Non-financial Report

One of the fundamental guiding principles in the business of both Erste Group and Erste Bank Croatia (EBC) is the Statement of Purpose, which rests on seven pillars. Expanding and ensuring prosperity, accessibility, independence and innovation, profitability, financial literacy, focus on people, and serving civil society are six out of the seven pillars, and largely cover the aspects of sustainable business that EBC aims to achieve. What makes Erste Group different is the last, seventh pillar of entire Erste Group's business, i.e. the so-called third question. Before every decision, the questions "Is this profitable?" and "Is this legal?" are asked, but the question that makes the difference, both for EBC and for anyone affected by Erste, is "Is this right?" This is the question that drives EBC to develop its services and products to the highest potential, thus making the greatest contribution to the individual and society as a whole.

Through corporate social responsibility, the Bank supports and promotes the development of different social segments through a wide range of activities, aimed at the wellbeing of its clients and the much wider social community in which it lives and operates, through supporting numerous charity and educational institutions, as well as culture and sport institutions across Croatia. In the process, the Bank always takes into account the specific regional characteristics and local social needs. Corporate social responsibility activities are transparently reported through various channels as well as through non-financial report which the Bank has been including in its Annual Report for years in various forms.

Erste Bank Croatia's vision is to be the best bank in Croatia that takes care of the security of its clients and offers highest quality products and services, taking account of the wellbeing of its employees, shareholders and the community. The aim of non-financial report is to better inform all interested parties about this vision and everything EBC does in order to achieve it. Through the segments of business, social and environmental responsibility EBC strives to fulfil its mission, i.e. motivate and support its clients, employees, shareholders and the community in working together to achieve prosperity.

EBC's efforts in this area are accompanied by a commitment to transparent and open communication with the media as mediators between the Bank and the general public. In recent years, these efforts were reflected in the advertising campaign "Believe in Yourself", through which EBC aims to promote positive social and economic values, integration, inclusion and fellowship of all individuals in the society, regardless of age, gender, ethnicity, religious or political affiliation, sexual orientation or marital status.

Implementation of the obligation of non-financial report

As already stated, Directive 2014/95/EU, which entered into the Croatian legislation at the end of 2016, stipulates the obligation of non-financial report for all companies with more than 500 employees. In this respect, the non-financial report of Erste Bank Croatia was issued as part of the Annual Report.
ECB's non-financial report has been prepared in accordance with the Global Reporting Initiative 2016 (GRI standard: core option) Guidelines. As a minimum, the report covers the business, social and environmental responsibility of EBC, without consolidated companies.

Sustainable development goals

The Sustainable Development Goals are also known as the Global Goals and were adopted by the United Nations in 2015. There are 17 in total, and by fulfilling these goals, the society is expected to achieve a more sustainable living and a better life for every individual, as well as peace and prosperity for all. Prosperity for the society and every individual is one of EBC's goals, which it is trying to achieve through its business operations.

In general, Erste Bank Croatia, as well as Erste Group, supports all 17 Sustainable Development Goals. But taking into account its type of business and its impact on society, EBC can significantly contribute by working on and achieving 9 goals through strategic initiatives, by redirecting financial flows and adjusting its operating model:

1. No poverty (SDG 1)
2. Good health and well-being (SDG 3)
3. Quality education (SDG 4)
4. Gender equality (SDG 5)
5. Clean water and sanitation (SDG 6)
6. Affordable and clean energy (SDG 7)
7. Sustainable cities and communities (SDG 11)
8. Responsible consumption and production (SDG 12)
9. Climate action (SDG 13)

Analysis of material topics

The analysis of material topics is the first step to drafting a non-financial report. It provides the organisation with a better insight into the topics that its stakeholders consider relevant and influential. Through talks with some of Erste's stakeholders, the Bank identified several important topics that will be addressed in this non-financial report. In order to make the information as clear as possible, the report is structured in such a way that each of the topics is classified under a specific segment of the interested public, i.e. stakeholders. The following groups have been identified as EBC's stakeholders: clients, employees, investors, society, environment, and suppliers.

Some of the topics, such as Anti-Corruption and Financial Literacy, are relevant to more than one interested group of the public, but for better organisation of the report, they were included in one section.

In Table 1, Erste Bank Croatia has divided the topics it considers materially relevant to its stakeholders, that is, to the interested public.

Clients

Responsibility in business (SDG 1, 12)

Responsibility in conducting business, especially in relations with clients, represents a fundamental tenet of EBC's business operations which is reflected in offering special products and services aimed at different groups of clients in response to their current and future needs and life situations. Additionally, incentives for small entrepreneurs and incentives for innovation are necessary, and with its socially responsible banking programme, Erste banka strives to enable as many people as possible to access the Bank's financial resources and services. Similarly, EBC has established and applies the fundamental principles, policies and guidelines related to preventing corruption, managing conflicts of interest and resolving reported irregularities and protecting whistleblowers (whistleblowing programme).

Client satisfaction (SDG 4, 6, 7, 11)

EBC is strongly focused on customer experience and strives to be a leading bank in terms of consumer protection and outstanding customer experience. Its strategic goal is to provide excellent, simple, accurate, transparent and timely service. In order to achieve this, in doing business with clients the Bank applies the highest standards, and great attention is paid to the greatest possible transparency. A wide range of products and services adapted to the different life situations of individual clients also serves the purpose of achieving the greatest possible client satisfaction.

Right to personal data protection

The protection of personal data is a fundamental right of every citizen, and in the banking sector it is of extreme importance. Erste Bank Croatia is continuously working to improve its IT systems and educate its employees to ensure the highest standards of personal data protection. In order to protect the IT system from security threats, the Bank continuously works on upholding and improving compliance with the PCI/DSS standard and compliance with the requirements of the Erste Group as well as guidelines for managing IT systems issued by the national regulatory body.

Employees

Diversity and equality (SDG 4, 5)

Gender equality is a global issue that prevents peaceful and stable development and progress of humanity. EBC is investing extensive and systematic efforts to combat gender or any other inequality in the workplace, and for this reason it adopted the Diversity Charter, in which it undertook to implement the diversity and non-discrimination policy in the workplace and business environment. Apart from that, other regulations have been adopted with the aim of combatting inequality.

Training and skill development (SDG 4)

Continuous development of employees is one of EBC's key principles. Upgrading professional knowledge, acquiring new competencies in line with the trends and the market, and continuous personal development are the basic assumptions for the career path of all employees.

Employee work-life balance and health (SDG 3, 5)

The health and well-being of everyone, but primarily its employees, is one of the sustainable development goals identified by EBC as extremely important, especially considering the current circumstances. This sustainable development goal is the cornerstone for meeting all other goals. In this respect, EBC provides numerous benefits for its employees, from free annual physical examinations to organised sports activities. EBC systematically monitors market trends and developments and works to improve its business practices.

Society

Social banking (SDG 1, 11)

Income inequality, geographical inequality, gender inequality, unfair distribution of resources by age – the subject of inequality is reflected in all aspects of life. For EBC, this sustainable development goal can be achieved through social banking, which provides equal opportunities and accessibility of funding through inclusion and offering business opportunities to different social groups. Additionally, increasing financial literacy, which allows everyone to have the same starting point in the knowledge of finance, is one way for laying good foundations for achieving progress towards this goal.

Financial literacy (SDG 4, 11)

Acquiring good education is one of the fundamental rights of every individual, and knowledge is one of the main drivers that pushes society forward. In 2018, the Bank saw a need for increasing financial literacy in the society and launched the programme of free workshops and video training sessions called the School of Smart Finance. By the end of 2022, more than 11,000 participants attended the workshops online and in person.

Social responsibility (SDG 11)

Through its sponsorship and donation activities, EBC is involved and actively supports various initiatives and projects that contribute to the development and improvement of the society as a whole, both locally and throughout the Republic of Croatia. In addtion, Erste Bank Croatia endeavours to nurture a two-way communication with the local community and achieve as much transparency as possible.

Environment

Efficient managing of environmental impacts (SDG 6, 7, 12, 13)

Climate change is no longer a projection set in the future but has become a reality in which humanity lives and the consequences of which it has to deal with. More and more companies are realizing their capabilities in managing climate change and responding to the climate crisis, which is why an increasing number of them are introducing more sustainable and environmentally friendly business practices. In the field of ecology and environment, Erste Bank Croatia strives towards highest quality business processes that reduce environmental impact, which is achieved through strategic planning by establishing policies that prescribe relevant standards, but also through day-to-day operations, such as the furbishing of branch offices.
The bank is also trying to encourage its customers to adhere to high environmental standards, and it also expects its suppliers to implement best quality business processes that reduce impact on the environment.

Suppliers

Responsibility in selecting suppliers (SDG 6, 7, 12, 13)

Erste Group, including Erste Bank Croatia, sees its suppliers as partners in developing the sustainability of its operations. When selecting suppliers, the Bank takes into account sustainability and corporate social responsibility, and chooses companies that do business in line with international standards that include social and environmental impacts.

Table 1: Analysis of material topics

STAKEHOLDERS	TOPICS OF MATERIAL ANALYSIS	TOPICS OF MATERIAL ANALYSIS ACCORDING TO GRI STANDARDS	CHAPTER IN NON-FINANCIAL REPORT
Clients	Responsibility in operations Client satisfaction Right to personal data protection	Anti-corruption (GRI 205-3) Client satisfaction (additional material topic)	Anti-corruption and tax transparency Products and services Client experience and contact centre, Right to personal data protection
Employees	Diversity and equality Trainings and development of competences Employee work-life balance and health	Diversity and equality (401-3, 405-1) Trainings and education (GRI 404-1) Occupational health and safety (GRI 403-1, 403-3, 403-5), Flexibility in workplace	Diversity and equality and prevention of discrimination Trainings and education Safety, Employee work-life balance and health
Society	Social banking Financial literacy Social responsibility	Anti-corruption (GRI 205-3) Financial literacy programme (additional material topic)	Dialogue with the local community School of Smart Finance Sponsorships and donations, humanitarian campaigns
Investors		Economic results	
Environment	Effective management of environmental impacts	Emissions (GRI 305-5)	Emissions Waste management
Suppliers	Responsibility in selecting suppliers	Responsible selection of suppliers (GRI 308-2)	Suppliers' responsibility

Clients

Anti-corruption

In order to achieve its vision and mission as well as business goals, Erste Bank Croatia strives towards a high-quality and continuous implementation of the highest ethical standards in corporate management and individual employee behaviour.

Within this framework, EBC has established and implements the fundamental principles of socially responsible business as well as policies and guidelines regulating the prevention of corruption, the management of the conflict of interest and the system for handling reported irregularities and whistleblower protection (whistleblowing programme). The **Bank's Code of Conduct** regulates the basic rules of corporate behaviour of the Bank's employees with the aim of preserving and further developing the reputation of the banking business and the Bank in the society, promoting the idea of professionalism, responsibility and transparency of operations.

The Conflict of Interest and Anti-corruption Policy set out the minimum standards for combating corruption and bribery and standards for managing general types of conflicts of interest. In its operations, Erste Bank Croatia applies the highest ethical standards of corporate governance and individual behaviour. The Bank enters new business areas only if the business is fully in compliance with the positive regulations and is based on integrity and highest ethical standards. The Policy covers principles for managing general and specific conflicts of interest, types of conflicts of interest, general and specific principles for combating corruption and bribery and rules for managing conflict of interest. The Bank works on raising awareness and educating its employees on recognising situations in which a conflict of interest might arise, and on the measures, principles and actions that need to be implemented in everyday business with the aim of preventing and managing conflict of interest. The working environment must be free from any inappropriate influence or behaviour.

Erste Bank Croatia has zero tolerance for any form of corruption and bribery in relation to its employees, Management Board, clients and business partners. Corruption and bribery should also be considered a particular type of conflict of interest in the operations of Erste Bank Croatia and an inappropriate behaviour that leads to violation of law. Based on the Code of Conduct and the Statement of Purpose, EBC has committed to applying strict and binding rules to combat corruption and bribery and to manage conflicts of interest, which it is aiming to achieve through the principles and rules of the Conflict of Interest and Anti-corruption Policy.

The bank does not tolerate behaviours that go against the current rules and regulations, bank's legal acts and ethical principles. Based on the whistleblowing programme as a part of the **Whistleblowing Policy**, all persons employed in the bank, regardless of the legal basis of their work for the bank, are urged to promptly provide information about any behaviour of other employees, clients or third parties that is not in compliance with the valid rules, regulations, bank's legal acts or ethical principles. The Policy sets out the basic principles, the internal procedure for reporting irregularities, and provides for an efficient protection of people who report irregularities, that is, whistleblowers. The Policy is obligatory for all persons employed at Erste Bank Croatia, regardless of the legal basis of their work for the Bank, and applies to everyone in the working environment.

EBC continuously educates its employees with the aim of raising awareness of the importance of managing conflict of interest and preventing corruption, as well as acting in accordance with ethical standards. Furthermore, through training, the bank tries to encourage employees to report irregularities such as fraudulent actions, violations of procedures and the bank's legal acts.

In 2023 bank employees were receiving regular training on topics related to conflict of interest, combating corruption and the principles of the Bank's Code of Conduct and whistleblowing programme/reporting irregularity. A total of 2,320 employees were trained on combating corruption and conflict of interest, while 2,429 employees were trained on the topic whistleblowing programme/reporting irregularity.

Tax transparency

Erste Bank Croatia has always been dedicated to tax compliance as well as the observance and consistent implementation of tax regulations. Since it is dedicated to corporate social responsibility, the Bank takes great care to pay all its dues for the public needs of the country it operates in and to pay a fair tax amount, i.e. the amount the Bank is obligated to pay under tax regulations. The EBC Group Tax Office for Croatia was established in March 2017 in order to ensure this.

