



JUBMES BANKA AD BEOGRAD

UNITED NATIONS GLOBAL COMPACT

## **COMMUNICATION ON PROGRESS**

March, 2013

**JUBMES BANKA AD BEOGRAD**  
**Executive Board**  
**Belgrade, March 14, 2013**

**UN GLOBAL COMPACT**

### **STATEMENT ON CONTINUOUS SUPPORT**

***Business philosophy and strategic development orientation of JUBMES banka a.d. Beograd are based on giving active promotion to principles of conducting responsible business and sustainable development, reflecting at the same time Bank's permanent value system and characterizing our progress.***

***A positive attitude towards the values of responsible business, care for issues of local and wider community, youth's health protection and corporate ethics observance marked Bank's operations, while it was an national export-credit agency - in the period from 1979 to 1997. During the second phase of its development, starting in 1997 with transformation into the commercial bank focused at corporate sector, this attitude has been improved, resulting in activities within UN Global Compact national network and introduction of the corporate social responsibility principle in Bank's business activities and strategic development documents.***

***We are determined to gain and improve our competitive and recognized position in the local and regional banking/financial markets, in formal and in real sense, by paying a special respect to fundamental principles of social responsible business and sustainable development.***

***This statement reflects symbolically not only our strategic orientation, but also the spirit of Agenda of the Rio+20 Corporate Sustainability Forum held in June 2012, where JUBMES banka has also taken active participation. Sustainable development with its complex components (economic, social, ecological etc) cannot be implemented fragmentarily, but only through long term partnership and horizontal and vertical cooperation established among the public and private sectors as well as the non-governmental sector – the civil society. Trans-sector dialogue among the business community (corporate and financial sectors), the civil society and the public sector is the principal instrument for implementation of the sustainable development concept.***

***Through membership in UN Global Compact the Bank has undertaken the task to observe and implement ten fundamental principles of this global initiative, related to protection of human and labour rights, environmental protection and anti-corruption combat. As an active member, we put permanent efforts in improvement of Bank's internal rules and the corporate practice. We believe that the concept of the socially responsible business has to be introduced into modern business as its integral part. This could be achieved only by giving permanent active support to activities and initiatives of the UN Global Compact on national (UN Global Compact Serbia), regional and global levels. Thereby, corporate policies and practices would be improved.***

***By promotion of the new business orientation based on CSR principles, the Bank is creatively responding the negative global economic crisis effects. Thereby it takes position of an important healthy business activist and***

***promotes the initiation of a new progressive phase in implementation of Global Compact's principles. We are taking developmental and dynamic approach to this new phase, through cooperation established with various interested groups, together with active engagement within the Global Compact Serbia and specially the Working Group for anti-corruption combat.***

***In the same sense it should also be stressed that the Bank is taking innovative approach to promotion of GC principles and applying integrated quality management system.***

***In the beginning of 2012 the Bank started implementation of the integrated management quality system for standards ISO 9001:2008 – Quality Management System, , ISO 27001:2005 – Information Safety Standard and ISO 14001:2004 – Environmental Protection Standard. By adoption of Quality Policy, Safety Information Policy and Environmental Protection Policy we have assured prerequisites for gaining more significant role in financial market and position of a respectable financial organization which follows modern market trends, permanently improving the quality of its services, providing financial information safety, protecting environment, and thereby improves its activities and organization in conformity with requirements of international quality standards.***

***We are convinced that implementation of integrated management system and quality system will help us in creating and improving high quality products and services, sustainable in a long term and also in finding best solutions, specific to each client's needs, which would eventually result in the deposit's base growth. The Bank is also engaged in information and information technology property management which is necessary for rendering quality products and services, paying attention at the same time to the related environmental protection. By profiling its new business model through integrated quality management and by accepting of universal business standards related to financial sector, JUBMES banka creates preconditions to be accepted by other local and international banks as a partner in creation of new products which implement values of socially responsible business. This is reflected in a fact that in the course of the last year we have introduced in a large scale of our products and services a credit line approved by European Investment Bank for financing small/medium enterprises and mid cap companies. Financing of these projects is conditioned by giving support to economic/social development of the local communities. Being active in this aspect, the Bank gives impetus to its corporate clients to accept principles of socially responsible business as a universally acknowledged component of modern business conducting. We are aware that responsibility for achievement of sustainable development is not only held by governments and civil sectors, but also by business entities which will not act independently, but pay attention to local social community needs.***

***New evolutionary phase in implementation of social responsible business principle is reflected in our comprehensive Anti-Corruption Platform, defined after signing of the Anti-Corruption Combat Declaration. As the first Declaration signatory, created by the UN Global Compact Serbia i.e. its Anti-corruption Working Group as well as the first to present the Report on implementation of the 10th principle within UN Global Compact Serbia, we had a special pleasure to take participation in Rio+20 Corporate Sustainability***

**Forum as well as in the meeting of UN Global Compact - European networks held in October 2012 in Belgrade and to present our Anti-Corruption Platform and program, as well as all activities which accompanied implementation of the Platform. We take dynamic attitude towards promotion of healthy business through comprehensive implementation of the Anti-Corruption Program, which we value as the key segment of new, progressive phase of the concept of socially responsible business and sustainable development. Thus we shall contribute to the National Strategy for Sustainable Development and to the European integration process, which would be impossible to achieve without anti-corruption combat. Institutional and normative transition are constitutional segments of this process, while the business sector has the task to promote a new business model implementing healthy business values, paying respect to zero tolerance towards corruptive activities in all segments of business and social environments.**

**We also continue with activities in implementation of all socially responsible business principles, which are not observed individually i.e. separately, but in interaction, in conformity with the integrated quality management concept. By making synthetic connection between financial and non-financial indicators in presentation of Bank's business profile and results (apart from business reports, the Bank presents the Report on social responsible business to all interested stakeholders) we pay attention to all risks potentially endangering human rights and environment as well as to corruption risk management. Thereby we point out the significance of the correlative link made between business targets and sustainable development concept.**

**We continued with supporting the sustainable development concept through affirmation of human relations and solidarity with socially endangered people, by giving support projects and initiatives launched by various non-governmental organizations, especially Our Serbia. We celebrated 20<sup>th</sup> anniversary of the "Childs Heart" humanitarian foundation establishment (JUBMES banka was the founder and the major donor of the foundation). At this occasion we took the opportunity to point out that results achieved by the Foundation have made the good grounds for improvement of children's medical protection quality in the Republic of Serbia, which is significant especially having in mind the aggravated conditions caused by economic and financial crisis when the issues arise related to regular and sustainable financing necessary for the health sector. Sustainable development and social cohesion are not achievable without healthy population and efficient healthcare system (especially for the children). Of importance is our mission focused at humanitarian needs of the most jeopardized segment of our population – children and the youth, for in conformity with the Article 24 of the UN Convention the Rights of the Child: "Every child has the right to enjoy the highest achievable health standards and capacities for treatment and rehabilitation".**

**We continued to support various projects launched by local communities or scientific and educational, cultural, health and sport institutions, which reflects our strategy and intentions towards promotion of sustainable development and the UN Global Compact's fundamental principles.**

**We give major significance to the pro-active cooperation developed with internal and external stakeholders, to keeping the interested groups informed**

*on issues related to CSR principles as well as to maintaining the permanent dialogue with the employees on these issues. We constantly promote education of our employees with aim to advance knowledge on modern banking operations and responsible business principles, especially in segments of environment protection, implementation of ISO 14001:2004 standards, anti-corruption combat, human rights protection, labour law etc.*

*In conformity with our potentials and experiences in giving support to similar projects, let it be emphasized that we continued to promote the concept of inclusion of socially vulnerable groups in the community, especially young disabled persons. As the first member of the UN Global Compact Serbia, we gave our support to the Project of the Centre for Social Work in underdeveloped municipality of Sečanj, focused at providing premises for daily care to disabled young persons.*

*With respect to environment protection we continued to execute our cooperation with the "Uvac" - Special Nature Reserve d.o.o. Nova Varoš and "Beloglavi Sup" Birds of Prey Protection Fund.*

*Various activities in the field of socially responsible business, progressive relation towards application of UN Global Compact principles and sustainable development are all being Bank's long lasting orientation.*

*By taking a developmental and evolutionary attitude towards implementation of the Global Compact principles as well as by expanding the range of activities aimed at the principles promotions, the Bank creates necessary pre-requisites for achieving the targeted competitive position within the local and regional banking/financial services markets as well as the image of a respected socially responsible business entity, which gives its active contribution to implementation of universally acknowledged integral development concept.*

Yours faithfully,



Milan Stefanović

P r e s i d e n t

## **IMPLEMENTATION OF THE BASIC UN GLOBAL COMPACT PRINCIPLES IN ACTIVITIES OF JUBMES BANKA A.D. BEOGRAD, WITH RESULTS EVALUATION AND PROPOSITION FOR FURTHER ACTIVITIES**

### **I Introductory remarks**

In our fourth Communication of Progress we are presenting total of JUBMES banka's activities reflecting implementation of the ten UN Global Compact principles which are dialectically connected with the new concept – integrated management system. By accepting this concept the Bank's Executive management team showed its determination to integrate all responsible business principles in all aspects of operations, organization, strategy and operational/financial performances.

