

Overview of activities within
the PBZ corporate social
responsibility programme

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INTRODUCTION

Corporate Social Responsibility (CSR) in PBZ Group in Croatia (Bank, PBZ Card, PBZ Leasing, PBZ Stambena štedionica) was reshaped from operative to strategic approach based on topic-specific initiatives, then further evolved through formalization of CSR Office and adoption of CSR Integration governance model. In 2021 the focus was set on inclusion of all stakeholders and coverage of material topics of Privredna banka Zreb (PBZ or Bank) and Intesa Sanpaolo as parent bank. In addition to such focus of annual plan of CSR activities, challenging context of 2021 was marked also with continuation of COVID-19 epidemic, post-earthquake adjustments, start of preparatory activities for Euro conversion and setting up ESG governance model within the PBZ Group.

Following chapter does not represent Non-financial statement since the Bank is availing the exemption as a subsidiary and Bank's information is incorporated in the Consolidated non-financial statement presented by Intesa Sanpaolo S.p.A. With this chapter Bank does however bring closer look and highlight key trends, 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.

Some of the main material topics presented in following chapter are: (1) ESG Governance model introduction, (2) integrity of corporate conduct, (3) care for the community through the quality of customer relations and the development of local communities in which we operate, (4) protection, development and well-being of employees, and (5) care for the environment and climate change.

The value of PBZ's way of doing business is also confirmed by the awards and certificates received in specific areas of expertise such as Certificate Employer Partner for excellence in Human Resources Management awarded by Selectio and Best Employer Brand Awards Adria in People's Voice award category by Career Center.

1. ESG GOVERNANCE MODEL

During the year, the large-scale ISP4ESG programme, launched in 2019 within Intesa Sanpaolo as a Parent Company, involved all the Group's Divisions and Governance Areas in the process of integrating the ESG logics into the Bank's business model and strategy, with the aim of responding appropriately to the challenges of the external context and stakeholders' expectations, generating a positive and tangible impact within the company and on society.

In PBZ, ESG Strategy and overall implementation framework is being developed in close cooperation with Parent Company. Governance model includes strong managerial support and dedicated working group of 50 experts that cover nearly all business and support functions. In December 2021, an ESG Committee was established at the level of the PBZ Group HUB in charge of strategic and operational planning, decision-making and monitoring of relevant topics in the ESG domain.

The strengthening of ESG positioning is based on three pillars: awareness, data governance and business positioning. Each pillar is operationalized through ESG projects that cover broad activities in all areas of operations with both short term and long-term focus.

2. INTEGRITY OF CORPORATE CONDUCT

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 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 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 Etickikodeks.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 2021 the PBZ Group did not receive substantiated reports of non-compliance with the Code of Ethics. With



*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

the intention of raising awareness of the importance of the Code of Ethics and bringing the prescribed ethical principles closer to employees, in 2021 Bank published interactive digital educational content 'Code of Ethics and Principles of Conduct in Stakeholder Relations'.

In addition to the usual channels, the Group has a system of internal reporting of irregularities, known as whistle-blowing, 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. 'Annual report on the proper functioning of the adopted internal reporting violations system for the year 2021' concluded that the system allows to the Bank's employees to report, with absolute confidentiality, facts or behaviors 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 on internal reporting violations (whistleblowing) which provides communication channel for internal reporting violations. Reporting irregularities (whistle-blowing) integrates already 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.

From the governance scope, Bank emphasizes an adoption of internal act 'Diversity and Inclusion Principles of Privredna banka Zagreb' with goal to create a working environment based on plurality, respect and harmony, where people with different qualities, beliefs and opinions can come together to generate value, where everyone feels free to express themselves and everyone's talent and qualities are acknowledged and rewarded with the same opportunities for professional growth and remuneration. Through these Principles, Bank confirmed diversity and inclusion topic as a business priority and commits to implement and disseminate – inside and outside of the PBZ Group – a policy for the inclusion of 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).

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 2021, 3,529 employees of the Group participated in at least one development and educational activity, and a total of 170,774 training hours were realized. On average, we realized 44,4 training hours per employee.