The activities of the Office include ensuring tax compliance of Erste Bank Croatia and its subsidiaries in Croatia as a whole, coordination of tax policies of affiliate companies and cooperation with tax authorities. The aim of the Office is to provide good and efficient tax risk management for EBC Group, in response to new tax regulations, which include EU directives and local regulations.

In addition to tax compliance, another important task of the Group Tax Office is to support its colleagues in the Bank and subsidiaries to optimise tax requirements related to their everyday operations. The purpose of the Group Tax Office is to support business lines of the Bank and incorporate existing tax know-how and expertise into every segment of the Bank's operations. The Tax Office closely collaborates with other organisational units in the Bank.

The Tax Code of the Bank was adopted and approved by the Management Board early in 2017, regulating the position of the Bank towards tax issues and tax risks. The document is publicly available on the website of the Bank and its purpose is to establish tax principles to be followed by all employees, as well as to raise awareness on the importance of taxes in the Bank and the entire EBC Group. The Tax Office continually organises trainings and workshops for its employees for this purpose.

Sustainable financing and investments

The international Erste Group has set clear goals on the way to transformation into a more sustainable life and a better world for every individual. Financial institutions have the greatest leverage for encouraging such a transformation and supporting clients in this activity by financing that kind of business segment. In addition to being crucial for a better future for everyone, it also affects the management of the company's own climate risks and the achievement of its own net zero goals. Thus, the international Erste Group was the first group based in Austria and Central and Eastern Europe to join the initiative of the United Nations - the Net-Zero Banking Alliance, and at the same time undertook to harmonize its credit and investment portfolio with net zero emissions by 2050 at the latest. Also, the Group joined the Financial Initiative of the UN Environmental Protection Program (UNEP FI) and signed the UN Principles of Responsible Banking. The main objective of these Principles is to provide banking services in a responsible manner taking into account socially, environmentally and ethically sensitive sectors/industries, with primary application to the energy, defense/weapons industry and the gaming and gambling industries.
Aware of its responsibility in the common goal of more sustainable business operations, Erste Bank in Croatia follows and systematically implements all policies and regulations that come from the international Erste Group, which is why it has adopted and operates according to the Principles of Responsible Financing.

Impact, risks and opportunities

According to a comprehensive analysis of climate challenges, legislative and economic effects of climate change in the region, and a general analysis of the business environment conducted by Erste Group, financing or investing in companies exposed to physical and transition climate risks represents a significant risk in the medium to long term for core banking activity. Financing such activities and neglecting the fundamental principles of sustainability also represents a significant reputational risk.
The greatest opportunity lies in the establishment of sustainability criteria that ensure that companies with negative effects on sustainability are avoided and that financial resources are directed to those projects and those companies that contribute to the overall transformation. The transformation towards a sustainable economy requires enormous efforts by all participants, as well as significant investments. Therefore, under condition that it can provide the necessary knowledge, experience and tailor-made products for clients whose demand for sustainable products is increasing, Erste Group is able to secure new business opportunities while making a valuable contribution to a sustainable future.

Objectives and measures

The international Erste Group has set a goal to significantly increase the share of sustainable financing and investment in the short and medium term, so it is expected that by 2026 the share of sustainable financing in the segment of business clients will reach 25%, thus supporting the path towards net zero greenhouse gas emissions. The goal was also set in the private clients segment - by 2027, to achieve a share of 15% of housing loans that are used to finance sustainable real estate.
Similar goals for various issues, relation to clients, employees and the environment, were also set at the local level and can be found in the rest of this report.

Various measures were implemented in order to reach the set goals, both at the level of the international Erste Group and at the local level. For example, Erste Bank in Croatia ensured more sustainable lending with housing EKO loans, and a bond was agreed with the International Finance Corporation from which such loans are financed. Special emphasis is placed on achieving the goals set for the new volume of sustainable financing, which in 2023 amounts to slightly more than 17% of the total volume in the segment of private clients and 10% of the total volume in the segment of the Bank's business clients.

One of the measures supporting the green transformation is the transparency of information provided by the company, and international regulations, standards and guidelines from the European Union level play a major role in this, especially the Taxonomy Regulation and the SFRD Regulation (Sustainable Finance Disclosure Regulation). In order to comply with the requirements of the Regulation on Taxonomy, Erste Bank in Croatia has in recent years used information from the portfolio screening conducted by the international Erste Group for all members of the Group and published the GAR (green asset ratio) as an indication on a voluntary basis. Given the changes and limitations in the calculations set by this regulation and the significant challenges in ensuring the continuity of information, data from the Taxonomy Regulation for Erste Bank in Croatia for 2023 will be available within the consolidated report of the international Erste Group at the end of March 2024.

Criteria for sustainable financing

In order to ensure sufficient transparency regarding financing that supports the green transformation, Erste Group has defined criteria for its classification as sustainable financing, which is based on the criteria of the EU taxonomy. There is a fundamental difference between "sustainable financing" and "financing in line with the EU taxonomy", where the former is a subset of the latter because it meets the necessary criteria.

The reason for the conceptual distinction lies on the one hand in the complexity and on the other hand in the limitations of the EU taxonomy. In the relevant reporting period, the technical criteria for the review of only about 70 economic activities were thereby ensured. Erste Group clients face significant challenges in terms of proving compliance and data quality itself. In addition, due to the intensity of information, the EU taxonomy is currently limited by the legislator to (non)financial companies subject to NFRD reporting. The SME client portfolio, which is significant for Erste Group, is therefore largely not taken into account.

These limitations and the current focus of the EU taxonomy led Erste Group to make the term "sustainable finance" more suitable for the portfolio. The point is that financed economic activities that have not yet been proven to be compliant with the EU taxonomy can make a demonstrable, significant contribution to the green transition and are sustainable from that point of view. With a pure focus on the compliance of the regulatory taxonomy in business management and reporting, this aspect would be completely neglected, and it significantly contributes to the transition.

The criteria for classifying individual financing as sustainable are defined by the guidelines for sustainable financing within Erste Group's "Sustainable Finance Guideline - SFG" as part of a comprehensive due diligence procedure, which is based on the criteria of the EU taxonomy and aims to identify investments in the transition to climate neutrality, a climate-resistant and ecologically sustainable economy.

In this way, capital flows can be directed precisely towards green transformation and ensure a significant contribution to environmental protection. Client groups currently excluded from EU taxonomy regulations are also included, and their limited capacity to provide information is considered. It should be noted that the fundamental priority is given to the review of the complete criteria of the EU taxonomy. However, if the taxonomy criteria DNSH (do not significant harm) or MSS (minimum safeguards) cannot be sufficiently proven due to the lack of information on customers, internal verification of DNSH and MSS is carried out.

Criteria for sustainable financing (continued)

Due to the expansion of the EU taxonomy to additional companies as part of the introduction of CSRD reporting requirements and the generally improved availability of information needed for user verification, an increasing share of "EU taxonomy-compliant financing" within "sustainable financing" is expected, which is the reason why development of GAR will be key to Erste Group's business strategy.

Products and services

Responsibility in business operations, especially when it comes to how clients are treated, represents a fundamental characteristic of EBC's business operations which is reflected in offering special products and services aimed at different groups of clients in response to their current and future needs and living circumstances. Business with clients is in line with the sustainable development goals set by the Bank, and care for the environment, society and processes is part of our daily operations. In this respect, Erste Bank Croatia is looking to provide products and services that foster environmental sustainability and reduce CO2 emissions, offer financial services to vulnerable groups of clients. It is also striving to be a partner in changing the financial habits, while improving internal processes toward greater efficiency. Also, the Bank's goal is to actively support sustainable projects.

In 2023 the Bank initiated the process of establishing cooperation with businesses offering sustainable products and services, while adjusting the housing "EKO" loans available to residents, for purchasing, building or upgrading homes with the energy rating of A+, A and B. Such loans can be used to improve energy efficiency (by installing equipment for using renewable energy sources, interventions on property helping reduce energy consumption or installing thermal insulation in residential buildings). Cooperation with partners was further intensified in terms of offering more favorable credit to clients who decide to purchase products and services from our partners, and cooperation was agreed with partners who offered the bank's clients benefits for purchases.
Among the new initiatives, there were loans for eco vehicles introduced in March, which finance vehicles (cars, bicycles, scooters) with electric or plug-in hybrid drive and hydrogen drive.

In addition, during last year, active efforts were made to increase the visibility of the products of EBC and the group and to raise awareness among clients about energy efficiency issues. So, for example, open days were organized in December where clients had the opportunity to hear more about the offer of financing solar panels and comprehensive energy renovation of real estate in EBC, as well as from partners with whom the bank cooperates. Considering the excellent feedback, the plan is to expand this initiative to other parts of Croatia.

In cooperation with the Hrvoje Požar Energy Institute, a calculator was prepared for clients to calculate savings in CO2 emissions and the equivalent in the number of planted trees, as well as the investment return period. It is available on the bank's website, and four calculators are currently published: for investing in photovoltaic solar systems, solar systems for the preparation of hot water, energy-efficient vehicles and overall renovation of real estate.

Debit cards made of recycled material are still produced, aiming to replace all existing cards by the end of 2026 and that process continued through 2023.

In addition to internal processes, the Bank is also trying to reduce use of paper in business with clients, therefore, various notifications were additionally digitized, and the digital contracting of products such as accounts, loans and savings is becoming more and more intense. The digital process of product activation is also carried out in branches in such a way that bank employees together with clients go through the process digitally through George.

Through the Bank's operation it is strived to take care of vulnerable groups of clients, offering them special tailored products, such as loans with specific terms and lower banking fees for pensioners. The Bank offers a special savings product for children called *Medo Štedo*, which aims to facilitate the first contact between children and the Bank and promote the habit of saving money by offering favourable interest rates and a customised rewards programme. There is also a special programme for young clients - a special current account intended for children and teenagers, including a debit card, which makes it easier for parents to teach them about financial responsibility without having to pay an additional account administration fee.

Products and services (continued)

In 2023, the Bank continued to actively participate in subsidised residential construction programmes (POS) and subsidized housing loans programmes for the purchase or construction of real estate in cooperation with the Croatian Real Estate Agency (APN).

Changes in client behaviour and habits, technology and the regulatory framework continuously require adjustment of the existing business model and the role of individual distribution and communication channels. Branch offices are increasingly becoming centres for consulting and resolving more complex client requests, while clients are increasingly using digital services and self-service devices to perform transactions and resolve simpler requests. In 2023, activities in the branch transformation project continued, which in addition to a new visual identity, is characterised by a new way of working focused on the advisory role of employees and a unique user experience for clients. In this context, it is interesting to mention the opening of the first specialized branch of Erste Bank Croatia - the Advisory Center for Housing Financing, which aims to provide clients with a quality service on the topic of housing financing in Zagreb and its surroundings through several different channels, digitally through a remote meeting service or physically.

Two key concepts that have been implemented in 2022 – Financial Health Zone and harmonisation with the ESG regulation, have continued to develop during 2023. Financial Health Zone is a concept that provides support to clients in achieving a healthier financial balance by providing them with access to transparent and understandable information about their current financial situation, while the ESG operating model focuses on business sustainability. Last year, a new version of the Financial Health Zone tool was published with improved functionalities that enable clients to gain a better insight into the indicators of the financial performance of their business, i.e. their financial health. In the part of the dialogue with clients about financial health, the new version of the tool provides the possibility of a more precise analysis of key parameters and a focus in communication on the basic assumptions of further sustainable and successful client business. The successful synergy of tools and dialogue about financial health resulted in the continuation of the trend of high positive ratings of client satisfaction.

The Bank is aware of the growing importance of environmental, social and management risks as one of the key topics, and during the year in the segment of business operations with business entities, clients' awareness of ESG issues was raised through various activities. For example, at the end of 2023, a lecture and panel discussion were held for small and medium-sized business clients on general ESG topics and on the topic of the current and future impact of ESG transformation on their business, contemporary trends in this area and regulatory obligations, current and the future. Representatives of companies participated and shared their experiences within the framework of the ESG process and the overall transformation in the food and tourism industry. The tool calculator for energy efficiency was also presented, which, like for private clients, was developed in cooperation with the Hrvoje Požar Energy Institute, and which aims to provide an informative calculation of potential financial savings and environmental impact after applying energy efficiency measures (the calculator gives an informative calculation on energy savings, cost reduction, contribution to environmental protection through CO2 reduction, as well as information on when clients can expect a return on investment).

As in previous years, the Bank continued implementing existing and securing new financial instruments by signing agreements with European Investment Fund (EIF), Croatian Bank for Reconstruction and Development (HBOR) and Croatian Agency for SMEs, Innovation and Investments (HAMAG-BICRO).

At the beginning of 2023, the active use of EIF guarantee instruments began within the InvestEU program based on the contract signed by the bank with EIF as the first in Croatia and one of the first in the entire European Union with a maximum guarantee volume of 50 million euros. As part of this cooperation, five guarantee instruments are available to clients that enable them to realize green and sustainable investments, projects with innovative and digitized components, and support is provided to clients in the cultural and creative sectors. Also, through the separate guarantee instruments of the InvestEU program, special attention is paid to microfinancing and socially responsible business.

