

The background of the slide is a historical painting depicting a busy street scene, likely from the 19th century. The scene is filled with people in various styles of clothing, including long dresses, coats, and hats. The street is paved with cobblestones, and there are buildings lining the sides. The overall atmosphere is one of a bustling, everyday life from a past era. The text is overlaid on a dark teal semi-transparent shape on the left side of the image.

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

Overview of activities within the PBZ corporate social responsibility programme*

*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 is included in the Consolidated non-financial statement presented by Intesa Sanpaolo S.p.A

INTRODUCTION

Privredna banka Zagreb (PBZ), as one of the leaders in the Croatian banking sector, significantly influences the economic and social development of society. With its way of management and business, it aims to meet the needs and expectations of all its stakeholders in accordance with some of the main material topics of the Intesa Sanpaolo Group: (1) integrity of corporate conduct, (2) care for the community through the quality of customer relations and the development of local communities in which we operate, (3) protection, development and well-being of employees, and (4) care for the environment and climate change.

The overview of socially responsible activities includes Privredna banka Zagreb d.d. and members of the PBZ Group in Croatia (PBZ Card, PBZ Leasing, PBZ Stambena štedionica) in 2020, which was marked by unprecedented circumstances: the COVID-19 virus pandemic led to an economic downturn but also accelerated the transformation of business, and additional shocks were brought by two strong earthquakes, the first to hit Zagreb and its surroundings and the second to devastate Petrinja and its surroundings. This has certainly redefined priority activities within CSR area, but the focus was maintained on material topics as well as on the successful implementation of the integrated CSR governance model through, among other things, the establishment of a network of 30 CSR ambassadors within the PBZ Group. The purpose of the role of CSR ambassador is to increase the engagement of all stakeholders, establish a quality dialogue with business units, find mutual interest, build relationships and act on cooperation.

The value of PBZ's way of doing business is also confirmed by the awards received from the domain of social responsibility. Bank won the **CSR Index award** in the field of socially responsible policy for the protection of children's rights; PBZ was named the **Best Employer in 2020** in accordance with the criteria of the ISF white © Employee respect standard, and received the **SELECTIO award for Excellence in Challenges** for Good HR Practices in Crisis Conditions.

Below is an overview of activities on material topics conducted during 2020.

1. INTEGRITY OF CORPORATE CONDUCT IMPLEMENTATION OF THE CODE OF ETHICS

The Code of Ethics of Intesa Sanpaolo Group, implemented by Privredna banka Zagreb, is structured as a true "Charter of Relations" between the Bank and all its stakeholders. The Code describes the values that the PBZ Group be-

lieves in and is committed to, setting out the principles of conduct derived from the context of relationships with all stakeholders and, consequently, raising the standards that each person in the organization must maintain to earn the trust of all stakeholders. The application of the Code of Ethics requires a consistent and uniform interpretation of the principles of conduct in all companies of the PBZ Group and the CSR office of PBZ is entrusted with the task of ensuring consistent application of the Code. Observed irregularities or violations of the Code of Ethics are reported to the dedicated address Etickikod-eks.PBZGrupa@pbz.hr and resolved in accordance with internal procedures. Compliance with the Code is subject to periodic supervision of the competent management and control functions and during 2020 the PBZ Group did not receive substantiated reports of non-compliance with the Code of Ethics.



In addition to the usual channels, the Group has established a system of internal reporting of irregularities, known as whistleblowing, for cases where there is a suspicion that one of the following has occurred or could occur: violation of rules governing banking, financial and insurance activities and other related activities; violation of regulations, policies and/or procedures within the organization; any behaviour that leads to a conflict of interest; any criminal offence. Each application in 2020 was processed with full respect for confidentiality, in order to guarantee the protection of applicants and to avoid retaliation or discriminatory and unfair treatment. For applications in the observed year, applicants received a special notification on the activities undertaken and the status of the application. Reporting irregularities (whistleblowing) integrates already

Overview of activities within the PBZ corporate social responsibility programme

(continued)

1. INTEGRITY OF CORPORATE CONDUCT (CONTINUED)

existing reporting processes and represents an opportunity to spread ethical values that determine the employees of the PBZ Group and strengthen the culture of legality, which improves the overall content of society.