By implementing corporate social responsibility (CSR) within Bank's development strategy, we accept the necessity of transformation of the local business community (core business), which should apply socially responsible business (SRB) principles to production process and positive value and ethical system to sustainable development issues.

Since SRB is being *presumptio* for realization of sustainable development, our strategy for SRB development cannot be viewed separated from the activities of entities from the public sphere and non-governmental sector – the civil society. By adoption of the National Strategy for SRB and sustainable development, three spheres for improvement have been connected:

- public sphere, improving efficiency of SRB principles implementation, through adequate political and legal decisions;
- interest groups and the civil sector sphere, developing level of people's knowledge of SRB principles;
- business community sphere, for which SRB principles have created higher standards than those set by the compliance function and the law.

This value and development concept is one of new business instruments which comprehend integration of social and ecologic issues within business operations undertaken in corporate and financial sectors and their interaction with integrated groups.

This concept's implementation is a long-term process requiring changes to be undertaken, especially in the public sphere and the legal framework (tax authority's incentives being particularly important). It is significant to give impetus to sustainable development through CSR, by improving the policy for implementation of SRB principles and application of global standards in business operations undertaken in corporative and financial sectors. Business entity's responsibility is thereby stimulated towards internal and social environment, having in mind their operations' social, economic and ecologic impacts on the environment.

With respect to the aforesaid, JUBMES banka tends to make an advancement in creating its position of socially responsible entity, which helps sustainable development in general, both on internal and external levels. Economic sustainability, social cohesion and environment protection should achieve balance, requiring a long-term inter-sector process.

JUBMES banka in this report shows the activities aimed at integral implementation of principles for human rights protection, environment protection and anti-corruption combat. Bank's active engagement in the UN Global Compact Serbia required undertaking of a creative promotion of the said principles and values, which form a sustainable development basis.

Establishment of the integrated management quality system would be an adequate and creative response to strategic requirement for improvement of SRB principles and observation of sustainable development values. Three policies adopted for the purpose of ISO standards implementation (for entities active in the financial sector) are in the foundation of this system: Quality Policy, Information Safety Policy and Environment Protection Policy.

By making a dialectical connection of these principles with active promotion of UN Global Compact principles JUBMES banka has entered the new progressive phase in realization of the SRB and sustainable development model.

Here are some details related to targets of these policies:

Permanent improvement of Quality system is a basic determination of the JUBMES banka's management team as well as of all its employees. The main target is to achieve high quality of products and services on the long term, thereby meeting the expectations of our clients and resulting in Bank's deposit base growth. The main targets of our quality system are tied to development and rendering all kinds of banking products and services. The managing team and the employees have to fulfil their tasks and duties, striving hard to reach the higher quality level and paying respect to Quality system targets. The following targets are set as the most important priorities in Banks activities:

- Quality management system in conformity with the ISO standards 9001:2008 and the legal regulations;
- Client's satisfaction, development of partner relationship, exchange of knowledge and experience and resolving all issues mutually;
- Highest level of professional relations with suppliers and external service providers;
- Competent officers, permanently improving their skills and knowledge;
- Equipment and resources management in conformity with ISO 9001:2008 standards;
- Duly and adequately planning of all activities;
- Permanent development and improvement of products and services as well as business processes;
- Keeping records with full documentation related to each operation;
- Establishment of solid internal and external communication able to transmit information, knowledge and values;
- Regular reassessment of the Management Quality System, gathering, evidencing and analyzing of data significant for business processes improvement.

By implementation of the quality policy we shall provide for competitiveness and recognition of our products and services on local and foreign markets. For this reason Bank's managing team has continuously been evaluating the Quality policy as well as all elements of the managing system in order to make necessary adjustments to the market conditions and Bank's targets. Realization of the Quality policy has to be based on management quality principles.



As a well positioned institution on banking/financial market, JUBMES banka is determined to manage the information and information property, being necessary for rendering quality services and products to clients. Management, safety and security of information and information property is a responsibility of all employees and external service providers, having the aim to assure confidentiality and availability of information and information property. Information and information property management provides protection against all threats, both internal and external, casual or intentional, through establishment, implementation, execution, supervision, evaluation, maintenance and improvement of information safety management system (ISMS). This policy sets framework for information safety targets, through establishment of general information protection targets, protection of information property belonging to JUBMES banka a.d. Beograd and provision of reliable information to employees and all interested parties, with discretion guaranteed. The managing team and the responsible officers are permanently identifying risks that could jeopardize the property and its value, as well as possible causes of potential accidents which could damage the information system. They are also in charge for keeping risks on acceptable level through projecting, implementation and maintenance of ISMS. The managing team adopted specific rules aimed at giving support to ISMS.

The Bank's managing team and all employees are responsible for implementation of all procedures and observing all safety procedures, while the employees are responsible for implementation of information safety and protection policy, having the duty to give support to the managing team. Employees, external service providers and accompanied members must accept rights and duties coming out of this policy and observe it especially while the working process is underway. All employees have to report the remarked shortcomings in the working process as well as of failures and accidents.

The Bank's managing team regularly reassesses this policy and all elements of information safety management system.

An important segment of the new integrated management policy is the care for the environment, reflected in permanent improvement of the environment protection management system, in conformity with the requirements set in ISO 14001:2004 standards.

Through environment protection policy, the Bank provides:

- Monitoring and application of the legal regulations and good practices related to the protection of environment;
- Identification of all aspects of the environment, especially significant aspects aimed at prevention of environmental pollution;
- Saving resources and energy by using renewable and recycled resources;
- Developing knowledge with employees, suppliers and external service providers on environment protection issues and proper treatment of dangerous materials;
- Activities for prevention of ecologic accidents and if the accident occurred;
- Keeping all interested parties permanently informed on environment protection system performance.

JUBMES banka implements its Environment protection policy through the following general targets:



- Application of modern and clean technologies for the purpose of the current maintenance;
- Saving resources and energy, reduction in consuming hazardous materials and the hazardous waste;
- Waste management through proper collection, storage and treatment of all kinds of waste;
- Permanent training of employees for application of dangerous materials and timely prevention of ecologic catastrophes;
- Environmental affection measuring and monitoring;
- Increased satisfaction of the interested parties through SRB and mutual communication.

Bank's executive management has the duty to pay respect to the Environment Protection Policy and provide for successful realization of the adopted strategies and targets.

After the policies mentioned above were adopted, at the occasion of the Bank's Assembly meeting held at the end of March 2012, the president of the Executive Board was awarded the integrated management system certificates for implementation of ISO standards: ISO 9001:2008 – Quality Management System, ISO 27001:2005 – Information Safety Standard and ISO 14001:2004 – Environment Protection Standard by the independent certification institution DAS SEE from the United Kingdom. Thereby, JUBMES banka has confirmed its referent position in the local financial sector and its dedication to permanent improvement of its services quality, maintaining safety of its financial information and observation of ecologic standards, in conformity with the CSR and sustainable development principles.

In the new phase JUBMES banka takes a dynamic and progressive attitude towards implementation of the CSR and concept of sustainable development, in conformity with the new system of integrated management, paying special attention to promotion of trans-sector cooperation i.e. cooperation with internal and external interest groups, according to the principles of UN Global Compact network (voluntary initiative).

Being continuously active under UN Global Compact Serbia, JUBMES banka gives significant impetus to the exchange of good ideas and practices, promotes inter-sector dialogue, connecting various corporate entities and institutions addicted to sustainable development.

In the previous year JUBMES banka took active participation in various meetings organized by the UN Global Compact network, thus confirming our active position among local leaders promoting Global Compact principles and CSR activities transparent presentation. Under recommendation of the Anti-corruption combat Working Group of the UN Global Compact Serbia the Bank as the only representative of the Network participated in the Rio+20 Corporate Sustainability Forum held in June 2012 in Rio de Janeiro. The Bank also took participation in of the local Global Compact networks European Meeting held in Belgrade October 18-19, 2012.

By such engagement the Bank affirms a new progressive phase in its application of UN Global Compact Principles. Thereby JUBMES banka becomes recognized and respected partner in realization of international global and regional initiatives for implementation of CSR and sustainable development principles, but also in execution of activities which accompany European integration process of Republic of Serbia.