Table 1. Overview of the number of employees trained in the period 2019-2021

	2019	2020	2021
Number of trained employees	3.713 (93%)	3.375 (87%)	3.529 (92%)
Number of realized training hours	168.102	165.033	170.774

From specific areas we emphasize:

- 83,877 training hours were dedicated to compulsory topics such as Euro conversion, prevention of corruption and money laundering, consumer protection, privacy protection and cybersecurity.
- It is also to mention that 11,105 training hours were related only to corruption and bribery prevention, as well as to anti-money laundering topics, with 3,098 participants at Group level.
- The 'Continuing Education Program for Eligibility' was successfully completed by members of the Supervisory Board, the Management Board and key functions holders, as well as additional optional participants. Around 250 training days were dedicated to the actual topics, relevant not only for the banking industry, but for the business in general, such as Creating a Safe Work Environment – Best Approach to Deal with Harassment at the Workplace, BASEL IV – The Impact of Regulations on Risk Assessment and Model Development in Banks, Banking Industry Post COVID-19 Pandemic – Key Regulatory and Business Challenges, Inclusive Leadership.
- Special attention was given to the ESG thematic in terms of 3,760 training hours provided and 2,483 employees included.

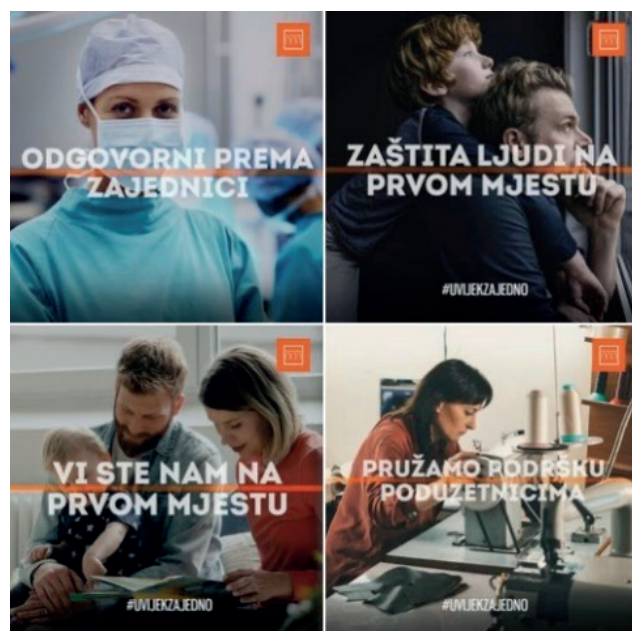
Overview of activities within the PBZ corporate social responsibility programme (continued)

TRAININGS (CONTINUED)

- Regulatory education and training were continuously carried on despite the pandemic of COVID-19 by adapting formats to distance learning: 68 employees qualified for investment services and 479 licence holders renewed their existing licences; 1,424 employees acquired or renewed their insurance license; 1,077 employees were trained to participate in the Housing Consumer Loans credit process.

3. CARE FOR COMMUNITY AND CUSTOMERS

CUSTOMER NEEDS AND CUSTOMER RELATIONSHIP QUALITY



In the context of the health emergency in 2021, we continued to implement measures related to Covid-19 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 Remote Offer service and the supply of protective equipment (disinfectants, masks, gloves, face shields, plexiglass screens), a number of measures have been taken to protect the health of clients and employees. Business processes were guided by the already established new modalities of work that ensured business continuity and the availability of banking services to all clients.

In the context of the COVID-19 crisis, in the first quarter of 2021, clients were provided with packages of measures and repayment moratoriums on loans and Premium Visa,

PBZ Mastercard and PBZ Visa credit cards, while for the rest of the year the emphasis was on liquidity loans. In addition, digital banking fees were abolished for the first three months of using the service and the possibility of contactless payment was promoted.

In line with campaign slogan, Bank takes care of what customers care about:

- Bank organized online PBZ Business clubs events for PBZ clients-entrepreneurs with standard topics of macroeconomic and financial trends as well as updated topic of EU funds and ESG
- Special measures have been introduced to facilitate the business of earthquake-stricken clients: account management fees have been abolished and fees for inflows from abroad have been abolished
- Bank is 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.
- During 2021, the surveying of the premises of the International Subsidiary Banks (ISBD) continued its progress, taking into consideration the branch networks and head offices. The mapping activities concerned 100% of business-operating properties (branches, head offices, etc.) and considered several common parameters (accessibility from the outside, to the cashiers and to relationship managers, etc.). PBZ confirmed the highest accessibility rate from all ISBD banks subsidiaries (97% 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.

