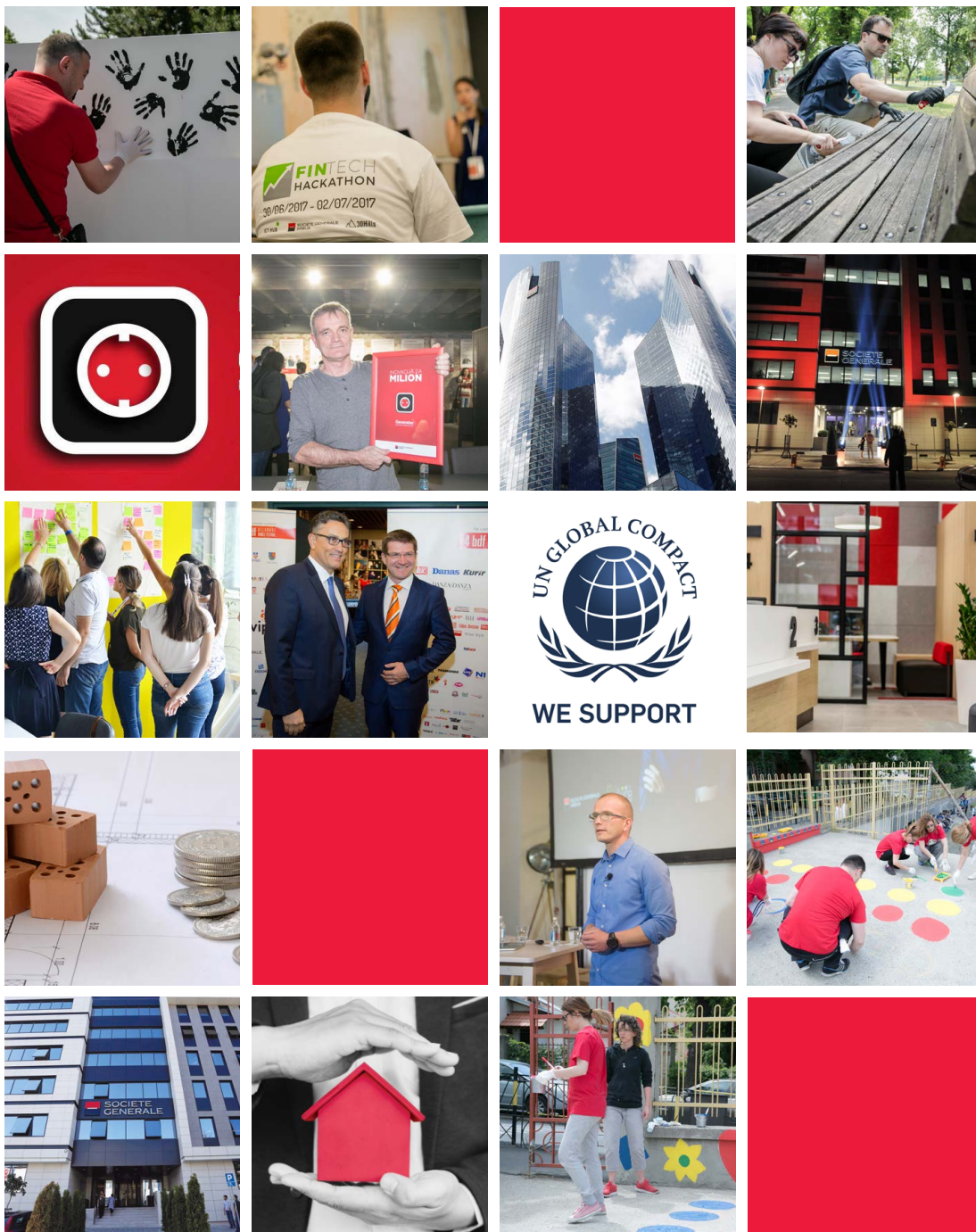


COMMUNICATION ON PROGRESS REPORT 2017



BUILDING TEAM SPIRIT TOGETHER

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Maria Rousseva
 President of the Executive Board
 Societe Generale Srbija

STATEMENT OF THE CONTINUED SUPPORT FOR THE GLOBAL COMPACT

Being a trusted partner to all our stakeholders, and staying committed to a positive transformation of the society, continued to be our utmost priority in 2017. We have nurtured a responsible approach applying the high ethical standards towards our employees, customers, local community and environment.

Trustworthiness, integrity and accountability are deeply ingrained in our culture and in the way we conduct our day-to-day business. Ensuring the safety and protection of our client's interests and assets, and their satisfaction is of our greatest importance, and it couldn't be possible without respectful and ethical culture within our team. We have been committed to further building of our environment where employees can professionally grow through everyday business, innovative practices and collaboration with clients and various communities, in order to provide outstanding customer experience.

This year we celebrated 40 years of doing business in Serbia, and this occasion ignited the spark to redefine our social responsibility strategy towards the local community. We have established the Generator platform dedicated to the further development of innovation and entrepreneurship in our country. First action undertaken was the competition through which we promoted and awarded 40 entrepreneurial innovations. High response-rate, recognition and engagement of the innovators, our partners and general public were another proof that the entrepreneurial spirit in Serbia exists and that we are on the right track. Additionally, we empowered technological entrepreneurship in Serbia, through initiating strategic partnership with the Center for Technological Entrepreneurship – ICT Hub.

Aware of the fact that further development of the society is not possible without close cooperation of all stakeholders, and having in mind the important role of the corporate sector, we will continue with our strong support to the local community in the years to come.



GLOBAL COMPACT 10 PRINCIPLES

Societe Generale Srbija is bound to support and promote ten principles of the Global Compact in its all activities and initiatives regarding to:

Human rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights
- **Principle 2:** Businesses should make sure they are not complicit in human rights abuses

Labour standards

- **Principle 3:** Businesses should uphold freedom of association and the effective recognition of the right of collective bargaining
- **Principle 4:** eliminate of all forms of forced and compulsory labour
- **Principle 5:** effectively abolish child labour
- **Principle 6:** eliminate discrimination in respect of employment and occupations

Protection of the environment

- **Principle 7:** Business should support a precautionary approach to environmental challenges
- **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility
- **Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and Bribery



ABOUT SOCIETE GENERALE GROUP

SOCIETE GENERALE GROUP is one of the leading financial services groups in Europe. Based on a diversified universal banking model, the Group combines financial solidity and a strategy of sustainable growth. Ambition of the Group is to be the leading relationship-focused bank, a reference in its markets, close to its clients and chosen for the quality and commitment of its teams.

With 31 million customers in 66 countries, Societe Generale operates through three main business activities:

French networks

Retail banking in France consists of three complementary brands: Societe Generale, a leading national bank; Crédit du Nord, a group of regional banks; and Boursorama, a major online bank. These brands serve a diverse clientele, which comprises over 12 million customers. The Group's goal for French retail banking is to be the leading bank in terms of customer satisfaction and protection.

