

**Overview of
activities within
the PBZ corporate
social responsibility
programme**



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INTRODUCTION

Since its establishment, Privredna banka Zagreb has been at the top of the Croatian banking sector and has for many years had an important role and influenced the economic and social development of our society. Today, as a member of the large international banking group Intesa Sanpaolo, we represent a dynamic and modern European bank that carefully follows market trends and the needs of our clients. Strengthening trust and improving relations with all parts of the society communicating with the Bank represent the requirements for further development of our business. We act to fulfil the needs and expectations of all participants, from respecting the needs of our clients, employees, the development of local communities in which we operate and respecting the environment to creating new values for shareholders. Below we present some of the most important activities we carried out during 2018.

1. EDUCATION AND PROFESSIONAL DEVELOPMENT

- The Bank regularly invests in the development of corporate knowledge under the "PBZ Business School" project. In 2018, the 12th generation of students was enrolled, while 202 active participants took part in some form of the programme.
- Bank financially supported more than 70 their employees in studying graduate and post-graduate studies.
- 42 employees participated in courses led by Intesa Sanpaolo/ISBD during a total of 97 days of training.
- 9 new courses on the LMS platform were launched.
- 2,835 days of training were spent via e-learning and/or online channels.
- 473 employees were internally successfully qualified for providing some sort of investment service due to regulatory requirements.
- During 2018, 54 employees gained expert knowledge and took the HANFA exam for acquiring the insurance representative certificate.
- Group of 8 Customer Satisfaction Office employees finished 'Ethical Complaints Handling' training.
- 194 employees were strengthened for coping with changes during 'Change Management' workshop as part of introduction of new service model in branches.
- During 2018, educational activities were focused on the necessary harmonization with the regulating body (2558 enrolled GDPR online training) or standardization at the level of the ISP Group: 34 employees went

through 2-day workshops 'Rules & criteria for credit exposure classification'.

- During 2018, the PBZ Group offered the possibility of completing the mandatory internship for 34 students and pupils.
- Continuously high level of cooperation with Croatian and international universities with the aim of encouraging, jointly designing and providing educational programmes in the field of finances and banking.

2. CARE FOR EMPLOYEES

- Development and upgrade of Internet internal application solutions for human resources, namely the internal eHR application and HRIS application.
- With the aim of continuously monitoring the potential and needs for development of the employees of the PBZ Group, we have launched additional evaluation programmes, and employees can get feedback on their potential and opportunities for development.
- During 2016 we continued and intensified the implementation of the internal rotation process launched on a strategic level in order to increase the number of internal transfers, which ensures the transfer of knowledge, increases the satisfaction and motivation of employees, and all available business and expert positions are advertised exclusively on the internal level.
- Given that the issue of engaging employees is becoming the main organizational challenge on a global level, PBZ has started to measure work engagement. Contemporary research shows that more than double the number of employees are motivated by a passion for their work compared to career ambitions; thus, by measuring work engagement of our employees, we wish to precisely determine the factors that may influence a better engagement. Based on results, action plans were initiated and are continuously being implemented.
- For the purpose of ensuring long-term motivation and satisfaction of employees working on cross-functional projects, the Human Resources department is assessing the satisfaction of all parties working on key projects at the Group level.
- Within the framework of our regular social and economic activities, we have shown solidarity by aiding socially vulnerable employees and their families, children of deceased employees and children of former employees; we have provided financial resources to employees with children of school age for purchasing textbooks.
- We keep in mind the financial burden of our employees

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

and educate and advise them via our Personal Finances Management programme on the ways to manage their income and expenses; we participate in giving suggestions on re-programming debts in order to achieve financial stability.

