



Overview of activities within  
the PBZ sustainability and  
corporate social responsibility  
programme



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## INTRODUCTION

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The Privredna banka Zagreb 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.

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It is a widely known fact that companies and financial institutions no longer have merely economic responsibilities but, as active participants within society, they must also answer for the consequences of their decisions in the social and environmental spheres.

From formalization through the establishment of a responsible organizational unit in 2019, the CSR strategy in PBZ Group in Croatia (Bank, PBZ Card d.o.o., PBZ Leasing d.o.o.) developed from thematic initiatives aimed at various stakeholders, to the clustering of CSR activities into dedicated concepts in 2022 with the aim of creating synergistic effects and CSR impact strengthening.

CSR plan 2022 contained 5 streams:

1. Family Friendly Concept for Employees
2. PBZ Forest and Environmental initiatives
3. Financial Literacy and Community Support
4. Governance model
5. Corporate Culture in SmartWork context

Additionally, with sustainability recognised as a matter of great and growing importance for society, ESG governance model became operational in 2022 through setting up a framework for raising ESG awareness and development of sustainable products, while being supported by the Bank's governance framework, such as Code of Ethics, Code of Conduct and other internal policies.

With this chapter, Bank bring closer look and highlight key initiatives and achieved results related to sustainability and CSR, recognizing and confirming the role of PBZ as one of the leaders in the Croatian banking sector that significantly influences the economic and social development of society. The main material topics presented in following chapter are: (1) Customers, (2) Community (3) Employees, (4) Environment and (5) Governance model.

## CUSTOMERS

General focus in 2022 was set on preparatory activities

for Euro introduction. Change of currency, though primarily business driven project, requires preparation and adjustment also from client side. Therefore, in order for Bank's clients, both individual and business entities, to be timely informed about the process of introducing the Euro, communication activities toward clients started in July 2022. For quality preparation of our employees, a series of internal communication activities were conducted and 25.000 training hours on EURO conversion topic delivered. PBZ was the first bank that published dedicated Euro site of banks website. In order to facilitate the adjustment to the euro, the bank has dually displayed all the important information and prices throughout all available channels prior to the mandatory deadline. The Bank is also a signatory of the Code of Ethics for the introduction of euro as the official currency in Croatia.

The second emphasis was set on development of ESG purpose-related products and activities. In the 2022, Bank launched 4 new ESG products and activities for Retail & Wealth Management (WM) area:

1. PBZ youth package (ongoing since Jan 2022)
2. Activities for refugees from Ukraine (ongoing since Mar 2022)
3. Initiated distribution of Eurizon ESG funds (ongoing since Sep 2022)
4. Parents@work (ongoing since Nov 2022)

Retail & WM also made improvements in existing Energy loans which are the most important green products in Retail product catalogue (ongoing since Jun 2022) and resulted with over 65 million EUR disbursement at the end of 2022 through the Energy loan product and the Model loan dedicated to SMEs for energy efficiency. For corporate and SME clients, PBZ approved 24 investments in 2022 in total amount 27 million EUR to be covered by Circular/Green Plafond of Intesa Sanpaolo.

In addition to restructuring and repositioning the traditional distribution channels of the business network, PBZ continues to develop and improve its direct banking distribution channels making the mobile banking app and internet banking solution more accessible to customers by abolishing the fees for the first three months of using the service. Leveraging PBZ Digital Banking, Bank is raising awareness on sustainability through various actions and ISP Group initiatives. An example is parents bank initiative #withEARTH, aimed at raising awareness of the importance of the biodiversity preservation for the celebration of the Earth Day that customers could contribute to through easy, in-a-few taps, #withPAY functionality.

Finally, Bank is continuously improving communication channels with clients 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. These highlighted efforts are recognized and appreciated by the clients as shown in the Retail Benchmarking Customer Satisfaction Survey in which PBZ maintained a stable second position relating to Customer Satisfaction Index across main competitors in the market with a score of 77.8/100.

## COMMUNITY

In local community in which Bank operates, most prominent and recognizable impact is created through Financial Literacy initiatives and donations.

Since 2017, PBZ takes part in the Intesa Sanpaolo's the Art of Saving initiative, which was created at the Museum of Saving in Turin (Museo del Risparmio). The initiative introduced strategic volunteering for the purpose of financial education for young people and students, providing them with elementary financial education. In 2022, PBZ volunteers educated more than 700 children through 40 workshops on World Savings Day. Since the beginning of initiative, total of 250 workshops were conducted all over Croatia. Additionally, on the occasion of the celebration of the European Money Week, PBZ, in cooperation with the Šibenik Quiz Association, prepared an edutainment online quiz for high school students in which 444 students from 29 schools and 20 cities took part. Our employees conduct workshops in schools as part of the concept of corporate volunteering. In the financial literacy project during 2022, they realized 90 hours of volunteering in the community.