Across France, the eight regional banks of the Crédit du Nord Group operate with a high level of independence and have a perfect knowledge of the local economic fabric. Customers enjoy all the advantages of a regional bank on a human scale coupled with those of a nationwide banking group.

The Boursorama Group offers a complete range of online banking products and services. Established in 1995 and present in three European countries, Boursorama is a pioneer and French leader in its three businesses: online banking, brokerage and financial information.



International retail banking

Our international retail banking and consumer credit network serves over 18 million individual clients across 38 countries. In each of these countries, we implement our diversified and well-balanced banking model, while adapting it to the specificities of local markets.

Financial Services

Our Financial Services offering, which complements the International Retail Banking network, is built on our expertise in three businesses: Insurance, Vehicle Leasing and Fleet Management, and Equipment and Vendor Finance.

Global Banking and Investor Solutions (GBIS)

Global Banking and Investor Solutions (GBIS) plays a key role as an intermediary between issuers and investors, delivering worldwide expertise in three main areas: investment banking, global financing and global markets

Financing the economy by linking issuers and investors

A pillar of our universal banking model, Global Banking and Investor Solutions (GBIS) is present in 36 countries in the main financial markets in the Group's regions of operation, with extensive European coverage and representative offices in Central and Eastern Europe, the Middle East, Africa, the Americas and the Asia-Pacific region.

With recognized advisory and engineering expertise and strong franchises, GBIS offers tailor made solutions to corporates, financial institutions and the public sector.

Investment banking, financing and market services: three complementary activities GBIS assists corporates, financial institutions, public sector institutions and family offices, meeting their needs in terms of investments, strategic advisory services, capital raising and capital structure optimization.

Relying on its internationally recognized expertise in structured finance (acquisitions, exports, natural resources, infrastructure and assets, media and telecom, real estate and lodging, etc.), GBIS can offer a truly global set of financing solutions to its clients.

In addition, GBIS offers global access to market via solutions in equities, fixed income and currencies, commodities and alternative investments. GBIS develops advisory, investment and risk management solutions for the specific needs of each investor.

For Societe Generale, being the relationship-focused bank of reference also involves supporting the clients who seek to limit their impact on the climate and participating to financing the economy in a responsible manner, by reducing carbon footprint, supporting the transition to a low-carbon economy, supporting sustainable entrepreneurs...

ABOUT SOCIETE GENERALE SERBIA

At the times when most modern practices become obsolete as soon as they become mainstream, it is important to differentiate short-term trends from long-term directions of development that ensure the growth on the market. We are a bank that understands that it is necessary not only to respond to the new demands of the customers, but also to anticipate future trends and be as innovative as possible.

Our imperative is to meet the customers' needs where it suits them - in one of our 96 branches across Serbia, at our contemporary e-banking platform, or via mobile applications.

For 40 years of doing business in Serbia (since 1977), from traditional banking, we passed the way to improvement of the market position of one of the leading banks, which is increasingly focusing towards developing a culture of innovation.

With the full commitment of all employees of Societe Generale Bank, we provide quality service and a diverse offer of products to our clients, natural persons and legal entities - large private and state companies, national and multinational companies, financial institutions, and sector of small and medium-sized enterprises, microenterprises and entrepreneurs.

- We are the first foreign bank in the domestic market that opened a representative office in 1977.
- The first retail branches were opened in 2001.





- In 2013 we took a part of the portfolio of clients of KBC Bank, which is the first financial transaction of this type in the Serbian market
- We launched the first online office in Serbia in 2015.
- We have organized the first Fintech Hackathon in Serbia with partners in 2016
- We launched Generator project powered by Societe Generale – a platform having for goal to leverage further generation of business innovative ideas, in 2017

In 2017, Societe Generale bank has continued with the enhancement of its products and services, as well as its processes optimization. At the same time, the bank has positioned itself as the leader in digitalization, after the continuous work on improvement of electronic and mobile banking resulted in launching first Digital (online) branch in Serbia.

This is one more confirmation of the innovative approach of the Bank which tries to offer best possible service to its clients, at the same time nurturing long term relationship with them.

Mutual trust, respecting contractual liabilities, readiness for cooperation, as well as the capability to offer innovative solutions that meet clients' needs are only some of the characteristics of the relationship that the bank nurtures with its clients and partners for decades.

Societe Generale Bank Srbija a.d. Beograd will continue to strive to serve efficiently, create ongoing innovation in business operations, introduce IT solutions, including frequent monitoring and improvement of processes understanding, as it understands that these are the criteria for sustainable and long term activity in delivering high quality services.

CSR APPROACH

In 2017, Societe Generale Bank marked a significant jubilee - 40 years of business in Serbia. Over the past decades, besides business development, the bank was dedicated to and contributed to the community in which it runs business.

Responsibility, dedication, innovation and team spirit are values that the bank follows in every aspect of the business. They are rooted in business policy towards the employees, the customers, the environment, and by giving added value to the local community. The Corporate Social Responsibility strategy relies on four pillars of support to the local community. These are support to entrepreneurship, innovation, culture and population vulnerable groups.

The development of a society is not possible without close cooperation of all stakeholders, and the role of the corporate sector is very important, but not only for financial support, but because socially responsible initiatives provide added value to the local community they are targeting. Concepts such as mentoring, training, competition, promotion at the general public and networking and expansion of the network of partners will get more and more important.

Another trend is certainly the networking of partners from different sectors. Same as different industries merge in business, so the concepts of social responsibility will develop in this direction.

Since 2016, Societe Generale Serbia has been included in the Responsible Business Index list

- the first national corporate social responsibility assessment platform that enables an objective comparison of the effects and impacts that the company generates to the society through its operations.

With the wish to add additional contribution to empowering technological entrepreneurship in Serbia, the Bank has initiated cooperation with the ICT Hub Center for Technological Entrepreneurship and Innovation, which created a long-term partnership with benefits for all involved parties.



Together we organized various events, such as two fintech hackatons and the Open Innovation Challenge, which rewarded teams with the best ideas applicable in the development of the banking future. Also, the cooperation opened the bank's door to new partners from the start-up ecosystem that are developing innovative products and services for users in an increasingly advanced digital environment.

In the year when we celebrate 40 years of business in Serbia, the need has emerged to strategically unify all that the bank has done in the field of innovation in the last couple of years. Thus, the Generator platform was created, which was launched through a competition for the selection of 40 entrepreneurial innovations that are innovative, feasible and sustainable. The competition was supported by the Bank's partners, and 780 projects have applied, which is an outstanding success and another proof that the entrepreneurial spirit in Serbia exists.