## II Implementation of UN Global Compact Principles

### Human Rights

*“All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood” (The Universal Declaration of Human Rights 1948)*

#### a) Global Compact Principle I:

***Companies should support and respect the protection of internationally proclaimed human rights***

Human rights lie in the foundation of freedom, justice and peace. Respect paid to human rights enables full development of every individual and community. Understanding and acknowledging of equality and dignity principles, as well as engaging under human rights protection is the imperative request of the modern times as well as of the sustainable development

The significance of human rights in relation with sustainable development was acknowledged on occasion of the first UN Conference, which was dedicated to the sustainable development, held in Rio de Janeiro twenty years ago. Human rights in context of their development, inspired activities of many development institutions and became the essence of the Declaration on right to development. The Declaration, adopted in Rio placed human beings in the very centre of the sustainable development concept. The Declaration invited the global community to take participation in the process of reaching decisions, to provide access to information and justice, as well as to promote the right to development. Human rights principles related to taking participation in public, business and private spheres, non-discrimination, responsibility and the support to rule of the law are the key for successful implementation of the sustainable development.

On the Rio+20 Corporate Sustainability Forum, held in June 2012 integral approach in promotion and protection of human rights was promoted, especially in the corporate sphere. Every corporate policy has to support basic human rights principles, expressing the following:

- Human rights are equal for all human beings, regardless the race, gender, religion, political and other beliefs, national or social origin. We are all born free and equal in dignity and rights. Therefore, human rights are *universal*;
- Human rights cannot be deprived – no one has the right to deprive the other person of his rights – human rights are *inalienable*;
- In order to lead dignified life, all human beings have the right to freedom, safety and decent living standard. Therefore, human rights are *indivisible*.

Sustainable development has to integrally include three baskets of human rights. The first basket contains: the civil rights (right to life, right to private sphere and rights related to criminal procedure) and the political rights (participation rights, rights of a man to take participation in governing the state and society etc); second basket: the economic rights (e.g. labour rights, right to equal wages, right to indemnity in case of non-employment etc), the social rights (right to minimum living standards, right to

trade union organization, right to strike etc) and cultural rights, and the third basket: the ecologic rights (for example right to development, right to healthy environment).

Sustainable development however would not be possible to achieve without development of the inclusive society. JUBMES banka gives great importance to application of the large volume of national and international regulations on human rights, related to protection of specially jeopardized and vulnerable groups. Members of those groups must not be discriminated for their "status", but to be treated with special care. Thus, the knowledge in respect to minority groups is developed, diversity is affirmed and the fundamental democracy principles are promoted - as development, social justice, social cohesion and solidarity. Sustainable development is synthetically connected to promotion of human cultural rights. Understanding of the human rights in their entirety helps better recognition of their violation, enabling activation of the mechanisms for their prevention. Documents adopted at the Rio+20 Corporate Sustainability Forum set framework for such development model, which is ecologically sustainable, justified and impartial, and paying respect to human rights. The development policies adopted must reflect principles of responsibility and accessibility, being at the same time culturally acceptable.

Human rights universality is not guaranteed only by governments as the principal entities of international law. UN member states have the legal duty to pay respect and protect human rights. This includes also protection against possible violation committed by the entities belonging to both public sector and business community. This duty is governed by the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Elimination of all Forms of Racial Discrimination. Governments which have undertaken obligation protect human rights are responsible to legally prosecute corporations which violate human rights.

Since development of the adequate legislation (national and international) will be a long lasting process, voluntary initiatives in the field of social business responsibility are mostly welcomed. Human rights have to be an integral part of every SRB anywhere in the world, including prevention of the unethical competition, resulting from the fact that some business entities have not paid attention to human rights protection. Companies which pay respect to business ethics and protect human rights have become the principal support of healthy and open business environment. Upon adoption of SRB as the new strategic and long term management concept, socially responsible companies are able to promptly react to social and ecological problems, thereby paying their contribution to sustainable development issue. Business community's responsibility for human rights has been pointed out in many documents and being in focus of many UN Global Compact activities.

Global crisis showed us that there are no efficient "exit" scenarios which do not comprehend observation of SRB, ethical business and protection of the human rights (specially of economic and social rights) as the very important prerequisite for the global, social and economic stability. Instead of the attitude that "business should have no concern for human rights", the new apprehension of human rights, in their full universality, has been introduced. Thus, every segment of society is responsible for the human rights observation, including the business society.

Giving the greatest importance to guidelines and remarks adopted on the Rio+20 Corporate Sustainability Forum, JUBMES banka has introduced them in its strategic targets and policies. At the same time the full success of the new business model depends on the introduction of human rights protection.

For the reasons mentioned above, JUBMES banka provides permanent education to its employees, through presentation on various forms of SRB, including protection of human rights and freedoms. Special attention is paid to issues of gender equality and inclusion of disabled persons on all levels community's social life. Thereby we promote corporate citizenship concept.

Furthermore special attention is conferred to protection of the endangered cultural heritage and its relation with sustainable development.

New responsible business model, which accepts human rights principles, requires adequate management in CSR, i.e. adequate risk management in social (including risk of human rights jeopardizing) and ecologic sphere.

The Bank in 2012 continued to develop systems for support of human rights protection, especially system for protection of health and safety of employees, through regular trainings in the domain of protection of health at work and fire protection, as well as through knowledge evaluation. The Bank also develops its internal enactments on risk appraisal at working points and in working environment. For this purpose the Bank provided assistance from a company specialized in protection of health and safety at work and environment protection.

The Bank regularly hires specialized companies to analyze working environment conditions and to periodically check out the Bank's equipment, from the point of health and safety at work. Bank's risk appraisal enactment regulates health and safety at work protection, training of employees for safe and healthy working, personal protection means and equipment as well as the first aid rendering in case of injury or sickness at work. The Bank regularly evaluates and up-dates its By-Law on rights, obligations and responsibilities related to health and safety at work. It sets working conditions standards aimed at diminishing risk of injury and professional illness and diseases at work and establishes technical, ergonomic, health, educational, social, organizational and other measures and means for prevention or elimination of the risk of injury and employee's health damage.

JUBMES banka has also provided the free systematic medical examination and medical experts service under preferable conditions for all Bank's employees and their family members. Having in mind the importance of economic and social rights protection, in conformity with its financial potentials the Bank takes care of retired employees, as well as of employees' and their family members' needs, especially in case of their illnesses or some other irregular events.

In accordance with its business and development orientation and in order to achieve its strategic targets, JUBMES banka continued to develop the employment policy and carried on with the process of permanent education of its employees. The Bank evaluates the working results of employees in conformity with the modern standards and policy of human resources management. The Bank is striving to improve the employees' qualification structure, by employing young, highly educated persons, capable to apply new skills and offer innovative solutions in banking operations.

The Bank continued with enabling the employees to attend various types of post graduate studies and courses related to modern banking operations, including participation in local and international financial meetings and forums dedicated to banking products and services development issues, implementation of the Basel III New Agreement on Capital Requirements, deposit insurance models etc. Special

attention is paid to education of experts in the information technology field, focused at E-banking and information technology safety.

An important condition for gaining status of the intermediary bank in realization of the credit line granted by an EU development financial institution and credit line granted by one of the EU member states is observation and implementation of CSR principles, especially the ones related to human rights protection. Thereby, potential beneficiaries of these credit lines are required to harmonize their projects with the requirements and criteria of social and ecologic sustainability.

In conformity with the Bank's human rights policy, employees are encouraged to take additional education and professional training related to prevention of money laundering and anti-corruption combat, aimed at upgrading the employees' consciousness of the importance of ethical principles in conduction of business operations, which promotes zero tolerance against breaching the guaranteed economic, social, civil and other rights related to Bank's business operations.

Having in mind the adopted policies and the realized activities, it is our opinion that the Bank achieved an advance in implementation of the UN Global Compact first principle and established solid framework for human rights protection.

#### Affirmation and protection of material and nonmaterial cultural heritage as a determinant of the national cultural identity

Generally, cultural identity comprehends all attributes that characterize one nation as authentic and autonomous, thereby separating it from other nations. Cultural identity has its internal and external dimension. Internal dimension reflects nation's equality with other entities and external - differences. Cultural identity is one of the principal prerequisites for development of a community, and thereby for the review of national, ethnic and universal contents of a culture. Institutional and cultural diversity is modern civilization standard. Affirmation of cultural diversities, including respect paid to universal values is also a sustainable development prerequisite.

There are two main processes important for creation of national identity: a creative one – creation of various values characterizing its individuality and a defensive one – when a national culture is defending itself against penetration of external values or when there is assimilation risk. These two processes affect stabilization of national individuality and enable communication with other cultures i.e. with other communities' value systems, thereby enriching the related national culture and its identity.