To support students and young people entering the world of personal finances, Bank published informative (non-commercial) brochure that shows in a simple way the basic steps and financial terms related to the household budget and savings. The brochure is available on Banks website and is being distributed during student-related employer branding events.

Donations represent most visible and impactful activity around community support. The general PBZ donation priorities are to make a tangible social contribution to the community in terms of social inclusion, the environment, culture, education. PBZ Group supports projects and initiatives with a direct local impact developed for the local community and projects that revolve around

solidarity, social utility, environmental protection, and the promotion of culture. Bank also supports relationships with universities and schools, initiatives that encourage education and training for young people and their access to the world of work. Annual donation budget of approx. 260 thousand EUR in 2022 was distributed in following manner:

- Cultural and educational area (21%)
- Social and environmental area (48%)
- Health area (31%)

Among the community-oriented initiatives, we highlight the 'Visa-card with a heart' initiative that supports the humanitarian project "Doing Good Every Day". For almost fifteen 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. By the end of 2022, a total of more than EUR 4 million had been collected for the project and 67 donations were made, including donations to paediatric wards and children's hospitals and social welfare institutions, in order to improve health and social care for children and youth throughout Croatia. Details of the project and amounts devoted to it are available on the website <https://www.cinimdobro.hr/>. Among charitable initiatives, we present also the support to Milky Way virtual humanitarian race organized by UNICEF Croatia, which we have been providing since 2021. In 2022, the aim of initiative was to support standardized program of mental health literacy for teachers 'PoMoZi Da' through which over 400 teachers will be trained to recognize mental health problems in children and young people and provide psychological first aid and support. PBZ team consisted of 45 participants that contributed with registered 3,453 kilometres.

## EMPLOYEES

The most important indicators of PBZ people practices could be provided through the received Top Employer award 2023 for country/region. Top Employers Institute is the global authority on recognising excellence in people practices and the Top Employer label rewards the best global companies by examining aspects including the organization's HR and career development processes in each of its countries. PBZ met the criteria in all streams and stood out with outstanding results in Business strategy, Diversity and Inclusion, People strategy and Sustainability. Similar recognitions in 2022 that confirmed the quality of PBZ HR practices are the renewal of the Certificate Employer Partner by Selectio, the Family Friendly Employer" recogni-

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# Overview of activities within the PBZ sustainability and corporate social responsibility programme (continued)

## EMPLOYEES (CONTINUED)

tion, Golden Index Award by Student Association eStudent in the Scholarships category and the Best Employer Brand Awards Adria in the Banking category for AML Academy.

## WELLBEING

Activities toward employees are continuously being upgraded. During 2022, as part of the annual plan of CSR activities, the concept of PBZ Family Practices was established. The baseline was already existing through banks standard CSR offer such as corporate kindergarten, sport association PBZ Standard with included Multisport offer, MamaSoon program for pregnant women and new mothers, periodic health checks and therapies, solidarity aid, discounts for employees with contracted partners, PBZ Retirement club etc.

Through new holistic concept we have summarized these existing family friendly practices with a series of new initiatives to synergistically strengthen the effect of our activities, such as the introduction of a day off for parents of first-graders, online workshops on supportive parenting, PBZvjezdice - a competition for employees and their children who achieved outstanding results in the sports, art and science categories, numerous Advent events for the youngest and Personal Finance training for employees. The final aim of Family Practice Concept is to create added value to our employees in all life stages and ages through providing organizational, financial and qualitative support and thus fostering a work-private balance.

In addition, through programs initiated by parent bank, employees had the opportunity to participate in ISBD Sport Events and to enrol their children in two-weeks long ISBD Summer Camp or AFS Intercultura scholarship that enables a one-year international exchange. Within ISBD perimeter, the ISBD International Healthcare Programme (ISBD IHP) was once more renewed. The ISBD IHP provides to employees with an indefinite-term employment relationship and their family members second medical opinions, medical treatments in top-level health facilities, assistance in the event of serious illnesses, covers treatment and complementary service costs etc.

We are proud that for accomplishments and endeavours in wellbeing segment PBZ received "Family Friendly Employer" recognition for 2022 in the category of large companies, award given by the Central State Office for Demography and Youth. An annual "Family Friendly Employer" award is given to the companies with the best solution in achieving a work-life balance and atmosphere for employees.

## SMARTWORK

Throughout the overall Covid-19 pandemic period, the Bank had implemented SmartWork – flexible work modalities outside the business premises in all business functions of the Bank where such work organization is applicable. Such scope and speed of adaptation were possible thanks to the basic SmartWork concept that was introduced at the beginning of 2020. During 2021-2022, more detailed pilot project was conducted in order to define a holistic concept of flexible work modalities as a standard working attribute. At the end of 2022, the Bank's management adopted proposed concept of SmartWork.