Generator is actually a long-term platform that will exist in the future as a place where the initiatives and events that contribute to the development of innovation and entrepreneurship are promoted. Generator platform is for all those who wish to enter into entrepreneurial waters or expand the existing business to follow Societe Generale's activities in Serbia, whether they want to connect with a bank or some of the partners, to be participants in one of the events such as hackathones and other gatherings that are in the focus of innovation, or a part of events and conferences that promote digital business and entrepreneurship.

Besides the Generator, same as in the past years, Société Générale Serbia supported also the organization of great cultural events throughout country, in partnership with the Belgrade Dance Festival, the French Institute in Serbia, the Young Talents' Association "Artlink" and other local partners.

The Bank is a member and one of the founders of the UN Global Compact for Serbia and of the Business Leaders Forum, the two most important initiatives that bring together socially responsible companies.

CSR PRIORITY ISSUES

Societe Generale Srbija as a part of a large banking group is integrating Corporate Social Responsibility behavior in all of its business activities using high standards in HR policy, with clients, local community and environment. As a member and one of the founders of the UN Global Compact agreement in Serbia, as well as member and one of the founders of the Responsible Business Forum (RBF) Serbia, the Bank mobilized most important initiatives in the country gathering social responsible companies.

Societe Generale Srbija focus in CSR is on

- Supporting entrepreneurship and innovation for creating better environment and giving back to the community where we operate in
- Supporting culture and young talents
- Support to vulnerable groups of citizens (social inclusion - professional integration through education of socially sensitive groups; volunteering actions)
- Environmental protection





Strategic guidelines for socially responsible business in Societe Generale Srbija are strongly based in our corporate values and they are being applied in accordance with the following priorities:

- Integration of principles of social responsibility in business activities
- Responsible management and HR policy
- Decrease of negative effects to environment

Societe Generale Srbija has integrated principles of social responsibility into everyday business activities by creating socially responsible products and services and building responsible relation towards customers. We serve our customer and economy and we do it as one to one relationship bank, a reference on the market. Societe Generale Srbija is focused on the highest quality of services provided to customers in terms of innovation, effectiveness and availability.

Relations with clients

The Bank has been recognized for its transparent and fair relations with clients, which includes a clear definition of all contractual rights and building long-term relationships. We initiated a number of measures to improve the transparency and clarity of commitments between the Bank and our customers with the main objectives to: establish lasting relations with customers by adapted to their individual needs and constantly improve the quality of our services.

Environmental and Social Risk

Environmental and social risk assessment is included in the credit appraisal policy in order to determine the impact of environmental pollution risk and negative impact on the environment that is related to financing activities. This procedure comprises a set of guidelines we follow in the process of granting loans, namely upon the assessment of the potential risk of the client's activities. It is aimed at enabling the bank to survey and manage the social and environmental risks related to all credit applications for financing in any sector. It presents a backbone of Social and Environmental Management System (SEMS) of the bank.



Sourcing

Starting June 2016, all contracts with suppliers include standard SG Group CSR clause, obliging suppliers to:

- Comply with the local labor law,
- Comply with the environmental legislation,
- Not to deal with sub-contractors which do not respect the provisions subject of the CSR contract article,
- Provide CSR audit during the contract term.

During September 2017 Positive Sourcing Program 2018 has been presented by SG Group Sourcing CSR.

Measures that Societe Generale Srbija applies in order to save resources

Societe Generale Srbija has made great progress in the field of environmental protection. The Bank was awarded as the first company in the region of the Western Balkans, for successful implementation of the Building Managerial System across its entire branch network (2013), which, in combination with LED lights, has generated energy savings of 35%. This unique system allows centralized management and monitoring of the technical equipment at distant locations, such as heating and cooling systems, lights (day/night modes), signage and electricity.

The BMS was primarily implemented at the first Societe Generale Srbija Head Office after its construction in 2006, making the building one of the most modern in the Serbian banking system.

The New „smart” building of Societe Generale Srbija - a class constructive solution, designed in accordance with the latest architectural trends, following the highest standards of environmental protection, applied within Societe Generale Group was built in 2014 right next to SGS current Head Office (relocation was carried out in 2016) as SGS intended to connect all its teams in order to improve business operations in Serbia. Both investments are in line with the Bank determination to create lasting values.

In the new building, several systems have been installed in the function of environmental protection: a rainwater collecting system to be used as a technical water, installation - photo panels for the production of electricity, chargers for electrically powered electric cars, thermo-technical installations that maximally use waste energy (recuperates), installation of BMS and presence detection sensors, light sensors, CO concentration sensors controlling all systems in optimum operating mode, etc. The BMS system has already been introduced to all branches as well as in the first the existing HO, and respectively to the implementation of this modern system that controls all systems of savings, Societe Generale Srbija is a pioneer not only in Serbia, but in the Balkans as well.

Activities that the company applies to promote the principles of environmental protection for employees and the public

In addition to being a pioneer in terms of “green” construction, the Bank continuously introduces innovations in the direction of saving and promoting the environment. Recently, instead of paper, hand dryers were installed in both Banks’ buildings. Previously, the two sided print was introduced, with the same goal. Many energy saving campaign for employees have been conducted, one of them being the posting of stickers with the message “Turn it off to save the planet!” at all switches for light and air conditioners thermostats , in order to develop a consciousness to turn off light and air conditioners as whenever it is not necessary and thus save electric energy.

The project of the mini solar power plant on the roof of the Bank HO resulted in the production of electricity from renewable sources



OUR TEAM

In 2017, Societe Generale Bank Serbia recruited 193 new colleagues. The competencies we strengthened with the arrival of newcomers are business analysis, project management, customer relationship management through customer life cycle tracking, as well as sales competencies in the field of small business and retail. At the end of 2017, the Bank had 1390 employees.

In order to respond to the ever-changing changes in everyday life and business, in 2017, we prepared an internal development program “In4change” for our employees through which they had the opportunity to exchange experiences and ideas, as well as to learn techniques that would help them to cope with their feelings in the easiest and most effective way when confronted with changes in private and work life. The program is very interactive and starts from understanding world trends, explaining typical human reactions to changes, and in the end, focuses on individual ways of dealing with changes and empowers the personal responsibility for one’s own life and career.

As in previous years, the focus was on the strengthening of managerial culture through a new internal program for young managers “Management Fundamentals”. The program is focused on giving feedback, different managerial styles and their impact, employee development, management based on one’s strength, and together with 360 assessments was the basis and support for personal development of managers, as well as for the development of their employees.

We continued with the “Innovation curriculum” program in order to support the development of innovations. This year, within this program, we organized workshops of creative thinking “Creative breakfast”, “How to implement the project in the set time-frame”, “How to innovate the process”; visited different Meet up events and organized the second FinTech Hackaton. By applying the meth-

odology used by startup teams in the development of their products, employees are encouraged to approach in an innovative way the analysis of problems and the development of ideas.