TRAININGS

PBZ Group recognizes the importance of compliance of daily operations with its Code of Conduct, Code of Ethics and other internal and external regulations and undertakes continuous activities in order to educate and make its employees aware of the prescribed standards of conduct and operations. During 2020, 3,643 employees of the Group participated in at least one development and educational activity, and a total of 165,033 training hours were realized. On average, we realized 42,6 training hours per employee.

Table 1. Overview of the number of employees trained in the period 2018-2020

	2018	2019	2020
Number of trained employees	3.887 (96%)	3.713 (93%)	3.375 (87%)
Number of realized training hours	155.874	168.102	165.033

From specific areas we emphasize:

- 57,946 training hours were dedicated to compulsory topics such as prevention of corruption and money laundering, consumer protection, privacy protection and cybersecurity
- The 'Continuing Education Program for Eligibility' was successfully completed by members of the Supervisory Board, the Management Board and key functions, as well as additional optional participants. 516 training days were dedicated to the thematic modules *Whistle-blowing (policies and solutions)*, *EBA guidelines on loan origination*, *Recovery plan - compliance with COVID-19 conditions*.
- Regulatory education and training of employees was continuously carried despite the spread of COVID-19 by adapting formats to distance learning when necessary: 71 employees qualified for investment services, 529 renewed them, 1,221 employees acquired or renewed their insurance brokerage license, and 127 of them were trained to participate in the credit process.

2. CARE FOR COMMUNITY AND CUSTOMERS CUSTOMER NEEDS AND CUSTOMER RELATIONSHIP QUALITY

In the *Retail Benchmarking Satisfaction Survey*, PBZ maintained a stable second position in the market with a score of 70.6/100 points, showing an ongoing positive perception of the bank as a credible institution and as part of Intesa Sanpaolo, as well as increase in recognition of corporate social responsibility aspect.



The unprecedented circumstances of 2020 have also significantly affected the needs of our clients.

In accordance with the recommendations of the Civil Defence Headquarters, the Croatian Institute of Public Health and the Croatian National Bank, in addition to the supply of protective equipment (disinfection masks, gloves, face shields, plexiglass screens), a number of measures have been taken to protect the health of clients and employees. Business processes have been adjusted and the newly established modalities of work ensured business continuity and the availability of banking services to all clients. In the context of the COVID-19 crisis, clients were provided with packages of measures and repayment moratoriums on loans and Premium Visa, PBZ Mastercard and PBZ Visa credit cards, which are described in more detail in the Management Board report for the Bank as part of the 2020 Annual Report. In addition to this:

- Clients were enabled to withdraw cash at ATMs of other banks free of charge
- Digital banking fees were abolished for the first three months of using the service
- The possibility of contactless payment was introduced
- PBZ clients-entrepreneurs were invited to the online PBZ Business club on the topic of macroeconomic and financial trends and their impacts on the budget.

We are continuously investing in the digitalization of the Bank, improving communication channels with clients (Listening 100%*, the possibility of online chat, free phone lines for individuals and legal entities, newsletters, PBZ blog, social networks), all in order to be available to clients anytime and anywhere with accurate, timely and clear information. Clients' complaints are resolved in accordance with regulatory and internal rules, and 99% of all customer complaints were successfully resolved in the observed year.

In the Croatian market, we are especially recognized for our excellence in providing technologically advanced and reliable transaction banking, as a leading agent for issuing debt and equity securities and as a market leader in arranging syndicated loans in Croatia and a top custodian. PBZ also has high branch accessibility rate (86% of the branches is accessible from the outside) and continues efforts to increase the levels of physical accessibility of the bank's premises according to a common approach defined in collaboration with the Parent Company's Real Estate and Occupational Health and Safety Departments.