Products and services (continued)

The Bank also continued its partnership with HAMAG-BICRO and HBOR through the use of existing guarantee instruments, which were open until the end of the year. In accordance with its strategic guidelines, the Bank provided continuous support to individual business sectors with a special emphasis on those that contribute to green, innovation and digital goals. For example, through HBOR's portfolio insurance policy, significant assistance was provided to exporters affected by the crisis in Ukraine who needed liquidity for their activities, and the total contracted volume of the portfolio in the amount of EUR 90 million was almost fully utilized. Also, investment loans with low interest rates were secured through HBOR ESIF loans for growth and development, and the active use of HAMAG ESIF individual and portfolio guarantees continued. As part of the National Recovery and Resilience Plan (NPOO), interest subsidy programs have been implemented for HBOR's credit lines and for HAMAG-BICRO's ESIF individual guarantee, which significantly reduce the cost of financing for clients with sustainable projects. These subsidies are the first financial instruments defined in Croatia that are based on the principle of not causing significant damage to the environment.

Over the last couple of years, Erste Asset Management, a member of the ESB Group in Croatia, has offered several investment funds on the market based on investments related to ESG principles. It is currently the fastest growing segment of investment funds in the EU, and past experiences show great interest from clients in investing in this type of funds.

Digitalisation

The Bank is continuously working to digitise its operations and provide new and improved opportunities to clients.

The KEKS Pay app, which was offered to users by EBC at the end of 2018, registered more than 410,000 users at the end of last year. The app is intended for everyone, regardless of their bank of choice, so 71% of users are clients of other banks, while the remaining 29% have an account with Erste Bank Croatia. The KEKS Pay app initially started providing the service of sending and receiving money between friends, but it developed a number of new services since then, including the purchase of mobile phone vouchers and payment of tolls and parking, making donations, paying in web shops and stores that support KEKS Pay, among others. The latest innovation - receiving and paying digital utility bills has been used by an increasing number of users each month. Last year, intensive work was done to expand the scope of this functionality, so now it is offered by more than 85 different companies and local self-government units.

After its introduction in 2020, the pan-European digital platform George continued to develop over the years, providing new, innovative features to its clients. Apart from bringing a better mobile and online banking user experience, George also represents a platform for innovation, so new features are being added and with each new update the platform becomes smarter, more advanced and intelligent. By the end of 2023, George had almost 410,000 active users per month.

Continuous upgrading of EBC’s websites, which in 2023 also followed the needs of clients with all the necessary information should be mentioned too.

Client experience and contact centre

Erste Bank Croatia places great attention on client experience and aims to be a leading bank in terms of consumer protection and excellent customer experience. Providing excellent, simple, accurate, transparent and timely service has been set as a strategic objective.

In order to achieve this, the Bank operates beyond the framework of what is legally prescribed and, for example, EBC enables the transparent and simple submission and resolution of complaints, with more than 67% of complaints solved within three working days.

Therefore, the client experience is managed systematically and continuously, through a process defined in five steps:

_ By listening to the client’s voice
_ By implementing service quality standard
_ By educating employees
_ By measuring client’s experience, and
_ By identifying areas for improvement and defining an action plan of improvement.

Client experience and contact centre (continued)

The purpose of measuring client experience is to understand their expectations and make sure they are satisfied with the service provided. How much clients are satisfied with EBC's services, products and processes, as well as the knowledge, expertise, procedures and conduct of employees towards the clients are all measured. The measuring results provide specific feedback and the opportunity to improve a client's experience in all contact points with the bank.

The sources of clients' opinions come from several sides and from several perspectives. There is: *mystery shopping*, which determines whether employees behave and act in accordance with the pre-defined standards and procedures; client satisfaction surveys, which examine client's satisfaction with the provided service or contracted product (the sample is more than 40,000 respondents per year), and clients' complaints, which are collected and analysed in detail.

All these measurements are carried out continuously, the results are regularly analysed and reported to the executives, and action plans for the improvements are made. At the bank level, the Committee on Service Quality and Client Experience also operates and its permanent members are the Management Board and directors of the second line of management from those sectors that directly communicate with clients, as well as other sectors that have a significant indirect impact on clients' experience. The Committee meets four times a year and determines the objectives of client experience, monitors the level of customer experience and decides on the priorities for improvement.

There are several basic goals which relate to the client experience, and which are aimed to be secured in the coming period. Further development of services and the possibility of contracting products on digital channels, improvement of the efficiency in processes in order to provide customers with a service in the shortest possible time, and continued transformation of the network in a way that puts the client in focus are just some of them.

Changes in client expectations, behaviour and habits, the technological revolution and regulatory frameworks inevitably require a redesign of the current business model and the role of branch offices as distribution channels for products and services of the bank and its partners, which is why the network has gradually transformed. The bank network transformation project according to the service model has been ongoing since 2018, with some of the branches redesigned for the first time according to the Branch Evolution concept, which is an upgrade of the service model for branch redesign. Other business premises of Erste Bank Croatia have also been reconstructed, and the plan is to continue redesigning branch offices according to the new concept.

EBC is available to clients through multiple channels in order to facilitate access to information and provide clients with the right to issue a complaint at any given time. In addition to standard communication channels (phone, e-mail, chat, video call), the EBC Contact Centre can also be contacted via WhatsApp and Viber, while the EBC digital clients are provided with video identification services.

EBC's long-term focus on excellent client experience in all contact points with the bank has also been recognised by clients, as is shown in the CXI (Customer Experience Index) results, according to which EBC ranked first in 2023 in terms of client satisfaction in the segment of private clients and semi and small entrepreneurs. The Bank took second place in the area of satisfaction of micro-entrepreneurs. Such a result proves that Erste Bank Croatia has been communicating with its clients successfully, timely and transparently in the uncertain situations we have encountered over the past few years.

Right to personal data protection

Personal data protection is basic right of every citizen. The principles and rules regulating personal data protection ensure the protection of private lives and other human rights and fundamental freedoms when collecting, processing and using personal information. It is guaranteed to every individual regardless of nationality, residence, ethnicity, skin colour, gender, language, religion, political or other affiliation, national or social background, health, income status, birth, education, social position or other characteristics.

a) GDPR (General Data Protection Regulation)

Application of the General Data Protection Regulation has brought new definitions and clearer obligations with regard to data protection and the right of every citizen to security and privacy. Erste Bank Croatia used this regulation as an opportunity to get even closer to its clients through transparent operations and as an additional motive for raising the security level of the entire security system.

The GDPR introduced new definitions, described existing concepts in more detail, strengthened the rights of natural persons and one of the objectives was to raise information security to the highest level in the area of accessing and managing personal data. In relation to the processing of individuals' personal data, EBC is continuously working on improving relevant business processes. The Bank achieves a high level of personal data protection and ensures that clients, employees and contractors can excercise their rights in accordance with positive legal regulations by following best practices and industry standards of information and communication infrastructure management, transparent communication and other technical and organizational protection measures.

b) PCI/DSS (Payment Card Industry Data Security Standard) certificate

To protect the IT system from various security threats, the Bank continuously works on upholding and improving compliance with the PCI DSS standard and the requirements of the international Erste Group as well as guidelines for managing IT systems issued by the national regulatory body.

In 2023, EBC again successfully completed the PCI DSS re-certification, thus confirming the Bank's compliance with this complex international payment card security standard. The compliance, as well as the review of the PCI DSS scope, are extremely demanding and involve continuous collaboration between technical, business and security teams on compliance with the standard's requirements.

Employees

EBC's goal is to be the best bank in Croatia that safeguards the security of its clients and provides highest quality products and services, while at the same time taking care of the well-being of its employees, shareholders and the community. Caring for employees is one of the cornerstones of EBC's culture, and is demonstrated through various activities that the Bank undertakes to ensure that all employees are in a comfortable and high-quality working environment, characterised by mutual respect and consideration.

At EBC, we appreciate the individual. This applies to the Bank's thousands of clients as well as its employees. Excellence is possible only when we are surrounded by employees with personality, talent and experience. For that reason, EBC strives to ensure that its employees work in a motivating working environment by providing career-related benefits, with emphasis on meaningful and purposeful work, intellectual betterment and opportunities for acquiring new knowledge and skills, good and healthy interpersonal relationships, economic security and stability, and ultimately better care for one's own health. Additionally, special attention is given to gender equality and reduction of inequality, ensuring quality working conditions and social dialogue, preventing human rights violations and discrimination, and striving for maximum transparency and dialogue with the local community.

Diversity and gender equality and prevention of discrimination

Erste Bank Croatia has a total of 2611 employees[1], of whom 1913 are women, while 698 are men. Among the Bank's workforce, employees aged 30 to 50 predominate.

Table 2: Employee structure

TOTAL		< 30 YEARS OF AGE		30-50 YEARS OF AGE		>50 YEARS OF AGE	
women	men	number	%	number	%	number	%
1,913	698	315	12%	1,835	70%	461	18%

Women account for 73% of employees while the remaining 27% are men. The percentage of women in managerial positions has been slowly but steadily increasing over the years. In 2023, a new female member of the Supervisory Board was appointed and now women hold 25% of positions at top management levels, which includes the Supervisory Board and Management Board. At other high management levels, the Management Board and B-1, the percentage of women managers is the same as in the previous year, while in middle and lower management the percentage has increased slightly, to 67%. The goal is to maintain these positive trends going forward, and continue promoting women leaders so that the percentage of women leaders is stable and growing over time.

The average age of the Bank's employees is 40.9 years, while the average age of employees in management positions is slightly higher at 46 years.

[1] *This number represents the total number of active employees, whether they work full time or part time.*

Diversity and gender equality and prevention of discrimination (continued)

Table 3: Structure of managing bodies

SUPERVISORY BOARD	women	men			
	43%	57%			
MANAGEMENT BOARD	women	men	<30	30-50	50>
	0%	100%	0%	20%	80%
B-1	women	men			
	43%	57%			
B-2, B-3, B-4	67%	33%			
Total Top mgmt, Supervisory board, Mgmt. board	25%	75%			
Total Top mgmt	36%	64%			

The Code of Ethics regulates the prevention of discrimination, while the Rules of Procedure and the Collective Employment Agreement describe the reporting procedure and the steps that must be undertaken by persons authorised to resolve complaints. Through a special decision, the Management Board appointed members from the Legal Affairs and Human Resources teams as persons responsible for resolving complaints related to the protection of dignity and protection against discrimination within EBC.

Special attention is paid to preventing discrimination in the recruitment and selection process – EBC's job postings are open to all interested candidates whose competencies and experience meet the requirements of the workplace, regardless of gender, age, nationality and similar. Managers participate in individual or group counselling to raise awareness about unconscious bias so they could make quality and impartial decisions regarding the selection of candidates, and the prohibition of discrimination is also integrated as a key element into the Employment Policy.

EBC strives to create an environment that supports diversity, respect and appreciation of others, whether they are employees, contractors or clients of the Bank. The principles of diversity and inclusion that the Bank is committed to are defined in the Diversity and Inclusion Policy, available in Croatian and English. This document is regularly updated, and it describes the principles of a culture of inclusion towards both clients and employees. In 2021, the Policy was significantly revised in cooperation with Diversity Management at the level of Erste Group, and the Erste Group Statement on Diversity was added, which applies to the entire international group. At the level of the Erste Group, Diversity Management is organized as a 'Group Function' and is a part of Erste Holding, as a function within the Group People & Culture sector.

Long-term goals related to the demographic profile of top managers were revised and modified at the end of 2023 at the level of the entire Erste Group, and defined for a period of five years. By 2028, all daughter companies of Erste Group are expected to have a minimum of 30% of women on the supervisory and management boards, as well as 33% of women at the B-1 management level. To support the realisation of these long-term goals, plans have been made to implement measures in 2024 to promote women managers at the B-1 level which represents the pool of successors to top management positions. In 2024, women must account for a third of all newly appointed B-1 managers and there needs to be one woman on the list of successors for every B-1 position. In 2022, EBC adopted a new process for developing successors for B-1 positions in which diversity, especially in relation to gender, was one of the key criteria when nominating and selecting successors. A pool of potential leaders, which consists of just over 60% of women, was defined through this process. In this way, EBC is already in compliance with Erste Group's measures and strives to provide maximum support to the inclusion of women in top management positions and to breaking the 'glass ceiling'.

In addition to the goals defined by Erste Group, the Bank also monitors locally defined goals related to the demographic profile of senior management at the level of the Supervisory Board and the Management Board. In 2023, the goal was to have women account for 23% of positions at this level, which was achieved (women now account for 25% of positions) by appointing a new female member of the Supervisory Board.

Diversity and gender equality and prevention of discrimination (continued)

In addition to supporting women managers, the focus is also on ensuring equal opportunities for advancement and development of employees from different age groups, especially those at either end of the curve (under 30 or over 50 years old), and encouraging successful cooperation in multi-generational teams. Thus, special attention is given to ensuring that lifelong learning is always part of development initiatives and that employees aged 50+ are equally involved in all training activities. In order to facilitate functioning in multigenerational teams, workshops for managers and webinars for employees are organized on this topic.

In mid-2020, management began regular reporting on the basic parameters of diversity within EBC. Data on gender and age distribution among different groups of employees are now part of the monthly employee report compiled for directors. In this way, diversity is monitored through numbers, while at the same time management's awareness of the importance of diversity management is strengthened. In 2021, the report was redesigned and is now easily accessible to the management through the internal intranet platform.

EBC responds to a variety of initiatives, panels and lectures on diversity and actively promotes it at all professional conventions outside the bank.

In the past few years, EBC has launched and implemented a number of initiatives and activities under the slogan #različitoplavi which aim to support diversity within the bank. The main sponsor of these initiatives is the President of the Bank's Management Board, Christoph Shoefboeck, who is sometimes actively involved in some of the activities himself.

Throughout the year, educational workshops on the topic of stereotypes, prejudices and unconscious bias are regularly held, adapted to different groups of employees and delivered in different formats (online, in person, through webinars...).