Affirmation of non-material and material heritage is a significant pre-condition for preservation and promotion of the national cultural identity i.e. national culture open for dialogue and interaction with other cultures. On these premises, the Bank has continued to support various projects organized by local authorities, as well as the projects executed by a number of humanitarian, religious, scientific, educational, cultural and sport institutions.

The Bank carries on supporting "Ćirilica" citizen's association, dedicated to prevention of ćirilica – an authentic Serbian (Cyrillic) alphabet, which has been in use for ten centuries.





Temple of the Holy Great Martyr Demetrius, Novi Beograd

For many years the Bank has been a donated the construction of the Temple of the Holy Great Martyr Demetrius in the municipality of Novi Beograd. In 2012 we have supported the final works on this religious building.

The Bank has granted its aid to the Serbian Orthodox Monastery of the Ascension of the Holy Virgin Mother (Denkovac) situated between Kragujevac and Rekovac, in Šumadija Eparchy. The time when the monastery was built is unknown, although it was a centre of the episcopacy for a long time. After the Great Serbs Migration lead by Arsenije III Čarnojević (in the year 1690) the Monastery was left vacant, with no monks. It was renewed for the first time in 19<sup>th</sup> century, than in the eve of the Second World War, to be devastated during the War. For the last time the Monastery was renewed in period 1957 to 1987. New dining room was built and the church was sanctified in 1987.

The Bank has continued to support the "Heritage of Rača" Foundation ("Račanska baština") for the organization of "Days of Rača, by Drina River" festival. The Foundation has been established in 1995 with the purpose to explore the culture and history of Rača monastery and its monks' transcription activity. This spiritual/cultural festival has been organized every year (in the beginning of October), together with the scientific meeting "Rača in the Culture of Serbian Nation". "Rača Charter" has been regularly awarded on the occasion of this festival, as an acknowledgement to the most successful work dedicated to the Serbian cultural tradition, as well as to the best literary work inspired by the Orthodox spirituality, created in the current year. "Rača Collection" contains scientific and literary papers published for the occasion of the festival.

With aim to promote Serbian cultural identity the Bank has supported "Nikola Tesla 70<sup>th</sup> Year Memorial Conference" held in New York in January 2013 at the occasion of the 70 years memorial since the death of Nikola Tesla, the great Serb and the world scientist. The Nikola Tesla Museum, institution established with aim to preserve the heritage of the great scientist, also took participation in the Conference. The Museum

was established in 1952 as a unique scientific and cultural institution in Serbia and in the world, since it is the only institution addicted to genuine and personal heritage of Nikola Tesla. The largest set of documents on Tesla's life and work in the world, held with this Museum, gives opportunity to scientists all over the world to research Tesla's life, inventions, patent rights and projects of interest for environment protection and the use of pure energy resources.

The Bank gave support to literary works dedicated to important representatives of the Serbian literature, including Branko Ćopić, the academic (1915-1984). At the occasion of 120 years from establishment of Serbian Literary Foundation, the Bank has supported edition and printing of biography novel about Branko Ćopić, written by Milovan Vitezović, respected Serbian poet and novelist.

In the course of the last year the Bank continued to develop cooperation with representatives of Serbian community in Australia and to support the final phase of construction of "St Sava" Serbian Orthodox Church College in Sydney, which will be the first Serbian official educational institution in Australia and the first such institution abroad.

Support to protection of rights of refugees and internally dislocated persons from the territory of AP Kosovo and Metohija

As a permanent donor, JUBMES banka continued to support various activities of "Naša Srbija" humanitarian organization. Principal mission of this organization is to enable improvement of living conditions and education, social and health protection of children suffering loss of one or both parents in wars during last decade of the previous century, ill children, of children coming from socially endangered families, as well as of gifted children and youth – by providing material and psycho-social aid.

The Bank also gave donations to the project of the "School of Friendship", (project for psycho-social support with large number of participants), and "Parks of Friendship" activity (building school playgrounds in less developed regions of Serbia). In the few previous years the Foundation issued the New Year / Christmas greeting cards designed by children, which JUBMES banka bought-up in order to congratulate the holidays to its business partners. Funds collected thereby shall be spent for the support of humanitarian projects to come.

**b) Global Compact Principle II:**

***Companies should make sure that they are not complicit in human rights abuses***

Business entities have a duty to prevent abuse of all three baskets of human rights in their business operations. By such prevention, business entities take an important role for creation of healthy business climate on regional and international levels.

CSR principles are focused to encourage the improvement of the normative framework in the field of protection and creating conditions for human rights protection. Responsible business and sustainable development values may be affirmed only after necessary normative conditions are created for human rights improvement in all spheres of the society, including the business sphere. SRB includes also the preventive action aimed at prevention of the human rights violation.



The Bank, being a socially responsible entity, apart from projects' economic parameters, considers their impact to social environment.

When supporting execution of projects carried out in various regions, the Bank pays special attention at their influence to social environment, respect to cultural aspects of the environment, human rights observation, prevention of guaranteed rights and freedoms in conformity with the positive Serbian legislation and ratified acts of international law.

Through pro-active cooperation the Bank encourages its clients - exporters (including education of clients on CSR principles), engaged especially in hydro-power and hydro-energy projects, to create conditions for prevention of human rights violation. Special attention is paid to conditions provided to locally engaged workers in the country where the project is executed (healthy and safe working conditions, labour rights protection, prohibition of any form of child labour and discrimination etc). In this way, through cooperation with our clients we give our active contribution to sustainable development in regions of our business exposure.

In 2012 the Bank continued to support various projects, which affirm healthy society, human rights, solidarity, disabled persons inclusion in society, sport spirit etc. Only by such approach we can be active on prevention of human rights abuse in business and public spheres. Normative framework and new values of sustainable development should create conditions for human rights development and prevent their violation.



**Sečanj, Daily stay – Occupational therapy for children with autism syndrome**

In conformity with this orientation, we have supported the project of daily stay for children disturbed in development in Sečanj municipality. Thereby, children are enabled to gain positive experience of staying in a group, skills and knowledge, independence, new friends and socialization. Their families, on the other side, are enabled to confer themselves to other priorities. In this way disabled children are supported in their inclusion to society, through activities in daily stay, organized with aim to improve their lives quality.

General aim of this project is rendering services to the most vulnerable categories of population in Sečanj municipality. Special target is achieving improvement in children

disturbed in development, through various educational programs and trainings, aimed at their inclusion in the local community. Thereby conditions are created for social inclusion of disabled children in community with the other children and neighbours, through rendering positive and constructive experience, while staying away from their families. As an additional advantage, children's parents get acquainted with the rights of disabled persons and with the inclusion process of children into society. Daily stay service shall help improvement of the children's life quality and enable their parents to exchange positive experiences.

The Bank continued to support the activities of the Forum Academy, Novi Beograd, focused at realization of humanitarian action - "Znanjem za sutra" project, aimed to improve the capability of young and the most endangered citizens for application of Computers and Internet. This action was supported also by a few Ministries of the Republic of Serbia. In this manner they are enabled to be efficiently engaged in working and social environment. Successful realization of the action depends on understanding and generosity of business entities. Every participant receives Academy's graduation certificate for attending the course "Medium business programs with the applied Internet". The program users are parentless children, single parents, refugees and exiles, displaced people, national minorities, disabled persons, socially endangered persons, long time un-employed as well as other most endangered persons. Municipality of Novi Beograd has also joined the action.

JUBMES banka gave its support to the event entitled: "New Belgrade – Open Heart City" which engaged elementary schools, children choirs and children folklore associations from the municipality of New Belgrade.

JUBMES banka is one of the major donors of the Water-Polo Federation of Serbia national teams which permanently achieve the highest results on regional and world events, thus aligning our country among leading nations in the sport. Thereby the Bank encourages sport propagation, sporting competitive spirit, healthy life, especially among young persons who should focus at affirmation values of the healthy, open and inclusive society, liberated from stereotypes and preconceptions. After the A Selection won gold medal at European Water-Polo Championship held in Netherlands, the Bank also supported the preparations for the Summer Olympic Games 2012 held in London, where our team won the bronze medal. The Bank is the organizer of the traditional Cadet Memorial Cup, in memory of Darko Čukić, the late president of the JUBMES banka, water-polo fan and former player. This Cup is listed in the official calendar of International Water-Polo Association and it takes place once a year, every year in a another town in Serbia. It is meant to give a wide popularization to this sport among the youth in Serbia, especially in terms of sport less developed areas.

The Bank gives importance to the amateur sport support, as one of the significant factors for improvement of the nation's health in general. For this reason in 2012 we continued to financially support "Ekonomac" the small-football club from Kragujevac and preparations of its team for competing in the first small-football league of Serbia. The Bank gave its support also to "Kosjerić" track and field club as well as to organization of the "46<sup>th</sup> White Cross" – international athletic event, organized by "21 May" track and field club, Belgrade.