- Under our healthcare programme we have provided regular complete check-ups to all our employees and interns, follow-up examinations for employees with bone diseases and physical therapy, receive psychological support if needed, as well as preventive flu shots.
- Membership in the PBZ Standard sports association, launched for the purpose of achieving better health and general welfare through meeting the objectives of the association, which has a positive effect on the satisfaction and well-being of employees, and thus directly improves their mental and physical health; the main purpose of the sports association is to offer, organize and coordinate sports recreation and activities for its members across the Republic of Croatia and to continuously work on improving recreational and sports activities; during 2018, the Association had an average of 2,300 members'.
- The cycling culture and getting to work with this most eco-friendly means of transport is becoming stronger in Privredna banka Zagreb; the employees can also use locker rooms with showers for cyclists and we are continuously trying to provide more space for parking bicycles around the building. Cyclists have their own column on the Bank's Intranet, where we publish all news on improving cycling activities.



- In 2006 we launched the internal newspaper PBZXpress for improving internal multidirectional communication, strengthening affiliation with the PBZ Group and improving job satisfaction. Since then it has been issued monthly, on 16 pages. Attention is focused on our employees who write articles for publication; over the

twelve years that PBZXpress has been around, over 620 employees of the Bank have made their mark by writing articles, 145 employees have answered ten questions, and 142 offices have been presented in the section on best offices; in addition to presenting projects, sponsorships and internal communication campaigns, via PBZXpress we have organized several initiatives focused on our employees and their children, as well as countless charity campaigns. In January 2015, the jubilee 100th edition of PBZ EXpress was published, and since this year the newspaper is printed on recycled paper.

- In 2014 Privredna banka Zagreb was named a Mamforce Company and is one of the first to companies in Croatia to be awarded the certificate. Since then we continued to work on improving the practice in the field of family obligations and gender equality and the balance between employees' professional and private life. One of such practices in the corporate kindergarten in Zagreb, which has accepted 96 children of employees in its five years of activity. Also, the PBZ Business School allows for continuous development of capacities and skills, and its modules have been adapted to the employees' business activities. It was founded in 2007, and the training has been completed by eight generations.
- In September 2012 Privredna banka Zagreb opened the Čigra PBZ corporate kindergarten, which is currently attended by 88 children. By opening the kindergarten, the PBZ Group has become one of the few employers that provides its employees better working conditions in this way. This type of care points to the focus that the PBZ Group places on family as the most important life value and its employees as the most important resource. The corporate kindergarten directly influences the level of satisfaction of employees and contributes to greater work efficiency of young parents. Our employees can juggle family and work obligations more easily and spend less time on dropping children off at kindergarten, coming to work, etc. Due to the level of interest of employees wishing to enrol their children, in 2013 the PBZ Group increased the kindergarten's capacity from 70 to 97 children by re-purposing a multifunctional hall. The decision made by the Bank's Management Board to co-finance a part of the costs of the kindergarten for the children of employees of the PBZ Group in the amount of HRK 600.00 per child, making the price of the private corporate kindergarten, with a subsidy from the City of Zagreb, very acceptable, presents an added benefit for the employees.

Overview of activities within the PBZ corporate social responsibility programme

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3. NEW INITIATIVES

IT scholarships

In 2016 we initiated a scholarship programme for IT students and till the end of 2018 in total 29 scholarships of appropriate profiles were granted to the students of senior years (third, fourth and fifth). The idea is through the scholarship program encourage students to achieve outstanding results through enabling them focusing more only on their students obligations. The scholarship program is to be continued in next 3-year period (2019 -2021) offering yearly 32 scholarships to STEM students of senior years.



“PBZ volunteers”

The most beautiful gift we can give to each other is help and support. Keeping this in mind, Privredna banka Zagreb continued with the traditional charity campaign titled “PBZ volunteers” in which, besides donations, our volunteers with joint forces provided assistance to institutions that care for people with lower socioeconomic status, people with disabilities and children with disabilities. The goal of the action is to provide immediate help and also to strengthen the connection between our employees and the users and staff of institutions that care for the most vulnerable groups of citizens (Caritas Croatia warehouses, public kitchen and social supermarket; Association “Mali Zmaj”; Center for education of Persons with Disabilities “Ivan Štark” Osijek; Center for education of Persons with Disabilities “Juraj Bonači” Split; Home for disabled children “Dr. Antun Bogdan” Čakovec, Center for education of Persons with Disabilities Tuškanac Zagreb). The action was carried out in eight cities: Varaždin, Čakovec, Osijek, Dubrovnik, Split, Rijeka, Zadar and Zagreb from 10th to 14th December.