In 2023, a new format for promoting diversity and equality was launched – a blog published on the e-learning platform which features texts, videos, interviews and articles on topics such as people with disability, gender stereotypes, LGBTIQ+ people and similar. This content is available to all employees and, in a less formal format, encourages them to consider these topics.

The bank is also continuously raising awareness about the importance of respecting diversity by using internal communication channels, primarily the intranet. Special attention is paid to including diversity as an important topic in the onboarding process. In order to raise awareness of the importance of gender equality, all materials, instructions, and guidelines for new employees are written in the feminine gender, and an explanation is provided as to why this is the case and why diversity is important in EBC. Additionally, the Bank is continuously working on providing benefits that support diverse groups of employees and contribute to work-life balance.

When advertising available job positions, in addition to the usuall "ž" and "m" denoting female and male gender respectively, in late 2021 the Bank also introduced the gender-neutral designation "d" for other. In that way, the Bank wanted to send a message about the importance of respecting diversity not just internally within the Bank but also externally to the public, thus contributing to breaking stereotypes in our social environment.

During 2022, the Bank redesigned the way it communicates with potential employees, through all contact channels: including the career section of the Bank's website, content on various job websites and listings for open positions. Messages related to appreciating diversity are an important part of the new communication content. Thus, the Bank now uses photos which show people of different genders and ages or people with disabilities, and the text of job advertisements contains a note about diversity as an integral element of the Erste culture.

In 2023, diversity as a characteristic of company culture also became part of presentation materials used at various events aimed at future employees – job fairs, student fairs and similar. Additionally, training on the topic of diversity within Erste is part of the student paid work placement programme. In this way, the Bank wants to present itself as a work environment that respects and appreciates diversity.

Diversity and gender equality and prevention of discrimination (continued)

With the aim of breaking stereotypes, for the past several years EBC has been encouraging the fathers among its employees to use parental leave by sending a motivational e-mail describing the benefits of participating in taking care of a child and instructions on how to exercise this right. The initiative has had visible positive effects since it was launched, and around 50% of fathers employed by EBC opted to go on parental leave in 2023, while some data indicates that this number is just 7% in Croatia as a whole. Furthermore, since the autumn of 2022, legislation regulating the so-called father's leave is in force, making it mandatory for employers to allow every father to take 10 to 15 days leave. For EBC, implementing this initiative is not a challenge, as the Bank already encourages male employees to actively take on the parental role.

In order to make it even easier for employees to balance their parental role and private life with work obligations, the bank supports flexible work models and working from home whenever the work organization allows it. These options, although they are also used by men, primarily provide support to women employees due to the still traditional role of women in society, which makes them more involved in taking care of children, family, housework, etc.

In 2023, EBC participated in the LEARN2BE project run by the web portal Zaposlena.hr, which aims to empower women on the labour market. The Diversity Coordinator moderated two workshops on the topics of diversity and gender stereotypes in the business environment. The Bank also sponsored a project focused on empowering women in the banking and financial services sector, organized by the Women in Adria organisation.

To promote the equality of women in the IT sector, the bank encouraged internal IT experts to apply to be part of the collective of female experts/speakers at conferences, launched by the web portal Netokracija. This facilitates the promotion and greater visibility of women in the predominantly male-dominated IT sector.

Similar to the previous year, in May 2023 the Bank marked the European Diversity Month with various activities related to the theme. In cooperation with Erste Group, an interesting webinar was organized on the topic of different generations in the same team and through internal and external communication channels, content was published on topics related to diversity, such as, for example, the marking of the International Day Against Homophobia. The #različitoplavi blog was launched on the e-learning platform, a new format for presenting and popularizing the acceptance of diversity.

Mid-May, Human Resources Director and Erste Card Club Management Board member participated in the Eurochambers Women Network (EWN) Round Table on the topic of gender equality and ESG in corporate governance and decision making. The round table was organized by EWN, with the support of the Croatian Chamber of Commerce and the Italian Union of Chambers of Commerce (Unioncamere).

In May, EBC managers had the opportunity to participate in a webinar entitled Persons with Disability as Part of Human Resources which was organized in cooperation with the Zagreb Centre for Professional Rehabilitation. The Centre provides support and training to persons with disabilities, preparing them for active involvement in the labour market and helping them find a work environment where they will have the opportunity to show what they know and can do. At the webinar, the Centre's experts presented persons with disability from a somewhat different perspective and, by sharing real-life examples and interesting information, they provided advice on how to approach persons with certain disabilities and communicate better with them. President of the EBC Management Board Mr. Christoph Shoefboeck gave the introductory speech and attended the whole webinar, thus showing how important topics like these are for Erste's company culture.

The Bank has been working with the Zagreb Centre for Professional Rehabilitation since 2022, when the Bank got involved in the project that provided work training for persons with disabilities. The pilot project was successfully implemented, during which a young person with cerebral palsy underwent mentoring with the aim of acquiring new work knowledge and skills, as well as learning to socialize and cope in new situations. In order to ensure that the project is successful, the entire team, which was joined by the person with the disability, first attended a workshop on accepting diversity. After the completion of the mentoring and successful integration into the team, the project ended in the best possible way – the person with the disability became an employee of the Bank.

In 2023, there were no cases of discrimination recorded in EBC.

Diversity Charter

The Diversity Charter is a document drafted individually by each country, and the text of the Charter is signed by business and other organisations, thus undertaking to implement diversity and non-discrimination policies in their workplaces and business environment. The project started in 2018, and EBC is one of the signatories of the Charter, with the aim of emphasizing diversity in creating a stimulating work environment.

The Croatian Business Council for Sustainable Development is an organisation that promotes corporate social responsibility in Croatia, and the Charter serves as a contribution to social development and the promotion of equal opportunities for all social groups. EBC is an active member of the network of experts in this field at the European Union level.

In addition to that, EBC is a member of the Alliance for Gender Equality, an initiative that brings together companies that advocate for increasing the number of women in management and other positions, equal pay for equal work and equal opportunities for advancement. Every year, women representing the Bank attend the Alliance's Forum marking the International Women's Day and participate in discussions on relevant issues related to the equality of women.

For the past few years, EBC has been participating in the European project Diversity@Work which is coordinated in Croatia by the Diversity Charter. Around 80 organisations from 10 EU countries participate in this project which aims to test tools for promoting diversity in organisations, adapt them to practice and ultimately enable organisations to utilize the tools for their needs. As in previous year, in 2023 the Charter organized an online training course in which several EBC employees took part, this time on the topic of Workplace Inclusivity Leaders.

Code of Ethics

The Code of Conduct defines the fundamental rules of business behaviour of the Bank's employees for the purpose of preserving and further developing the reputation of banking in society, promoting the idea of professionalism, responsibility and transparency of business. The Code of Conduct is a reference point for all procedures and behaviours and serves as a link in policy documents that regulate the behaviour of employees when performing activities. Similarly, the Code imposes the need for responsible behaviour, with respect for others as well as sustainability in all aspects of business, which protects the Bank's good reputation and fosters trust in the institution.

By adopting the Code of Conduct, the Bank wishes to ensure a certain standard of quality and business sustainability through the prism of its employees and corporate culture. Similarly, abiding by the Code is a continuous process of development which does not have an expiration date and is mandatory for all employees. It is available in Croatian and English.

New employees learn about the guidelines from the Code of Conduct through workshops via MS Teams (sales network) and an e-learning training course. Since the Bank introduced a new LMS system at the end of 2021, the e-learning course has been redesigned and is now available to employees on their official mobile devices as well.

The Code of Conduct was updated in 2023, and the e-learning training course that was mandatory for all employees of the Bank was updated alongside it. By the end of the year, the course was completed, and the test was passed, by 92% of total employees for whom this was mandatory.

Internal service quality

The process of internal service quality management is one of the ways to establish cooperation between different units of EBC and EBC Group. Through this process, employees have an opportunity to provide open and constructive feedback about cooperation with various organizational units and at the same time they can request feedback on their work, based on which they can improve the ways in which they cooperate with others.
This process also establishes criteria that internal services must meet, in the form of guidelines and standards, but also in the form of key performance indicators (KPI) for the second management line, which are defined based on results of internal research. The internal quality KPIs extend also to lower hierarchy levels, as objectives describing certain activities that need to be undertaken in order to improve cooperation with others. The systematic and continuous work on internal quality is important primarily so the Bank could ensure excellent services for external clients, and also to strengthen corporate culture based on community and teamwork.

Vezica

In the past few years, the “Vezica” programme was established as an additional recruitment channel, to attract new, high-quality IT employees using the network of existing employees. Together with the IT sector and organizations, certain IT positions were singled out which the Bank has a shortage of, and existing employees are rewarded if they proactively recommend a candidate who becomes an employee at the Bank. In this way, it is ensured that existing employees become promoters of EBC, while also ensuring the selection of candidates who might not have applied through a standard job ad.

Continued and quality cooperation with employee representatives (Workers' Council and Trade Unions)

The Bank continually invests efforts in maintaining good cooperation with employee representatives so that this open communication channel could also contribute to the growth and development of corporate culture, the organisation as a whole, and all its employees. This is achieved through an open-door policy and regular monthly meetings between the employer and the representatives of employees. The Collective Employment Agreement was first concluded in 2006 and since then it is regularly renewed upon expiration successfully and in the spirit of mutual cooperation and goodwill.

In addition to this, Erste Bank Croatia also actively encourages knowledge sharing between organizational units, sectors and employees. Work-training meetings are regularly organized with all organizational units as an opportunity to share information, attend various workshops etc. Work-training meetings are organized within one organizational unit or several related units and are a part of the Bank corporate culture, with the purpose of advancing the collective knowledge and awareness of employees within different organizational units. Sharing knowledge improves and develops already established processes, but also establishes new ones, with the vision of improving the level of shared direction in operations and corporate culture. After the pandemic, in 2022 the Bank went back to organizing the work-training meetings the old way, in person, which contributed to better connections between employees and a sense of community.

Blue elephant

This is a corporate culture platform that was launched with the purpose of actively managing ECB’s corporate culture. It is a common denominator for all activities, values, and behaviours through which corporate culture is defined and supported. The name and identity of the Blue Elephant are manifested through a shared and systematic description of all activities of the Bank, the values, behaviours, and characteristics that define and support corporate culture and its development.

The concept, vision and mission of the Blue Elephant are defined through the Erste journey, that is, through the following segments of corporate business and employee involvement: recruitment, collaboration, impact and development management, consequence management and innovation.

Blue Elephant activities and all related communication are based on the principles established by the Statement of Purpose, Erste Group's strategic document which gives priority to promoting and ensuring prosperity, serving the civil society and people, as well as prioritizing correct procedures over profitability.

#radimpametno

Prompted by the changes in the way of working, communication and cooperation caused by the pandemic, in mid-2020 the Bank launched the initiative #radimpametno (#worksmart) – a platform aimed at enabling smarter and better work and focusing on the real values that are important to both employees and clients of EBC. The idea behind the name of the initiative was to encourage reviewing, adapting and changing everything that is not in accordance with common sense, and which relates to the future of work.

The initiative is conceived as a platform through which a future organisation of work is created, with a focus on adapting the culture, processes and infrastructure used in work in EBC. During 2021, a series of activities were carried out focused on these aspects, and the first phase of the project was completed at the end of the year.

#radimpametno (continued)

#radimpametno activities are divided into three areas and significant achievements have been achieved in each of them:

- Infrastructure
  - complete technical requirements for #radimpametno mode have been ensured for all bank employees: 1,200 mobile devices and 700 laptops distributed, mobile data plans improved, headphones distributed to everyone, network and Wi-Fi infrastructure improved
  - tools have been created so employees could successfully use the technical equipment
  - MS Teams has been implemented as a collaborative tool with instructions and training provided to all employees
  - adaptation and renovation of business premises has been completed in Bjelovar and initiated in Zagreb
  - rental of additional business premises has been abolished and significant savings were achieved

- Culture
  - flexible work models have been introduced where possible, primarily the model of working from home according to the “3:2 or 2:3” system
  - guidelines for “smart” meetings and communication via e-mail have been defined and put into practice
  - “Development Friday” is promoted – Friday as a day without meetings, dedicated to personal and team development
  - Erste Flexi Leader and Erste Flexi Employee model has been defined and promoted and development activities are organised in support of these models
  - new LMS system has been implemented supporting #radimpametno values – modern, easy to navigate, accessible via mobile devices

- Processes
  - key company processes, recruitment and onboarding, have been redesigned in accordance with #radimpametno principles
  - #radimpametno principles were defined as development goal for all employees in 2021
  - entire organisation has been encouraged to reflect and redefine critical processes in the context of #radimpametno principles

In 2022 the project continued, and it included several important activities:

- Infrastructure
  - after mobile devices and laptops were provided to employees, all unnecessary landlines were cancelled
  - through further refurbishment of office space, desk-sharing was introduced in a part of the organization

- Culture
  - flexible work models continue to be supported where possible, and a new work-from-home work model, involving monthly scheduling of work-from-home days, was introduced for IT and Digital part of the organisation
  - based on the Erste Flexi Leader model, the Bank launched the process of planning successors for top management positions, future leaders were identified, and a development programme for them started at the end of the year

- Processes
  - the so-called Erste PUNKT, a central point for internal services related to office work, was introduced with the aim of increasing efficiency

#radimpametno continued in 2023 as well. Office space continued to be refurbished to facilitate desk sharing, and the flexible work models have become standard that is implemented whenever work organisation allows it.

