



Overview of activities within the
PBZ corporate social responsibility
programme

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INTRODUCTION

Since its establishment, Privredna banka Zagreb has been at the top of the Croatian banking sector and has for many years had an important role and influenced the economic and social development of our society. Today, as a member of the large international banking group Intesa Sanpaolo, we represent a dynamic and modern European bank that carefully follows market trends and the needs of our clients. Strengthening trust and improving relations with all parts of the society communicating with the Bank represent the requirements for further development of our business. We act to fulfil the needs and expectations of all participants, from respecting the needs of our clients, employees, the development of local communities in which we operate and respecting the environment to creating new values for shareholders. Below we present some of the most important activities we carried out during 2017.

1. EDUCATION AND PROFESSIONAL DEVELOPMENT

- The Bank regularly invests in the development of corporate knowledge under the "PBZ Business School" project. Internal business channels were used to celebrate the 10th anniversary of continual work of the PBZ Business School; in 2017, the 11th generation of students was enrolled, while 211 active participants took part in some form of the programme
- 32 employees participated in courses led by Intesa Sanpaolo/ISBD during a total of 81 days of training
- 11 new courses on the LMS platform were launched
- 3,340 days of training were spent via e-learning and/or online channels
- 1,011 employees successfully completed their training and became certified for activities regarding housing and consumer loans
- during 2017, 24 employees gained expert knowledge and took the HANFA exam for acquiring the investment advisor certificate,
- during 2017, educational activities were focused on the necessary harmonization with the regulating body (e.g., over 130 training days for IFRS 9) or standardization at the level of the ISP Group: pilot workshops 'Rules & criteria for credit exposure classification' and the forming of the SB academy was completed

- during 2017, the PBZ Group offered the possibility of completing the mandatory internship for 27 students and pupils
- we continued to provide scholarships for students in the IT field and, with five new applications, during 2017 we provided scholarships to 14 excellent students
- continuously high level of cooperation with Croatian and international universities with the aim of encouraging, jointly designing and providing educational programmes in the field of finances and banking; here we would especially like to underline our cooperation with Libertas International University and Algebra University College.

2. CARE FOR EMPLOYEES

- development and upgrade of Internet internal application solutions for human resources, namely the internal eHR application and HRIS application
- with the aim of continuously monitoring the potential and needs for development of the employees of the PBZ Group, we have launched additional evaluation programmes, and employees can get feedback on their potential and opportunities for development
- during 2016 we continued and intensified the implementation of the internal rotation process launched on a strategic level in order to increase the number of internal transfers, which ensures the transfer of knowledge, increases the satisfaction and motivation of employees, and all available business and expert positions are advertised exclusively on the internal level
- given that the issue of engaging employees is becoming the main organizational challenge on a global level, PBZ has started to measure work engagement. Contemporary research shows that more than double the number of employees are motivated by a passion for their work compared to career ambitions; thus, by measuring work engagement of our employees, we wish to precisely determine the factors that may influence a better engagement
- one of the important aspects of employee motivation is the organizational climate, which we continuously monitor pursuant to the guidelines of the ISP Group, and the results of surveying the organizational climate are analysed and used to pinpoint the opportunities for further improvement of its aspects in cooperation with the organizational parts of the PBZ Group

*The PBZ Group/Bank has not prepared the Non financial statement as required by the Non Financial Information Legislation availing of the exemption introduced by the local regulation, as being a subsidiary undertaking which information are included in the Consolidated non financial statement presented by Intesa Sanpaolo S.p.A

Overview of activities within the PBZ corporate social responsibility programme

(continued)

2. CARE FOR EMPLOYEES (CONTINUED)

- for the purpose of ensuring long-term motivation and satisfaction of employees working on cross-functional projects, the Human Resources department is assessing the satisfaction of all parties working on key projects at the Group level
- within the framework of our regular social and economic activities, we have shown solidarity by aiding socially vulnerable employees and their families, children of deceased employees and children of former employees; we have provided financial resources to employees with children of school age for purchasing textbooks;-
- we keep in mind the financial burden of our employees and educate and advise them via our Personal Finances Management programme on the ways to manage their income and expenses; we participate in giving suggestions on re-programming debts in order to achieve financial stability
- under our healthcare programme we have provided regular complete check-ups to all our employees and interns, follow-up examinations for employees with bone diseases and physical therapy, which is a part of the treatment, as well as preventive flu shots
- membership in the PBZ Standard sports association, launched for the purpose of achieving better health and general welfare through meeting the objectives of the association, which has a positive effect on the satisfaction and well-being of employees, and thus directly improves their mental and physical health; the main purpose of the sports association is to offer, organize and coordinate sports recreation and activities for its members across the Republic of Croatia and to continuously work on improving recreational and sports activities; during 2017, the Association had an average of 2,300 members
- the cycling culture and getting to work with this most eco-friendly means of transport is becoming stronger in Privredna banka Zagreb; the employees can also use locker rooms with showers for cyclists and we are continuously trying to provide more space for parking bicycles around the building. Cyclists have their own column on the Bank's Intranet, where we publish all news on improving cycling activities
- in 2006 we launched the internal gazette PBZXpress for improving internal multidirectional communication, strengthening affiliation with the PBZ Group and improving job satisfaction. Since then it has been issued