*Listening 100% is the customer satisfaction program of Intesa Sanpaolo group for its subsidiaries. It's a program aimed at making the bank working in a customer centric logic by continuously listening to clients through the different touch points, digital and physical ones, in order to improve the processes and the delivered quality.

DONATIONS AND OTHER INITIATIVES FOR THE COMMUNITY

PBZ is recognized as a leading benefactor from the banking industry in the country in terms of donations and humanitarian initiatives to health care institutions in the fight against the COVID-19 pandemic, as well as repairing the effects of devastating earthquakes that hit Zagreb and Sisak-Moslavina County last year. Among social responsibility activities, we highlight the 'Visa-card with a heart' initiative that supports the humanitarian project "Doing Good Every Day". For more than ten years, this initiative has been supporting national, long-term projects for the benefit of children and youth, while responding to the

current needs of our society. As part of this project, the Group has contributed to 54 projects, primarily aimed at children's hospitals and children's wards and social care homes throughout Croatia. Details of the project and amounts devoted to it are available on the website <https://www.cinimdobro.hr/>.

HIGHLIGHTED INITIATIVES AND SUCCESSES



INDEKS DOP-a
DRUŠTVENO ODGOVORNO POSLOVANJE U HRVATSKOJ

- Privredna banka Zagreb received a special award for the area of Socially Responsible Policy for the Protection of Children's Rights. PBZ's family practices focused on parents and guardians, internship and scholarships for students, various forms of benefits for employees' children, as well as the impact on the community recognized through donations and Edu volunteers of financial literacy were highlighted.
- PBZ practices were recognized as an example of responsible business and included in the project 'Examples of business practices responsible toward children' published by the Advisory Board for Children's Rights and Corporate Social Responsibility
- PBZ supported and actively participated in the event 'Women in Banking' aimed at educating, empowering and connecting women in industry. In the event-integrated 'Future leaders' competition, PBZ candidate was one of the three selected female leaders in banking industry.
- PBZ regularly attends and actively participates in panel discussions and conferences on the topic of CSR and equal opportunities, i.e. 'Women in Data Science' or 'Re-create work and life for men and women' conferences
- During 2020, the Bank continued with the STEM scholarship program for 30 students for the next three-year period. The purpose of the scholarship program is to encourage students to achieve outstanding results and thus enable them to focus more on their student obligations.
- PBZ nurtures the high quality of cooperation with Croatian and international universities in order to encourage, jointly design and provide educational university and

Overview of activities within the PBZ corporate social responsibility programme

(continued)

2. CARE FOR COMMUNITY AND CUSTOMERS

HIGHLIGHTED INITIATIVES AND SUCCESSES (CONTINUED)

professional programs. The Bank also adjusted the usual implementation of mandatory internship and practice to the online format and introduced 15 students to PBZ daily business.

3. PROTECTION, DEVELOPMENT AND EMPLOYEES' WELL-BEING

Employees' safety and protection as a priority of employee-oriented activities has taken on new dimensions in 2020.

- At the beginning of the year, PBZ implemented the concept of *smart working*, which enabled employees whose job description allows it, to work outside the business premises for a certain number of days a week. With the pandemic, the concept of *smart working* was extended to all employees of central functions, while work in branches was organized in accordance with epidemiological measures. Special attention was paid to employees with risky health status for whom optimal solutions were found without reducing nor abolishing remuneration. At the end of the lock-down, strategic

planning for the return to the office was carried out – employees' preferences for work modalities were taken into account, which also depended on household risks, employees who returned to work received detailed instructions, info-graphics with basic rules and a set of protective equipment were provided with free parking for personal vehicles on arrival at the offices in order to reduce the use of public transport.