The ROAD program of development activities intended for successors to top management positions was implemented fully in the first half of 2023. The program was attended by 52 colleagues from Erste Group who completed 13 modules focused on different aspects of leadership. They considered and discussed various topics related to modern business - including digitization, data science, changes in business models, positive intelligence, psychology and modern concepts of team management. The program included various self-assessment tools, individual consultations and online and "live" workshops.

Trainings and education

Continuous employee development is one of EBC's key principles. Upgrading professional knowledge, acquiring new competencies in line with the trends and the market, and constant personal development are the basic assumptions for the career path of all employees.

As in the previous year, online activities (webinars, online workshops, e-learning materials) accounted for a significant part of training activities due to their practicality and efficieny, but a large number of "live" training sessions and workshops was also held. In 2023, a total of 786 trainings were organized, of which 334 were internal and 452 were external. The topics and content of the trainings were truly diverse: including expert and regulatory trainings, trainings aimed at strengthening professional and leadership skills, as well as trainings focused on personal development, diversity and well-being.

Table 4: Number of hours and average number of hours of training at EBC

	WOMEN	MEN	MANAGERS	EMPLOYEES
Number of hours	71,295	25,186	19,856	76,625
Average number of hours	37	36	67	33

Development needs are determined using the Training Needs Analysis (TNA) which analyses strategic competence needs, the existing level of knowledge in the organisation, as well as competence trends for a particular business area in the coming period.

In accordance with the TNA results, educational activities are created and organised and the optimal form of training is defined — webinar, online workshops, e-learning, coaching, mentorship, internal knowledge transfer, in-house rotations, project work, etc.

The main focus of development activities is divided into:

a) Expertise — professional training specific for individual functional areas — professional seminars and workshops, certifications, conferences and similar.

b) Personal development — training aimed at developing personal competences such as presentation and communication skills, negotiation, conflict management and others.

An important part of development activities relates to leadership skills for managers — including motivation and team management, situational leadership, empathetic leadership, using leadership models and tools, and instructions for managing hybrid and multigenerational teams. In 2023, several development programs for managers were implemented that were adapted to the specific challenges of individual business areas (credit risk management, non-financial risk management, contact centre, IT). Activities related to the successor development program for top management positions were also completed. The program included 13 modules dedicated to different aspects of leadership.

Another category of personal development that culminated during the pandemic is the protection of employees' mental health and coping with uncertainty. Employees were offered content related to the challenges of working from home, work-life balance during isolation caused by the pandemic, coping with stressful events and psychological empowerment. Topics concerning both mental and physical health continue to be very important. For this reason, the emphasis on wellbeing-related training continued in 2023 – including how to manage expectations, how to recognize and treat stress, how to balance family and professional obligations, and how to take care of your psycho-physical health as a whole. Among webinars that were held were: "Connection between mind and body," "What children need from us" and "Power of persuasion (placebo/nocebo)." Video recordings of these lectures are available to employees on the e-learning platform.

All employees were offered the opportunity to sign up for a certain number of training courses at their own initiative, regardless of the type of work they do or their job position. They are offered a number of open training content in the form of shorter webinars or online workshops, which they can register for in accordance with their individual needs and interests.

Trainings and education (continued)

One important training channel is Erste Guru, a local online learning system that provides access to various training topics in the form of videos, presentations and similar. Erste Guru is also a place where employees receive all mandatory, regulatory training — such as training on current product offers, sales skills, GDPR, competition rules, cyber security topics, etc. In this way, the reach of development activities in the organization is greatly accelerated and expanded. In the past few years, training related to leadership skills, as well as training focused on mental and physical health, has been in particular demand.

Last year, development activities covered 95% of the training needs defined through the TNA. A significant part of these activities was organized and held by the Bank's internal trainers from business organizational units or by Human Resources employees, which shows that the internal knowledge base and the potential of internal trainers are still being used very intensively.

The average number of training days per active employee stood at 4.7 in 2023.

Table 5: Average number of training days per active employee

2020	2021	2022	2023
4.25	5.20	4.75	4.70

Employee programmes

Due to business line needs, various tailor-made programmes for specific groups of employees continued in 2023 as well:

- *Erste Start* – a modular programme for newly appointed managers aimed at developing leadership skills and soft skills
- *Erste Forward* – a modular programme for managers aimed at upgrading and refreshing leadership and soft skills
- *HR refresh* – a programme for line managers on practical examples and solutions related to operational staff management (labour-related legal issues, managing working time, performance management, etc.)
- *UP* – programme aimed at developing managerial and sales skills in the corporate banking sectors
- *Retail Leadership Academy* - programme aimed at developing managerial skills in the retail banking sectors
- *Processing Leadership Academy* – programme aimed at developing managerial skills in the Processing sector
- *Next Level IT Leadership Programme* – support programme for managers in the IT sector
- *ROAD Programme* – development activities for successors to B-1 positions
- *Data Academy* – expert programme for experts from various areas
- *Tips & Tricks* – programme for managers with tips related to most important leadership areas (feedback, stress management, taking responsibility, etc.) tailored to meet the needs of individual organisational units
- Specific targeted programmes for individual organisational segments, depending on identified development needs

Erste Bank Croatia employees also have the opportunity to attend various specialized training courses organized by the owner, Erste Holding. These training courses meet the needs for specialized training which is needed but are either not available on the market or there is not enough experts to organize an in-house program.
In 2023 the following were implemented:

1. Agile Coach Development Programme
2. Business Analysis Qualification Programme
3. Certified Scrum Master Course
4. Scrum Product Owner Certification Course
5. Transfer Pricing
6. Non-Financial Risk Manager
7. Strategic Risk Management Training Programme
8. Front Office Credit School
9. Group Operations Development Programme
10. PMI Agile Certified Practitioner Programme
11. Sales Training Programme
12. Sampling Training

Employee programmes (continued)

A special emphasis is also placed on identifying and developing talents, i.e. employees who show a lot of potential. International programmes are organised for them at the level of Erste Holding, as well as at the local level. Development programmes are organised in cooperation with local and international educational institutions and experts, but largely also via internal transfer of knowledge, through internal trainers and educators.

Employee work-life balance and health

In recent years, EBC has been putting emphasis on employee wellbeing, and all activities and initiatives are grouped under the name Well.being.

The goal of Well.being is to develop a culture in which employees take care of themselves as well as each other. It is in line with the purpose and priorities of Erste Group and forms the basis of common value – for the employer, for the employee and for the wider society.

Existing activities and initiatives are merged, structured and improved, and new ones are introduced, in line with employee interests.

The elements of well-being cover interrelated areas that impact each other. The importance of individual elements changes in different life situations, but they all need to be represented and there needs to be a balance between them. Special attention is paid to the needs of different groups of employees, and initiatives are periodically created just for them, thus integrating the caring for each other into everyday business.

Work environment culture that encourages employees to take care of their own health is nurtured, and financial benefits that provide economic security, making it easier and simpler to realize plans and fulfil wishes. The career is more than a job, and a meaningful and purposeful job is an important tool for its development. The defined development path of each employee allows them to acquire new knowledge and skills. EBC is aware that life is more than just work, which is why quality interpersonal relationships are cultivated - to create a pleasant and high-quality working environment throught respect for each other and respects for each other’s differeneces. The support in professional and private challenges is also present as is celebrating joint successes and learning from failures.

Since 2022, employees have had access to the Zdrava glava platform that arose from a need for psychosocial support, which has continuously been provided to employees since 2020. The initial idea behind the psychosocial corner in 2020 was to help employees adapt to working from home and deal with the long-term pandemic circumstances and the consequences of devastating earthquakes, by talking to the expert team and reading articles about current topics published on the intranet. In this way, employees were encouraged to be proactive in taking care of their psychological health. The Erste phone line for psychological support, supported by in-house experts, turned out to be very useful after the earthquakes that struck Zagreb area and Sisak-Moslavina County.

Today the Zdrava glava platform is a logical result of employer's concern and employees' interest in the topic of mental health. The platform's fundamental goals are: break taboos and destigmatize the topic of mental health, talk about it more clearly and loudly, foster a culture in which *it is okay to say that we are not okay*, and connect physical and mental health, which together form an inseparable whole.

The Zdrava glava platform deals with a wide range of topics and is present on several internal communication channels available to all employees. In addition to the active work of the in-house psychosocial support team, which is available to employees via e-mail, telephone and anonymous questionnaires, specially designed workshops and webinars led by top experts are also organized. Furthermore, the Erste Guru online learning platform offers educational materials in the form of videos, expert articles, quizzes and quick help tips. The topics covered are vital and of great importance for the business and private environment: stress and burnout, depression, gratitude, empathy and many others.

Content offered by Zdrava glava platform has addressed employee's needs excellently, which is reflected in the large number of employees that have participated in webinars and training sessions. On average more than 150 employees participate in webinars on mental health topics.

Employee work-life balance and health (continued)

Alongside caring about their physical and mental health, EBC also focuses on the financial health of its employees. In 2022, Erste Group launched WeShare, a program for distributing shares to employees in which all Erste Group subsidiaries could participate, including EBC and affiliated companies in Croatia. In addition to the distribution of shares, employees were also given the opportunity to further invest in Erste Group shares at their own choice and capabilities, and received additional shares as a return for the purchase. The WeShare programme continued in 2023 as well.

In order to achieve Well.being goals, EBC provides the following benefits to its employees:

- training and development programmes focused on professional growth and development, and additionally lectures and workshops that are not focused on business topics;
- internal job openings available to all;
- annual awards depending on the results achieved, bonuses (Easter, Christmas bonus, recourse, Christmas gift for a child, jubilee awards in accordance with years of work spent in the Erste Group, solidarity allowance for e.g. birth or adoption of a child, death in the family...), reimbursement for meal expenses, reimbursement for travel expenses, payments to a closed voluntary pension fund
- Erste Group stock ownership plan WeShare;
- flexible working hours when the work process allows itt (flexible working hours, shorter Fridays, different work start and end schedules, possibility of part-time work);
- private health insurance policy at a polyclinic with free annual physical examination, with a cheaper price for indicated examinations, voluntary health insurance policy at employer's expense, 24-hour accident insurance, preventive flu vaccination at employer's expense; Covid-19 vaccinations organised in the largest cities and Bank locations;
- Multisport – a co-financed membership fee for various sports facilities throughout Croatia, participation in sporting events (banking games, humanitarian races, football league, etc.);
- paid leave for physical examination, blood donation, relocation, birth of a child, the first day of school and kindergarten, wedding, for educational purposes, corporate volunteering, participation in cultural, sports and other activities organised by the employer, etc.;
- unpaid leave in other life situations which require more time devoted to private obligations and solidarity;
- cheaper products of the Bank and affiliated companies and additional benefits in terms of cheaper prices of services and products provided through a wide and stable network of external partners in several categories (e.g. culture, sport, health, beauty, entertainment, travel, education...);
- various initiatives that provide entertainment for employees and their children during their workday, such as marking the Ugly Christmas Sweater Day by wearing Christmas sweaters on a given day in December, or organising appropriate activities for children (art competitions, collecting Christmas gifts for children living in homes for children without parental care).

All health-related benefits are available equally to all employees.

Table 6: Total number and rate of new employees during the reporting period

WOMEN		MEN		< 30 YEARS OF AGE		30-50 YEARS OF AGE		>50 YEARS OF AGE	
number	%	number	%	number	%	number	%	number	%
151	74%	54	26%	95	46%	108	53%	2	1%

Table 7: Total number and rate of employee fluctuation during the reporting period

WOMEN		MEN		< 30 YEARS OF AGE		30-50 YEARS OF AGE		>50 YEARS OF AGE	
number	%	number	%	number	%	number	%	number	%
226	12%	96	14%	105	32%	175	9%	42	11%

Employee work-life balance and health (continued)

Table 8: Rates of return to work and retention for employees who have used the right to maternity leave

2022				2023			
WOMEN		MEN		WOMEN		MEN	
number	%	number	%	number	%	number	%
203	100%	19	100%	93	96%	25	100%

Safety

In order to ensure the integrity of its business processes and thus to protect the personal data of its employees, clients and associates, EBC is making continuous efforts to raise the level of security - a key area for the regular operation of the Bank. Raising awareness and educating EBC employees is one of the key foundations for successful and continuous operations. All employees are required to attend safety training on an annual basis, and special attention is also paid to new employees who are required to pass a set of initial trainings, which include the topics of security.

Safety at work is an important part of the Bank's daily operations, and over the past few years, due to various cirumstances, this segment has become extremely important.

Occupational safety as a system prescribes a range of organisation measures in work processes with the aim of protecting employees from injuries, work-related illnesses as well as securing their ability to work throughout their careers. In implementing occupational safety, EBC uses basic, special and approved rules, and the primary legal framework is set through the Occupational Health and Safety Act. Employees within the Bank are trained in different segments. They receive theoretical and practical training, depending on the type of training required. Since the employer is responsible for all persons employed, each new recruit will be assigned a mentor before safe working practice training. The purpose of the training is to inform workers of all the facts and circumstances which affect or are likely to affect their safety and health (relating to the organisation of work, risks, safe work procedures, etc.), to clarify and train workers for the practical application of the occupational safety measures they are required to apply during work, in accordance with the Risk Assessment. Safe working practice training is conducted in accordance with all applicable regulations of the Republic of Croatia. Upon completion of the training process, a document is issued as evidence of qualification, a uniform 'ZOS form' — Record of evaluation of a workers' ability to apply safe working practices.

The occupational safety system includes the development of a Risk Assessment, which includes all risks related to tasks in all job positions at the Bank. After analysing the type and level of risk intensity, the resulting plan of measures provides proposals for the application of basic and specific occupational safety rules, i.e. the application of the principles of occupational safety (elimination or risk mitigation, de-risking of workforce, ring-fencing employees from risk and vice versa, use of personal protective equipment) and implementation deadlines, persons responsible and control methods in the implementation of established occupational safety measures.