These highlighted efforts are recognized and appreciated by the clients as shown in the Retail Benchmarking Satisfaction Survey in which PBZ maintained a stable second position in the market with a score of 70.6/100 points. The stability of this position shows an ongoing positive perception of the bank as a credible institution and as part

*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.

of Intesa Sanpaolo, as well as increase in recognition of corporate social responsibility aspect.

DONATIONS AND OTHER INITIATIVES FOR THE COMMUNITY

Among social responsibility activities, we highlight the 'Visa-card with a heart' initiative that supports the humanitarian project "Doing Good Every Day". For more 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 2021, a total of more than HRK 26 million had been collected for the project and 59 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/>.

During 2021, two cooperation projects were launched with the Intesa Sanpaolo Charity Fund. The first project was implemented in cooperation with SOS Children's Village Croatia as part of the Family Strengthening Program and the second cooperation was implemented through the project Slow Food in Action: Youth and the Future of the Food System in Croatia, which aims to restore rural areas, preserve cultural and gastronomic heritage, educating and encouraging young people to stay in rural areas. The projects are communicated through the media and the CSR Office coordinates activities related to communication with these entities.

FINANCIAL LITERACY INITIATIVE

Since 2017, PBZ is part of 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 holding financial education for young people and students, providing them with elementary financial education. In 2021 context of Covid-19 epidemic continued to limit volunteering workshops in schools so Bank prepared an educational video about savings according to the template of Museum of Savings, entitled "The price of our dreams" for children aged 6 to 10. The video workshop was published on the PBZ YouTube channel, it lasts 8 minutes, but has an interactive approach so it takes an entire school hour for the children to complete the tasks suggested in the video. On World Savings Day, Bank combined the video workshop with a competition

"Professions of the Future" in which 23 schools and 439 students from all over Croatia participated.

Financial literacy activities for high school students involved webinar "What do I need to know about the digital world?" created in collaboration with PBZ and the Safer Internet Centre and published on the PBZ YouTube channel. 11 classes with a total of 201 student participated in the webinar that afterwards collected over 890 views additionally.

EXTERNAL COOPERATION, SUPPORT AND SUCCESSES

- Privredna Banka Zagreb supported the virtual humanitarian race Milky Way organized by UNICEF Croatia with the aim of supporting the establishment and improvement of important services for children with disabilities and their parents in Croatia. The PBZ team took an 8th place in the overall ranking of teams with 49 members registered and 3,393.06 kilometres covered. In overall campaign, HRK 1.1 million was raised for the establishment and expansion of vocational services for children with disabilities in areas with the lowest development indices, where the availability of services is the lowest.



- 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.

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

EXTERNAL COOPERATION, SUPPORT AND SUCCESSES (CONTINUED)

- During 2021, the Bank continued with the STEM scholarship program for 27 students. 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 to encourage, jointly design and provide educational university and professional programs. The Bank also adjusted the usual implementation of mandatory internship and practice to the online format and introduced 9 students to PBZ daily business.
- In 2021 Privredna banka Zagreb joined the Employer Partner certificate holders. The Bank has successfully gone through the process of evaluating its employee management practices and achieved very high results. This is a prestigious award given by the consulting company SELECTIO for over 15 years to companies with excellent practices in human resource management.
- Within Best Employer Brand Awards Adria PBZ won the People's Voice Award (the category of Best Video Presentation). The Best Employer Brand Awards Adria is a set of awards given to companies that have distinguished themselves by the best practices of employer brand management, which are awarded by CareerCenter. The competition is international and includes eight

countries (BiH, Croatia, Hungary, Kosovo, Montenegro, Northern Macedonia, Serbia, Slovenia), and the awards are given in several categories.

- The Woman's Choice Awards, the awarding of recognition to favorite brands is of particular importance in that the awards come from end users. In a two-week survey, as many as 8,800 women aged 18-55 completed the survey, and Privredna Banka Zagreb won the "favorite bank" category.

COMMUNICATION, DEVELOPMENT AND EMPLOYEES' WELL-BEING

INTERNAL COMMUNICATION

In 2021 new easily accessible internal communication channels were developed and fully implemented in PBZ Group. A new PBZ Intranet portal launched at the very end of 2020 became fully functional with published over 275 daily business news, information and initiatives. Employees' reactions to the published news are very good, and after the announcements, an increased engagement was noticed, as well as the involvement of employees in communicated initiatives. The PBZ Intranet portal is being modified as needed, and a special section dedicated to the EURO Conversion project was opened and visually highlighted in July, enabling employees to access all relevant information in a fast and easily accessible way. As part of the new Intranet, in January 2021 another internal channel was introduced to which employees responded well - PBZ Espresso - a weekly review of the most important internal news aimed at providing all employees with an easy and quick overview of key information. PBZ Espresso attracts the attention of readers in an optimal way, and an increased engagement of employees has been noticed after the publication of weekly news.

