



JUBMES BANKA AD BEOGRAD

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS

March, 2011

JUBMES BANKA A.D. BEOGRAD

Executive Board

Belgrade: March 9, 2011

STATEMENT OF CONTINUOUS SUPPORT

It is our pleasure to point out that by joining the UN Global Compact JUBMES banka a.d. Beograd took the obligation to support ten principles proclaimed by this voluntary association and to integrate them into our corporate and business policies as well as in our business culture. They are related to protection of human and labour rights, protection of environment and resistance to corruption.

Although UN Global Compact is a voluntary initiative promoting corporate social responsibility, its participants are expected to undertake activities aimed at realization of the said principles and thereby to improve the concept of socially responsible business.

We recognize corporate social responsibility as a wide concern for sustainable economic development, realized through cooperation with employees, local community and society, aiming to improve the life quality. In today's international business community, corporate success can be evaluated only in relation with the development of the society. We are convinced that true addiction to corporate social responsibility generates positive effect on business results, companies' market value, larger clients' basis, improved products quality, creation of new products and services, higher motivation of employees, reduction of operational costs etc. These are all results of implementation of the corporate social responsibility principles.

Joining UN Global Compact was essential for execution of such business and development strategy. Since the previous communication of progress JUBMES banka has confirmed its long-term addiction to social, economic and ecological dimension of corporate social responsibility.

In conformity with our potentials and strategic orientation we have continued to actively support initiatives and activities of the UN Global Compact network on national, regional and global level. We trust that only positive relation to initiatives/activities offering a human and responsible reply to needs of the endangered communities may support the sustainable development and progress.

With this aim in January 2010 JUBMES banka, promptly replied the appeal of the UN Global Compact Office and gave the donation to the people of Haiti who suffered catastrophic earthquake.

JUBMES banka has also initiated the action "Global Compact for Kraljevo" through Global Compact in Serbia network with possible engagement of European national and regional networks of UN Global Compact. Initiative has been forwarded to the UN Global Compact Office on December 2, 2010.

It is our pleasure to point out that the member of the Executive Board of JUBMES banka participated in the UN Global Compact Leaders Summit dedicated to "Building a new era of sustainability", held in UN Head Office in New York at the end of June

2010. We believe that values and principles of corporate social responsibility may be implemented most efficiently in cooperation with UN Global Compact networks, in order to produce more human business environment.

Within the Global Compact Network JUBMES banka has been actively supporting initiatives and activities under various working groups, especially the group for corporate social responsibility in banking and finance. We supported preparation of the "Strategy on socially responsible business" of the Republic of Serbia, which promotes new attitude towards this concept, integrally comprising all segments of the social and business community in Serbia.

In the course of the previous year we continued to support various projects in Serbia, of humanitarian/social and developmental nature. We would specially point out our support rendered to the foundation "Child's Heart" and to "Naša Srbija" (Our Serbia), a non-governmental organisation engaged in rendering assistance to displaced persons and refugees from the territory of the former SFR Yugoslavia and Autonomous Province of Kosovo and Metohija.

We have continued to support various projects of the local community, scientific and educational, cultural, health and sport institutions, especially Water-polo Federation of Serbia.

Since we are convinced that cooperation with internal and external stakeholders is essential precondition for Bank's adequate profiling as the responsible business corporate, we keep all stakeholders regularly informed on progress accomplished in the field of corporate social responsibility and we also lead a regular dialogue with all employees on this issue. As in previous years the Bank has provided permanent education to its employees, related to modern banking operations and responsible business principles, especially anti-corruption combat. The Bank has also paid a lot of attention to health of its employees and improvement of technical and safe working conditions.

In order to improve its practice and integration of corporate social responsibility principles, JUBMES banka gave priority to protection of human rights, anti-corruption combat and protection of environment. In the forthcoming mid-term period these activities, including cooperation with non-profit sector shall be our principal target within corporate social responsibility.

Ethical responsible business primarily includes observing of human rights liberated from every form of discrimination, as well as inclusion of the most endangered society members in business and social environment. Thereby, Bank's addiction to concept of socially responsible business has been further proved.

