

COMMUNICATION ON PROGRESS OF THE UNITED NATIONS GLOBAL COMPACT

2012



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.



KOMERCIJALNA BANKA

Meni najbliža

About us:

In 2012, Komercijalna Banka AD Beograd continued successful operations in the Republic of Serbia and the region. In addition to Komercijalna Banka AD Beograd, the bank group also includes Komercijalna Banka AD Budva (Montenegro) and Komercijalna Banka AD Banja Luka (Bosnia and Herzegovina).

Komercijalna Banka offers a full range of banking products and services to individuals as well as companies. There are over 1.3 million active accounts and over 900,000 satisfied customers.

Our vision:

We are the leading bank in the country and the region, which contributes significantly to economic development, quality of life and overall prosperity of the people, the making and acceptance of progressive values in all fields of regular and creative work.

Our mission:

We are a strong and reliable financial institution, respected financial brand, with a leading position in key business segments.

We offer our clients support through modern, innovative and tailor-made banking products with the best quality service.

We follow the highest international standards and values in providing financial products and services.

We contribute to economic development and economic prosperity of the Republic of Serbia and the countries in which we operate.



*Chief Executive
officer IO
Ivica Smolić*

A stylized, handwritten signature in black ink, consisting of a large 'I' and 'S' followed by a flourish.

Introduction of Mr Ivica Smolić, Komerčijalna Banka AD Beograd Chief Executive Officer, about the 2012 Communication on UN Global Compact

Since 2007, when it signed the UN Global Compact, Komerčijalna Banka supports the principles of the Global Compact. We remain loyal and committed to the principles set out, so, in 2012, we continued to develop our activities in the field of human rights, labour, environment and anti-corruption.

In the best possible way, through socially responsible projects, we express our position and understanding that our customers, partners and all other stakeholders in the social milieu that we come into contact with, are the part of the same family, the family of Komerčijalna Banka. This is a natural outcome of the reaction to the perception of our environment that meets us with maximum confidence, as one of its own, with all the values that are priorities in the system of values of socially responsible people and companies.

We are going to continue with the activities that foster, develop and promote the ten principles of the UN Global Compact in 2013. In this way we become a better company, and we believe that other companies will begin to follow our example, and the example of other members of the Global Compact.

The ten principles of the Global Compact of the United Nations

United Nations Global Compact seeks to promote the ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

The protection of human rights, where businesses should:

Principle 1: support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Protection of labour rights, where businesses should:

Principle 3: uphold the freedom of association and the effective recognition of the right to collective bargaining,

Principle 4: uphold the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Protection of the environment, where businesses should:

Principle 7: support a precautionary approach to environmental challenges,

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

The fight against corruption:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Protection of human rights

In addition to general enactments relating to security and healthy working conditions, Komercijalna Banka passed a new enactment on risk assessment for all properties of the Bank.

The Security Commission, established by the end of 2011, considered various issues related to safety and health at work in 2012. We weighed the working environment conditions in all properties of the Bank in the summer conditions, and for majority of our properties we also did it in the winter conditions. We also conducted the training of employees in safety and health at work, according to the training program and in cooperation with licensed workers of the company that deals with physical and technical security and fire protection as it's the main activity. We recorded injuries and undertaken the necessary steps in connection with injuries. We conducted the procurement of protective equipment for employees in accordance with the enactment on the risk assessment. More than 1,200 employees have renewed their fire protection certification this year, which is an important safety aspect of the business and legal obligation. The continuation of this training is planned in 2013.

The new enactment has not identified any increased risk positions in the Bank.

Contact for ethical issues and complaints

Employees of the Human Resources Division respond to appeals, filed objections and questions of employees in terms of the use and interpretation of the provisions of the Labour Law, the Law on Gender Equality, the Anti-Discrimination Law, and Law on the Prevention of Harassment at Work (Anti-Mobbing Law), the Vocational Rehabilitation and Employment of Persons with Disabilities Law...

Protection of labour rights of employees

In enforcing the labour rights, Komercijalna Banka refers to the Labour Law of the Republic of Serbia. Labour law is consistent with the conventions and recommendations of the International Labour Organization, which were ratified by our country, and it contains all of the standards and norms that guarantee the rights, protection and working conditions of employees, defined by the conventions and recommendations. Also, the Labour Law incorporated the directive of the European Union, thereby creating the conditions in which employees can exercise their rights in accordance with international standards.