Since 2016, this is the fourth volunteer action with the total of 258 colleagues who participated in all the actions taken.



“The Art of Saving”

Within the international initiative of Intesa Sanpaolo and project Art of Saving which aim is to introduce **strategic volunteering for the purpose of educating young people on finances**, PBZ formed a team of **50 volunteer** who up to now conducted **177 workshops** in **43**

schools in twenty towns across Croatia. This initiative was launched ahead of the last year's celebration of the World Savings Day, and continued during 2018.

Our volunteers organize for elementary schools' workshops called "Children and Savings" and "It's up to you", and from this year our volunteers have started to conduct workshops in high schools called "Financial Advisers".

In addition to the mentioned activities related to financial education of young people, this year, the World Savings Day was marked by a new Intesa Sanpaolo initiative entitled "Risk is a woman's job", aimed at empowering women to make decisions that will increase their financial independence. Therefore, PBZ organized a workshop "Risk is a woman's job", for our female employees on October 12th where participants were presented the results of the survey about how women deal with taking financial risks. Participants also had the opportunity to participate in practical exercises in which they made financial decisions and get acquainted with the basic principles of financial and investment planning.

Following this topic, on October 29, PBZ organized a Roundtable named "Women and Finance" which aim were to raise public awareness of the importance of women's financial empowerment, especially in the area of women entrepreneurship that is still underdeveloped.

For this occasion, we invited inspirational female speakers: a psychologist, a successful entrepreneur, a banker, a professor of history. All speakers are successful women in their field of action who shared their experiences with other participants on topics that talk about why women are less prone to risks, how the role of women has changed through history, and how to break myths about women and finances. The Round Table attended by representatives of many respectable institutions and representatives of educational institutions.

In addition, this year, we decided to organize a round table on "Digital Banking - New Generation Banking", where we have presented to secondary school pupils how and why digital technology is used in the development of banking products and how consumer satisfaction is monitored.

As part of the initiative entitled "School to Museum, a Museum to School" which include organized visits to the PBZ Museum, during October Museum has visited by pupils of 17 schools.

Museum visits are organized accompanied by expert guidance where pupils have the opportunity to see the valuable collection of securities, shares, coins and banknotes, but also a rich collection of no less than 240 most interesting saving boxes across the world.

PBZ took part in a Round Table organized by the Croatian Chamber of Economy, which was held on October 30 on the topic of financial literacy of young people. At the Round Table, participants' experiences of importance and the role of savings were presented.

Along with PBZ, at the Round Table participated representatives of the Croatian Chamber of Economy, the Croatian National Bank, the Faculty of Economics Zagreb and another financial institution.



Diversity Charter

In 2017 Privredna banka Zagreb adopted the Diversity Charter. The Diversity Charter is an initiative launched in 16 EU Member States and has been joined by Croatia. It is a document created by each country individually, and the text of the charter is optionally signed by business and other organizations, by which they undertake to carry out

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3. NEW INITIATIVES (CONTINUED)

a diversity and non-discrimination policy in their working and business environment. The Croatian Diversity Charter was drafted under the project financed by DG Justice. The signatories are expected to implement a policy of respect for differences, encouraging diversity and reporting on their activities in this area.

Following the signature of the Diversity Charter in Croatia (2017), PBZ has increased the awareness of the importance of applying diversity and inclusion in everyday business, by undertaking several activities. One of them has been a contest for employees on the topic "How our diversity enriches our work environment". The objective of this was to discover and promote teams who in their daily work successfully cooperate and achieve goals by respecting different points of views, ideas and various other features and characteristics. Comprehensively 160 employees participated in the contest.