We launched the “Bankers of the Future” program aimed at the young talents of our bank to realize their potential through thinking outside the box, using new technologies to improve and simplify processes.

As we nourish the practice of internal sharing of expertise and experience, different trainings have been organized to share specific knowledge among colleagues (project management, macroeconomic research, excel, SAS, small business, financial analysis, risk management, IFRS 9) as well as the development of different skills (presentation skills, communication skills) by using a variety of team coaching methods.

Colleagues from the Retail Division also shared the knowledge internally through various trainings, video trainings and through virtual applications in order to be the true example of universal bankers and provide a better user experience to our clients. Sales force went through variety of sales trainings with aim to learn how to approach client, adapt communication, recognize and respond to client needs. Also they passed internal program “Corporate Risk Academy”, which enabled them to develop sales skills but also to raise awareness of risks.

By digitization of trainings and creating different modules for distance learning and video materials using digital tools (Mohive, Camtasia, Prezi) we enabled our colleagues to get information on important regulatory issues, as well as products and services of the bank in a quick and efficient way: information security, Compliance, Money Laundering Prevention, Master Card, SINHRO offer.

We organized the “Everyone in the Front” campaign during which supporters assisted colleagues from branches when presenting new m-banking applications to clients and welcoming new clients from Alpha Bank. Action Everyone in the Front improves team spirit and brings unique bank experience.

It was important for us to hear the opinion of our employees, and this year we conducted an employee satisfaction survey. The results showed employees’ commitment to express their opinions and confirmed that we are living our values. We are extremely proud for recognizing our efforts to



empower innovation, because it was the focus of our common strategy. Team spirit is recognized through good collaboration between teams and sharing success among colleagues, and responsibility through a strong culture of risk monitoring, ethics in work and social responsibility. Our employees are proud to work for SGS and support the strategy and direction of our entity.

Employer branding

During 2017, we implemented program “Tour de Soge”, where 10 students with different profiles had the opportunity to get acquainted with the banking sector through work on different positions and projects as well as to contribute to the development of our business with creative proposals and ideas. Upon completion of this one-year program, 6 students got their first job in our bank. We continued with good cooperation with the educational institutions in Serbia through a program of professional practices in which 110 students participated during last year, but also through participation in interactive simulation programs, case studies, panel discussions on the success of modern management, on talents and on the support for employment of young people all of which were supported by various student organizations and the Ministry of Youth and Sports. We opened the doors of our bank to the students and enabled them to participate in various lectures and workshops on the topic of Virtual reality. As every year, our colleagues participated as lecturers in secondary schools and used their experience to present current topics, digitization, the impact of new technologies on banking operations, fintech ...

Responsible employer

In order to be in line with needs of our employees to relax through various activities, we continued with organizing business yoga in our premises and various initiatives of nutritionists' advice on healthy lifestyle and nutrition. Having in mind the wellbeing of our colleagues, our employees also had a private health insurance service this year. We also took video materials with life coaching tips so that employees can get useful tips on current topics such as: healthy lifestyle, morning rituals, the importance of daily rest, energy vampires and overcoming of stress. In order to underline the importance of a healthy lifestyle and mutual care, employees received fruit packages. In 2017, we monitored the banking market in the field of benefits in order to ensure that we provide adequate packages for our employees and that we are competitive on the market.

SGS employed as volunteers

During 2017 we continued with the program “Inclusive Academy” for people with disabilities, and like in the previous years, employees shared their skills, knowledge and experience with the participants on various topics: career management, preparation for interview, assertive communication, project management, digitalization and social networking, presentation skills. Participants in our program become more competitive on the market and are empowered for further job search. More than 30 of our colleagues participated this year at the 9th corporate volunteer campaign “Our Belgrade” and invested a lot of energy and enthusiasm in contributing

to the quality of life and work of their fellow citizens, showing that they take care of the community in which they live and work. This year, our bank joined a humanitarian campaign for young people without parental care during which the employees donated New Year gifts and thus showed the strength of our team spirit and solidarity towards the community in which they live.



OUR BUSINESS

RETAIL BANKING

In 2017, the retail banking sector remained focused on the needs of its clients and the development of long-term relationships. Constant growth in retail loans is one of the key indicators of support that a bank with affiliates provides to its clients, natural persons. Thus, in the last year, 2017, the loans growth was 34.1% compared to 2016, to RSD 106 billion (EUR 895 million), which reflected the market share increase to 12%. When it comes to the customer base, it was increased by 20.3% in 2017, the bank was among the leaders in the housing loans market, and the growth of placements reached 40% compared to 2016. Societe Generale has been involved in the loan program for professional military personnel for nine years, and last year with the Ministry of Defense and the National Mortgage Insurance Corporation, a contract was signed for granting subsidized housing loans.

When talking about cash loans Societe Generale Bank a.d. Belgrade achieved a significant growth of placements of 39% compared to the previous year, which once again strengthened its position of one of the leaders in the local market. The total amount of deposits in the Retail Sector reached RSD 66.9 billion (EUR 564 million), an increase of 2.1% compared to 2016.

Many changes have been introduced to the retail business since the beginning of 2017, but in a system that nurtures the innovation-based culture of the whole group, such as Societe Generale, it means continuous work on an offer that has usable value for the clients and maximally eases the daily banking activities.

Sinhro - a new service package for independent experts and freelancers

Since establishment of strategic cooperation with the Center for Technological Entrepreneurship and Innovation (ICT Hub), the bank is almost daily in contact with professionals from IT and close areas, to whom, due to the specific conditions in which they perform their business and types of contracts, certain banking products were not available.