With respect to environmental protection we are pointing out our support to "Uvac" Special Nature Reserve, Nova Varoš and "Beloglavi Sup" Birds of Prey Protection Fund, as well as our support to "Očistimo Srbiju" (*Let's Clean Serbia*) national project.

We are especially emphasizing that the Bank joined the Declaration on Anti-Corruption Combat, which holds the spirit of previous activities of the UN Global Compact in Serbia. This document sets the frames for improvement of practice of anti-corruption combat throughout all segments of the Serbian business community, being in harmony with the targets of all phases of integration process of Serbia into European Union. We are proud to say that we are the first member of Global Compact in Serbia which signed the Declaration (on December 7, 2010), strategically important for promotion of responsible business in Serbia.

Every successful anti-crisis and development strategy is based on promotion of responsible business. JUBMES banka shall continue to affirm itself as an universal, competitive, modern and adaptable bank, which introduces the Global Compact principles in business activities, confirming thereby its addiction to sustainable development on local, national, regional and global level.

Yours faithfully,



Milan Stefanović
P r e s i d e n t

JUBMES BANKA A.D. BEOGRAD

Executive Board

Belgrade: March 9, 2011

EFFORTS OF JUBMES BANKA A.D. BEOGRAD IN ORDER TO IMPLEMENT UN GLOBAL COMPACT MAIN PRINCIPLES, INCLUDING RESULTS EVALUATION AND FURTHER ACTIVITIES SUGGESTED

I

In conformity with responsibilities taken upon joining the UN Global Compact (UNGC), which include further promotion and improvement of observance practice of this leading global non-profit network principles, in this (second) Communication of Progress (COP), we present you an overview of Bank's activities oriented at affirmation of the concept of corporative social responsibility (CSR).

Since CSR is a strategic and long-term concept introduced in all Bank's structures, as well as a *conditio sine qua non* of our corporative ethics, in this COP we strive to show the development-dynamic dimension, which is present in implementation of this business concept. We are convinced that transition towards competitive and dynamic economy and society based on education, includes also a society of social cohesiveness as one of main European integration process targets, which is not achievable without responsible business.

In our second COP, in accordance with our strategic CSR orientation, we would like to draw the attention to Bank's efforts directed to human rights support and protection, environment protection and anti-corruption combat. By focusing at these targets we strive to confirm, both strategically and functionally, our positive attitude to the concept of socially responsible business, based on the following premises: observation of legal regulations, reduction of negative effects of business on the society and risk management related to human rights violation, environment endangering etc, as well as on generation of positive effects in business operations by creating new values which are the result of implementation of the UNGC principles and addiction to social development issues.

In the first chapter of the COP we shall present activities related to observance of the first UNGC's principle – human rights support and protection and second principle – making sure that our business operations are not complicit in human rights abuses. We shall further present the activities related to protection of environment i.e. to introduction of ecological principles in corporative activities. Those activities are related to the seventh principle under which companies should undertake precaution measures regarding the environment and to the eighth principle, under which companies should take measures in order to promote environmental responsibilities. We also point out our activities related to combat against corruption in all its forms including extortion and bribery, as an important segment of our efforts oriented at the promotion of healthy and transparent business.

Since joining the UNGC we have been actively participating in operations of the national network under coordination of the National Bank of Serbia (since the beginning of 2011 national network is coordinated by the Serbian Chamber of Commerce), which encourages the exchange of good practice and ideas, inter-sector dialogue, attracting various business entities and other organizations devoted to

sustainable development. Our national network has stimulated national dialogue between various entities of public, business and non-governmental sectors, in order to promote values of responsible business. We believe that integration of the network principles into the Bank's business activities and affirmation of our attitude towards the values of healthy and responsible business can be achieved only by exchange of good practice and experiences with others, through permanent communication with public sector and civil society and by implementation of mutual actions and partnership projects organized by the Global Compact in Serbia.

II

HUMAN RIGHTS

UN Global Compact Principle 1:

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

***"Human rights are the basis of human existence ...
... Human rights make us human".
(Kofi Annan, former UN Secretary-General)***

On international level, human rights are incorporated in initiatives which promote socially responsible business. With this respect human rights became an integral part of the socially responsible business in the business society of the world. Therefore, human rights protection is not a sole responsibility of states, as the subjects of international law, but also of the corporate entities which integrated the first principle of the Global Compact into their strategies, activities and guidelines.