For more information on our projects and initiatives, please visit PBZBlog <http://pbzblog.pbz.hr/>

4. DONATIONS AND SPONSORSHIPS

Privredna banka Zagreb aims to contribute and show responsibility towards the wider community via donations and sponsorships. During 2018 a total of app. HRK 4.7 million was earmarked for sponsorships and donations supporting science and education, various associations and individuals and countless cultural and other events, such as sports events. Through its long-term participation in the social life in the form of donations and sponsorships, PBZ wishes to contribute to the development and, overall, a better quality of life in the Republic of Croatia.

4.1 DONATIONS

PBZ is an active participant in many social projects and supports many humanitarian, social and healthcare institutions. 2018 donations include various programmes aimed at improving education and health, as well as sports and cultural programmes dedicated primarily to helping children and socially vulnerable groups of our society, such as: donation to the *Croatian Caritas project "For 1000 joys"*, donation to the *Ana Rukavina Foundation* and Zagreb muscular dystrophy societie, donation to the cultural events *Vinkovačke jeseni* and *Đakovački vezovi*, and many others.

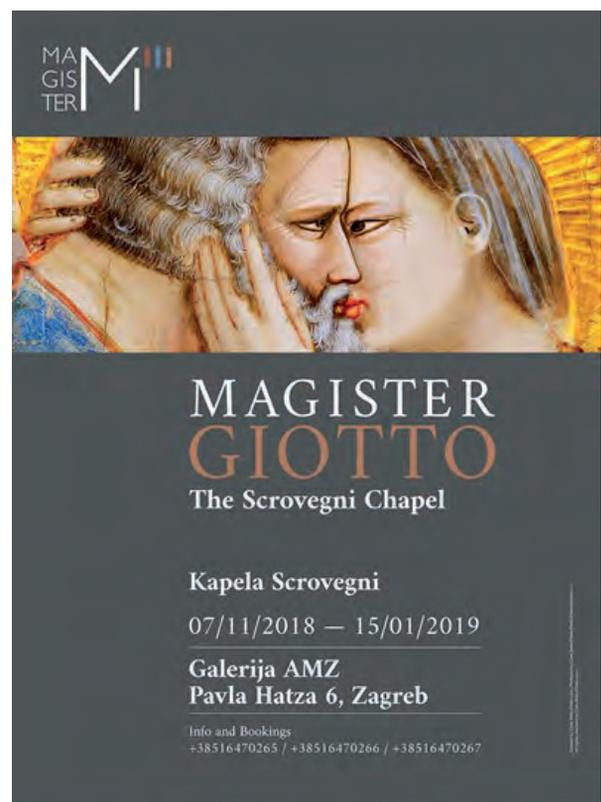
4.2 SPONSORSHIPS

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

In 2018 we supported many cultural events and institutions; we wish to underline the following:

MAGISTER GIOTTO – THE SCROVEGNI CHAPEL: we have supported the immersive exhibition, dedicated to one of the key protagonists of the Italian art history: Giotto di Bondone (1267 – 1337). In collaboration with the Italian Cultural Institute and the Archaeological Museum in Zagreb the exhibition at the AMZ Gallery, from 7th November 2018 until 15th January 2019, presents one of the greatest masterpieces of Giotto, the Scrovegni Chapel of Padua, frescoed between 1303 and 1305.

The exhibition is conceived in two sequential areas. The first relates to its artistic and theological content in an immersive and theatrical installation. The second takes an in-depth look at the techniques used by the artist and at his historical period through a short film shot entirely within the Scrovegni Chapel.



- the sponsorship of the Modern Gallery in Zagreb and its permanent exhibition of Croatia's best artists from the 19th, 20th and 21st centuries. All these works

represent master pieces of landscapes, figurative and abstract art, as well as portraits and animal sculptures.