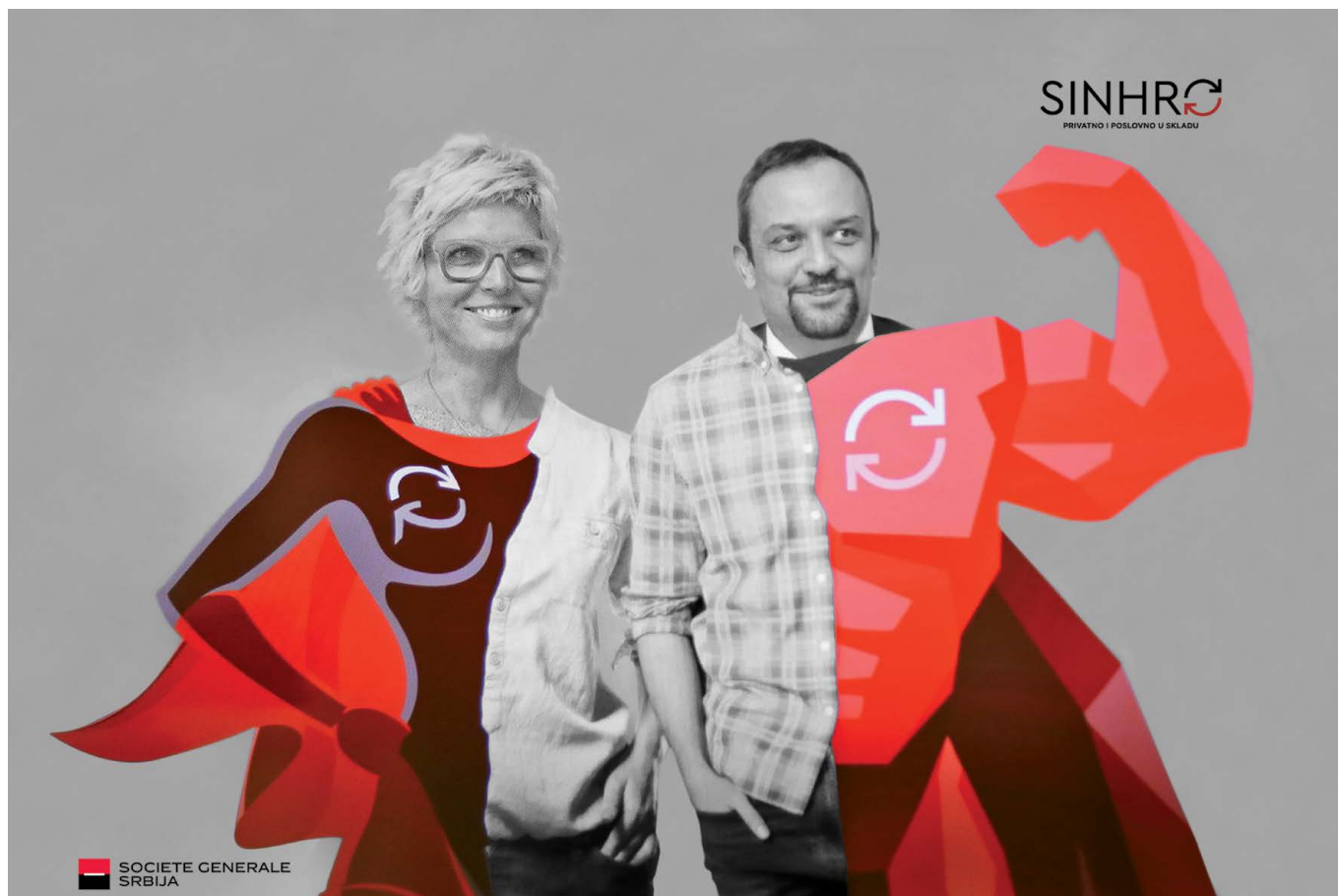
Through the mutual exchange of information and listening to their needs, the Sinhro was created - an offer intended for independent experts and freelancers who receive income through a flat-rate agency. The Sinhro Package facilitates daily banking within integrated services for a natural person and a flat-rate agency.

The Sinhro Package includes the benefits that enable these entrepreneurs to have a complete overview of both private and business accounts in their e-banking application.

For this group of clients, the novelty is also the possibility of video calls and consultations with the online banker directly from the e-banking application also out of the working hours of physical branches.

The Sinhro offer includes short-term products, such as cash loans, account overdraft and credit cards, to long-term investments such as vehicle leases and housing loans, which is definitely something for which these clients have so far been interested mostly.

In addition to the Sinhro Package, we have further enhanced the services of our m-banking application through which, with few clicks, without commission, customers can pay bills or check the status without logging in. We have also introduced the option of products purchasing, so our customers



can use m-banking to purchase travel health insurance directly in the application with just a few clicks. Enhanced account packages and new payment cards enable customers to withdraw cash and pay for goods and services at home, abroad and online quickly and easily. Moreover, the Societe Generale Cards offer discounts to customers, i.e. more favorable conditions for the purchase in the sales facilities of our partners, marked with the SoGe World mark.

Within the upgraded packages and services, we also offered three new contactless Mastercard debit cards - standard, gold and platinum. The new contactless payment cards allow customers to withdraw cash and pay for goods and services in the country, abroad, but also on the Internet quickly, easily and with numerous benefits, such as the mentioned discount within the SoGe World program, personal and family travel insurance for Platinum card users and other discounts.

Increasing digitization and creation of fintech market are trends that have placed technology development as the first priority for all participants in financial markets around the world. Societe Generale Bank, dedicated to innovation at global and local level, in this way wants to encourage dialogue with all stakeholders in this area, which aims to improve the experience of financial services users. On this occasion, in 2017, a number of workshops and competitions were organized in the field of promoting the culture of innovation, among which the second Fintech Hackathon and the Cashless Case Challenge were most prominent, where participants from different profiles - from students to online entrepreneurs, developers, designers - together developed prototypes of digital solutions in financial technologies.

Societe Generale Bank On-line branch

In addition to the aforementioned, the Bank continued to improve and develop its online branch, the first and completely innovative e-banking platform through which customers can complete the entire process of purchasing certain products and services online.

During 2017, the online branch had a significant increase in production compared to 2016, which is 103% in terms of approved cash loans, while the number of approved overdrafts is twice as high as in 2016.

Also, since July 2017, the possibility of increasing credit cards limits via e-banking “in two clicks” has been introduced, without the client coming to the bank.

In percentages, 74% of these requests were processed by an online branch office, or 86.50% of the total amount of credit limit increases came through the online branch office.

The online support team provides support to customers through video calling, chat, co-browsing and voice calls. The new enhanced e-banking platform has proven to be a very important support in everyday business operations, as simpler banking products and transactions are transferred to the digital sphere of business.

Business with small businesses and entrepreneurs

The Small Enterprises and Entrepreneurs Sector also in 2017 continued its growing trend of the client base. The loan portfolio grew by 24%, while deposits increased by 14% compared to 2016. A unique approach to these clients contributed to this, in which the bank is led by the activity of a particular company or entrepreneur, that is, through a segmental offer, it adapts to specific needs in the fields of production, transport, trade and professional services. The network of 96 Societe Generale Bank Srbija a.d. Belgrade branches has personal bankers, specialized in doing business with small businesses and entrepreneurs.

In October 2017, Societe Generale and SoGelease, which is 100% owned by Societe Generale Bank, signed two loan agreements with the European Investment Bank (EIB) to support small and medium-sized enterprises (SMEs), medium-sized capitalization companies and priority projects in the amount of EUR 60 million. The total amount of the loan arrangement is EUR 110 million.

The funds provided by these contracts are used to finance loans for working capital and investments with a repayment period of up to 12 years - for loans granted by Societe Generale Bank, and up to seven years for Sogelease investment loans.

Societe Generale Bank is also a signatory of EIB's Youth Employment and Training Initiative (EYET) for the West Balkans, on the basis of which the entrepreneurs who wish to apply for loan and at the same time recruit a young expert receive additional benefits in terms of favorable interest rates for loan repayment.