Bank's socially responsible activities are mostly targeted at the local community, especially educational and health institutions. By implementation of the UN global Compact second principle the Bank helps creation of the inclusive society i.e. society



of inclusive cohesion which requires the corporative sector to promote human rights and freedoms and prevent their violation. Thereby, the corporative sector should assist creation of the democratic open society new values, contributing to social and cultural development of the community.

As a founder and a major donor of the "Child's Heart" Humanitarian Foundation in December 2012 the Bank organized jubilee celebration at the occasion of 20 years from foundation of "Child's Heart" Humanitarian Foundation. During the event, the acknowledgement certificates were handed to respected donors and friends of the Foundation and the new action was launched for raising funds for purchase of the new equipment needed by the »Dr Vukan Čupić« Mother and Child Health Care Institute, New Belgrade.



FONDACIJA  
ZA DEČJE SRCE

ESTABLISHMENT OF "CHILD'S HEART"  
HUMANITARIAN FOUNDATION 20 YEARS JUBILEE  
(the Bank's long-term partnership with non-profitable sector)

On December 16, 1992 Humanitarian Foundation "Child's Heart" was established on initiative of the Paediatric Cardiothoracic Team of »Dr Vukan Čupić« Mother And Child Health Care Institute of the Republic of Serbia. This initiative received praises and acceptances, since due to the lack of sufficient funds coming from the Government's budget, the additional financial assistance was needed for the procurement of the highly sophisticated child surgery equipment. Apart from the JUBMES banka, the founders are also Bank's esteemed clients and old friends - Invest-Import, Belgrade and Energoprojekt-Hidroinženjering, Belgrade.

As a key founder and one of the leading donors, JUBMES banka gives full support to realization of this humanitarian project, affirming our permanent orientation for observation of universal ethical principles, which create the basis of our corporative philosophy i.e. addiction to local communities needs, especially care for children's health.

The Foundation, which was established in a very difficult period for Serbia, enabled creation of favourable conditions for treatment of children with indigenous heart defects. In 1992 Institute's Paediatric Cardiothoracic Team was forced to stop rendering interventions, due to worn out medical equipment, lack of drugs and medicines as well as medical supplies, leaving on the waiting list about 400 children suffering from indigenous heart defects. Owing to Foundation, the Team was enabled for performing surgical interventions in heart of children of 0-18 years of age as well as for their medical treatment. The youngest baby - an open heart surgery patient, weighed only 1.7 kilograms (900 grams – the closed heart surgery patient). During the first year upon establishment the Foundation raised funds in amount of DEM 1.000.000 and until the end of year 2.000 the same amount of funds was used for procurement of various equipment and medical material for treatment and rehabilitation of children suffering from indigenous heart defects. During twenty years the Foundation confirmed its mission and aims through permanent activities focused at raising funds and giving support to create better conditions for surgical treatment,

rehabilitation and social inclusion of the youngest patients suffering indigenous heart defects as well as to assist children's parents. The Foundation provided the procurement of necessary medical equipment/devices, assured education of medical experts and personnel in the field of children cardiothoracic surgery and was active under various programs for prevention and medical researches of indigenous heart defects with children etc.



**Paediatric Cardiothoracic Department  
of the »Dr Vukan Čupić« Mother And Child Health Care Institute**

Wishing to bring Cardiothoracic Surgery in Serbia closer to the world standards, the Foundation is striving to find sources for additional funds and donations. Devices such as monitors for invasive monitoring of the vital functions, respirators for ventilator support, cardiovascular supersonic diagnostics equipment etc. are necessary to enable the Paediatric Cardiothoracic Team to perform the much needed surgical interventions.

With funds raised in the previous five years, the Foundation has bought the EKG device, instruments for surgical interventions, medical magnifying glasses etc. The funds were also raised for the Electa-Dideco device for intra-surgical blood saving necessary for the work of Paediatric Cardiothoracic Team. Thanks to efforts of the importer - Denta Pharm, Beograd, the respected Bank's client, the device was procured and installed in the Cardiothoracic Department. In August and September 2012 surgical instruments in amount of RSD 500.000 were procured for surgical interventions on open and closed heart.

Apart from legal entities and natural persons who gave their financial support, the Foundation's activities were supported also by other humanitarian organizations from Serbia and abroad.

The permanent Foundation's tendency is to enlarge the donors' base, through contacts with clients, organization of meetings with donors and cooperation with the local authorities, as well as through contacts with companies active in the municipality of Belgrade. The Foundation is not raising funds continuously, but from time to time, depending on actual needs of the Mother And Child Health Care Institute. It will continue to support further education of experts from the Paediatric Cardiothoracic Team, which initiated establishment of the Foundation.

The achieved results of the "Child's Heart" Humanitarian Foundation have great significance for raising the quality of children's health protection in Serbia, which is



still suffering the aggravated conditions created by the economic/financial crisis, which jeopardized the health sector financing system.

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Apart from the support to the “Child’s Heart” Humanitarian Foundation, the Bank gives donations to individual and collective actions for raising funds necessary for the treatment of children with serious health problems.

## **Labour Standards**

Observation of international labour standards, other international regulations and documents, laws and enactments related to labour law are very important prerequisites for implementation of Bank’s strategic concept of the socially responsible business and sustainable development (social cohesion). Paying respect to the dignity of labour, we are supporting the advance of the complete set of social and economic rights, striving to establish balance between economic and social requests, business success and social responsibility, on both external and internal levels.

We recognize the significance of the national and social dialogue in order to accomplish the dignity of labour, requiring strong and independent workers’ and employers’ associations. Social dialogue and collective negotiations will help creating stronger social cohesion and democracy i.e. realization of the development model based on economic and social sustainability. The Bank finds important to give its contribution to realization of the new values, resulting from the EU integration processes.

European values include social dimension, since without social cohesion and social progress there would be no stability of democratic institutions, being important factors of the integration process. Our strategic targets are achievement of social cohesion and social progress, as the new European values. Such concept affirms the social cohesion as the stimulus of the economic growth. The basic issue of the modern societies is the introduction of the companies social responsibility concept. Adequate correlation between the social and the economic policy is important to be established, for the purpose of achieving regular distribution of economic effects to divergent social levels.

Social cohesion is a precondition for a democratic, stable society and realization of the right to work enables realization of the social justice, as a significant peace and security factor on national, regional and global levels. All anti-crises strategies show that economic recovery (as well as the sustainable development) would be impossible to achieve without establishment of the social justice i.e. social cohesion. One of the most important sustainable development targets is creation of the new jobs and decreasing the unemployment rate, mitigation of the gender and social inequality with the margin groups, encouraging the employment of young and disabled persons as well as employment of other margin groups.

The following UN Global Compact principles are guaranteed, through the realization of the labour rights:

**c) Global Compact Principle III:**

***Companies should uphold the freedom of association and the effective recognition of the right to collective bargaining***

European integration project, which includes the growing number of countries, is based on the structural joint of economic dynamics and social balance, established in various fields of the “social dialogue” on European and national levels as well as in companies.

Freedom of association and the basic employees'/employers' rights, establish the foundation for the labour relations development. These rights are guaranteed by European Social Charter as well as by other universal and regional international regulations.

JUBMES banka, both through its enactments and practice, has always fully recognized the freedom of association and the right to collective bargaining. Constitutional and legal regulations related to freedom of association are being observed and the Bank's Union acts as an autonomous, democratic and independent employee's voluntary association, with aim to represent, improve and protect professional, economic and other rights of employees. Almost every Bank's employee is also the member of the Bank's Union, which is associated into the Union of Financial Organizations of Serbia. This Union holds a representative status within the plural structure of the union organizations of Serbia.

Bank's Union actively participates in humanitarian actions created independently or organized by the Union of Financial Organizations. President of the Bank's Union is also the member of the Republic Committee of the Union of Financial Organizations of Serbia and members of the Bank's Union regularly attend seminars related to the labour law matter and issues concerning union organization.

As in previous years, in 2012 the Union of Financial Organizations of Serbia was focused at enlarging the number of its members and at encouraging establishment of banks' unions.

The Union of Financial Organizations of Serbia gives particular importance to the implementation of the European social model, considering it every union's permanent task. Successful implementation of this model requires permeation of economic dynamics and social balance. Establishment of the social balance on the other hand requires participation in mutually realized business success, as well as observation of labour standards.

In 2012 the Bank's Union took participation in various humanitarian actions, together with the Union of Financial Organizations or individually. We have donated the purchase of the linen for the Clinic Centre of Serbia, continuing thereby our support to this reputed institution.

The Bank's Union permanently shows its solidarity with the Union members needing aid (for example for medical treatment), regularly provides free systematic medical examination for employees as well as free theatre tickets, organizes free visits to cultural institutions as well as excursions etc.