monthly, on 16 pages. Attention is focused on our employees who write articles for publication; over the twelve years that PBZXpress has been around, over 620 employees of the Bank have made their mark by writing articles, 134 employees have answered ten questions, and over 100 offices have been presented in the section on best offices; in addition to presenting projects, sponsorships and internal communication campaigns, via PBZXpress we have organized several initiatives focused on our employees and their children, as well as countless charity campaigns. January 2015 saw the publication on the jubilee 100th edition of PBZXpress.

- In 2014 Privredna banka Zagreb was named a Mam-force Company and is one of the first to companies in Croatia to be awarded the certificate. During 2016 we continued to work on improving the practice in the field of family obligations and gender equality and the balance between employees' professional and private life. One of such practices in the corporate kindergarten in Zagreb, which has accepted 96 children of employees in its five years of activity. Also, the PBZ Business School allows for continuous development of capacities and skills, and its modules have been adapted to the employees' business activities. It was founded in 2007, and the training has been completed by eight generations.
- In September 2012 Privredna banka Zagreb opened the Čigra PBZ corporate kindergarten, which is currently attended by 88 children. The children are divided into five educational groups, and the kindergarten offers various other amenities, such as sports, foreign languages, theatre plays and drama workshops. By opening the kindergarten, the PBZ Group has become one of the few employers that provides its employees better working conditions in this way. This type of care points to the focus that the PBZ Group places on family as the most important life value and its employees as the most important resource. The

corporate kindergarten directly influences the level of satisfaction of employees and contributes to greater work efficiency of young parents. Our employees can juggle family and work obligations more easily and spend less time on dropping children off at kindergarten, coming to work, etc. Due to the level of interest of employees wishing to enrol their children, in 2013 the PBZ Group increased the kindergarten's capacity from 70 to 97 children by re-purposing a multifunctional hall. The decision made by the Bank's Management Board to co-finance a part of the costs of the kindergarten for the children of employees of the PBZ Group in the amount of HRK 600.00 per child, making the price of the private corporate kindergarten, with a subsidy from the City of Zagreb, very acceptable, presents an added benefit for the employees.

- The employees can also take regular medical examinations every two years, receive psychological support and other healthcare services.

3. NEW INITIATIVES

IT scholarships

In 2016 a scholarship programme for IT students was launched, under which up to 30 scholarships a year have been awarded. The scholarship programme was presented at the biggest scholarship fair in the country, which was organized in October 2016 by the Institute for the Development of Education. In 2017, 8 recipients of scholarships graduated and were immediately employed in PBZ. The tender is permanently open and target students (IT study programmes) can apply at any time during 2018 by submitting their applications to the following address stipendija@pbz.hr.



"PBZ volunteers"

In 2017, just before the holidays, we launched the traditional charity campaign titled "PBZ volunteers". The aim of the campaign is to provide direct assistance to those in need and to better connect our employees with beneficiaries and workers of institutions caring for the most vulnerable members of our society. In order to help institutions providing the best care to citizens in need before the holidays, with enthusiasm and a wish to help, 85 of our colleagues volunteered in as much as 13 institutions across Croatia. The campaign was carried out in nine towns and cities: Varaždin, Čakovec, Osijek, Dubrovnik, Split, Rijeka, Zadar, Sinj and Zagreb on 14th, 15th, 18th and 21st of December. This is the third volunteering campaign since 2016, and overall, 185 colleagues have volunteered in the campaigns. All employees that volunteered in the campaign were given a day of paid leave for the day they volunteered.