## INTERNAL COMMUNICATION

PBZ internal communication platform consists of Intranet with daily updated news, PBZ Espresso- weekly overview of the most important internal news and PBZXpress – monthly newspaper in digital format which we have been publishing continuously for more than 15 years.

In 2022, in addition to previous, we implemented new platform called Jenz. The Jenz App is a closed social network for employees aimed at improvement of internal culture through strengthening connection between the colleagues and sense of belonging. In the first year of implementation Jenz reached 1000 users within the PBZ Group, 237 official stories and 1,138 social stories were posted, and 473 praises between colleagues have been exchanged.

## DIVERSITY AND INCLUSION

Privredna banka Zagreb adopted the 'PBZ Group Diversity and Inclusion Principles' to reaffirm and make more effective its commitment to implementing and disseminating policies to include all forms of diversity (gender, gender identity and/or gender expression, sexual orientation, marital status and family status, age, ethnicity, religious belief, political affiliation and affiliation to unions, nationality, language, cultural background, physical and psychological conditions or any other feature of each individual, also including the expression of one's own thought), in accordance with the principles of the Code of Ethics and the Code of Conduct. The key principles at the basis of PBZ Inclusion Policy are respect for all people in their identity and diversity expression, nurturing of everyone's skills and competences, meritocracy and equal opportunities.

To ensure the retention and acceptance of these Principles, Bank published a training module that in concise and interactive way raises awareness and knowledge level on D&I topic among employees with summarized result of

1,454 training hours. Within the D&I strategy in 2022, most prominent initiative that promotes inclusivity in our everyday corporate culture as well as positive examples of managers as role models was PBZ inclusive manager contest conducted during the European Diversity Month. The interest and recognition of the importance of this topic is visible through the response of employees and a total of over 200 nominations.

## CAREER AND DEVELOPMENT

Because the education and training of employees and continuous investment in the development of their professional skills are one of the best ways that a company can show them that they are valuable to them PBZ continuously invests in its resources.

In 2022, 96% of all employees received at least one training, and over 146 thousand training hours were realized. For the 2022, we highlight the following data:

- The training modules that impact integrity of corporate conduct and protection of customers are on the rise. One of the examples are anti-money laundering topics (AML) and corruption and bribery prevention (ABC courses) with significantly increased realization of 16.329 training hours.
- Special attention was given to the ESG topics with the result of 14.187 training hours
- Talent management in 2022 included 312 PBZ talents nominees for the 3rd cycle of the International Talent Program (ITP). The program confirmed the key factors of this initiative such as personalized itineraries of the talents based on the profile, the attitudes of the participants and the experiences already gained as well as international experiences in the various ISP Group structures.
- 16th generation of the "PBZ Business School" conducted modules in hybrid mode (digital and on-site) and the graduates were celebrated in small ceremony. New generation of 103 participants was enrolled in two programs: General Management and Operational and Sales Management. Since the beginning in 2007, more than 1.150 employees graduated of one or both programs of the "PBZ Business School".
- For the 4th consecutive year, an ongoing training program as a mandatory program and a part of suitability criteria verification has been prepared in collaboration with two renowned houses. Supervisory and Management Board, Key functions of the Bank but also

all executive managers have had a chance to choose between 15 different strategic and leadership topics. Some of the topics were: Innovation as the enabler to the sustainable growth, Anti-Money Laundering and Terrorist Financing (AML), Digital transformation on banking market, Cyber risk management, ESG challenges in Financial Services Industry, The Future of Work and Managing People, Leadership and Creativity etc. In total 94 of our Top Managers were included in this training program participating in their own pace through the last quarter of 2022

- For all new members of the Supervisory and Management Board, Bank organizes an overall onboarding / initial training with the aim of better understanding the structure, business model, risk profile and management system of the Bank and PBZ Group, as well as their new roles at the Bank. There were 3 new appointments in 2022 which makes overall 112 hours of introductory education.

## ENVIRONMENT AND CLIMATE CHANGE

The environment due to climate change requires our attention and urgent intervention.

In 2021 Intesa Sanpaolo, parent bank of PBZ, committed to a target of net zero emissions by 2030, both for its own emissions and those of its loan and investment portfolios, and joined the Net-Zero Banking Alliance (NZBA) to boost the shared effort to combat climate change.