Positive labour environment and addiction to institution give impetus to every employee and help the Bank to establish the position of a stable, respected financial

institution, which pays attention to corporative ethics and respects labour and social rights.

During the last decade the Bank's Union has developed cooperation with the Bookland publishers, striving to promote love for literature among children and the youth. The Bookland publishers have been nominated for the Vuk's Award as the highest acknowledgement for literature in Serbia. Every year, as a New Year's gift the Bank grants books to elementary schools in Kosovo and Metochia and underdeveloped municipalities in other parts of Serbia. The books bear special notice: "JUBMES banka has enabled printing of this book, in the belief that investing in culture means investing in prosperity of the whole society". At the end of 2012 the sets of books were handed to libraries of 40 schools from Kosovo and Metochia. Each set is consisted of the following three books: Serbian Cultural Heritage, Nemanjići - the Family of Saints and the Great Serbian Poets. At the same time the Bookland publisher present fairy tales books as the New Year's and Christmas' gifts to the children of the Bank's employees.

The Bank's Union participates in preparation of the Collective Bargaining Agreement, regulating the rights, obligations and responsibilities arising from the labour relations as well as mutual relations of the Collective Agreement parties.

During the negotiations with Bank's Managing Team, the Union representatives present their proposals and suggestions. The Union performs transparent operations and enables active contribution of each member through presenting suggestions, initiatives etc.

**d) Global Compact Principle IV:**

***Elimination of all forms of forced and compulsory labour***

**Global Compact Principle V:**

***Effective abolition of child's labour***

By implementation of these principles, business entities directly affect the society, in the economic aspect as well as in the social and ethical aspects. By elimination of all forms of forced and compulsory labour, by abolition of the child's labour and by promotion of policies exceeding the national and international standards, SRB principles become permanent orientation of the business sector. Business sector implements the principals in dynamic manner, with the tendency of continuous improvement.

Fundamental precondition for effective realization of the labour rights and dignity at work is elimination of compulsory labour and abolition of child's labour. By paying respect to the legal regulations in force and internal enactments which implement the mentioned Global Compact principles, JUBMES banka confirms its attitude, for the promotion of the social justice and social cohesion values. With this aim the Bank's employees are being regularly informed on the ratified international legal documents, in concern with compulsory labour and child's labour prevention. Special attention is paid to responsible business values, which exceed internal and external normative regulatory frameworks. Through synergy established between compliance activity and SRB principles the Bank has intensified its activities and strengthened its position towards internal and external interest groups, especially towards our clients. Apart from this, wide range of services which the Bank offers, reflect our positive



value orientation towards the model of responsible business and sustainable development.

In this way, the corporative management model is being supported, which includes the responsible attitude and cooperation established among the wide range of social partners and civil society, which should help affirmation of international standards for child's labour abolition (Declaration on Child Rights of 1959, ILO Convention no 182 of 1996 – in force since 2000 etc) and prohibition of various forms of forced and compulsory labour and slavery (Universal Declaration on Human Rights, EU Convention for the protection of human rights and fundamental freedoms etc).

**e) Global Compact Principle VI:**

***Elimination of discrimination in respect of employment and occupation***

Discrimination is an act by which a person is unfairly disadvantaged compared to others. The causes of discrimination are usually negative prejudices, existing in a society towards the certain social groups, which are manifested against individuals belonging to such a group.

By observing legal regulations in force and its enactments, JUBMES banka permanently implements this Principle in practice. Direct or indirect discrimination of the persons seeking employment is prohibited, in concern with the gender, race, skin colour, age, health condition i.e. disability, nationality, religion, matrimonial status, political or other beliefs, social origin etc. Discrimination is also prohibited in respect of the employment conditions and candidate selection, working conditions and all rights arising from the labour relationship, education, professional training etc. By taking pro-active attitude, we encourage our clients to promote this principle especially when they carry out works abroad or when they export goods and services.

JUBMES banka is affirming its positive relation to employment of disabled persons and takes participation in actions supporting their employment in various sectors.

JUBMES banka affirms its positive relation to disabled persons through its enactments and SRB strategies, and takes participation in actions focused at disabled persons employment in companies from various sectors. Namely, certain social categories are more vulnerable and endangered than others (children, single mothers, handicapped persons etc). In Serbia various measures of protection and assistance are taken in order to render help to these persons, including special rights under the employment law and in some cases they are given priority to get employed. Such measures are qualified as the positive discrimination measures and being supported by JUBMES banka.

## **Environment**

Bank is engaged in protection of environment i.e. in activities focused at integration of ecological principles into corporate operations, as a fundamental precondition of sustainable development.

Environment protection and rational use of national natural resources include integration and reconciliation of targets and measures of all sector policies, as well as

harmonization of the local regulations with EU legislation and their full implementation. Inter-sector dialogue and cooperation are one of significant elements for the sustainable development, necessary for realization of the national strategies on sustainable development related to the environment protection. Such attitude is promoted also by the UN Global Compact, which encourages business entities to take more responsibilities for environment protection. In this sense JUBMES banka finds very important the conclusions of the Rio+20 Corporate Sustainability Forum, related to environment. In our opinion the energetic sustainability issue needs to be resolved through preparation of national and regional programs for promotion of sustainable energy resources. Such programs would support projects prepared by companies with aim to promote sustainable energy resources, technical standards harmonization for energy transmission and use, establishment of national energy long-term plans for exploitation increase of sustainable energy resources etc. On the issue of water and eco-systems, the Forum recommends development of the new and advanced technologies for the limited resources of water usage. The Forum also emphasized the key role of the financial sector for the achievement of the globally sustainable development. Sustainable development principles should be included in the financial institutions core business. The green industry and the social inclusion are some of the potential areas for the financial sector's engagement. The responsible investing means obligatory application of ecological and social standards prior to making investments. Upon adoption of CSR principles, business entities will gradually develop a socially responsible character, paying attention to interests of society when setting their business targets. However, business entities cannot individually create the sustainable development conditions. They should take participation in this process together, with other entities from the business, public and non-governmental sectors.

With respect to the new phase of promotion of CSR principles and sustainable development, related to the environment protection, JUBMES banka proved its progressive orientation, developed in conformity with the new integrated management system. With this aim JUBMES banka implemented ISO Standard 14001, participated in the work of the Global Compact network and developed cooperation with various interested groups – stakeholders.

**f) Global Compact Principle VII:**

***Companies should take precaution measures related to preservation of environment***

**Global Compact Principle IX:**

***Encouraging the development and diffusion of environmentally friendly technologies***

The Bank adopted Environment Protection Policy with aim to develop normative prerequisites for standardization of its activities and implement ISO Standard 14001:2008. In the first chapter of this paper – Introductory Remarks, there are measures defined, which should be implemented under this Policy as well as general targets of the Policy.

Rational and responsible using of non-renewable natural resources is a precondition for sustainable development. In conformity with the National Sustainable

Development Strategy, the environment protection policy became the constitutional part of sector policies and it includes business entities from real and financial sectors.

In accordance with its capacities, the Bank promotes sustainable utilisation of natural resources. With this aim the Bank established cooperation with the relevant Government departments, Serbian Agency for environmental protection and other institutions engaged in the environment protection, under implementation of projects focused at sustainable utilisation of natural resources.

Pursuant to the National Sustainable Development Strategy and the Waste Management Strategy, in 2009 the Serbian Government launched the action entitled "Let's Clean Serbia".

One of its main targets is separation of paper from the waste for the recycling purposes. JUBMES banka in cooperation with the authorized company has been buying cardboard boxes for collection of office paper waste and distributing them to its clients, partners and institutions from non-profit sector in the Belgrade municipality. This action, which has been continued in the reporting period, has been included in the Bank's Environment Protection Program as a permanent activity.

In respect of operations related to environment protection, JUBMES banka carries out plans and programs from the following segments:

- defining climate conditioning regime and the use of Freon gas,
- recycling of used batteries,
- usage of facsimile machines, copy machines and printers, toners and cartridges,
- reduction in consumption of office paper and waste office paper management,
- altering technologically outdated and damaged electronic equipment and electric and electronic waste management,
- glass package, PET package and cans management and recycling,
- reducing consumption of drinking water,
- reducing electricity consumption as well as maintenance of lights and diesel aggregates,
- dangerous materials storing, power substation maintenance, prevention of transformer oil leaking;
- using of cars for official purposes, car maintenance and care, tyre waste management;
- fire prevention, evacuation plan in the event of fire, earthquake etc.

**g) Global Compact Principle VIII:**

***Companies should undertake initiatives to promote greater environmental responsibility***

Upon recommendation of the relevant Government department, the Bank established cooperation with "Uvac" - Special Nature Reserve d.o.o. Nova Varoš and "Beloglavi Sup" Birds of Prey Protection Fund.