The Bank also participated in the Small Business Support Program of the Ministry of Economy by granting loans to small enterprises and entrepreneurs for the purchase of production equipment. The program offered the possibility of grant of up to 25 percent from the total investment provided by the Ministry of Economy, while small enterprises and entrepreneurs provide five percent of participation. The remaining 70% of the funds are financed with Societe Generale Bank loans under special conditions.



Societe Generale Bank Serbia a.d. Belgrade further confirms its commitment and belief that small businesses have great potential and importance for the national economy by supporting the action “Blic Entrepreneur”. A company from the small and medium-sized companies segment, which is recognized by the expert jury as the best within this program, receives significant cash for business improvement.

CORPORATE BANKING

For the Corporate banking division, the year 2017 was successful both in terms of the loan portfolio growth and the loan portfolio quality maintenance. The division’s activities were double focused - to the maintenance and growth of the portfolio through a proactive approach and development strategy for large companies on the one hand and diversification of the portfolio in the medium-sized enterprise segment on the other, with constant monitoring of the risks and quality of assets. In addition, during the year, the sector continued to work on increasing the efficiency and quality of service to clients, through optimization of processes and changes in the organization.

During 2017, the Bank tried to systematically monitor the needs of its clients and adequately adjust its offer. Through a series of commercial activities, we managed to record a significant increase in the volume of transactional banking and an increase in commission income with the aim of continuing to work on the development of this segment of business. Also, the Bank has enriched its offer with hedging products (such as interest swap, forward and quasi-forward) as well as additional services in the field of Financial markets. During 2017, the Bank successfully implemented the platform for financing the supply chain with new partners, thus achieving further growth in the factoring segment. The leading position of factoring on the domestic market was confirmed in 2017 with further growth of activities and traffic. The achieved result provides the basis for further growth and diversification of business modalities.



Despite the limited loan demand, the corporate sector recorded a growth rate of 24%. Having in mind that in this way the Bank's market share in corporate loans grew by about 2%, the Bank confirms its intention to maintain its very strong market position in the corporate business. The medium-sized enterprises business segment kept the trend of growth also through 2017, through the acquisition of new clients and a special focus on deepening the cooperation with all clients in different spheres of business and relations with the Bank. The achieved results were significantly above the projected ones, despite the pressure of competition in this segment of business and significant pressure on interest rates.

In accordance with the archived growth of loan portfolio and transaction banking, the deposit base continued to strengthen, which resulted in an increase in the deposit volume.

With its approach and strategic commitment to improving the quality of the service, the Bank managed to increase the customer base. As in the previous year, the Corporate banking division continued to strengthen its position in cooperation with local and multinational large companies and medium-sized enterprises, thanks to the quality of customer relations and understanding of the specific requirements of each segment. The Bank will continue to base its strategy on building long-term partnerships with clients, based on the trust and quality of the services it provides. ◀



ENVIRONMENT

Rapport Indicateurs Enviro	SG SRBIJA (SGS - Serbia)
Environmental management system	
SME2 : Total number of buildings occupants (Societe Generale Group)	1.502
SME09: Do the environmental data you have entered relate to your entity only?	3
SME10: State the name of the Société Générale Group entities and the number of occupants involved	
SME08 : Number of buildings occupied by the entity	99
SME6 : Surface area occupied by the reporting entity (Societe Generale Group) m ²	3.231
SME111: Specify the m ² corresponding to premises (offices) and/or sales offices (agencies)	29.768,
SME113: Specify the m ² corresponding to company dining facilities	448,
SME115 : Specify the m ² corresponding to owned data centers	240,
SME117: Specify the m ² corresponding to enclosed and heated car parks	1.467
SME04 : Other : Specify the type of building	
SME116: Other : Specify the m ²	2.417,
SME12 : Number of occupied buildings of which the entity or another Société Générale Group entity is owner	17
SME05 : Total surface area of occupied buildings of which the entity or another Société Générale Group entity is owner	17.779,
SME20 : Have your buildings been certified or eco-designed?	4
SME21 : For each of your building specify the type of certification (ex. ISO14001, ISO 9001, ISO 50001, HQE, LEED, BREEAM, EMAS etc.) :	
SME03 : Number of certified or eco-designed m ²	n/a
SME19C : Surface area per occupant m ²	21
Water	
EAU1 : Water consumption	17.965,
EAU021: Specify the m ³ measured directly (using invoices, counter readings)	15.005,
EAU022: Specify the estimated m ³	3.320,
SME22 : Number of persons covered by the data reported on water consumption	1.502
EAU3C: Water consumption per occupant	12
EAU07 : Have you introduced measures or taken steps to decrease your water consumption over the current period?	No
EAU08: Please specify	
EAU09 : Overall cost of water consumption	20.243,00
Energy	
NRJ1 : Electricity consumption from suppliers	5.297.829,
NRJ081: Specify the kWh measured directly (using invoices, counter readings)	5.297.829,
NRJ082: Specify the kWh the entity estimated	0,
SME23 : Number of persons covered by the data reported on electricity consumption from suppliers	1.502
NRJ01 : Cost of electricity consumption(including green electricity if need be)	493.977,00
NRJ20C : Electricity consumption per occupant	3.527
NRJ_Q1: Do you have fuel consumption (car consumption excluded)?	3
NRJ3 : Fuel consumption (car consumption excluded)	252.451,61