Occupational safety also covers fire protection training and insistence on evacuation in case of emergency. In addition, by maintaining facilities based on SLA (Service Level Agreement within the maintenance agreement) and the legal obligations, direct attention is paid to employees' health through regular cleaning of ventilation ducts, air conditioners, office cleaning and disinfection, DDD measures (disinfection, disinsectisation, deratisation) and other preventative space maintenance. The field of occupational safety also includes occupational medicine, which provides employees with pre-employment medical examinations and pre-employment, periodic and extraordinary medical examinations and control check-ups for jobs with special working conditions, in accordance with the applicable occupational safety regulations, at the employer's expense. After the first examination, all subsequent examination costs, if performed within the legal deadlines, are charged directly to the HZZO.

Safety (continued)

EBC has delegated three occupational safety experts whose task is to provide professional assistance to the employer and its representatives, employees and workers' representatives in charge of occupational safety for the implementation and improvement of occupational safety. In addition, the occupational safety expert participates in the risk assessment process, performs internal supervision over the application of occupational safety rules, encourages and advises the employer and his representatives to remedy occupational safety deficiencies identified by supervision, and also performs a number of other tasks related to the coordination and management of training of workers related to safe working practices.

Salaries

EBC‘s salaries and benefits policy is guided by the principles of transparency, fair approach and equality of treatment that has an internal and external perspective. Internal equality of treatment is achieved when employees feel they are fairly rewarded in relation to the relative value of their workplace within the Bank, while external equality of treatment is achieved when we reward employees competitively in relation to the market. Employees' salaries are regularly analysed in order to determine whether there are gender-based differences, and in accordance with the results, concrete steps are taken.

Salary grades for all positions are published on the intranet, as well as their values, and are available to all employees. They also have access to all the benefits they are entitled to in different situations in their lives (related to health, career, special occasions and work-life balance), which the bank is committed to provide in prosperous times as well as in difficult times. Key monetary benefits are also communicated on the Bank's website.

Society

Social banking

Erste Bank Croatia sees entrepreneurship as a positive model for solving social issues or situations. From the bank's perspective, supporting a sustainable entrepreneurial project instead of a one-time sponsorship and donation can be a long-term solution. EBC's social banking initiative promotes financial inclusion for start-up entrepreneurs, non-profit organizations and social entrepreneurs, offering them access to financial products, financial advice and ongoing mentoring tailored to their needs.

In the last eight years, since it has been implementing the social banking program, Erste Bank Croatia has financially supported more than 700 clients with EUR 17.3 million , and more than 20 thousand participants have gone through these educational programs.

In 2023, EBC provided EUR 2.6 million to support startups entrepreneurs, a special group of clients, self-employed persons, i.e., entrepreneurs who have opened their own business, trade or family farm within the last two years. This program encourages self-employment and the development of entrepreneurship, and in addition to financing, support is also provided in the design and implementation of a business idea through free online education on relevant entrepreneurial topics and consulting. Thus, in 2023, 262 business plans were made, over 8,000 users participated in the e-learning program, and a total of 1,360 hours of counselling were held.

In addition to the above, thanks to EBC's financial and non-financial support, over 90% of supported clients stated that they would not be able to start a business, that is, they would start it later or on a smaller scale. At the same time, support for start-up entrepreneurs also helped in retaining jobs, so over 90% of clients kept their jobs, and 43% of them managed to create new jobs. Over 85% of clients stated that they feel more optimistic, have more knowledge and experience, and have increased their business income.

In addition to support for start-up entrepreneurs, Erste Bank Croatia also implements a program to support and finance non-profit organizations and social entrepreneurs, which will be supported with EUR 2.7 million in 2023. Over 400 participants participated in various programs, and 2,500 hours of counselling were provided. Thanks to EBC's financial and non-financial support, over 90% of clients from this segment maintained the continuity of their existing activities, and 67% increased them even further. Over 90% stated that they can achieve their mission better or equally.

In 2023, Erste Bank Croatia, in cooperation with partners Solidarna Foundation, Social Prudence, Panda Communications and Erste Foundation, completed the first and started the second cycle of the ‘Leave a good mark’ programme. It is a programme that aims to improve financial resilience through the improvement of fundraising capacity. The idea was born from the long-term experience of inclusive banking that the bank implements with start-up entrepreneurs and non-profit organizations, support in transferring ideas ‘from theory to reality’ and understanding the administrative burden and the involvement of the non-profit sector in the race for EU funds. It consists of two parts - educational and mentoring, through which all participants are provided with individual support for the development of social business canvas, fundraising strategy, storytelling along with instructions for adapting digital channels as a prerequisite for the successful implementation of a fundraising campaign. A total of 22 associations passed the program. Through the support of fundraising campaigns, organizations have collected over EUR 50.000 for the implementation of their programs.

Financial literacy

School of Smart Finance

For more than 20 years, EBC has been working in Croatia to improve its processes, products and services, all in order to respond to the clients’ wishes and needs in the best possible way. Also, due to the fact that knowledge is a driver of the society and social changes, Erste Bank Croatia as a financial institution has a responsibility in the field of financial literacy development at every age.

School of Smart Finance (continued)

For this reason, in 2019 the Bank launched a financial literacy project called School of Smart Finance, which includes interactive financial literacy workshops, video education and online panels. The workshops are intended for all age groups, so in addition to the workshops intended for adults, the Bank holds workshops for primary and secondary school students and students. In addition to online workshops, the bank also organizes live workshops in its branches and in the premises of schools, interested companies and public institutions. So far, 780 workshops have been held, attended by over 13,700 participants. During 2023, around 120 workshops were held with 2,023 participants, with the Bank focusing on workshops intended for young people (primary and secondary schools and colleges), with 1,600 of participants in the last year.

Due to the importance of this program, especially in the segment of children and young people, the Bank plans to focus as much as possible on workshops intended for this age group in the future as well.

Other

In addition to the comprehensive project of the School of Smart Finance, it is worth mentioning some of the other initiatives of EBC and its employees in the field of increasing financial literacy.

This is especially emphasised on Savings Day, which is marked in the Bank by the arrival of kindergarten and elementary school children to the branch offices, where they have the opportunity to talk with cashiers, advisers and personal bankers and ask anything they want to know. EBC's savings mascot Medo Štedo is especially interesting to children and also plays a large role in promoting financial literacy.

Also, EBC has supported and participated in the traditional celebration of World and European Money Week for many years.

Employees of EBC are happy to respond to the invitations to participate in other workshops, lectures and events organised to increase financial literacy.

Social responsibility

Dialogue with the local community

EBC endeavours to nurture a two-way communication with the local community and be as transparent as possible.

This is also fostered through partnerships with numerous associations, faculties, exhibitions and presentations at fairs, conferences and conventions throughout Croatia.
In 2023, the following was successfully implemented:

- participation in the Career Day organized by the Faculty of Science in Zagreb (exhibition booth, presentation to students, providing information about opportunities for student placement and jobs)
- participation in EduFest, festival of studying and student life (exhibition booth, presentation to students, providing information about opportunities for student placement and jobs)
- participation in RIT's Career Days (exhibition booth, presentation to students, providing information about opportunities for student placement and jobs)
- participation in Career Days organized by the Zagreb School of Economics and Management (exhibition booth, presentation to students, providing information about opportunities for student placement and jobs)
- cooperation with the Croatian Student Association – sponsoring the DriveIN Cinema project
- cooperation with the Faculty of Science in Zagreb – donation for the Maths Day and Night event
- cooperation with the Faculty of Science in Zagreb – sponsoring students at the STEM Games event

During 2023, 28 students completed their unpaid work placements at Erste Bank Croatia, which the students carry out to fulfil their university course requirements or gain basic knowledge of the business area that interests them.

In 2023, EBC relaunched the 6-week paid work placements "Work placement during university" that take place in the summer, which included three categories: BIZLab for students of economics, MATHLab for students of science and maths, and DIGILab for students of technical and computer sciences, in Zagreb, Rijeka and Bjelovar.

Dialogue with the local community (continued)

Students have the opportunity to learn about the bank's business and work on current projects, work with a mentor and share knowledge, attend workshops aimed at developing personal skills and financial literacy, and participate in group projects with other students competing for rewards. Students are financial compensated for the entire duration of their work placement.

In 2023, 5 students completed the BIZLab, 7 students completed the MATHLab, and 4 students completed the DIGILab.

With its student programmes, EBC joined the Youth Initiative back in 2018. The Youth Initiative was launched by the Croatian Employers' Association and the European Bank for Reconstruction and Development with the aim of helping young people enter the labour market, and EBC wants to contribute to increasing young people's opportunities for acquiring good first work experiences and for potential further employment.

Employee initiatives

At the end of 2023, an internal second-hand flea market was organized. It is an event where employees can, with a donation to the bidder or mutual barter, choose selected and worn clothes that are sold (and bought) by bank employees. The goal is to promote the reuse of well-preserved used clothing, encourage the circular economy and reduce the carbon footprint. It is planned to continue with this practice during the next year.

Scholarships

As in previous years, in 2023 students were able to apply for the "Best of South East" scholarship programme, launched by Steiermärkische Bank and Sparkassen AG (Sparkasse Bank) in cooperation with the University of Graz. It is aimed at graduates and students with very good grades and pronounced characteristics like dedication, developed communication skills as well as analytical and practical economic thinking. Students must speak the German language to be eligible for the scholarship. Due to the demanding requirements, the number of applications to the programme is not high – in 2023, three applications were received, and one candidate successfully met the criteria and won the scholarship. The programme comprises of a one-year internship at Sparkasse Bank or another Styria-based company for graduates and one year of studying at the University of Graz for students.

In the fall of 2019, the ECB introduced the practice of providing scholarships for high school and university students with disabilities within the framework of hiring persons with disabilities within the quota. This practice was continued in the last, fourth consecutive school year (2022/2023) when 20 high school and university students received regular monthly scholarship. In addition to this, a cooperation agreement on the purchase of marketing materials has been concluded with a protective workshop which mostly hires persons with disabilities. In autumn 2023, contracts on scholarships for pupils and students with disabilities were signed with a total of 15 students for the school year 2023/2024.

Sponsorships and donations

Through its sponsorship and donation activities, EBC is involved and actively supports various initiatives and projects that contribute to the development and improvement of the society as a whole, both locally and throughout the Republic of Croatia. Aware of the needs of the community, as a socially responsible enterprise, EBC continued to support numerous cultural, scientific, health, educational, sports and humanitarian projects during 2023.
Nearly EUR 2.4 million was allocated through the sponsorship and donation programme in 2023, as the Bank supported more than 600 humanitarian, educational, sport and culture projects, institutions and clubs.
Through its sponsorships in 2023, the Bank supported the DA2 documentary film festival, Ulysses Theatre, Austrian Cultural Forum – the Music Biennale Zagreb Festival, the Youth Salon at the Croatian Association of Artists (HDLU), the Sanja Iveković exhibition and the Tom Gotovac exhibition at the Museum of Contemporary Art in Zagreb. The Bank also supported the International Small Stages Theatre Festival, the Ballet Ensemble of the Ivan pl. Zajc National Theatre in Rijeka, as well as the Rijeka Carnival, Špancirfest street festival, Croatian National Theatre Varaždin, Varaždin Baroque Evenings, BOK festival in Bjelovar, DOKUart documentary film festival, which, in addition to its regular programme, encourages children and young people from all over Croatia to create their own documentaries, and the Christmas Gala Musical in Bjelovar. The Samobor Carnival, Samobor Festival, International Children's Festival in Šibenik, and Hook & Cook food festival in Rovinj were also supported.

Sponsorships and donations (continued)

Erste Bank Croatia also supports numerous conferences held across Croatia; in 2023, these included: Future Green Business, Entrepreneur of the Year, Voice of Entrepreneurs Association conference, Challenge of Change conference by the association of pension funds management companies and pension insurance companies - UMFO, Science Week, Pride of Croatia project, Wandercon gaming conference in Osijek, Financial Literacy Week organised by the Scientific Society of Economists, Renewable Energy Sources – Days of the Sun conference, congress of the Croatian Road and Railway Association Via Vita in Rovinj, and the Meeting of Mayors 48 Hours conference.

EBC also supported a number of other cultural events which contribute to the promotion of local customs and culture, as well as tourism, such as the traditional Alka of Sinj, International Lace Festival in Pag, Lubenice Music Festival in Cres, Matulji Festival, Kastav Cultural Summer, and many other traditional events specific to a certain region or city in Croatia.

Through the creative platform Urbanka powered by Erste, various international exhibitions were supported, projects such as the Grafiti na gradele - international festival bringing together world-known graffiti artists, Crtani romani šou – comic book festival, Cinehill Film Festival in Gorski Kotar, Motovun and Zagreb, William Kentrige art exhibitions in the Kranjčar Gallery in Zagreb. Furthermore, the Bank supported the work of young artists, preparations of the contest and prizes for the 37th Youth Salon held at the Home of the Croatian Association of Artists in Zagreb, the Academy of Dramatic Art in Zagreb, the Frka Festival, and the 10th Zagreb Design Week.

The 19th consecutive competition for young artists – Erste Fragments – was held in 2023. More than 100 applications from young artists were received and works of art were purchased and exhibited in EBC's business premises and branch offices across Croatia. In addition, scholarships were awarded to the best young artists Erste Fragments exhibition was staged in autumn last year at the Lauba People and Art House.