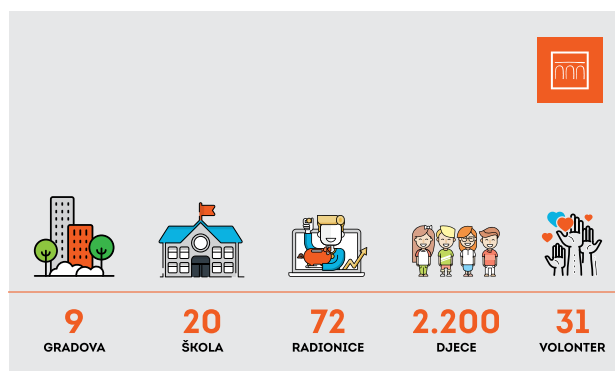
Overview of Activities within the Corporate Social Responsibility Programme of PBZ

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3. NEW INITIATIVES (CONTINUED)

“The Art of Saving”

In 2017, Privredna banka Zagreb organized financial educational events for primary school pupils under the initiative of Intesa Sanpaolo called **“The Art of Saving”**, thus marking the World Savings Day (31 October). The aim of the initiative is to introduce **strategic volunteering for the purpose of educating young people on finances**, or to reach as many young people as possible by organizing a series of various activities and making financial education available to them. 31 employees of PBZ/volunteers from nine towns and cities (Zagreb, Split, Opuzen, Slavonski Brod, Pazin, Osijek, Biograd, Kutina and Rijeka) across the country participated in the initiative. All volunteers were given materials for workshops and participated in workshops, where they gained knowledge required for implementing the project (training coaches). Two workshops adapted to the age of the children were organized in elementary schools: **“Children and Saving”** (for pupils of grades 1 to 4 of elementary school), aimed at introducing the children to the concepts of savings and investment, linking them to the importance of work and different ways of managing pocket money and making financial plans; and **“You Decide!”** (for pupils in grades 5 to 8), aimed at teaching children the basics of managing personal finances via individual and group games. On the occasion of the World Savings Day, the volunteers of Privredna banka Zagreb **carried out 72 workshops in 20 elementary schools** during October. In addition to workshops, they designed and organized visits to the Museum of Privredna banka Zagreb. The pupils of 11 Croatian schools and their expert guides visited the valuable collection of securities, shares, coins and banknotes, but also a rich collection of no less than 240 most interesting saving boxes across the world. In addition to the Museum, the pupils visited five of PBZ offices, where they were further acquainted with financial concepts and learned more on the importance of saving. These activities organized by Privredna banka Zagreb included **some 2,200 school children** from across Croatia. The “Art of Saving” initiative was concluded with a round table on financial literacy held on 31 October 2017 in the premises of PBZ and attended by representatives of the Ministry of Science and Education, Croatian Banking Association, guests from schools, PBZ volunteers and the manager of the Museum.



Diversity Charter

In 2017 Privredna banka Zagreb adopted the Diversity Charter. The Diversity Charter is an initiative launched in 16 EU Member States and has been joined by Croatia. It is a document created by each country individually, and the text of the charter is optionally signed by business and other organizations, by which they undertake to carry out a diversity and non-discrimination policy in their working and business environment. The Croatian Diversity Charter was drafted under the project financed by DG Justice. The signatories are expected to implement a policy of respect for differences, encouraging diversity and reporting on their activities in this area.

Novathon #withPBZ

This year the Intesa Sanpaolo Group introduced its innovative Novathon competition to Croatia: the 24-hour innovation marathon entitled Novathon #withPBZ was organized in cooperation with Privredna banka Zagreb and was held on 23 and 24 September in Lauba, Zagreb. The competition included 144 contestants from seven countries, divided into 24 teams comprising programmers, web designers and marketing experts. The teams were tasked with developing an application on one of the following

topics: smart payment, digital asset management, smart office, bridge solutions, banking outside-in and financial big data. During the 24-hour programming marathon, all participants could take part in various accompanying activities that took part simultaneously on several "stages" with interesting international speakers on topics from the fintech field. More information and details on the winning teams and projects available at: <http://www.novathon.net/>

life in the form of donations and sponsorships, PBZ wishes to contribute to the development and, overall, a better quality of life in the Republic of Croatia.

4.1 DONATIONS

PBZ is an active participant in many social projects and supports many humanitarian, social and healthcare institutions. 2017 donations include various programmes



The picture shows Novathon competition award winners, keynote speakers and organizers

4. DONATIONS AND SPONSORSHIPS

Privredna banka Zagreb aims to contribute and show responsibility towards the wider community via donations and sponsorships. During 2017 a total of app. HRK 5.8 million was earmarked for sponsorships and donations supporting science and education, various associations and individuals and countless cultural and other events, such as sports events. Through its long-term participation in the social

aimed at improving education and health, as well as sports and cultural programmes dedicated primarily to helping children and socially vulnerable groups of our society, such as: donation to the Ana Rukavina Foundation, donation to the Varaždin and Zagreb muscular dystrophy societies, donation to the cultural event Đakovački vezovi, to the Varaždin Chamber Ensemble, and many others.