Following these presumptions, JUBMES banka pays special attention to protection of possibly jeopardized human lives and rights, especially under natural disasters and other extraordinary events. Upon invitation of UNGC Office, New York, JUBMES banka in January 2010 provided aid for the people of Haiti which faced catastrophic consequences of the disastrous earthquake. In cooperation with the Serbian Global Compact network the Bank has also initiated action "Global Compact for Kraljevo", with possible engagement of European national and regional networks. On December 2, 2010 this initiative has been forwarded to the UNGC Office. Before this initiative was made the Bank itself had provided the aid to the city of Kraljevo to help healing the damages caused by the effects of the earthquake.

At the end of June 2010 the member of the Executive Board of JUBMES banka participated in the UNGC "Building a new era of sustainability" Leaders Summit held in UN Head Office in New York. This presence shows a realistic reflection of our positive attitude towards the concept of sustainable development, which cannot be realized without respect for universal human rights, being a foundation of democratic establishment i.e. open democratic society, nor without full integration of all citizens into the society and offering equal opportunities to every one. Such our belief has been strengthened by the fact that particularly providing of adequate education initiates the development and full integration of citizens into the society.

On internal level, the Bank has organized presentation (for all employees and the management) on modern concept of socially responsible business with a

comparative overview of international and local regulations and practices, specially regulations governing human rights protection, including issue of gender equality of rights, protection of rights of disabled persons and marginalized ethnic groups and their integration into society, protection of cultural heritage and its influence on the sustainable development etc. During the presentation special attention has been paid to principles of equality and non-discrimination being the fundamental human rights principles. It has been specially pointed out that equality before the law and the equal legal treatment are confirmed in all principal human rights agreements.

We believe that the practice may be improved only by having an integral approach towards protection of human rights – individual rights or rights of individuals within certain groups, with possible launching of innovative and corrective initiatives aimed to develop the respect for universal character of human rights.

In the reporting period JUBMES banka continued to affirm the first Global Compact principle by improving systems of the support of human rights protection (for example system of health protection and safety of employees) specially professional improvement of employees in the domain of labour safety and health, fire protection and etc. JUBMES banka has continued to improve its internal enactments on appraising risk at labour location and environment together with the company specialized for labour safety and health and environment protection. By engaging specialized organizations the Bank has provided independent evaluation of enactments and practice by quality experts capable to offer new solutions aimed to develop labour safety and health protection.

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 importance of protection of economic and social rights, the Bank takes care (in conformity with the financial potentials) of retired employees, as well as of special needs of sick employees and their family members.

In the reporting annual period JUBMES banka has improved its employment policy and encouraged permanent increase of employees' educational level, thus contributing to fulfilment of the Bank's strategic targets. The Bank regularly evaluates the working results of employees in conformity with modern standards and human resources management policy, while 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.

With this purpose the Bank provides educational training of young employees in leading European banks. Bank's experts in human resources management have also been enabled to attend prestigious international professional seminars and high quality training courses.

More than 50% of 122 Bank's employees are highly educated experts, mostly graduated from the faculties of economy and law. We would also point out IT experts rendering their support to business operations and contribute in development of new banking products and adequate IT modules in conformity with modern trends and recommendations of Basel Committee for banking supervision.

Successful implementation of CSR principles depends on application of quality policy for human resources management, stimulation of employees for additional education and getting adequate skills for performing banking operations, using new IT

solutions, getting acquainted with regulations governing prevention of money laundering and corruption etc. The Bank encourages creativity at work and pays respect to responsible, ethical and transparent business, improves working and technical conditions while paying attention to environment protection.

This COP aims to emphasize that business entities may also encourage improvement of human rights protection, by promoting educational processes, in order to keep the most important stakeholders and general public acquainted with the significance of human rights protection in the world of business, responsibility of business entities for observing of human rights, prevention of non-ethical behaviour in business operations and zero tolerance against violation of economic, social, civil and other rights in implementation of various Bank's activities.