- we have supported various cultural programmes and institutions, such as the Croatian National Theatre in Zagreb and Rijeka, traditional ethnology event, "Rapska fjera" etc.
- this year, PBZ was among sponsors of a 10th National Conference on CSR, held in November in Zagreb. On this occasion we were awarded with special diploma for our continuous cooperation and participation in CSR Index.

4.3 CHARITY PROJECT "DOING GOOD EVERY DAY"

American Express Card with a Heart was presented on the market in 2008. It was created in order to assist projects of exceptional importance for further growth and development of the community. For each payment with this card, the PBZ Group donates HRK 1 to the charity project "Doing good every day", thereby assisting the project "Monitoring Children with Neurorisks" by the Ministry of Health and the project "For a Better Life for Children in Social Care Homes" initiated by the Ministry of Demography, Family, Youth and Social Policy. The American Express Card with a Heart requires no entrance and membership fee for the first year of using the card, and PBZ Card donates HRK 15 from every membership fee of the principal cardmember and HRK 10 from every membership fee of the supplementary cardmember from the second year of using the card. Other American Express cardmembers may contribute to the project by donating their Membership Rewards points. Besides this, donations are possible on the Internet site www.cinimdobro.hr to all American Express, Mastercard, Maestro and Visa cardmembers, regardless of the issuing bank. This long-term and continuous project of helping the community in which we operate garnered exceptional results in 2018, as well. From 2008, when the project was launched, to the end of the last year we have raised more than HRK 15 million. By the end of last year, a total of 37 donations have been realized, including 28 donations to hospitals around the country for acquiring medicine equipment, and nine donations to social welfare institutions for buying the necessary equipment. During 2018, five important new donations were made under this project, to the following beneficiaries: to the Clinical Hospital Centre Osijek, to Slava Raškaj Educational Centre Split, to the Children's Hospital Zagreb, to the County

Hospital Čakovec and to the Clinical Hospital Centre Zagreb. All donations are further described on the project website: www.cinimdobro.hr

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5. IMPACT ON THE ENVIRONMENT

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

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

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5. IMPACT ON THE ENVIRONMENT (CONTINUED)

Consumption of paper

Double sided copying of documents, which we introduced as our standard, reusable envelopes and other activities in that direction have resulted in a continued decrease in the consumption of paper, which amounted to 339,000 kg this year.

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

Consumption of energy

Installing energy efficient light bulbs and electronic ballast in order to cut energy consumption for lighting has become a common practice. When replacing worn-out equipment, attention is given to having such equipment replaced with one of optimal characteristics. Classic light bulbs are replaced with energy efficient bulbs, air-conditioning devices with inverter technology of a higher energy efficiency degree are installed, material and elements with good insulation properties are used in construction, LED lighting is used in advertising signs and heat recovery ventilation is installed.

As a result of our efforts in that direction, in January 2013 we became an official partner in the **GreenLight Program**.

In 2018, we consumed a total of 18,000.8 MWh. At the level of the PBZ Group (including Slovenia and Bosnia and Herzegovina), a total of 23,968.8 MWh was spent.

In 2018, the following energy efficient equipment was installed in the Bank's business premises:

- LED lighting were installed in the branch Sesvete, Novalja, Središće, Varaždin, Pilareva, Rački, Špansko, Donat, Gripe
- air-water heat pumps were installed in the branch Sesvete, Novalja, Središće, Varaždin, Rijeka vault,
- air recuperators were installed in the branch Sesvete, Novalja, Središće, Varaždin, Rijeka vault, Subsidiary Rijeka
- VRV heat pump was installed in the branch Biograd na Moru
- Gas boiler heating was installed in the branch Ogulin
- Data Logger was installed in the branch Špansko

In order to contribute to the reduction in the emissions of carbon dioxide, we undertake a series of active measures. Old Bank cars for carpooling are replaced with eco-friendly cars with low CO2 emissions. Presently in carpooling:

- 65 % of the cars meet the Euro 5 standard

- 35 % of the cars meet the Euro 6 standard

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

**The statement on
the implementation
of corporate
governance code**