- The PBZ's Health and Safety at Work team was involved to develop OH&S regulations in agreement with the Intesa Sanpaolo Group, to manage the different modes of intervention in relation to the epidemiological spread of the COVID-19, with standards shared at Group level, and appropriately customized according to Croatian law.
- Emphasis is placed on the mental health of employees, so that along with a series of instructions and guidelines PBZ formed an internal Team for psychological support for all who feel overwhelmed or worried about Covid circumstances and/or earthquakes. Contents for pre-school and school age children, adolescents, pregnant

Upute za rad u poslovnom prostoru



1. PREDUVJETI ZA POVRATAK

Na rad u poslovne prostorije vraćaju se samo zaposlenici čije osobne karakteristike to dopuštaju, a poslovni procesi zahtijevaju.



5. ODRŽAVANJE RAZMAKA

Poštujte odobreni razmještaj za sjedenje. Obavezno održavajte razmak od 2m (uključujući hodnike, sanitarije, print zone, sobe za odmor). Izbjegavajte okupljanje više od pet osoba.



7. DODATNE PREVENTIVNE MJERE

Sastanci se održavaju putem digitalnih kanala. Poslovna putovanja su do daljnjeg odgođena. Edukacije su preusmjerene na online kanale i LMS platformu. Restorani i kantine unutar poslovnih zgrada ne rade do daljnjeg, a trenutno je onemogućeno i korištenje garderobe i tuševa za bicikliste.



3. SIMPTOMI

Prije dolaska na posao izmjerite temperaturu. Ako Vam je tjelesna temperatura iznad 37,2 °C ili ako osjetite druge simptome javite se nadređenom, ne dolazite na posao i postupajte po detaljnim uputama. Gdje će tehničke mogućnosti dozvoliti, na ulazu će biti osigurano mjerenje temperature.



6. DEZINFEKCIJA I ZAŠTITNA SREDSTVA

Osiguran je „set zaštitne opreme“ za 20 dana za sve kojima je verificiran dolazak u Banku. U zgradu ulazite sa zaštitnom maskom na licu i dezinficirate ruke na predviđenom punktu. Često perite ruke. Zračite ured i svaki dan očistite svoje radne površine. Na odlasku bacite upotrijebljenu zaštitnu opremu na propisani način.



2. SUGLASNOST ZAPOSLENIKA

Potvrdite svoju suglasnost s povratkom na rad u poslovni prostor Banke kao i da ste upoznati s uputama i pravilima za rad u poslovnom prostoru Banke za vrijeme trajanja prilagođenih uvjeta rada.



4. KRETANJE

Minimalno se krećite po poslovnim prostorima. Poštujte označene koridore kretanja za dolaske (prema gore) i odlaske (prema dolje). Koristite stepenice. Korištenje dizala nije dozvoljeno. Pamtite kuda se krećete.

KONTAKTI: Detaljne smjernice nalaze se u uputi 'Covid-19 - faza 2 - postepeni povratak na posao'. U slučaju dodatnih upita ili nejasnoća kontakt adresa je covid@pbz.hr

women, children of divorced parents as well as the elderly were distributed.

- Regarding internal communication, the importance of two-way communication was recognized and, in addition to information channels, a dedicated e-mail address was activated, through which employees could timely, transparently and accurately receive all information and answers related to pandemics and behaviour within the company.
- A plan of intervention measures to help employees who suffered significant consequences of the earthquake was adopted and implemented. Assistance was provided at the operational, financial and advisory levels.

PBZ recognizes that every crisis represents also an opportunity, so that the pandemic was used to introduce and strengthen development activities for employees:

- The employees who could not fully perform their work from remote locations were redirected to higher workload jobs (i.e. customer call centre) or *smart learning* concept of trainings dedicated to personal and professional development.
- During 2020, 3,643 employees of the Group participated in at least one development and educational activity, and a total of 165,033 training hours were realized. On average, we realized 42,6 training hours per employee.
- For all levels of management, development webinars were organized on the topic of crisis management / changed conditions and management in smart working modality.
- The project "PBZ Business School" has been partially digitalized in previous years, so in 2020 it could be easily converted into a fully online edition, enrolling a new 13th generation of students. During the year, 236 participants took part in these programs.
- PBZ Group continues to (co)finance the further formal education of its employees in graduate, postgraduate studies, specialized education as well as membership in professional associations.

