE (CONTINUED)

- one of the important aspects of staff motivation is the organisational climate, which we continuously measure and monitor, analysing the areas for further improvement and to actively improve key factors
- as part of the scope of regular social and economic activities, we showed solidarity by providing assistance to vulnerable staff and their families, children of deceased staff and children of former staff; we approved funds to staff whose children are of school age for the purchase of school books; as part of our ongoing cooperation with colleagues from Intesa Sanpaolo, we organized a trip for children to the Follonica Children's Village in Italy for the summer holidays,
- we take care of the financial burden of our staff and we educate and advise them through our Personal Finances Management Program on ways in which they can align their income and expenses; we participate in providing input on the rescheduling of debts to achieve financial stability,
- as part of our health care program for staff, we organised regular full medical check-ups for our staff and interns, check-ups for staff suffering from diseases of the skeletal system with physical therapy as part of the treatment, and preventive vaccination against the flu,
- membership in a PBZ Standard Sports Association - the main purpose of the Association is to achieve better health and overall well-being through realizing the objectives of the Association, which has a positive effect on staff satisfaction and well-being, and hence directly improves their mental and physical health; the main purpose of the Sports Association is to offer, organize and coordinate recreation and activities for members of the Association; in 2016, the Association had an average of about 2,200 members; and it continuously works to improve recreational and sports activities,
- The 'Bike to Work' initiative - for the second year in a row, the staff participate in the Cyclists' Trade Union's 'Bike to Work' campaign, which took place from May 9 to June 2, 2016, and involved 155 staff.

At Privredna banka Zagreb, the culture of riding bikes is getting stronger, including cycling to work using this most eco-friendly vehicle. Earlier this year, we opened lockers and fitting rooms with showers for cyclists, and we are currently in the process of constructing additional parking

spaces. Cyclists have their own column on the Bank's intranet, and new information can be seen in almost every issue of our internal bulletin.



- In 2006, we launched our internal newsletter PBZXpress to improve internal multidirectional communication, strengthen a sense of belonging to the PBZ Group, and job satisfaction. Since then it has been issued regularly on 16 pages. Attention is directed to our staff that write articles for publication; 527 staff have written 2,751 articles. Besides presenting projects, sponsorships and internal communication campaigns, we have organised several initiatives focused on our staff and their children using PBZXpress. In January 2015, we published the 100th edition of PBZXpress.
- Since 2014, Privredna banka Zagreb has been the holder of the Mamforce Company title, being one of two companies in Croatia with that certificate. In 2016, we continued our efforts to improve practices in the field of family responsibilities, gender equality and the balance between the work and private life of our staff. One of those practices is our corporate kindergarten in Zagreb, which in the 5th year enrolled 96 children of our staff. Also, the PBZ Business School ensures the continuous development of skills and abilities, and its modules have matched the business activities of our staff. This was founded in 2007 and 8 generations have completed training.
- Staff also benefit from regular medical examinations every two years, psychological support, and other health care services.
- Due to our continued cooperation with the student community, in 2015 PBZ was recognised as being 'tailored to students' and received the Golden Index

for contributions in the field of improving student life, their education and vocational training.

3. NEW INITIATIVES

- In 2016, we launched a scholarship program for IT students, which enabled the allocation of 30 scholarships annually. The scholarship program was presented at the leading scholarship fair in the country, which was held in October 2016, and was organised by the Institute for the Development of Education. The program is always accepting applications and the target group students (IT studies) can apply throughout 2017 by submitting their applications to the address stipendija@pbz.hr.