Freedom of association and the right to collective negotiating

The Bank supports freedom of association and the effective recognition of the right to collective negotiating (Principle 3) through the work of independent trade union of Komercijalna Banka AD Beograd. Collective rights of employees refer to the following:

- the right of association,
- the right to form trade unions,
- the right to negotiate collectively,
- the legal conclusion of a collective agreement,
- the right to information,
- the right to express their views on important issues related to labour
- the right to consultation,
- the right to participation,
- the right to peaceful resolution of collective and individual labour disputes,
- the right to collective action.

The elimination of all forms of forced and compulsory labour

Komercijalna Banka remains committed to the principle of 4, and does not apply to any form of forced or compulsory labour. The Bank has never been sued, accused or convicted of forced or slave labour.

In accordance with the Law on the Prevention of Harassment at Work – the Anti-Mobbing Law, it is prohibited and punishable to exercise abuse, sexual harassment and abuse of the right to protection from abuse. All employees are properly informed about their rights and obligations and responsibility of the Bank. All necessary information is always available on the website of the Bank, and every employee has also received the written notice thereby.

Prohibition of all forms of child labour

Komercijalna Banka fully supports the prohibition of all forms of child labour (Principle 5) and does not employ persons under 18 years of age (although the Labour Law in certain cases allows employment to persons under 18 years of age), and it also does not cooperate with companies that employ workers under the age of 18.

The following table shows the age structure of the Komercijalna Banka in 2012:

Overview of Komercijalna Banka employees by age						
Period of age	Up to 30	31 - 40	41 - 50	51 - 60	Over 60	Total
31.12.2012.	344	1105	758	756	26	2989

Elimination of discrimination in respect of employment and occupation

Komercijalna Banka is fighting against discrimination in respect of employment and occupation (Principle 6), by acting in accordance with the provisions of:

- Labour Law, which prohibits discrimination in employment or in the course of work, and that complies with international standards on dignity at work, and the protection against discrimination in employment and occupation;

- Law on Gender Equality (in accordance with the Law on Gender Equality, the Bank has adopted annual plan of measures to eliminate or mitigate the unequal gender representation no later than March the 31st of the current year for the previous year, it reports to the Ministry of Labour and Social Affairs - Division for Gender Equality on implemented procedures and measures taken to eliminate or mitigate the unequal gender representation in the Bank);
- Anti-Discrimination Law.

The following table shows the structure of employment in the Komercijalna Banka by gender in 2012:

Overview of Komercijalna Banka employees by gender					
Sex	Woman		Men		Total
31.12.2012.	2192	73.4 %	797	26.66 %	2989

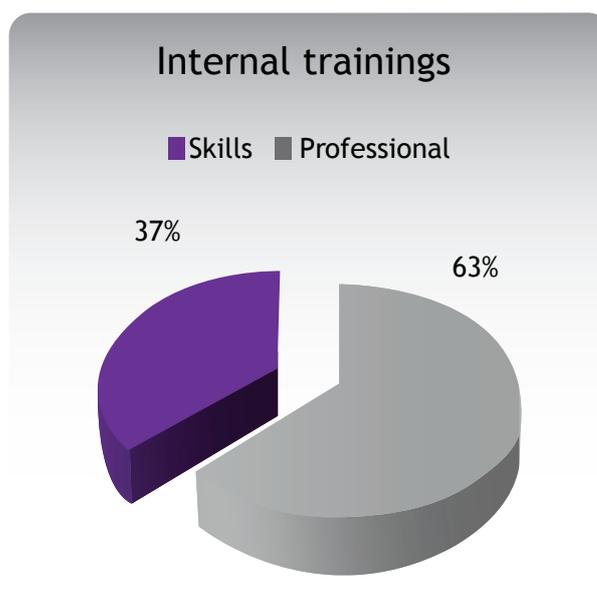
Training of employees

In cooperation with the organisational units of the Bank, the Human Resources Division defines the annual Program and Budget for training of employees, bearing in mind the needs of both the employees and the Bank.