The employees' well-being remains one of the strongest areas of PBZ social responsibility as the Bank recognizes the importance of their satisfaction and engagement:

- PBZ's corporate kindergarten Čigra was opened in 2012, since when it has received 623 children. The cost of kindergarten for each child is co-financed by

the employer from the PBZ Group, which confirms the importance PBZ gives to the family and the quality of private life.

- The ISBD International Healthcare Programme was renewed. The Programme provides a unique solution for the employees with indefinite-term employment agreements working at the International Subsidiaries of Intesa Sanpaolo Group in the case of serious illnesses, granting health support and treatment in the world's best medical centres. Within the Programme framework, a second medical opinion service is offered also to the immediate family members of the entitled employees. PBZ also provides its employees with a regular two-year systematic examination, further examinations for employees with bone diseases and physical therapy.
- A new Intranet to provide employees with another channel of internal communication was developed and implemented. Daily publication of news, employee benefits, discounts and new internal tenders strengthen the sense of belonging to the PBZ Group and affect the general satisfaction of employees.
- The Online Theatre project was launched, which enabled employees and their family members to watch theatre performances from their homes, and thus socialize with their families and create new memories and traditions. Special screenings and performances of appropriate online programs have been prepared for the employees' children.



Overview of activities within the PBZ corporate social responsibility programme

(continued)

PROTECTION, DEVELOPMENT AND EMPLOYEES' WELL-BEING (CONTINUED)

- For the first time, personalized motivation letters and special gifts for the first graders of PBZ employees were prepared in order to empower them in a new beginning and contribute to the joy of the first day of school. On World Savings Day, celebrated locally as part of Intesa Sanpaolo Group's framework "The Art of Saving", a digital exhibition of drawings by employees' children was published.
- Environmental initiatives and challenges were intensified: from a photo competition on biodiversity to the Mobility Week challenge, which resulted in 2.3 million steps, highlighting once again the importance of movement, staying in nature and communion with nature.
- The Bank takes care of the employees' financial burden and educate and advise them on the Personal Finance Management Program on how they can balance their income and expenses; as well it participates in making proposals on debt refinancing in order to achieve financial stability.

AWARD "EXCELLENCE IN CHALLENGES" FOR 2020



PBZ Group received the award "Excellence in Challenges" for quality human resource management and employee care during the COVID-19 pandemic. The award was given to PBZ Group by the leading Croatian human resources consulting company Selectio. In addition to emphasizing the importance of caring for employees, the goal of the recognition is the exchange of the initiatives and practices launched by companies during an uncertain and challenging situation that engulfed the entire world.

From the conclusion of the audit it is singled out: 'During the pandemic period, the PBZ Group placed the greatest emphasis on the well-being of its employees and on ensuring their health and safety. When organizing the work, attention was paid to personal characteristics, needs and even preferences of individuals. In addition, all employees were provided with various forms of psychological

assistance, and colleagues affected by the earthquake in Zagreb were provided with financial assistance. For the employees who are in direct contact with clients, additional remuneration has been introduced, and for the employees with reduced workload, a *smart learning* concept has been introduced to use free time for personal and professional development'.

ENVIRONMENT AND CLIMATE CHANGE

The main principles on which PBZ Groups environmental policy is based are waste reduction, gradual improvement of energy efficiency and paying attention to the consequences that our decisions have on the environment and society. In accordance with the approach of the parent bank and 'Rules for the environmental and energy policy', energy consumption is constantly monitored, various activities are used to reduce consumption, and at the same time the knowledge of PBZ employees about the importance of caring for the environment has increased. Personalized e-mails to employees are regularly sent, reminding them not to forget to turn off computers after working hours, turn off air conditioning and heating during the weekends, separate paper waste from other waste to be recycled. Paper waste, biological waste, plastics and mixed waste are collected separately and taken over by the contracting company, which then disposes of them ecologically. The contracting company also separates, collects and disposes of hazardous waste, such as cartridges, in accordance with the law and regulations.