- In 2013 and 2014, we organised a Realise my Wish campaign using PBZXpress and all staff were invited to participate. We talked to several children's shelters and listened to children's individual wishes. The idea was to provide an opportunity for our staff to fulfil children's wishes. As part of charity campaigns, we have met 690 individual wishes and donated more than 400 gift packs to 15 children's shelters and social welfare institutions since 2011. In 2015, as part of the Christmas Package charity campaign, we collected food, hygiene products and toys for 246 families in need. Thus, we helped more than 600 children from these families. In 2016, we launched a different charity campaign by providing direct assistance to those who need it most, called 'PBZ Volunteers'. As part of this campaign, we concluded cooperation with institutions that care for the most vulnerable groups, such as the poor and homeless, and institutions that care for people with disabilities. In previous years, the Bank has helped most of these institutions through donations, and the goal of the campaign was the better acquaintance, sensitization and connecting of our staff with the users

and staff of these institutions. Across the Croatian cities of Dubrovnik, Split, Varaždin, Čakovec, Oborovo and Zagreb, about 60 colleagues volunteered on December 13 and 14, 2016. All the staff who participated in the volunteering campaign were approved a day of paid leave for each day of volunteering.



4. DONATIONS AND SPONSORSHIPS

Privredna banka Zagreb strives to contribute and show responsibility towards the wider community through donations and sponsorships. In 2016, a total of over 8 million HRK was allocated for sponsorships and donations supporting science and education, a number of organisations and individuals, and many cultural and other events, including sports events. With its long-term participation in the social life of the country through donations and sponsorships, PBZ seeks to contribute to development and to a generally better quality of life in Croatia.

4.1. DONATIONS

PBZ actively participates in many social projects and supports many humanitarian, social and health institutions. Donations from 2016 include various programs dedicated to the improvement of education and health, as well as sports and cultural programs dedicated primarily to helping children and socially vulnerable groups in our society. These include a donation for the realisation of a program with young musicians in Varaždin, a donation to equip a school library in Nova Rača, a donation to a home for the elderly and infirm in Čakovec, and many others.

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4. DONATIONS AND SPONSORSHIPS

4.2. SPONSORSHIPS

PBZ provides continuous support and incentives to a large number of projects related to culture, sports and science, contributing to the long-term development of these social areas.

In 2016, we supported numerous cultural events and institutions, among which we would like to highlight the following:

- The main sponsor of the Nutcracker - Most Beautiful Christmas Fairytale exhibition at the Museum of Arts and Crafts, which was created as a collaboration between the Zagreb Museum of Arts and Crafts and the St. Petersburg State Museum of Theatre and Music, which for the first time on this occasion loaned artefacts to a foreign institution from its rich treasury from the St. Petersburg ballet premiere. In addition to the material from the premiere, the exhibition displayed costumes from Milan's Teatro alla Scala and the National Ballet of Berlin, spectacular costumes from a private Yuresha collection, and fabulous costumes from the CNT Zagreb.

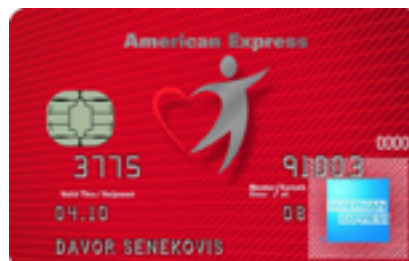


- Sponsorship of the Modern Gallery in Zagreb and its permanent exhibition of the best Croatian artists from the 19th, 20th and 21st centuries. All these works are masterpieces of landscape, figurative and abstract art, as well as portraits and animal sculptures.
- We supported various cultural programs and institutions, such as the Croatian National Theatre in Zagreb and Varaždin, as well as traditional folklore events, such as the Medieval Summer Festival, Vinkovci Autumns, Baroque Evenings, and many others.