Griffon vulture (*Gyps Fulvus*) is a rare species of the vulture eagle. In the past this species inhabited wide areas in west Serbia, but in the middle of the 20<sup>th</sup> century it deserted all local habitats due to industrialization process. However, owing to efforts of the "Uvac" - Special Nature Reserve and funds collected from local and foreign authorities and non-governmental organisations, reintroduction of the griffon vulture

in this area became true. JUBMES banka took the responsibility to finance the fuel necessary for Reserve's vehicles which carry the slaughter waste to the vulture's feeding places. Due to still insufficient animal population and lack of dead animals in this area this is the only possible way of providing food to vultures.



Griffon vulture (*Gyps Fulvus*)

Apart from the griffon vulture this area is also known for the only goosander (*Mergus Merganser*) nesting site in Serbia, as well as for around 100 various bird species, 11 fish species and over 200 plant species (flora taxa) proving the very rich area biodiversity. In long-term the Reserve plans to reintroduce other species, which deserted the surrounding (lynx and other eagle species). However, for this action huge support is needed, significantly exceeding presently disposable funds as well as cooperation with governments willing to export these rare species to Serbia.



The Uvac River Gorge - Meanders

The Reserve is situated in the area of untouched vegetation of extraordinary beauty, widely known for the wonderful landscape created by the Uvac river, by cutting the deep meanders into the limestone massives of Zlatar and Javor mountains in west Serbia. The surrounding is rich in numerous examples of various karst formations including the longest cave system in Serbia.

## Anti-corruption combat

### **h) Global Compact Principle X:**

***Companies should work against corruption in all its forms, at all levels, including extortion and bribery***

JUBMES banka has confirmed its leading position among active members of UN Global Compact Serbia, in implementation of the Global Compact 10<sup>th</sup> Principle.

Progressive development towards elimination/minimization of all corruption forms is the strategic orientation of JUBMES banka. In order to achieve success in anti-corruption combat the Bank has established cooperation with many various business entities and institutions. The corruption is not only a national issue, but global and trans-national problem and combat against it is an international obligation.

Rule of the law and level of the democratic institutional framework, activity of the entire society and European integration processes are important premises and factors on which depends the institutional framework, which creates the anti-corruption combat environment.

Development of factors necessary for the anti-corruption combat (information, knowledge, value and behaviour) and creation of the full institutional/normative anti-corruption environment, will help the process of final eradication of all corruption forms.

Anti-corruption combat is the global, regional and national challenge which needs to be fully responded by all social community spheres. Trans-sector partnership, as the sustainable development guarantor, has to be developed, for the purpose of achieving success in the combat.

Through application of universal international law documents and other international regulations and standards related to anti-corruption combat, the special normative framework for integrated implementation of the anti-corruption measures in the business sphere has been established. Thereby, an open space is created for implementation of innovative collective measures and public-private partnerships in anti-corruption combat on all levels, which is one of the conclusions reached at the Rio+20 Corporate Sustainability Forum – Innovations and Cooperation for Future, held in June 15-18, 2012 in Rio de Janeiro.

Another very significant conclusion is that Global Compact is the key partner for various entities (in public and business sphere as well as for NGOs) in implementation of the new public-private partnership platform which implements Global Compact ten principles, related to human rights, labour standards, environment protection and anti-corruption. For this reason the new leadership among companies which accept sustainable development principles is necessary to be established. Business entities must create new innovative business models, products and services in accordance with socially responsible business principles, including the anti-corruption combat principle.

Taking an integral, proactive and transparent attitude in anti-corruption combat, in conformity with the new integrated management system, JUBMES banka decided to take participation in work of the number of international forums and meetings dedicated to the sustainable development and implementation of the 10<sup>th</sup> Principle.



At the occasion of the said meetings and under recommendation of the Anti-Corruption Working Group of the Global Compact Serbia, we presented the comprehensive anti-corruption program of JUBMES banka – which was the first member to sign the Anti-Corruption Combat Declaration (the autonomous document of the Global Compact Serbia) and the first to present the Report on anti-corruption combat activities. In this way the Bank's strategy related to socially responsible business, with special review on anti-corruption combat, was presented.

All UN Global Compact activities related to anti-corruption combat need to encourage the development of the globally acknowledged framework for development and implementation of the socially responsible business. We consider all these activities and meetings supported by the leading network for CSR promotion on global regional and national levels as well as by other institutions addicted to anti-corruption combat, as a very significant impetus for achievement of the healthy and responsible business.

We have presented Bank's unique anti-corruption platform/program at Forum Rio+20 in the course of the Anti-Corruption Working Group session dedicated to collective actions taken in promotion of the Global Compact 10<sup>th</sup> principle, held on June 17, 2012.



**Rio+20 Corporate Sustainability Forum – Anti-Corruption Working Group session**

We also took participation in the European Global Compact Networks 3rd meeting, hosted for the first time by the Global Compact Serbia on October 18, 2012. On this occasion representatives of 21 local networks gathered together to consider possibilities for the progress in socially responsible business, developed in public, private and civil sectors. The meeting's key segment was dedicated to anti-corruption combat. All representatives of the Global Compact member countries presented their good practices and experiences and the presentation of JUBMES banka was highly appreciated.

On the basis of the recommendation issued by the Secretariat of the Global Compact Serbia, JUBMES banka a.d. Beograd, as an active network's member, was invited to

take participation in the Anticorruption Forum. The forum was hosted by the Anti-Corruption Agency and the EU Delegation for Serbia. The main Forum's target was the exchange of knowledge and experiences in identification of the most important anti-corruption combat issues among various entities from the public, business and NGO sectors, as well as achievement of progress in the combat, due to development of the local legal and institutional framework. The Forum was held in two parts. The first one, held in plenary form, was followed by three panel meetings. The first panel was dedicated to system corruption issues and importance of the anti-corruption combat in the public sector, the second panel to combat in the business sector and the third one to the role of media and NGOs in perception of corruption, through cooperation held with the Agency and other bodies. JUBMES banka participated in the second panel.

Here are the basic elements of Bank's Anti-Corruption Program/Platform, being an authentic creative response of the Global Compact Serbia active member to the challenge of implementation and development of the Global Compact 10<sup>th</sup> principle, which was presented in the above mentioned meetings:

Appreciating the Anti-Corruption Combat Declaration, as a concrete contribution of the Global Compact Serbia and the Working Group to development of responsible and ethical business, JUBMES banka was the first member of the Serbian local network to sign this document on October 7, 2010 and to start its implementation by undertaking number of internal activities. The Bank considers the Anti-Corruption Combat Declaration as an important document for its further positioning as a responsible business institution, paying respect to activities in the field of socially responsible business, especially to implementation of the 10<sup>th</sup> principle – anti-corruption combat.

Apart from the Declaration, the Bank has also adopted Reporting Guidelines related to 10th principle, as an important meritorious source, which established the procedure for reporting on activities related to anti-corruption combat. Thereby the Bank stimulated the efficient implementation of all internal enactments regulating anti-corruption combat, as well as the adoption of the new enactments. In this way the Bank's unique Anti-corruption program was formed. All aforesaid is presented in our first Report on 10th principle implementation, being at the same time the first report to be presented to the Global Compact Serbia. The concrete activities and measures for better application of the set of documents related to anti-corruption combat were specially pointed out in the Report, including the New integrated management quality policy, which was confirmed through implementation of ISO Standards 9001, 27001 and 14001.

The New policy is relied with Bank's business and values orientation which is based on giving respect to integrity and ethics, legal framework, promotion of responsible business values exceeding the legal framework, creation of new products which implement those values and ethical standards. As a key document of the unique Anti-corruption Program, the Bank adopted the Anti-corruption Combat and Conflict of Interests Code which is consisted of:

- a) Business Ethics Codex adopted in 2006 (ethical norms governing professionals' behaviour)
- b) Code of Professional Banking Conduct, and
- c) Rules for reputation risk identification, measuring, mitigation and monitoring.



The Code specially elaborates measures and activities for more efficient implementation of the Declaration. This document clearly defines activities and measures (item 11 related to reporting of 10<sup>th</sup> Principle).

For achievement of the permanent advance in 10<sup>th</sup> Principle implementation the highest importance is attached to adoption of the new National Strategy for anti-corruption combat, which will clearly define obligations of business entities related to integrity plans preparation. This will assure prerequisites for further improvement of the reporting on 10<sup>th</sup> Principle and for evolution towards the "targeted elements of the report".