Thereby, on all levels of decision making and operating, the Bank built a satisfactory framework for prevention of various forms of human rights jeopardizing.

Affirmation and protection of cultural heritage as a determinant of national cultural identity

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.

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



"St Sava" College, Sydney – under construction

The Bank supports protection of all segments of material and non-material national cultural heritage (spiritual and language heritage etc). With this aim the Bank provided its aid to "the Heritage of Rača" ("Račanska baština") Foundation for organization of the "Days of Rača, by the Drina River" festival. The Foundation has been established in 1995 with the purpose to explore culture and history of Rača monastery and its monks' transcription activity.

Funds are also awarded for issuing of unique edition of monographic book "Icon in Liturgy" to 12th century Studenica monastery, one of historically most important and culturally most appreciated monasteries of the Serbian Orthodox Church (since 1986 inscribed in the World Heritage List of UNESCO), as well as to "Ćirilica" Association, dedicated to preserve the Serbian authentic Cyrillic alphabet.

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.

Activities of the Foundation are made possible by the contributions of donors from Serbia and abroad - companies, government institutions, diplomatic representative offices and individual donors - people of good will. The Bank also gave donations to specific activities of the Foundation, such as musical concerts within the "School of Friendship" summer program, (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. Upon Foundation's initiative the Bank awarded one year scholarship to a gifted student coming from Priština, Kosovo and Metohija. The Bank provided the Foundation with a number of personal computers and one passenger vehicle, which shall enable more efficient acting throughout the territory of Serbia.

UN Global Compact Principle 2:

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

The CSR pays a lot attention to prevention of human rights abuse. Thereby, the business world has the responsibility to provide for protection of these rights. Also, the society has to use all its instruments to prevent human rights abuse, as a principal element of every democratic establishment.

The key aspect of the sustainable and responsible business is related to observance of human rights which are included in the Universal Declaration of Human Rights, conventions on civil, political, economic, social and other rights, standards of International Labour Organization etc. as well as to permanent affirmation of Global Compact First and Second principle.

With respect to the Second principle, the Bank decided to support only projects that provide for human rights protection. The Bank pays special respect to cultural diversity as a feature of the cultural identity of the countries where our clients are engaged in business, as well as to legal regulations and ethical principles when engaging local workers necessary for projects execution (safe and healthy working conditions, protection of workers' rights, no child labour, no discrimination in any form

etc.). We are convinced that success of such projects is measured by effects generated on the social/development level.

Experiences of our clients in execution of big investment projects abroad confirms the significance of such Bank's effort - to include Global Compact's principles into its business operations, thus providing conditions for prevention of human rights abuse.

The Bank continued to support projects promoting healthy society, human rights, solidarity, corporative citizenship, inclusion of disabled persons into society, sportsman spirit etc.

As the general sponsor the Bank continued to support "Building character against violence" action initiated in October 2007 by the Ministry of Youth and Sport of the Republic of Serbia together with Serbia Water-Polo Federation. As a society under transition process Serbia faces the problem of violence in sport and socially destructive behaviour of young people. This long-term action which engaged various entities from public, business and non-government sectors should result in promotion of positive moral values and responsible citizenship. Only open and healthy society which eliminates all forms of discrimination and alienation of minority groups, and which encourages creativity and individuality may respond successfully to challenges of transitional processes.

JUBMES banka, as the official sponsor and a major donor, traditionally supports activities of all Serbia Water-Polo Federation national teams which achieve the highest results in international competition, presenting worldwide the country in the best manner. The Bank regularly contributes to development of this elite sport and especially to preparations of the A Selection for the most significant international events as well as to the appearance of Serbian veterans on international contests. Thus, the Bank supported our veterans to take participation in World Water-Polo Masters Championship in Goteborg, Sweden in July 2010. Every year in August, the Bank organizes Cadet Memorial Cup, in memory of Darko Čukić, the late president of the JUBMES banka, a great water-polo fan and former player. This Cup is listed in the official calendar of International Water-Polo Association.