Based on the annual training program, the Bank implements the trainings in cooperation with the specialized agencies and reputable lecturers or internally, when the instructors are the experts from the Bank, which contributes to the rationalization of costs.

In 2012, our employees have attended over four hundred different trainings for the improvement of professional, technical knowledge and skills. About 74% of the total number of employees of the Bank attended at least one training in the previous year. Total number of participants who attended the trainings is over 3,800, of which 81% of employees who are not in management positions. Professional training, aimed at improving professional knowledge, was attended by over 2,000 people in 2012. Trainings on knowing the banking

products and procedures when dealing with retail customers, credit and financial analysis, collateral receivables and legislation related to banking prevailed.



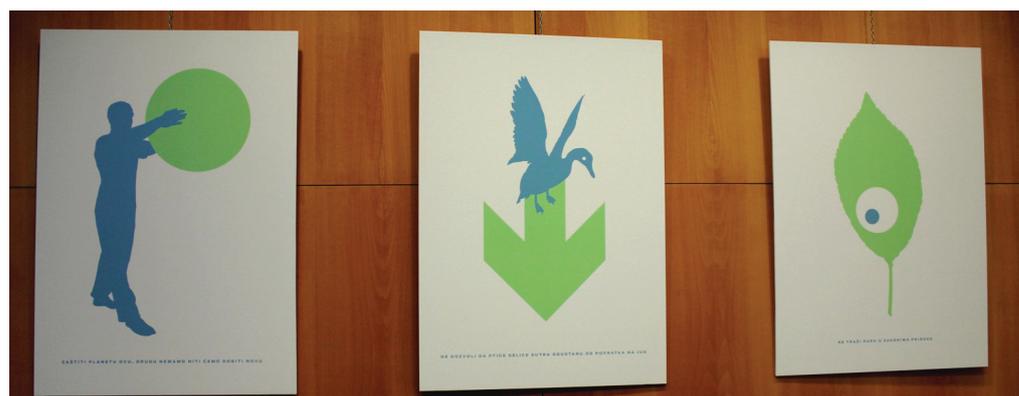
Implementation of trainings according to the number of participants relative to the performing instructor and the subject matter of trainings

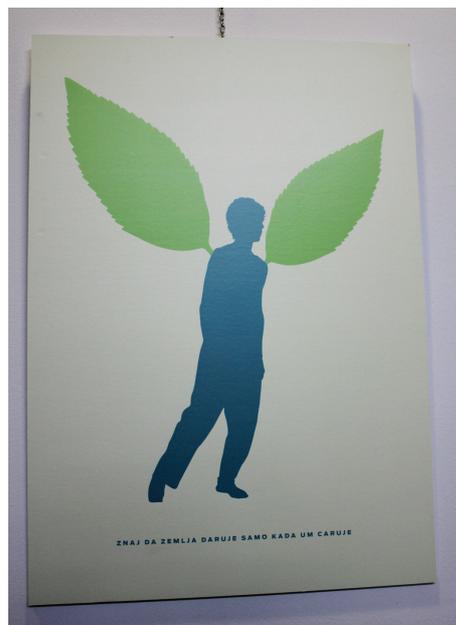
Our employees have gained the awareness of the importance of training and improving their own knowledge and skills, as evidenced by the fact that in 2012 utilization of the training budget increased by 97%. This confirms that employees know the benefits of trainings provided, which primarily consist of the specific tools, techniques, and procedures applicable to their daily work, and broad view and understanding of the economic environment.

Environment protection

In its gallery, Komercijalna Banka hosted and supported the exhibition of illustrations named 'the 12 commandments of ecology'. Together with NGOs 'Responsibility', Faculty of Applied Ecology "Futura", University Singidunum and the Secretariat of Environment, Komercijalna Banka wanted the 'commandments' to regain their actuality and to once again take root in the society and inspire the general interest. The goal of this campaign is to encourage the public to better inform about the importance of environmental protection. The illustrations show all 12 commandments of ecology:

1. Do not expect from the nature more than you have given to the nature!
2. Protect this planet, for we don't have another and we can't get a new one!
3. Look after the air before you are able to look and see the air!
4. Use the well so that people can drink the water at the river mouth!
5. Know that country flourishes only when mind is the king!
6. Remember that a life of a tree is a pledge for a tree of life!
7. Do not allow the birds of passage to give up returning to the south tomorrow!
8. Include cost of nature preservation in the price of each product!
9. Do not look for a loophole in the laws of nature!
10. Think more about the waste so that we don't end up buried in it!
11. Do no usurp by construction, but rather share with nature!
12. Take care of the environment so that we avoid the end!