We have the pleasure to point out that the representatives of International Anti-Corruption Working Group and respectable experts expressed their approval and admiration of Bank's activities in relation with the social responsible business and of Bank's proactive relation toward Global Compact principles and healthy business concept, which includes activities in anti-corruption combat. Since the Bank was the first Global Compact Serbia member to prepare the Report on implementation of the 10<sup>th</sup> Principle in conformity with the UN Global Compact Reporting Guidelines on anti-corruption combat, it was specially praised that the Bank adopted Guidelines as one of the unique experiences among members of this non-profitable network promoting the corporative social responsibility. It was also emphasized that the Bank implements the Guidelines as an important source for preparation of its reports on 10<sup>th</sup> Principle implementation, thereby giving special quality to its Anti-Corruption Program in all segments and providing optimal prerequisites for further progress.

In our opinion, these innovative solutions aimed at better reporting on activities and measures taken in anti-corruption combat as well as examples of good practices (e.g. JUBMES banka) can give impetus to progress of the total anti-corruption activity in the business sector of Serbia and to development of environment which will encourage conducting of healthy business and rising of the new leadership among business entities tending to achieve zero tolerance to corruptive behaviour. Apart from this, the Bank finds as very important: the permanent education of its employees on internal level or in cooperation with the Global Compact Serbia Working Group, permanent promotion of moral and ethical norms and taking permanent measures aimed at disclosure and prevention of all forms of corruption, etc. In this way the Bank shall create conditions for reaching of the higher level of anti-corruption culture, thereby meeting the standards required by the national agenda for EU accession.

### **III Results of corporative social responsibility activities**

- The new phase in Bank's implementation of CSR principles has been initiated upon adoption of quality policies, information safety policy and environment protection policy as well as upon awarding of the Certificates for implementation of ISO standards 9001, 27001 and 14001,
- Since the sustainable development concept requires establishing balance among economic, social/cultural and ecologic factors, the new integrated quality management policy including implementation of international standards related to the financial sector will help realization of this concept;
- By realization of the sustainable development principles, JUBMES banka becomes an active participant and partner in execution of UN Millennium Declaration targets and of many global and regional initiatives of the UN Global Compact network with the respect of sustainable development issues;
- Bank's participations in the Rio+20 Corporate Sustainability Forum held in June 2012, in the Global Compact Networks Meeting held in October 2012 in Belgrade and in the Anti-Corruption Forum organized by the Agency for Anti-Corruption Combat and European Commission Delegation, held in November 2012 in Belgrade, are confirming our active and transparent participation in realization of Global Compact principles;
- We have expressed our concrete addiction to CSR and sustainable development principles through a number of activities, which were coordinated by Bank's executive managing team, focused at development of Bank's enactments – internal rules concerning CSR issues. In this sense, the Bank was engaged under financial execution of two credit lines, approved by the EU development institution and one of the EU member-states, which included social and ecological criteria as preconditions for the project's accepting. In line with project evaluation in conformity with the social and ecologic criteria, the Bank helps improvement of the clients' value orientation, towards accepting the modern CSR concept, responsible business and sustainable development;
- More than half of Bank's employees attend various forms of education courses and professional trainings organized by the National Bank of Serbia, Association of Serbian Banks, faculties, institutes and other scientific, specialized local and foreign institutions dedicated to development of traditional and innovative banking products, implementation of Basel II and Basel III standards, E-banking, implementation of ISO Standards 9001, 14001 and 27001, but also dedicated to CSR issues as human rights protection, labour standards, anti-corruption combat, compliance function etc. Integrated quality management policy requires permanent improvement of human resources management policy;
- Free systematic medical examination and medical experts' service under preferable conditions were provided to all Bank's employees and their family members.

- The Bank actively promoted ideas and principles of social responsible business through providing donations to humanitarian organizations, sports organizations, educational and cultural institutions, institutions of public and civil society;
- Sustainable development's cultural dimension means preservation of cultural diversity and identity, with strengthening the cohesion of the society. With this respect we have supported activities of various institutions – organizations from both public and civil sectors, especially activities of Serbian Orthodox Church directed at cultural heritage protection and preservation of cultural diversity and national cultural identity;
- In relations with the local community, the Bank has supported projects of affirmation and protection of national cultural heritage, healthy, open and inclusive society, concurrently continuing the long term cooperation with non-profit institutions;
- As a founder and a major donor of the "Childs Heart" Humanitarian Foundation, the Bank has organized the jubilee celebration at the occasion of 20 years from the Foundation's establishment. In cooperation with the Cardiothoracic Surgery Department of »Dr Vukan Čupić« Mother and Child Health Care Institute, Belgrade, we continued to provide the support for the procurement of the equipment and supplies needed for the medical treatment of children with cardiologic problems;
- The Bank supported the daily stay project for children disturbed in development in Sečanj municipality. This is a unique project prepared under the adequate methodology, with precisely defined targets and realization deadlines. The project was prepared by the Sečanj municipality Social Work Centre;
- We continued to support activities of the Forum Academy, Belgrade, focused at realization of the humanitarian action "Znanjem za sutra" (*Diplomatic Open Heart Action*), aimed for education of the youth and marginalized groups for application of computers, Internet and modern technologies. In this manner their social inclusion is encouraged as well as their acquaintance with the new forms of "on line" communications;
- As in previous years, the Bank has continued to provide funds to the "Uvac" - Special Nature Reserve, Nova Varoš for obtaining fuel for vehicles which carry the slaughter waste to the griffon vulture feeding places;
- Through comprehensive implementation of ISO 14001 standards and related rules and guidelines, the Bank holds its active position in promotion of the key pillar of the sustainable development – environment protection;
- In respect of activities related to promotion of the UN Global Compact 10<sup>th</sup> principle, let it be specially stressed that JUBMES banka was the first member of the Global Compact in Serbia to sign the Anti Corruption Combat Declaration; that the Bank presented its unique Anti-Corruption Program in international and regional conferences, which was highly appraised as an innovation and creative contribution to further advance in implementation of the 10<sup>th</sup> Principle. Thereby the Bank has established the leading position among members of the Global Compact Serbia, in anti-corruption combat and in development of the healthy ethic business environment.

With aim to further confirm its permanent addiction to socially responsible business and sustainable development values, the Bank intensified various activities undertaken for implementation of Global Compact principles.

The new and advanced phase in implementation of the UN Global Compact principles is confirmed by achievement of the competitive position in national and regional markets, by continuous development of the wide range of Bank's products and services primarily aimed at corporate clients, by observation of CSR principles and promotion of the responsible business culture on internal and external level, by more active role within the UN Global Compact network and by implementation of the modern standards in banking operations.



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

We welcome feedback on its contents.

#### **IV Future orientation and plans with aim of further promotion of corporative social responsibility principles**

- The CSR activities which were planned in conformity with Bank's new integrated management policy, will help realization of the integrated development, being a synthesis of economic, social, ecologic and cultural development;
- JUBMES banka will continue to develop its activities in promotion of the responsible business principles, to improve internal and external activities, rules and practices for implementation of Global Compact principles, to develop cooperation and partnership with various entities from social and business sectors etc;
- Integrated quality management system and implementation of international ISO standards (9001, 14001 and 27001) are the frameworks for further improvement of the Bank's position and values adjustment in conformity with SRB principles and for achieving leading position in the banking/financial sector on national and regional levels;
- Bank's sustainable and market oriented competitive position in the financial market shall be affirmed not only through rendering wide scale of various modern products and services aimed for the corporative sector, but also by development of the new products and services which implement CSR principles and thereby help the progress of sustainable development in all aspects;
- Development of the new integrated quality management concept and implementation of the adopted ISO standards will encourage the management function in the CSR segment, favourably affecting the realization of the new, progressive phase of the socially responsible business concept;
- Management improvement, in conformity with the SRB concept, will give impetus to the progress in implementation of the fundamental UN Global Compact principles related to. human rights and labour rights protection, environment protection and anti-corruption combat, being one of the principal aims of this voluntary global initiative;
- In order to support the strategic concept of the responsible business and sustainable development, in the forthcoming period JUBMES banka will transparently execute activities related to implementation and improvement of all GC principles, engaging various interested groups from business and public sectors and the civil society,
- In accordance with its profile and capabilities, the Bank shall continue to support various activities, initiatives and projects initiated by the UN Global Compact national, regional and global networks as well as activities and initiatives launched by various entities, especially the ones having non-profitable character. This will help development of healthy and open business, establishment of anti-corruption culture and democratic inclusive society, development of human rights culture, health care progress, especially with the

youth and the children as well as strengthening of the national cultural identity and inter-cultural dialogue.

- Taking an integral approach to progressive implementation of all of the Global Compact principles, JUBMES banka will continue to give its contribution to conditions fulfilment for the beginning of EU accession negotiations for the Republic of Serbia and also to introduction of European values into local business environment, being an important sustainable development precondition.



**Milan Stefanović, President**



**Jasna Čupić-Popović, Executive Director**