The Bank also supported "Radnički" volley ball club, Belgrade, representing another Serbian internationally highly esteemed sport, as well as local sport clubs (for example "Ekonomac", the footsal club from Kragujevac), which are functioning under aggravating conditions due to lack of funds.

JUBMES banka continued to make donations in necessary equipment (furniture) to a sole national centre for accommodation of autistic children - Autistic Children Institute, which provides 24 hours care and successful working therapy to this category of disabled young persons, enabling thereby their inclusion in the society. The Bank shall carry on with providing the necessary equipment to this Institute in the future.

Highly appreciating significance of the "Dadov" Youth Theatre from Belgrade, for the progress of modern alternative theatre and engaging young actors-amateurs and students under theatre projects, the Bank supported realisation of the theatre plays in the year 2010.

Thereby the Bank decided to foster all activities which support the development of healthy and sane population, which accepts the highest moral values of an open democratic society of social cohesion. The social cohesion is a premise for prevention of human rights abuse in all spheres of life, including corporative level.

ENVIRONMENT

Bank's second priority field of action is related to the issue of environment protection i.e. integration of ecological principles into corporative activities. According to this UNGC principle, companies should support precautionary approach to environmental challenges.

UN Global Compact Principle 7:

Companies should take precaution measures related to preservation of environment

Very important premise of sustainable development is rational and responsible utilisation of non-renewable natural resources and goods. In conformity with the National Sustainable Development Strategy, environment protection policy became an integral part of sector policies and includes business entities from real and financial sector.

The Bank promotes sustainable utilisation of natural resources and cooperates with the Ministry of Environment and Spatial Planning, Agency for environment protection and other institutions from government and non-government sectors, which are relevant for protection of the environment under the implementation of projects focused at sustainable utilisation of natural resources (forest potential).

In accordance with the National Sustainable Development Strategy and the Waste Management Strategy, in 2009 the Ministry of Environment and Spatial Planning launched the action entitled "Let's Clean Serbia". One of its main targets is separation of paper from the waste for the recycling purposes. In order to give its contribution to this initiative JUBMES banka in cooperation with the authorized company bought 500 cardboard boxes for collection of the office paper waste and distributed them to its clients, partners and institutions from non-profit sector in the Belgrade municipality. Owing also to successful graphic illustrations printed on the boxes, this action was favourably received both by hosts and visitors in the premises where the boxes were placed. Let it be stressed that the transport of the paper waste to paper recycling mills is free.



„Let's Clean Serbia“ action – cardboard box for collection of office paper waste

JUBMES banka performs the following operational activities contributing to sustainable development:

- Control of the electricity consumption and using the “saving bulbs”;
- Exploring possibilities for the wider use of recycled paper, and
- Action of separation paper waste (“Let’s Clean Serbia” boxes) in Bank’s premises.

UN Global Compact Principle 8:

Companies should undertake initiatives to promote greater environmental responsibility

Upon recommendation of the Ministry of Environment and Spatial Planning, the Bank established cooperation with “Uvac” - Special Nature Reserve d.o.o. Nova Varoš and “Beloglavi Sup” Birds of Prey Protection Fund. 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 the west of Serbia. The surrounding is rich in numerous examples of various karst formations including the longest cave system in Serbia.



Griffon Vulture (Gyps Fulvus)

Griffon Vulture (*Gyps Fulvus*) is a rare species of vulture eagles. In the past this species inhabited wide areas in the west of Serbia, but in the middle of the 20th century it deserted all habitats due to industrialization process. However, owing to efforts of the “Uvac” - Special Nature Reserve and funds collected from the 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 population of animals (and lack of dead animals) in this area this is the only possible way of providing food to vultures. In previous years funds for this purpose were obtained donation from one of the European governments.



The Uvac river meanders

Apart from the Griffon Vulture this area is also known for the sole goosander (*Mergus Merganser*) nesting site in Serbia, as well as 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 two 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.

Within activities focused on promotion of environment protection, the Bank supported the action launched by the Assembly of the City of Belgrade and donated a plane tree, which was seeded in one of the busiest streets in Belgrade, which was reconstructed in 2010.