Dvanaesta zapovest glasi:

ČUVAJ ŽIVOTNU SREDINU DA BISMO IZBEGLI KRAJ!

Želeći da vas podsetimo i na ostalih jedanaest, pozivamo vas da prisustvujete konferenciji za medije na prezentaciji projekta **12 EKOLOŠKIH ZAPOVESTI** u utorak, 27. novembra u 17 h u Beogradu, u Galeriji Komercijalne Banke, Makedonska 29

Učesnici:

- o Goran Trivan, sekretar za zaštitu životne sredine grada Beograda
- o Vladimir Čeh, predsednik UO Udruženja „Odgovornost“

Po završetku razgovora sa autorima projekta, u 18 h, u Galeriji Komercijalne Banke, Makedonska 29 (prizemlje) biće svečano otvaranje izložbe ilustracija „12 ekoloških zapovesti“ Slavimira Stojanovića.

Prisutnima će se obratiti i:

- o Slavimir Stojanović, autor
- o Goran Milićević, izvršni direktor za marketing, Komercijalne banke

Na koktelu posle otvaranja izložbe Predsednik saveta Fakulteta za primenjenu ekologiju Futura Univerziteta Singidunum prof. dr Jordan Aleksić i V. Čeh preseći će tortu povodom osamnaestog rođendana „12 ekoloških zapovesti“, kojima su, sa svojim saradnicima, podarili život u novembru te davne 1994. godine.

Srdačan pozdrav:
Vladimir Čeh
Predsednik UO
Udruženja „Odgovornost“

Komercijalna Banka has taken part in the action "Clean Serbia" this year. The goal of this voluntary action is to improve the state of the environment by reducing pollution by removing illegal dumps and improving waste management systems, in cooperation with local governments.



By year-end we began printing paper check procedure in the bank, in order to implement the project of printing optimization. Based on the data obtained, a solution for better and more optimal use of print and paper will be drafted, in order not only to reduce the costs but also to contribute to the environmental protection.

Also, an integral part of every employee's e-mail is an automated disclaimer message that requests a recipient of bank e-mail not to print unless necessary in order to protect nature.



website | email |     

Odricanje od odgovornosti

Ova elektronska poruka i svi podaci koji se putem nje prenose poverljivi su i namenjeni isključivo primaocima koji su navedeni u adresi poruke. Ukoliko ovu poruku primite greškom, molimo Vas da nas o tome obavestite, a da poruku obrišete. Ako niste navedeni kao primalac, svako kopiranje, korišćenje i obelodanjivanje sadržaja je zabranjeno i može da bude nezakonito. Komercijalna banka AD Beograd nije odgovorna, niti garantuje za bilo koje mišljenje, preporuku, zaključak, zahtev, ponudu ili ugovornu obavezu koja se ostvaruje ovakvim načinom komunikacije. Komercijalna banka AD Beograd je preduzela sve mere predostrožnosti kako bi onemogućila prisustvo virusa u ovoj elektronskoj poruci, i ne može da prihvati odgovornost za bilo kakav gubitak ili štetu nastalu iz korišćenja, upotrebe ili raspolaganja ovom elektronskom porukom ili njenim priložima.

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THINK OF THE ENVIRONMENT! Please don't print this email unless you really need to.

Fighting corruption

In fighting all forms of corruption (principle 10), Komercijalna Banka invokes the new Code of Conduct - Code of Conduct and Professional Ethics, recommended by the EBRD (passed in 2010), which expressly prohibits corruption and fraud.

The issue of corruption is also regulated by the Procedure on conduct in case of fraudulent acts, given that, as a form of fraud, it also regulates the conduct in case of giving or accepting bribes. In this way, we regulate the internal control of the Bank in terms of the detection and prosecution of fraudulent acts and the Procedure is being applied in all organizational units of the Bank and its subsidiaries, members of the banking group.

There were no cases of corruption reported in 2012.