Overview of Activities within the Corporate Social Responsibility Programme of PBZ

(continued)

4. DONATIONS AND SPONSORSHIPS (CONTINUED)

4.2 SPONSORSHIPS

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

In 2017 we supported many cultural events and institutions; we wish to underline the following:

- Main sponsor of exhibition "Tiepolo: Baroque Splendour of Venice" open from 1 June to 1 October 2017 in the Museum of Arts and Crafts. This was the most comprehensive overview of Venetian Baroque painting in Croatia ever, and it concluded a cycle devoted to Italian artists of the 17th and 18th centuries. Caravaggio's "Supper at Emmaus", usually housed in the Pinacoteca di Brera in Milan, and Guercino's works from the Pinacoteca in Cento were previously shown at an exhibition entitled "The Light of Baroque". In addition to Gianbattista Tiepolo as the most important representative of "the gallant century", this exhibition included valuable works of other important representatives of the 18th century Venetian painting circle, his son Giandomenico, Gianbattista Piazzetta, Marco and Sebastiano Ricci, Gianbattista Pittoni, Francesco Aviani, Giuseppe Zais, Elisabetta Marchioni, and many others.



Giambattista Tiepolo, La Verità svelata dal Tempo, 1743-45, oil on canvas, Vicenza, Museo Civico

- The ceremonious opening of the exhibition "Vedutas of Venice" from the art collection of Intesa Sanpaolo was held in the Museum of Arts and Crafts on 25 September. Paintings of Canaletto, Guardi, Mareschi and van Lint came from the Galleria d'Italia - Palazzo Leoni Montanari, one of Vicenza's most beautiful baroque palaces

Thanks to the long partner cooperation with Privredna banka Zagreb, a member of the Intesa Sanpaolo group, with this exhibition the Museum of Arts and Crafts concluded the presentation of great painters from Italian baroque, from Caravaggio, Guercino, Tiepolo, Piazzetta, Marco and Sebastiano Ricci to Canaletto and Guardi, in the best possible way.



Francesco Guardi, (Venice 1712-1793), Piazza San Marco towards San Geminiano, about 1775-1780, oil on canvas, 81.7 x 125 cm, Intesa Sanpaolo Collection, Gallerie d'Italia - Palazzo Leoni Montanari, Vicenza

- The sponsorship of the Modern Gallery in Zagreb and its permanent exhibition of Croatia's best artists from the 19th, 20th and 21st centuries. All these works represent master pieces of landscapes, figurative and abstract art, as well as portraits and animal sculptures.
- We have supported various cultural programmes and institutions, such as the Croatian National Theatre in Zagreb, Varaždin and Rijeka, traditional ethnology events, such as "Rapska fjera", *Vinkovačke jeseni*, *Barokne večeri*, etc.

4.3 CHARITY PROJECT "DOING GOOD EVERY DAY"

American Express Card with a Heart was presented on the market in 2008. It was created in order to assist projects of exceptional importance for further growth and development of the community. For each payment with this card, the PBZ Group donates HRK 1 to the charity project "Doing good every day", thereby assisting the project "Monitoring Children with Neurorisks" by the Ministry of Health and the project "For a Better Life for Children in Social Care Homes" initiated by the Ministry of Demography, Family, Youth and Social Policy. The

American Express Card with a Heart requires no entrance and membership fee for the first year of using the card, and PBZ Card donates HRK 15 from every membership fee of the principal cardmember and HRK 10 from every membership fee of the supplementary cardmember from the second year of using the card. Other American Express cardmembers may contribute to the project by donating their Membership Rewards points. Besides this, donations are possible on the Internet site www.cinimdobro.hr to all American Express, MasterCard, Maestro and Visa cardmembers, regardless of the issuing bank. This long-term and continuous project of helping the community in which we operate garnered exceptional results in 2017, as well. From 2008, when the project was launched, to the end of the last year we have raised around HRK 11.7 million, including HRK 3 million in 2018 alone, which is the biggest ever amount raised in a year. By the end of last year, a total of 32 donations have been realized, including 24 donations to hospitals around the country for acquiring medicine equipment, and eight donations to social welfare institutions for buying the necessary equipment. During 2017, five important new donations were made under this project, to the following beneficiaries: to the Training and Education Centre Dubrava, to the University Hospital Centre Zagreb, to the Zadar General Hospital, to the General and Veteran Hospital "Hrvatski ponos" in Knin and to the Lipik Community Service Centre.