ANTI-CORRUPTION COMBAT

UN Global Compact Principle 10:

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

The key role for implementation of this principle is conferred to independent Bank's unit – the Compliance Department which maintains control over the Bank's operations, including particularly the prevention of activities that could produce any form of corruption.

Apart from the regular compliance activities (i.e. adherence with the regulations, prevention of money laundering and terrorism financing), the Department also tracks the changes in legislation and controls the implementation of regulations in force and internal enactments related directly or indirectly to prevention of corruption and any kind of conflict of interest.

The causes for corruption are covered by reputation risks, which arise in Bank's relation with clients. Disclosing business or bank secrets, conflict of interest, privileged information abuse, intentional oversight - those are only some of corruption forms that may derive from some financial or other employees' interest.

Risks from corruption and also reputation risks (unfavourable information in media cause loosing of trust and reduction of client base and finally losses) mostly occur due to insufficient monitoring of the employees and their operational behaviour as well as due to insufficient control by responsible officers. For this reason, special professional trainings which are regularly organized for the employees are focused at anti corruption combat.

Among activities supporting the socially responsible business, i.e. promotion of ten principles, we can emphasize the activity of Global Compact in Serbia and its special working group for anti corruption combat, which prepared the draft of the *Anti Corruption Combat Declaration*. This document establishes a framework for achievement of required targets, i.e. for realization of all activities related to anti corruption combat.

Serbia's EU membership is, among others, conditioned by implementation of this concept, which incorporates elements of business ethics and excludes any kind of corruption and bribery in the environment of fair competition of various business entities from the real and financial sectors.

In the draft *Declaration* the working group pointed out the significance of the cooperation/partnership between local institutions from the public sector and the civil society as well as with the international institutions/associations which are engaged in various activities – anti corruption combat projects. We find it important for the development of local practice related to strategic and target prevention from corruption.

At the meeting of the Managing Board of the Global Compact in Serbia held on June 2, 2010, the Declaration wording was arranged and presented to the Assembly of the Global Compact in Serbia for adoption. The Declaration adopted at the Assembly meeting of December 2, 2010, entered into force on the following date.

Within a year upon signing of the Declaration the members shall adopt internal enactments and measures aimed at corruption prevention. Therefore, the Declaration is very important for the Global Compact in Serbia, for it requires higher responsibility and improving of members activities related to the 10th principle implementation.

By its legal nature, this document is of general, declarative character, similar to majority of documents adopted by the UNGC. However, the Global Compact is not a regulatory instrument. It is grounded on public responsibility, transparency and exchange of good practice in promotion of anti corruption combat. On the other hand, this document, due to its content and targets, engages the Global Compact members, to undertake actions which will affirm their status in this association.

The Declaration contains two segments. The first – *Introductory Clauses* (similar to Preamble) confirming the Global Compact's role as a significant universal association dedicated to anti corruption combat. In the complex structure of international organisations/associations related to corruption prevention, the Global Compact is specific for promoting practice and standards of socially responsible business in conformity with the law and even beyond the level required by the law.

The key segment of *Declaration* is the *Common Statement of the Global Compact in Serbia members*. By this Statement the members confirm their attitude to fight the corruption – “within the frame of their resources and legal requirements”.

The Statement promotes the role of the Global Compact in Serbia in creation of the partner's relationship with local institutions and all other social factors engaged in implementation of national strategic document on prevention of corruption.

We find specially important providing of an active support to all Global Compact's projects on national, regional and global levels, for they improve instruments and practice of combat against corruption, while promoting high ethical corporate policies, harmonized with the law.

Having in mind the nature of the UNGC network, as a voluntary non-profit association, promoting ten principles of CSR, members of the Global Compact in Serbia, shall not only strive to observe regulations related to anti corruption combat, conflicts of interest prevention and free competition, but also to introduction of higher standards than required by the law (remark: *differentia specifica* in comparison to standards established through compliance function).

The Statement underlines the necessity of application of the required criteria when success of Global Compact's members related to social responsible business is being evaluated (*Reporting Guidance on the 10th principle Against Corruption and Guidelines for Standards ISO 26000*).