PBZ contributes to these targets in accordance with the approach of the parent bank and 'Rules for the environmental and energy policy' also through own emission initiatives from which we present main results:

### PAPER CONSUMPTION

Duplex copying of documents as a standard setting, reusable envelopes and similar activities results in a continuous trend of paper consumption reduction which in 2022 for the perimeter of PBZ Group (Bank, PBZ Card d.o.o., PBZ Leasing d.o.o.) amounted to 312,638 kg, while the use of recycled paper and eco-sustainable paper (paper that is in possession of an eco-label that certifies that the paper is produced either without polluting whitening agents or through sustainable forest management for example FSC, PEFC, ETC / TCF, etc ...) is constantly increasing. It is important to point out of total paper consumption, 16.60% (51,904 kg) refers to recycled paper, while 35% (110,230 kg) refers to paper with eco-sustainable label certificate.



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## ENERGY CONSUMPTION

LED technology, air conditioners with inverter technology with a higher degree of energy efficiency, the material and elements of quality insulation properties and ventilation with heat recovery, waste management system are considered standard practise in the Bank. In 2022, first rooftop photovoltaic power plant was built on the roof of PBZ group head office in Split with estimated 62 MWh annual production. For energy efficiency monitoring, PBZ Group has in place platform for systematic management of energy and energy products. During 2022, PBZ Group in Croatia consumed a total of 14.5 GWh of electric power. In 2022. the Bank took 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:

- 5% of vehicles meet the Euro 5 standard
- 90% of vehicles meet the Euro 6 standard
- 5% of vehicles are electrical

## PBZ FOREST

"PBZ forest" started as a small green story in 2021 and continued in April 2022 with the second drone afforestation

campaign in the municipality of Promina organized in cooperation with Projekt O2 on the occasion of Earth Day. Over the course of two years PBZ, reforested 20,000 m<sup>2</sup> of hard-to-reach burned areas. It is important to highlight that PBZ Forest, which will contribute to the reduction of greenhouse gases, does not harm the biodiversity of the location since the seeds used in self-germinating packets are exclusively from autochthonous tree species specific to the area being reforested.

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

Additionally, PBZ works continuously on raising awareness and environmental education of its employees through appropriate initiatives on occasions such as Earth hour, World Environment Day, Mobility week and European week for waste reduction.

On the occasion of Planet Earth Day, PBZ joined #withEarth initiative that was initiated by the parent bank and conducted within the ISBD perimeter and in which PBZ contributed to the preservation of biodiversity by supporting WWF with around 102 thousand euros on ISP level. Within the initiative, banks also invited their customers to contribute to sustainability by choosing digital and paperless way of banking.

## GOVERNANCE FRAMEWORK

ESG governance model focused on sustainability is supported by the Bank's governance framework from which we highlight the Code of Ethics, Rules on internal reporting violations and Diversity and Inclusion Principles.

The Code of ethics defines the values of PBZ Group and describes the principles of behaviour that derive from them in the context of relations with each stakeholder. Every employee of the Bank and member of the PBZ Group is obliged to become familiar with the Code of Ethics and consistently act according to it in their daily work. The Code describes the values that the PBZ Group believes 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 interpretation of the principles of conduct in all companies of the PBZ Group. Observed irregularities or violations of the Code of Ethics are reported to the dedicated address [Etick-ikodeks.PBZ-Grupa@pbz.hr](mailto:Etick-ikodeks.PBZ-Grupa@pbz.hr) and resolved in accordance with internal procedures. In 2022 there were no substantiated reports of non-compliance with the Code of Ethics.



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The PBZ Group has a system of PBZ Rules on internal reporting violations (whistleblowing) for any violation of the company's internal policies and procedures, for example the Bank's Code of Conduct, the Bank's anti-corruption guidelines, procurement rules, transparency in the promotion and placement of banking and financial products and services, as well as the management of gifts and entertainment expenses, and any behaviour that leads to a conflict of interest due to non-compliance with the rules and control procedures that are provided for such situations - for example, a conflict of interest of an employee due to personal interest. 'Annual report on the proper functioning of the adopted internal reporting violations system for the year 2022' concluded that the system allows to the Bank's employees to report, with absolute confidentiality, facts or behaviours that may constitute an infringement of the rules governing banking activity or any other irregular conduct and that reporting system is compliant with the provisions of the Croatian Informant Protection Act and PBZ rules and acts.

Privredna banka Zagreb adopted the 'PBZ Group Diversity and Inclusion Principles' to reaffirm and make more effective its commitment to implementing and disseminating policies to include all forms of diversity in accordance with the principles of the Code of Ethics and the Code of Conduct. These Principles came as continuation of efforts Bank provides for D&I area since it joined the Charter on Diversity in Croatia as one of the first signatories in 2017. Following the adoption of D&I Principles, D&I Strategy was developed that, among other, included compulsory interactive education on the topic, establishment of the PBZ Group Diversity and Inclusion Committee (D&I Committee) and publication of Guidelines for suppliers and collaborators.