When it comes to supporting the social community through donations and sponsorships, the Bank supported the Nazorova Children's Home and the SOS Children's Village for orphaned children. Donations were made to the Special Orthopaedics Hospital in Biograd na Moru, Zadar General Hospital, Croatian Association for Paediatric Surgery, “Hrvatska za djecu” foundation - to promote the children’s welfare, their personal and property rights in different social, health and educational needs of children, and the project/lecture on health responsibility (or lack of it), organised by the “Hrvatska za djecu” foundation in partnership with the School of Public Health Andrija Štampar. Special Hospital Goljak, Psychiatric Hospital for Children and Youth Kukuljevićeva, and Marin Čilić Foundation for Children also received EBC’s donations.

As part of a broader strategy that promotes, among other things, the integration, inclusiveness and fellowship of all individuals in society, EBC supported the activities of the Zagreb Pride organisation.

Knowledge is one of the drivers of creation, progress and growth. Therefore, through its donations and sponsorships the Bank aims to include as many initiatives, organisations and events that concern educational activities. For that purpose, EBC is also collaborating with various schools, for example, Students’s Union at the University of Rijeka, Academy of Dramatic Art and the Academy of Fine Arts in Zagreb, Rijeka Faculty of Economics, Faculty of Electrical Engineering and Computing and Faculty of Science at the University of Zagreb, and the Centre for Student Support and Career Development at the Faculty of Organisation and Informatics Varaždin.

Additionally, EBC promotes the importance of sports projects and sponsorships that focus on the importance of promoting sports and especially promoting awareness of the importance of physical activity in children. Two major projects that are focused on this goal are the Erste Blue League and Erste Handball League which were merged into the children sports platform named Erste First League in 2020.

Erste Blue League is a project intended for Croatian primary school students from 1st to 6th grade, aiming to help children develop an athletic spirit and encourage them to do sports. Last year, 3,977 children participated in the 11th competitive season.

Sponsorships and donations (continued)

The 60 Minutes GO campaign included renowned athletes, coaches, teachers and institutions with the aim of contributing to and providing equal opportunities and conditions for doing the daily sixty minutes of physical activity for interested children. Qualifications included one new city - Varaždin, so the competitions were held in a total of ten cities (Rijeka, Zagreb, Osijek, Makarska, Zadar, Pula, Knin, Varaždin, Vukovar, and Čakovec, with the final taking place in Zagreb).
The Erste Handball League is a unique children's handball league intended for primary school students from 2nd to 7th grade. This league aims to show that everyone needs physical activity to grow up healthy and happy, while giving children the opportunity to participate in competitions, socialize and have fun. World-renowned handball players Ivano Balić and Petar Metličić and their handball club were involved in the organisation of the League. As role models, they additionally motivate children and clubs to take part in the competition. In the sixth season of the Erste Handball League, competitions were held in eleven cities (Rijeka, Rovinj, Split, Zadar, Šibenik, Dubrovnik, Labin, Kaštelir, Poreč, Umag, and Pula, while Split hosted the finals), and a total of 4,990 children participated.
Through sports sponsorships, EBC has been traditionally supporting the Croatian Table Tennis Association, the Erste Beach Volleyball Club Zagreb, Primorje Rijeka Water Polo Club, Croatian Football Club Rijeka, Croatian Olympic Committee, the traditional Fiumanka sailing regatta in Kvarner with more than 200 sail boats, Sports and Recreation Festival Rijeka Run, Davis Cup in Split, and Biograd Boat Show as the largest boat fair in Croatia. It also supports youth gymnastics and a number of other sport clubs in the region that promote different kind of sports and sporting activities among youths.
It is also worth nothing initiatives launched by different sectors of the Bank and employees themselves. Since 2013, the Bank has been running the HOPE donation fund, whose mission is to collect employee donations with the aim of helping orphaned children, living in children's homes across Croatia. Participation in this initiative, as well as the size of donations, is entirely voluntary and can consist of a one-time donation or regular monthly payments made through a open payment order. The initial idea was to collect small monthly donations from a larger number of employees in order to help children's homes to procure equipment and other necessities that children need.

There is also the AZIL initiative, a cashiers' solidarity fund, i.e., a special purpose voluntary fund for covering cashiers' shortages and financial damages suffered by clients as a result of cashiers' mistakes when working with clients. All employees may join the fund, regardless of their job position, but it benefits only the employees in positions that include working at the cash register, vault and cash centre. The simbolic membership fee for cashiers is collected from members' salaries, while other members that join the fund in solidarity donate any amount they want, which they specify in the membership application created specifically for this purpose.

Last year, Erste Bank Croatia also supported the work of *Kontakt Collection*, the art collection of Erste Group and Erste Foundation. It is a collection founded in 2004, which includes numerous works of art from various countries, with a focus on Eastern, Southeastern and Central Europe. As part of this cooperation, the Sanja Iveković exhibition at the Museum of Contemporary Art in Zagreb was also supported last year.

Humanitarian campaigns

Erste challenge

For the sixth consecutive year, in the campaign that lasted from January to December 2023, EBC Group employees in Croatia undertook to reach a mileage target by engaging in a sport or recreational activity with the aim of securing a charity donation. Last year, the challenge was set at 200,000 kilometers, and although the final amount of kilometers collected was a little short, a donation of three thousand euros was sent to the association Mali zmaj.

Corporate volunteering – "Pay It Forward"

Corporate volunteering is more than a one-off campaign at the Bank level and has been organised for the past 15 years. It is a process of volunteering and providing help by setting aside employees' time to help others. With the aim of further encouraging employees, for the fifth consecutive year all interested employees were offered the possibility to volunteer during working hours. They can use one working day per year for this purpose, as individuals or in a group.

Humanitarian campaigns (continued)

Corporate volunteering – "Pay It Forward" (continued)

Through various projects throughout the year, employees helped and worked together to do good. This included sharing knowledge they are experts in (professional knowledge, development of social and business skills, etc.), socialising with elderly or sick retirement home users, improving homes for children, caring for the poor and the homeless, cleaning the environment, planting trees and similar.

In 2023, employees volunteered in institutions, associations and various initiatives: Business Skills Academy, Be Well Association, Zagreb Archdiocese Caritas House for the Homeless, Small House in Petrinja, Inclusive Farm in Hrastovica, Trešnjevka Home for the Elderly in Zagreb and Home for the Elderly in Varaždin, Šubićevac Children's Home, Earth Day activities, Summer Factory of Knowledge, etc. A total of 80 days of volunteering was recorded.

Employees are informed about volunteering options via intranet or they find volunteering opportunities.on their own. Sometimes Human Resources provides assistance in organizing volunteering by suggesting a volunteering location and assisting with everything required to carry out volunteering.

Since 2015, EBC has been a signatory of the Charter Recognising Competences Acquired by Volunteering, and since 2019 the Bank has been a signatory of the Employee Volunteering Charter. The best acknowledgement of the efforts and engagement of Erste volunteers are the many thanks they received from various institutions and associations in 2023.

Happy Hour

Employees of the Bank, as well as other affiliated companies, regularly organise annual campaigns of selling cakes and other sweet or savoury products, which they made themselves, to raise funds that they donate to associations or individuals in difficult life circumstances. So at the end of 2023, the Happy Hour took place, which also celebrated its tenth birthday. The collected amount of donations was divided into several parts and donated to associations and individuals in need. Happy Hour also took place in Erste Card Club.

Environment

In the last few years, the subject of environmental protection has become increasingly important for the sustainable development and viability of companies and people. As climate change has started to affect almost every country on every continent and change the way people live and work, the battle for environmental protection has become a global preoccupation. The importance of these topics is reflected in numerous summits, agreements and initiatives of the world's leading powers which aim to find the best possible solutions through joint efforts.

By deciding to finance environmentally neutral companies and pursue "green" and sustainable projects, banks and other financial institutions have an indirect impact on the environment and its conservation. Additionally, in its internal processes, EBC strives to employ environmentally friendly solutions of the highest quality, thus, for example when renovating branches and when communicating with customers, the aim is to achieve the highest possible environmental standards. The immediate impact on the environment has been determined through energy consumption and paper consumption.

Managing environmental impacts

Erste Bank Croatia has an established Environmental Policy, which defines environmental objectives that aim to contribute to reducing energy and water consumption and minimising environmental pollution, thereby contributing to the community in which the bank operates. Some of the goals EBC is committed to are:

- Protection of natural resources through their responsible use, systematic increase of energy efficiency and compliance with all applicable legal regulations
- Use of recycled paper and continuous reduction of waste paper
- Introduction of a waste sorting system and promotion of responsible waste management among employees
- Reduction of harmful emissions through the selection and use of electricity from renewable energy sources

To achieve its goals, EBC has implemented an environmental management system that complies with the requirements of ISO 14001:2015. The Environmental Management System according to the ISO 14001 standard was extended (recertified) at the end of 2023 and integrated with the Energy Management System according to the ISO 50001 standard, which will allow more advanced monitoring of electricity consumption and its rational use in the coming years, which should ultimately result in certain savings.

The active involvement of our employees is crucial for achieving these goals. In this regard, EBC conducts training of all employees on rational energy and paper consumption, and proper waste separation, as well as systematic training on the ISO 14001:2015 standard, with all its elements and goals. Since early 2020, training on environmental protection and rational use of energy is mandatory for all new employees, and in 2023, 92% of new employees passed it.
As in the previous years, the yearly external audit was performed by a licenced certification company in 2023 to ascertain that the Environmental Management System functions in accordance with the international standard ISO 14001: 2015. The Bank has completed all necessary activities to extend the ISO 14001:2015 certificate for another year. Some of EBC's subsidiaries (Erste Card Club, Erste Leasing and Erste Bank A.D. Podgorica) did the same.

EBC has set Strategic Environmental Objectives for the period until the end of 2027. Compared to the reference year 2021, they are:

- Reduce electricity consumption by 3% (2021: 12.47 GWh; 192.63 kWh/m2)
- Reduce heat consumption by 3% (2021: 4.79 GWh/g; 74.02 kWh/m2)
- Reduce CO2 emission by 3% (2021: 1,916 tCo2/g; 29.61 kg CO2 e/m2)

Managing environmental impacts (continued)

Based on the Strategic Objectives, the Operational Objectives for 2024 were also defined.

_ continue with continuous education on environmental protection and energy
_ installation of at least 3 solar power plants and production of at least 200 thousand kWh of green energy from newly installed and existing solar power plants
_ the number of electric vehicles over 10% and plug-in hybrid vehicles 18% of the total number of official vehicles (total approx. 29%)

Energy

Energy is needed for everyday life, both for individuals and the entire economy. In that process, energy needs to be transferred from the initial location to the end-user, which of course causes pollution. Monitoring electricity consumption allows for better management of this segment of sustainable business. Erste Bank Croatia has several initiatives in the area of electricity savings.

When designing branch offices and other business premises, the Bank takes into account all aspects of environmentally friendly and sustainable business, uses software and technical solutions to optimise energy consumption, regularly maintains equipment to increase its durability and reduce waste, uses energy-saving light bulbs and energy-saving LED panels for advertisements, etc.

EBC wants to encourage its clients to think about energy efficiency and, consequently, to act in that direction. Thus, the Bank has designed and offered several products for the purpose of financing energy efficiency, the so-called eco loans, both for citizens and companies, which encourage the use of ecological forms of energy, the use of renewable energy sources, energy efficiency, etc., thus further promoting the development of sustainability and energy efficiency in society.

As part of Erste Group, EBC is committed to providing financial services in the energy sector because it believes that electricity supply is a key element for economic and social development, especially when it comes to Central and Eastern Europe. At the same time, in this area there is a need for reasonable management of environmental and social impacts, and better management of environmental risks. This is precisely why guidelines have been set in Erste Group's corporate financing segment with the aim of implementing the principles of sustainability and regulating Erste Group's participation in this industry.

In 2023, the instalation of sun protection foils continued. Apart from providing much better working conditions for employees in summer, they also reduce the electricity consumption of air conditioning. Last year, foils were installed on glazed surfaces in total of four branch offices – Daruvar, Čazma, Pešćenica and Dubrava in Zagreb.

The Bank constantly controls and works to reduce energy consumption, and in order for this to be done as efficiently as possible, all employees and users of the premises need to be trained, which was carried out throughout the year. Employee training on the rational use of energy became mandatory for all new employees as of 2020. In addition to education, a number of technical savings measures were implemented, which resulted in a 10% reduction in thermal energy compared to the reference year and a 12% reduction in electricity consumption. The reduction in electricity consumption would probably be even greater, but factors that reduce CO2 emissions at the expense of increasing electricity consumption must be taken into account - the introduction of the use of electric and hybrid cars and the installation of charging stations, remodeling of branches that have more and more devices that work 24/7 for the purpose of better availability to clients and continuous replacement of heating devices that use fossil fuels with those that use electricity.

Significant progress in the use of renewable energy sources was made in June 2021, when photovoltaic cells were installed on the roof of the Erste office building in Zagreb. In 2023, three more solar power plants were installed, two in Bjelovar and one in Viškovo, and the production of electricity from these power plants should begin in 2024.

Emissions

In 2023, EBC continued to use 100% renewable electricity, which means that, in addition to maintaining low CO2 emission levels, EBC contributed to, i.e., participated in the implementation of national energy efficiency projects through the ZelEN fund.

Emissions (continued)

At the level of Erste Group, CO2 emissions are monitored in all countries that are part of the Group, calculated from data such as the consumption of various energy sources, the consumption of freon (exhaust gases from cooling systems), the mileage of official vehicles, etc. When talking about the goal set for the year 2023, in addition to taking continuous measures to reduce emissions, which is the primary goal, Erste Bank Croatia compensated its operational CO2 emissions in 2023 by purchasing "Gold Standard" CO2 certificates, which are recognized and regularly revised in accordance with external international standards, thus supporting the project of a multi-layered water filtration system.