Rapport Indicateurs Enviro	SG SRBIJA (SGS - Serbia)
NRJ241: Specify the kWh measured directly (using invoices, counter readings)	252.451,61
NRJ242: Specify the estimated kWh	0,
SME25: Number of persons covered by the data reported on fuel consumption (car consumption excluded)	37
NRJ03: Cost of fioul consumption (car consumption excluded)	21.063,00
NRJ_Q2: Do you have gas consumption?	3
NRJ5 : Gas consumption	346.647,48
NRJ251: Specify the kWh measured directly (using invoices, counter readings)	346.647,48
NRJ252: Specify the kWh the entity estimated	0,
SME27 : Number of persons covered by the data reported on gas consumption	89
NRJ05:Cost of gas consumption	16.718,00
NRJ_Q3: Do you buy iced water for the air conditioning systems?	4
NRJ9 : Iced water consumption used for air conditioning systems	n/a
NRJ271: Specify the kWh measured directly (using invoices, counter readings)	n/a
NRJ272: Specify the kWh the entity estimated	n/a
SME30 : Number of persons covered by the data reported on externally produced iced water consumption	n/a
NRJ09: Cost of iced water consumption used for air conditioning system	n/a
NRJ_Q4: Do you use steam of superheated water for heating?	No
NRJ10 : Consumption of steam or superheated water	1.640.960,
NRJ281: Specify the kWh measured directly (using invoices, counter readings)	357.224,
NRJ282: Specify the kWh the entity estimated	1.283.736,
SME31 : Number of persons covered by the data reported on consumption of steam or superheated water	1.223
NRJ010: Cost of steam or superheated water consumption	173.855,00
NRJ41 : Do you buy green electricity?	4
NRJ411 : Specify the amount of electricity bought (in kWh) that fits with the certification: Renewable Energy Certificates	n/a
NRJ412 : Specify the amount of electricity bought (in kWh) that fits with the certification: Renewable Energy Guarantees of Origin (RE-GO)	n/a
NRJ414 : Specify the amount of electricity bought (in kWh) that fits with the certification: : CHP Guarantees of Origin (CHP-GO)	n/a
NRJ415 : Specify the amount of electricity bought (in kWh) that fits with the certification : Levy Exemption Certificates for Renewable Energy (UK)	n/a
NRJ417 : Specify the amount of electricity bought (in kWh) that fits with other certification or specific contract	n/a
NRJ11C : Overall consumption of green electricity bought	n/a
NRJ_Q5: Do you produce renewable electricity?	3
NRJ39 : Specify the amount of resold renewable energy production (in kWh)	25.240,
NRJ421 : Specify the amount of self-consumed renewable energy production (in kWh)	0,
NRJ12C : Share of consumption in renewable energy	n/a
NRJ13C : Total energy consumption	7.537.888
NRJ22: How do you explain the change in your energy consumption kWh compared to the previous year?	
NRJ14C : Total energy consumption per occupant	5.019
NRJ15C : Total energy consumption per occupied square meter	236
NRJ23: Overall cost of energy consumption (electricity, green electricity, gas, fuel, etc.)	705.613,00
NRJ38: Please specify	
Transports	
TRAN1 : Distances travelled for business travel by train	0
TRAN01: Cost of business trips by train	0,00

Rapport Indicateurs Enviro	SG SRBIJA (SGS - Serbia)
TRAN03C : Distances travelled per passenger on business trips by train	0
TRAN2 : Distances travelled for business trips by plane, SHORT-haul (<500 km)	8.346
TRAN5 : Distances travelled for business trips by plane, MEDIUM-haul (500 km < medium < 1,600 km)	262.096
TRAN6 : Distances travelled for business trips by plane, LONG haul (<1,600 km)	27.042
TRAN02: Cost of business trips by plane	34.540,00
TRAN7C : Distances covered for business trips by plane	297.484
TRAN18C : Distances travelled per passenger for business trips by plane	198
TRAN20_KM : Distances travelled for business trips by cars on long-term lease or belonging to the company	1.697.943
TRAN020: Cost of business trips by cars on long-term lease or belonging to the company	153.761,00
TRAN8: Distances covered for business trips by cars on short-term lease	0
Papers	
PAP1 : Quantity of office paper (classic and recycled paper) bought	91.750,
PAP2 : Quantity of recycled paper bought	0,
PAP6 : Quantity of eco-labelled office paper (recycled or not)	91.750,
PAP161 :Specify the quantity of office paper bought that fits with FSC or/and PEFC eco-label	91.750,
PAP17: Other : Please specify the types of eco-label and the quantities bought	mondi copy rex
PAP01: Total cost of office paper	73.690,00
PAP4C : Quantity of office paper (classic and recycled paper) used per occupant	61,09
PAP3C : Part of consumption in recycled paper	0,00%
PAP9 : Quantity of paper used for customer statements of account and quantity of personalised envelopes	25.130,
PAP91: Specify the quantity of recycled paper used for statements of account and quantity of personalised envelopes.	0,
PAP92: Specify the quantity of FSC or/and PEFC eco-labelled paper used for customer statements of accounts and quantity of personalised envelopes.	0,
PAP09: Cost of paper used for customer statements of account and asociated envelopes	108.451,00
PAP10 : Quantity of paper used for business documents, including letterhead and personalised envelopes	38.432,
PAP101:Specify the quantity of recycled paper used for business documents, including letterhead and personalised envelopes.	0,
PAP102: Specify the quantity of FSC and/or PEFC eco-labelled paper used for business documents, including letterhead and personalised envelopes.	38.432,
PAP010 : Cost of paper used for business documents, including letterhead and personalised envelopes.	172.672,00
PAP12 : Quantity of unmarked enveloppes	0,
PAP121: Specify the quantity of recycled paper used for unmarked enveloppes	0,
PAP122: Specify the quantity of FSC/PEFC paper used for unmarked envelopes.	0,
PAP012: Cost of unmarked envelopes used	0,00
PAP23: Quantity of chequebooks and cheque deposit slips produced	0,
PAP023: Cost of chequebooks and cheque deposit slips produced	0,00
PAP21 : Have you introduced measures or taken steps to decrease your paper consumption over the current period?	No
PAP22: Please specify	
PAP13C : Total Quantity of paper used	155.312,
PAP20C : Quantity of paper used per occupant (kg/occ)	103,4
PAP13C : Total Quantity of paper used	155.312,
PAP18C: Total paper cost	354.813,
Waste	
WAST20 : WEEE : Total quantity collected	814,

Rapport Indicateurs Enviro	SG SRBIJA (SGS - Serbia)
WAST21 : WEEE : Quantity of recycled waste	814,
WAST22C : WEEE : Recycled share of this type of waste	0
WAST24: Food waste: Total amount collected	0,
WAST25: Food waste: Quantity recycled	0,
WAST26C: Food waste: Part recycled this type of waste	Invalid number
WAST40 : Cardboard : Total quantity collected	0,
WAST41 : Cardboard : Quantity of recycled waste	n/a
WAST42C : Cardboard : Recycled share of this type of waste	n/a
WAST44 : Paper : Total quantity collected	41.116,
WAST45 : Paper : Quantity of recycled waste	38.330,
WAST46C : Paper : Recycled share of this type of waste	0,93
WAST64: Furniture: Total quantity collected	7.000,
WAST65: Furniture : Quantity of recycled waste	0,
WAST66C: Furniture : Recycled share of this type of waste	0,
WAST80: Other types of waste (miscellaneous): Total quantity collected	9.655,
WAST68 : General waste (miscellaneous) : Total quantity recycled	0,
WAST71C : Total quantity of waste recycled	39.144,
WAST72C : Total quantity of waste recycled per occupant	26,06
WAST73C: Share of recycled waste	66,82%
Scope 1 indicators	
CARB03C: Emissions de CO2 liées à la consommation de fioul (hors voiture)	68
CARB04C: CO2 Emissions from gas consumption	70
CARB20C : [New] SCOPE 1	138
CARB25 : Total CO2 emissions due to fluorinated gases.	0
CARB26 : Please specify the fluorinated gases and the quantities.	
Scope 2 indicators	
CARB01C : CO2 emissions due to electricity consumption	4.030
CARB06C : CO2 emissions due to externally produced iced water consumption	n/a
CARB07C : CO2 emissions due to consumption of externally produced steam or superheated water	1.227
CARB21C : [New] SCOPE 2	5.257
Scope 3 indicators	
CARB09C : CO2 emissions due office paper consumption	188
CARB10C : CO2 emissions due to business trips by train	0
CARB11C : CO2 emissions due to business trips by plane	30
CARB19C : CO2 emissions due to business travel by car	180
CARB27 : CO2 emissions due to goods transport	0
CARB28C: v2: Emissions de CO2 liées à la consommation des papiers autres que reprographique	130
CARB29C: CO2 emissions related to electricity consumption of data centers hosted	n/a
Scope 3	547



PROJECTS THAT WE SUPPORT

■ Entrepreneurship & Innovation

Societe Generale Serbia recognizes the greatest needs for further development of the Serbian economy - additionally supporting entrepreneurs and innovators.