On the World Environment Day, PBZ Group initiated a new digital education 'Green Business', the purpose of which is to encourage more efficient use of energy in everyday life. Through the first two modules in 2020, almost 50% of PBZ Group employees in Croatia got to know the global trends in energy efficiency management and one's personal power and responsibility to manage them at home. This ecological date was additionally marked with a photo competition in which employees were invited to do activities to make their environment more diverse and healthier. So they could choose to replace one or more household products with less harmful ones; report which innovative solutions they use to protect the environment, as well as how they contribute to cleaning up the environment and raising awareness of its importance; send photos or stories about their gardens they have on the balcony, in the yard or apartment; replace the car with alternative means of transport for a few days; to research about the biodiversity of Croatia and report the interesting things they discovered.

In addition to internal processes, care for the environment and climate change have been implemented as a criterion in the procurement process. PBZ also approves the Bank's products and services in accordance with specific guidelines: 'Rules concerning the Equator Principles', 'Guidelines for the governance of environmental social and governance risks concerning lending operations' and 'Rules on lending operations in the coal sector'. Placements of credit products with a CSR component that includes the environment in the business and CSR purposes are regularly monitored and reported in detail to the parent bank.

PAPER CONSUMPTION

Duplex copying of documents as a standard setting, reusable envelopes and other activities going in that direction have resulted in a steady reduction in paper consumption, which this year amounted to 326.990 kg.

Over the last eight years, a reduction in paper consumption of approximately 100,000 kg is achieved and is constantly increasing the use of recycled paper. Also, as of June 2012, all envelopes and print paper used by the Bank are made from recycled paper, including A4 paper for automatic stacking.

ENERGY CONSUMPTION

Installing LED lighting for the purpose of reducing energy consumption for lighting has become an established practice. When replacing worn-out equipment, PBZ pays attention to the fact that such equipment is replaced by equipment with optimal characteristics. Classic light bulbs are replaced by lighting in LED technology, air conditioners with inverter technology with a higher degree of energy efficiency, the material and elements of quality insulation properties are used in construction, LED light is used for advertising signs, and ventilation with heat recovery is installed. In addition to the above, continuous care is taken of energy efficiency at the level of the entire Group through the systematic management of energy and energy products. As a result of the efforts in this direction in January 2013, PBZ became an official partner in the GreenLight programme.

During 2020, PBZ Group in Croatia consumed a total of 15.4 GWh of electric power.

The Bank is also taking a number of active measures to reduce carbon dioxide emissions. The Bank's old car-sharing vehicles have been replaced by environmentally friendly, low-CO₂ vehicles. Currently in the transport sharing system:

Kako povećati energetska učinkovitost u uredu

Sukladno usvojenom planu aktivnosti vezanih uz uštede, molimo da svakodnevno nakon završetka radnog vremena :

- ✓ Isključite svu nepotrebnu rasvjetu
- ✓ Isključite računala i monitore
- ✓ Tijekom rada klimatizacijskih uređaja prozore držite zatvorenima
- ✓ Odvajate otpad u predviđene spremnike
- ✓ Racionalno koristite fotokopirni papir.

Zahvaljujemo na vašem odgovornom ponašanju.



Overview of activities within the PBZ corporate social responsibility programme

(continued)

ENVIRONMENT AND CLIMATE CHANGE (CONTINUED)

ENERGY CONSUMPTION (CONTINUED)

- 45% of vehicles meet the Euro 5 standard

- 55% of vehicles meet the Euro 6 standard

In 2019, the first electric car for the bank's vehicle fleet was purchased. With regards to further plans, the implementation of measures in accordance with the Environmental Protection Policy, which encourage the responsible use of natural resources, in particular the efficient use of energy and paper, and sustainable waste management, will continue. Also, the Group's efforts continue in the direction of better training for employees in environmental issues and informing the public and raising awareness of environmental issues.

For more information about our projects and initiatives visit PBZ Blog <http://pbzblog.pbz.hr/>