Table 9: CO2 emission

	2021	2022	2023
tCO2e	1,916	1,563	1,586

Electric cars have been in use since 2021, and in order to supplement the network of EV-charging stations and thus make it easier for the users of these vehicles, EBC is continuously supplementing its own network of fast and slow charging stations in its administrative buildings in Zagreb, Rijeka and Bjelovar. Thus, during 2023, 24 charging stations were installed.

Waste separation and reduction of unselected municipal waste

It has been identified that paper consumption accounts for the largest proportion of waste generated by the Bank. For that reason, the Bank uses environmentally-friendly, recycled printing paper across all its operations in Croatia, and intends to continue doing so in the future too. In addition, due to environmental reasons, as well as ease of use, the Bank's clients are encouraged to do business online as much as possible. For that reason, clients can submit applications for the Bank's products digitally, and in the bank's branch offices General Terms and Conditions are available i on tablets instead of on paper. Posters in the branches have largely been replaced by digital displays wherever possible. Instead of the classic notices sent by mail to clients' homes, EBC strives to send emails to clients as much as possible, and individual campaigns for switching from paper monthly statements to electronic ones are often carried out. Also, centrally operated digital filing folders are used, thus saving paper.

The Bank constantly controls and works to reduce the consumption of photocopier paper across all its segments, and training courses have been organised for this purpose. Except for the year 2022, the consumption of photocopier paper is constantly in decline.

Table 10: Consumption of photocopier paper

	2021	2022	2023
Ream/FTE	10.77	13.45	9.44

In order to reduce the negative impact on the environment in the future and further reduce the amount of unseparated municipal waste, a couple of years ago the Bank replaced paper hand towels in sanitary facilities with linen towels. As part of this initiative, employee training was organised. By using linen towels, EBC reduced the amount of unseparated municipal waste by 70-90% every year compared to previous years when paper hand towels were used. The increased use of paper towels was recorded during the coronavirus pandemic (primarily for disinfecting work surfaces), but their supply and distribution was suspended in 2022 due to the mitigation and abolition of epidemiological measures.

In addition, in 2018 the Bank installed containers for separate disposal of waste in all office buildings and branch offices across Croatia, establishing waste disposal procedures and organizing training for employees on this subject. In addition to separate disposal of paper, plastic, metal and glass, special containers for disposing of waste batteries were set up in office buildings in Zagreb, Rijeka and Bjelovar. Considering that there are no data available at the level of the Republic of Croatia on the amount of individual types of disposed waste, only special categories of disposed waste are registered. Data shows that in 2023 the Bank disposed of: 17 tonnes of bulk waste and 38 tonnes of electronic waste.

Other activities

A few years ago, prompted by employees, the Bank launched the praiseworthy “Project for PET”, which continued being implemented last year as well. As part of the project, the Bank organized the collection of plastic packaging waste in Erste business centres in Zagreb and Bjelovar, which is carried out in cooperation with the Association for the Promotion of Inclusion. Bank employees collect plastic soda bottles, which the users of the association take to be recycled, and the funds raised thusly are used to co-finance their needs.

By organising the collection of plastic packaging, EBC helps the community in which it operates in two ways: aside from recycling large quantities of plastic bottles, which is in itself an environmentally beneficial act, the Bank supports the entrepreneurial activities of a socially disadvantaged group – people with intellectual disabilities who are otherwise hard to employ. Additionally, the Bank contributes to the reduction of waste PET water bottles across its entire network by introducing a device for the production of drinking water obtained from the water supply network by reverse osmosis. The drinking water available to employees in this way is not in plastic packaging. Additionally, by providing more glass cups in kitchenettes, the Banks aims to reduce the use of disposable plastic water cups, at least as far as its employees are concerned.

Last year, Erste employees participated in the afforestation project organized by Croatian Forests - Plant WOOD FIRST in spring. Volunteers planted on Sljeme. Joint plantings like this are not only actions of reforestation, they are also actions of education and information and encouragement of care for nature.

Additionally, in the office buildings in Zagreb, Rijeka and Bjelovar, Erste Bank Croatia organised an ecological and charity project of collecting plastic caps from PET bottles for the purpose of raising funds for the Association of Leukaemia and Lymphoma Patients of the Republic of Croatia. This type of campaign is carried out by Erste Card Club.

When designing branch offices in accordance with the new service model concept which, in addition to the mode of operation also includes EBC's visual identity, green walls made of living plants are standardly installed, which have proved to contribute significantly to creating a pleasant work environment for our employees and their coexistence with nature. In addition to the administrative building in Zagreb, so far green walls have been installed in office branches in all parts of Croatia. In addition, indoor plants contribute to a natural increase of humidity in heated spaces during winter, thus reducing the need to use energy for artificial humidification.

The Bank is also a member of the non-governmental organisation Croatia Green Building Council and actively participates in discussions and projects concerning green construction projects, discussions on new trends in this field, etc.

Suppliers

Suppliers' responsibility

Erste Group sees its suppliers as partners in developing the sustainability of its operations. When selecting suppliers, Erste Group takes into account sustainability and corporate social responsibility, and chooses companies that do business in line with international standards that include social and environmental impacts.

Erste Group Procurement (EGP) is Erste Group's company specialised in procurement. Its main objective is to ensure a transparent and fair procurement and supply and such contracts. Meeting the needs of Erste Group for national and foreign goods and services, delivered in time and in accordance with quality requirements, under the best possible conditions, is the key element.

The suppliers of Erste Group are required to meet the stipulated standards in the fields of business ethics, environmental protection and human rights.

In the fulfilment of the contractual obligations, Erste Group expects the following from the suppliers of materials, equipment and services chosen as partners: respect of national and local laws and regulations, the fulfilment of all legal obligations regarding the health and safety of their employees and contractors, strict compliance with environmental regulations, compliance with and application of the fundamental principles of corporate social responsibility, protection of basic human and workers' rights, environmental protection, the promotion of health and safety, and decisive fight against corruption.

These principles are also expressed in the Supplier Code of Conduct, which is publicly available on the Erste Group Procurement website.

Erste Group Procurement carries the "CIPS Corporate Ethics Mark". This certificate is provided by the Chartered Institute of Procurement and Supply (CIPS). This certificate is issued to companies that have been dedicated to high standards of ethics and have proven that their employees are trained and do business in line with them. Employees are fully certified with respect to ethical conduct while 95% of suppliers, chosen by EGP, have undergone ethical audit in accordance with EG standards.

In the process of selecting suppliers at a strategic and operational level, sustainability is also taken into consideration. Along with an initial assessment, suppliers' operations are regularly reviewed, covering the most important or most vulnerable suppliers. The audit questionnaire refers to areas such as the existence of an environmental management system, participation in the Carbon Disclosure Project (CDS), the existence of a written environmental policy, methods of measuring CO_2 emissions, the existence of environmental targets, information on fines and penalties for violations of environmental regulations and description of the suppliers' supply chain.

In the case of the procurement of goods, the audit questionnaire is supplemented with questions on potentially hazardous chemicals, product recycling possibilities, end-of-life recovery, and *Energy Star* or similar standards.

Erste Group, including Erste Bank Croatia, is pleased to point out that no actual or potential negative environmental impacts have been detected in the supply chain of Erste Group and no contract with a supplier has been terminated as a result of significant actual or potential negative environmental impact.

When selecting suppliers, Erste Group also addresses social aspects, and the questionnaire covers questions such as child labour, elimination of all forms of forced labour, elimination of discrimination in the employment process, freedom of association and the right to collective negotiation, reasonable working hours and fair compensation, health care, work safety, job restructuring, salary, appropriate working conditions, and other important social criteria in the supply chain.

Erste Group also encourages social responsibility through the selection of suppliers and the type of goods and services it uses, including promotional marketing materials. Among other things, Erste Group often chooses products that have an ecological certificate or are the final product of a socially responsible project involving marginalised groups of the society.

GRI Content Index

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Reference to Annual Report 2023	Comment/Reason for ommission
GRI 102 General Disclosures 2016					
1. Organisational profile					
GRI 102	General Disclosures	102-1	Name of the organisation	4	Erste&Steiermärkische Bank d.d.
GRI 102	General Disclosures	102-2	Activities, brand, products, and services	91	Annual report: General information
GRI 102	General Disclosures	102-3	Location of headquarters	91	Rijeka, Jadranski trg 3a, Republic of Croatia
GRI 102	General Disclosures	102-4	Location of operations	91	General information
GRI 102	General Disclosures	102-5	Ownership	91	General information
GRI 102	General Disclosures	102-6	Markets served	91	General information
GRI 102	General Disclosures	102-8	Information on employees	42	Non-financial report: Employees
GRI 102	General Disclosures	102-9	Suppliers	65	Non-financial report: Suppliers
GRI 102	General Disclosures	102-10	Changes in the supply chain	65	No significant changes
GRI 102	General Disclosures	102-11	Precautionary principles	30	Non-financial report: Code of Conduct of the ESB Group; Statement of Purpose
GRI 102	General Disclosures	102-12	External initiatives	34, 61	Non-financial report: Customers, Environment
GRI 102	General Disclosures	102-13	Membership of associations	n.a.	Croatian Banking Association, Croatian Chamber of Economy
2. Strategy					
GRI 102	General Disclosures	102-14	Report of the Chairman of the Management Board	6	Report of the Chairman of the Management Board
GRI 102	General Disclosures	102-15	Key impacts, risks and opportunities	33	Non-financial report: Materiality analysis
3. Ethics and integrity					
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behaviour	42	Non-financial report: Employees
4. Governance					
GRI 102	General Disclosures	102-18	Governance structure	71	General information: Supervisory Board, Management Board
5. Stakeholders					
GRI 102	General Disclosures	102-40	List of stakeholders	33	Non-financiral report: Materiality analysis
GRI 102	General Disclosures	102-41	Collective bargaining agreements	42	Non-financial report: Employees
GRI 102	General Disclosures	102-42	Identifying stakeholders	33	Non-financial report: Materiality analysis
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	33 at seq.	Non-financial report: Materiality analysis
GRI 102	General Disclosures	102-44	Key topics and concerns	33	Non-financial report: Materiality analysis
6. Reporting practice					
GRI 102	General Disclosures	102-46	Defining report content	30	Non-financial report: Materiality analysis
GRI 102	General Disclosures	102-47	List of material topics	33	Non-financial report: Materiality analysis
GRI 102	General Disclosures	102-49	Changes in reporting	33	No changes were made.
GRI 102	General Disclosures	102-50	Reporting period	4	From 1.1.2023. to 31.12.2023.
GRI 102	General Disclosures	102-51	Date of most recent report	n.a.	Annual report for the year ending 31.12.2022.
GRI 102	General Disclosures	102-52	Reporting cycle	4	Annual
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with GRI standards	30	EBC's non-financial report was prepared in accordance with the requirements of the Global Reporting Initiative (GRI standard: core option)
GRI 102	General Disclosures	102-55	GRI content index	66	Non-financial report

GRI Content Index (continued)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Reference to Annual Report 2023	Comment/Reason for omission
GRI 103 Management Approach 2016					
GRI 103	Management Approach	103-1	Explanation of the material topics	31	Non-financial report: Materiality analysis
Material and additional topics					
Material topic: Anti-corruption (GRI 205 Anti-corruption 2016)					
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption	34	Non-financial report: Anti-corruption There were no confirmed incidents of corruption in 2023
Material topic: Emissions (GRI 305 Emissions 2016)					
GRI 305	Emissions	305-5	Reduction of emissions	62, 52	Non-financial report: Emissions
Material topic: Responsible criteria in the supply chain (GRI 308 Negative environmental impacts in the supply chain and actions taken 2016)					
GRI 308	Negative impact on the environment by the suppliers	308-2	Negative impact on the environment by the suppliers	65	Non-financial report: Suppliers
Material topic: Health and work-life balance (GRI 401 Employment 2016)					
GRI 401	Employees	401-1	New employees	52	Non-financial report: Employees New employees: 205; Fluctuation: 322
GRI 401	Employees	401-3	Parental leave	53	Non-financial report: Employees
Material topic: Health and work-life balance (GRI 403 Occupational health and safety 2018)					
GRI 403	Occupational health and safety	403-1	Occupational health and safety management system	53, 54	Non-financial report: Employees
GRI 403	Occupational health and safety	403-3	Occupational health services	53, 54	Non-financial report: Employees
GRI 403	Occupational health and safety	403-5	Prevention and mitigation of occupational	53, 54	Non-financial report: Employees
GRI 403	Occupational health and safety	403-7	Worker training on occupational health and safety impacts directly linked by business relationships	53, 54	Non-financial report: Employees
Material topic: Training and education (GRI 404 Training and education 2016)					
GRI 404	Training and education	404-1	Number of hours of training	49	Non-financial report: Employees
Material topic: Diversity and equality (GRI 405 Diversity and Equal Opportunity 2016)					
GRI 405	Diversity of managerial bodies and employees	405-1	Structure of managerial bodies and employees	43	Non-financial report: Employees
Material topic: Diversity and equality (GRI 406 Non-discrimination 2016)					
GRI 406	Anti-discrimination	406-1	Total number of incidents of discrimination	n.a.	Non-financial report: Employees There were no incidents recorded during 2023.
Material topic: Customer satisfaction					
Information on customer satisfaction				39, 40	Non-financial report: Clients
Material topic: Financial literacy					
Information on activities implemented in raising financial literacy				55-60	Non-financial report: Society