During 2021, intensive crisis communication continued through the internal Covid address. The two years of continuous, uniform and timely communication provided through the Covid address were the basis for the development of easily applicable instructions, which were distributed to all employees in December. In order to ensure a faster response, the instructions are widely used and with their help employees can identify the relevant situation and follow the described steps. With the adoption of new instructions, the covid address was abolished.

The importance of ensuring a high level of involvement and information of all employees on important topics and projects induced the develop of innovative format



of infotainment knowledge quizzes. The quizzes in interactive, dynamic, visually entertaining way, available on computers and mobile phones, educate and entertain participants ensuring higher knowledge retention. In 2021 two quizzes were conducted – on diversity and the EURO Conversion project. A total of 2,860 employees participated and resulted with above average interest and response.

WELL-BEING INITIATIVES

In addition to standard benefits for employees such as corporate kindergarten and International Healthcare Program, Bank continued with activities focused on mental health and work-life balance, confirming well-being as one of the strongest areas of PBZ social responsibility.

- 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.

- Previously launched initiatives to protect employees' mental health continued in 2021 such as availability of internal Team for psychological support for all who feel overwhelmed or worried about Covid circumstances and/or earthquakes as well as individual online therapies organized in collaboration with Exedra Online platform for online psychotherapy, subsidized by the Bank.
- Mama Soon program offer for pregnant women and mothers of children up to one year of age continued and resulted in joined 50 employees.
- Continuation of the Online Theatre project launched in 2020 which enabled employees and their family members to watch theatre performances from their homes, offering culture content available in each home and connecting, socializing moments.
- In 2021 the initiative of gifting first-graders continued, for which we prepared a manual on the topic of identifying and sorting waste, as well as other occasional gifts and personalized letters

From environmentally focused internal initiatives, first PBZ Forest - a large ecological initiative of afforestation of the burned area of 10,000 m² in the municipality of Promina described in more details in Environment and Climate section – was supported by other initiatives to mark significant environmental dates:

World Environment Day	Mobility Week	European Week for Waste Reduction	Earth Hour
A webinar "Afforestation against climate change" was organized with the participation of more than 90 employees. On the occasion of World Environment Day, 156 employees took care of the pedunculate oak seedlings.	•Registered action 'Safe and Healthy with Sustainable Mobility' on mobilityweek.eu website	Exhibition "The Art of Recycling" set up in the business premises of PBZ. For employees organized webinar on the importance of waste sorting with practical advices and creative workshop "The Art of Recycling".	Bank supported the Earth Hour initiative and on March 27 turned off the lights in its office buildings on Radnička cesta during the Earth Hour.

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

WELL-BEING INITIATIVES (CONTINUED)

FLEXIBLE WORK MODALITIES – PILOT PROJECT

In 2020, PBZ began introducing Smart Work concept that allows employees occasional work from remote location. The pandemic, however, significantly accelerated and expanded the scope of Smart Work and proved the effectiveness and need to maintain a flexible approach to work. Therefore, the Bank by leveraging on the experience of the COVID-19 emergency and with the contribution of internal surveys, launched pilot projects on flexible working models.

Working outside the Bank's business premises is a flexible way of working that involves working from a remote location, i.e., performing specific tasks and jobs in a way that does not require presence in the Bank's business premises, and represents the benefits for both employees and the Bank. The pilot concept is also correlated with the ongoing redesign of layout of company office spaces based on the new needs.