All donations are further described on the project website: www.cinimdobro.hr



5. IMPACT ON THE ENVIRONMENT

The main concepts on which our environmental policy is based are reduction of waste, gradual improvement of energy efficiency and sustainability and paying attention to the consequences our decisions have on the environment and the society. We continuously monitor our energy consumption and undertake various activities aimed at reducing it, while raising awareness of our employees on the importance of respecting the environment. We regularly send personalized e-mails to our employees reminding them to be sure to turn off their computers after working hours, to turn off air conditioning and heating during the weekend, to separate waste paper from other waste to be recycled. With the aim of promoting the idea of protecting the environment and raising awareness of this burning problem, every 5 June we undertake campaigns to mark the World Environment Day. This day is marked on the anniversary of the United Nations Conference in Stockholm (1972) dedicated to the environment, where the United Nations Environment Programme (UNEP) was adopted. Waste paper and plastic are collected separately, and are taken over by a contracted company, which disposes of it. The contracted company also separates, collects and removes hazardous waste, such as cartridges, pursuant to the law and regulations.

In accordance with new environmental law, our two managers of waste management successfully completed a three-day training in December 2015.

Consumption of paper

Double sided copying of documents, which we introduced as our standard, reusable envelopes and other activities in that direction have resulted in a continued decrease in the consumption of paper, which amounted to 373,505 kg this year.

Over the last six years we have achieved a reduction in paper consumption by some 100,000 kg and are continuously increasing the use of recycled paper. Also, since June 2012, all the envelopes used in the Bank are made of recycled paper, as well as A4 paper for automatic stacking of paper. For printing and all envelopes, we use recycled paper, and for promotional printed material we use kunstdruck paper.

Consumption of energy

Installing energy efficient light bulbs and electronic ballast in order to cut energy consumption for lighting has become a common practice. When replacing worn-out equipment, attention is given to having such equipment

Overview of Activities within the Corporate Social Responsibility Programme of PBZ

(continued)

5. IMPACT ON THE ENVIRONMENT (CONTINUED)

Consumption of energy (continued)

replaced with one of optimal characteristics. Classic light bulbs are replaced with energy efficient bulbs, air-conditioning devices with inverter technology of a higher energy efficiency degree are installed, material and elements with good insulation properties are used in construction, LED lighting is used in advertising signs and heat recovery ventilation is installed.

As a result of our efforts in that direction, in January 2013 we became an official partner in the **GreenLight Program**. In 2017, we consumed a total of 17,008.7 MWh (which represents a reduction compared to 2016, when the total consumption amounted to 17,342.7 MWh). At the level of the PBZ Group (including Slovenia and Bosnia and Herzegovina), a total of 21,901.9 MWh was spent. In 2017, the following energy efficient equipment was installed in the Bank's business premises:

- 82 pcs of LED lighting were installed in the system hall Radnička
- 66 pcs of LED lighting were installed in the system hall Lastovska
- 31 pcs of LED lighting were installed in the Omiš office, as well as a heat pump in the office's air-conditioning system and a heat recovery appliance in the office's ventilation system
- 66 pcs of LED lighting were installed in the Koprivnica office, as well as a heat pump in the office's air-conditioning system and a heat recovery appliance in the office's ventilation system
- 66 pcs of LED lighting were installed in the Velika Gorica office, as well as a heat pump in the office's air-conditioning system and a heat recovery appliance in the office's ventilation system
- A heat pump was installed in the air-conditioning system of the Krk office
- A heat pump was installed in the air-conditioning system of the Ploče office
- A heat recovery appliance was installed in the ventilation system of the Novigrad office

In order to contribute to the reduction in the emissions of carbon dioxide, we undertake a series of active measures. In addition to previously acquired electrical mopeds (without CO₂ emissions), old Bank cars for carpooling are replaced with eco-friendly cars with low CO₂ emissions. Today in carpooling:

- 1 % of the cars meet the Euro 4 standard
- 79 % of the cars meet the Euro 5 standard
- 18 % of the cars meet the Euro 6 standard
- 2 % electrical mopeds

As far as future plans are concerned, we will continue to implement measures in accordance with our Environmental Policy, to encourage responsible use of natural sources, especially efficient use of energy and paper, and proper waste management. Also, we will aim to improve employee training and to inform and raise public awareness on environmental issues.