4.3. THE 'I'M DOING GOOD EVERY DAY' CHARITY PROJECT

The American Express Card with a Heart entered the market in 2008. It was created with the aim of assisting extremely important projects for the further growth and development of the community. For every payment using this card, the PBZ Group donates 1 HRK to the 'I'm Doing Good Every Day' charity project to help the Ministry of Health project Monitoring Children with Neurological Risks, and the Ministry of Social Policy and Youth project A Better Life for Children in Social Care Homes. The American Express Card with a Heart can be used without registration or a membership fee for the first year, and from the second year of using the card, PBZ Group donates 15 HRK of every membership fee for the primary user, and 10 HRK of every membership fee for every additional user of the card. Other users of American Express cards can contribute to the project by donating their collected Membership Rewards points. In addition, the option to donate is available at www.cinimdobro.hr for the users of all American Express, MasterCard, Maestro and Visa cards, regardless of the issuing bank.

This long-term and continuous project of helping the community in which we operate achieved outstanding results in 2016. Thus, from 2008, when the project was launched, until the end of last year, a total of about 8.5 million HRK was collected, including more than 2 million HRK collected in 2016 alone. All the individual donations are described in detail on the project website: www.cinimdobro.hr



5. ENVIRONMENTAL IMPACT

We are continuously monitoring our energy consumption and we are trying to reduce it through various activities, thereby raising the awareness of our staff about the importance of caring for the environment. We regularly send personalised e-mails to our staff to remind them of the mandatory shutdown of their computers after hours, turning off the air conditioning and heating at the weekend, and the separation of used paper from other waste for recycling.

With the aim of promoting the idea of protecting the environment and raising awareness about this burning issue, every year on June 5th, we celebrate **World Environmental Day** with appropriate campaigns. This day is celebrated on the anniversary of the United Nations Conference in Stockholm (1972) dedicated to the environment, when the United Nations Environment Programme was adopted.

Paper waste and plastic are collected separately by a contracted company that recycles them. The contracted company also separately collects and transports hazardous waste, such as cartridges, in accordance with the laws and regulations.

In line with new environmental legislation, our two heads of waste management successfully completed a three-day training session in December 2015.

The duplex copying of documents, which we have introduced as a standard, reusable envelopes and other similar activities have resulted in a continuous reduction of paper consumption.

Paper consumption

There has been a reduction of paper consumption during the past six years of more than 100,000 kg and an increase in the use of recycled paper by more than 250,000 kg during the same period. Also, all the envelopes that have been used at the Bank since June 2012 are made of recycled paper and A4 paper for automatic paper stacking. We use recycled paper for printing and envelopes, and we use kunstdruck or art paper for printed advertising material.

Energy consumption

The installation of energy-efficient light bulbs and electrical ballasts to reduce energy consumption for lighting has become a common practice. When replacing worn-out equipment, the rule is that this equipment is replaced with equipment containing optimised features. Classic light

bulbs are replaced with energy-efficient light bulbs, air conditioners are replaced with inverter technology with a higher degree of energy efficiency; when building, we use materials and elements with high-quality insulating properties, we use LED lighting for advertising signs, and we install ventilation with heat recovery.

As a result of efforts in this direction, in January 2013 we became an official partner of the **GreenLight Programme**.

In 2016, we spent a total of 17,342.7 MWh of electricity.

In 2016, the following energy-efficient equipment was installed in our offices:

- At the Valpovo Center office, 85 LED lighting fixtures were installed
- At the Split III office, 60 LED lighting fixtures were installed
- At the Split III office, heat recovery was installed in the ventilation system
- At the Stradun office, heat recovery was installed in the ventilation system

We are taking a series of active measures to contribute to the reduction of carbon dioxide emissions. In addition to the previously purchased electric mopeds (without CO₂), the old Bank cars for carpooling have been replaced with eco-friendly cars with low CO₂ emissions. Today, we use the following for carpooling:

- 2% of the cars meet the Euro 4 standard
- 83% of the cars meet the Euro 5 standard
- 13% of the cars meet the Euro 6 standard
- 2% electric mopeds

As for future plans, we will continue to implement measures consistent with our environmental policy and promote the responsible use of natural resources, especially the efficient use of energy and paper, and proper waste disposal. We will also strive to improve employee training, informing and raising public awareness regarding environmental problems.