DEVELOPMENT AND TRAINING

- PBZ has participated in delivering the education under the name GYMS (Growing Your Managerial Skills). Middle Managers (25 of them) had opportunity to participate in two 2 Modules and 160 Branch Managers participated in 4 different modules through September, October and November improving their Managerial, Digital Skills as well as upgrading their Personal development
- Well-known project "PBZ Business School" has been completely digitalized in a year 2020., continuing Online with its 15th generation in year 2021. During the 2021 we have proudly introduced 175 students on the course called General Management through 3 different generations. Diploma of Operational and Sales Management in total duration of 2 years had its 39 attendees
- Taking into account the current situation and understanding complexity of combining private life with the business life, PBZ has initiated educations under the common name "Positive Psychology". Educations were organized, at the first place, for our Retail staff who are constantly in direct contact with our clients and who were most affected by COVID-19 pandemic situation. Two different topics were offered "Purpose and Meaning" and "How to get the best out of every situation" with attendance on voluntary basis. Both topics were organized in 10 different time slots through October, November and December

- Ongoing training program as a mandatory program for the President/Members of the Supervisory Board, Management Board and Key functions of the Bank has been, also, offered to our Executive Directors on the PBZ Group level. Training programs have been prepared in collaboration with two renowned houses and colleagues have had a chance to choose between 15 different topics of hard and soft skills. Some of the topics were: ESG Assets - The Impact of Sustainability on the Operations of Financial Institutions; Basel IV - the impact of regulations on risk assessment; Regulations in the banking industry - 2021 Outlook; Prevention of Money Laundering and Terrorist Financing (AML) - 2021 Outlook; Climate Risks in Banking - The impact of climate change on banks' operations; A Winning Path Through the Digital Landscape; Leadership and Inclusion; Leading Disruptive Change; Managing New Reality etc. In total 95 of our Top Managers were included in this training program participating in their own pace through October, November and December

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.

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.

OWN EMISSION REDUCTION PLAN

Intesa Sanpaolo, parent company of PBZ, joined in October 2021 the Net-Zero Banking Alliance. Through this alliance, the Group committed to the goal of achieving Net-Zero emissions by 2030 with 100% of the energy deriving from renewable sources. In accordance with the environmental responsibility commitments undertaken by the parent company, PBZ has set medium to long-term goals in form of its Own Emissions Plan through the creation of specific actions related to:

- Scope1 direct emissions, relating to the use of fuel for heating and the fleet;
- Scope2 indirect emissions for centralised air conditioning systems, district heating and electricity.

ENERGY CONSUMPTION AND SMART MOBILITY MODEL

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 2021, PBZ Group in Croatia consumed a total of 15 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:

- 30% of vehicles meet the Euro 5 standard

- 70% of vehicles meet the Euro 6 standard

In 2019, the first electric car for the bank's vehicle fleet was purchased and in 2020 first hybrid cars.

To achieve zero CO2 emission, PBZ developed the new smart mobility model and initiated activities related to electrification of corporate car fleet. In addition, the Bank also purchases around 60% of its electricity from renewable sources with planned 100% procurement for electricity from renewable energy sources from 2022 on. Furthermore, in order to use more energy from renewable sources, the project to build two photovoltaic power plants in Zagreb and Split is planned.

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 in 2021 amounted to 313.690 kg. Since 2009 Paperless branch is active (digital signature, signed documents submitted to client email address), applying significant reduction of printed copies due to usage of digital channels.

Over the last years, a reduction in paper consumption is achieved and 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. Also, as of June 2012, all envelopes and print paper used by the Bank are made from recycled paper. It is important to point out that ca 50% out of total paper consumption (313.690 kg) refers to consumption of carbon neutral paper (148.187 kg). 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.

PBZ FOREST

The environment due to climate change requires our attention and urgent intervention. In 2021 Bank wanted to take action on this important issue beyond narrow business activities; wanted to contribute directly to the community and involve its employees in new activities.

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

PBZ FOREST (CONTINUED)



different proportions of clay, sand and substrate are exclusively from indigenous tree species specific to the area to be afforested.

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

In cooperation with O2, PBZ organized a webinar for employees and distributed seedlings to colleagues. After that, the action of afforestation by drone in the municipality of Promina started. In the “PBZ forest” action, the drone mapped, flew over and dropped 5,000 self-germinating seed packets, the so-called seed bombs, all over 10,000 square feet of that burned terrain. This is where the PBZ forest will grow, an example of concrete action that does not provide a quick win, its fruits will be visible only in a few years, and whose sole purpose is to mitigate the effects of climate change.

The importance of PBZ forest is reflected in:

- Applicability of innovative technology: Drone afforestation allows the planting of 5,000 seed packets in a relatively short time on inaccessible and burned terrain. If we wanted to achieve the same effect by manual planting, the required human and time resources would be many times greater.
- Not endangering biodiversity: It is important to us that our green initiative that will contribute to the reduction of greenhouse gases at the same time does not damage the biodiversity of the site. The seeds used in self-germinating sachets made from a mixture of