GENERATOR

Generator project powered by Societe Generale is platform which goal is to leverage further generation of the business innovative ideas. It was launched by the Generator competition for the best 40 entrepreneurial innovative ideas to celebrate 40 years of doing business in Serbia by giving back to the community in which Bank operates.

All interested individuals, teams, entrepreneurs and legal entities wishing to start a new or develop their existing business was entitled to take part at the Generator contest with their innovative, authentic and original projects which present new business models, new products and services, and bring value to end users. The projects, which were evaluated by an expert jury, had to be feasible, sustainable and to contain a plan of required resources and assets. It also had to have the potential of becoming profitable and to contain a development plan for the future.

40 top innovations were selected, presented on the website and promoted, while the public was given the chance to vote for the best project which was awarded the audience prize. Ten shortlisted projects presented their projects to the jury on the final event competing for the main prize contest. The one-million dollar main prize and the audience award amounts to 500,000 dinars were granted

by Societe Generale Bank. The competition's partners, Vip Mobile, Maxi food chain, Internet Portal Kupujem-Prodajem and the Centre for Technology Entrepreneurship and Innovation ICT Hub, also took part in awarding prizes.

- **Startup communities**

Strategic cooperation with ICT Hub

The Strategic Partnership of the Bank and the ICT Hub aims to empower individuals to launch startups, foster innovation and create new employability opportunities as these are the key factors for improving the competitiveness of the economy

The main goal of the cooperation is to strengthen and encourage the startup culture and IT entrepreneurship in Serbia as a branch of the crucial importance for the technological progress of the country. Together we have organized many events such as hackathons (with prize pool for the best solutions), the Open Innovation Challenge for stimulating innovation, as well as many panel discussions to raise awareness of the potential of technological entrepreneurship. Bank employees were involved as mentors or participants strengthening the bank's internal innovation capacity through adopting a startup methodologies and methods. We have included startups as partners in the development of innovative products - an example is support for the development of Pausal.rs startup, an online service for lump-sum taxpayers. This collaboration has also led to the development of a new Sinhro offering for this segment with the inclusion of the Pausal platform in the bank's offering.

Through regular financial support, the Center for Technology Entrepreneurship and Innovation was further developed, better conditions were created for further building the startup community and empowering startups through a mentoring program, providing a space where they work at subsidized prices, organizing various educational and competitive events and networking startups with the corporate sector. Additionally, the bank's support ensured that 40 students participate the ICT hub startup program twice a year for free.

- **Clients relationship - SOGE Business club**

SOGE Business club concept has been launched end 2015 and represent tailor-made workshops and panel discussions for clients and general public on different current topics linked to bank products and services, lectures on the opportunities of doing business in the context of domestic law, accounting, e-banking, factoring etc.

- **Cultural patronage and sponsorship**

From the belief that one of the greatest pleasure of music is to share it with others, Societe Generale Srbija is locally supporting in the frame of its Mécénat Musical program, projects in the field of culture and is recognized by its orientation to enable younger generation to cherish their talents in order to reach artistic affirmation in the society. The aim of Mécénat Musical is to encourage talented young musicians, to protect musical heritage and promote greater involvement in music.

Artlink – Societe Generale Most promising Young talent award (partner: Artlink), the Belgrade Dance Festival (partner: Aja Jung) as well as the French musical Autumn with the Tour de Sax (partner: French Institute in Serbia) are the main projects focusing



- support to young talents
- support to equal cultural and educational opportunities for all
- support to concerts for a broader audience (and especially a young audience),
- better connectivity between the new/emerging Serbian and French artistic scenes,
- participation in the training of young professionals with Master classes
- **Local support projects**

SGS every year is contracting a certain number of donation projects on the local support level - projects intended to support SGS branches activities during the year. Those donations are intended to different local beneficiaries - hospitals, schools, nurseries, students, associations of retired persons etc.

- **Support to vulnerable groups and volunteering**

Inclusive Academy is a social inclusion project led in partnership with the Forum of Youth with Disabilities and SGS. The Academy provides its students with career guidance and professional development through participation in a specially designed training program and educational workshops mentored by bank experts.

Main goals:

- Social inclusion and professional integration through education.
- Improving professional skills and employment opportunities of people with disabilities in Serbia.

Bottle cap for handicap - a voluntary action with participation of all employees to collect bottle caps in order to contribute in fundraising for purchasing equipment for people with disabilities. SGS by taking part in this action proves to be among the pioneering companies on the market which promotes the values of the wider public interest.

Volunteering

Societe Generale Srbija is well known for nurturing its Volunteer Club. The Club consisted of colleagues volunteers from the whole network and from different sectors of the organization. Members of the Volunteer Club implement activities in field of Corporate Social Responsibility through a few NGOs the Bank collaborates with and their programs: UN Global Compact, Junior Achievement, Food Bank etc. In addition, a key initiative presented to volunteers was the need to support projects on the local level throughout the country.

Employee Involvement involved during their professional time in the “charity” operations managed by Societe Generale Srbija:

- Collection of essential foodstuff on the occasion of World food Day by the employees and distribution to vulnerable groups of persons in the most vulnerable areas in Serbia. Employees succeeded in collecting during three actions, 3t, 4t and 5,5 tons of essential foodstuff.

Partner – Food bank Serbia

- Our Belgrade action – traditional action -SGS volunteers have spent one day in Creative educational centre for mentally disabled persons giving their best to improve the space in which beneficiaries of the Centre reside. Along with the Centre beneficiaries, our colleagues have contributed with the greening the yard of the Centre by plants, refreshing murals and painting the outer of its walls. Upon finalization of the activities, the volunteers and the center protégées spent a time together by chatting and socializing. This action confirms that sometimes it is enough to donate your time and attention, using also a bit of imagination and creativity to provide strong support to those who need it most

Partner: Responsible Business Forum (RBF) Serbia

- Donation of SGS written off fixed assets - PCs with TFT monitors have been donated to different beneficiaries including associations of pensioners, elementary schools and pre-school institutions in Belgrade and inland (SGS initiative)