It is also very important to improve internal systems for prevention and control over the activities of members, in spirit of the world standards and activities of the leading world institutions for prevention of corruption. It is a special member's duty to present to the working group for prevention of corruption a yearly report (Communication of Progress) showing actions and measures undertaken. This report includes a chapter related to anti corruption combat - 10th principle or a yearly UN inquiry on the issue of anti corruption combat.

The Bank gives a great importance to joining the Declaration, since it holds the spirit of the previous activities of the Global Compact in Serbia, and represents a framework for improvement of the practice in anti corruption combat. Reporting Guidance on the 10th principle Against Corruption which shall be implemented until year 2011 has a special importance. These documents support the target progress of corporate policies and practice of implementation of Global Compact's fundamental principles, which is a condition for an active status in this association. The members have to confirm such attitude in their COPs.

After the Decision of the Executive Board and the Global Compact in Serbia Assembly Meeting, the Bank's top executive directors signed the Anti Corruption Combat Declaration of the Global Compact in Serbia on December 7, 2010. JUBMES banka was the first member of the Global Compact in Serbia to sign this document.

In the beginning of the December 2010 Bank's representatives attended the Seminar organized by the Serbian Chamber of Commerce and European Commission – TAIEX Aid, with the issue of: "Anti-corruption measures and the compliance procedure in companies".

In the forthcoming period Bank's Compliance Department shall prepare the internal enactments in conformity with the Declaration and/or other documents mentioned in the Declaration. As up to present, the Compliance Department shall use every opportunity to give its maximum in anti corruption combat through its engagements in the Fraud Prevention Forum, Financial Organizations Association of the Chamber of Commerce of Belgrade and in the Compliance Committee of the Serbian Association of Banks.

III Results of corporate social responsibility activities

In the last year JUBMES banka a.d. Beograd actively promoted the Global Compact principles, through its business activities and by participation in realisation of initiatives and Global Compact projects:

- The member of the Executive Board of JUBMES banka participated in the UNGC Leaders Summit -“Building a new era of sustainability”, held in UN Head Office in New York at the end of June 2010.
- By being an active member of this leading world’s non-profit association promoting CSR, we strive to improve our internal procedures and corporate practice related to human and labour rights protection, environment protection and anti corruption combat.
- Having in mind Bank’s strategic orientation related to CSR, we are focused at realisation of activities related to human rights protection, environment preservation and fight against all forms of corruption.
- In the spirit of Global Compact’s previous activities, we showed our solidarity and provided aid to victims of elementary catastrophic events. Through Global Compact in Serbia we initiated action “Global Compact for Kraljevo” with possible engagement of European, national and regional networks of UNGC. Initiative has been also forwarded to UNGC Office in New York. Consequences of the earthquake in Kraljevo require wider support of all entities which can contribute to reconstruction of this area. Solidarity of Global Compact in Serbia members and possible engagement of other European national networks would be an example of good practice of responsible business and care for problems of local community, due to earthquakes or other natural disasters.
- Almost 50% of Bank’s employees (122) has attended various professional trainings and other forms of education (language courses etc.), particularly specialized courses related to banking/financing operations organized by the National Bank of Serbia, Serbian Association of Banks, Serbian Chamber of Commerce and specialized institutions for advanced education and scientific institutes, as well as related to social responsible business – particularly anti-corruption combat, prevention of money laundering and terrorism financing.
- 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.
- 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.
- In the local environment the Bank has built a profile of an entity corporately responsible to the environment - primarily by supporting the local authorities, in cooperation with non-profitable sector (“Child’s Heart” Foundation), by supporting the projects of environmental protection and projects for

preservation of cultural heritage as an element of national cultural identity, supporting projects which promote civil society values etc.

- On the national level the Bank gained a reputation of significant donor of actions launched by non-governmental sector as well as sponsor and promoter of actions organized by government authorities and other associations (for example action "Building character against violence");
- Being a cofounder and a major donor of "Childs Heart" Humanitarian Foundation, the Bank has provided for years the supply of medical equipment and materials for the Cardiac and Cardiothoracic Surgery Departments of »Dr Vukan Čupić« National Mother And Child Health Institute in Belgrade. During the last year two renewed personal computers were donated to the same address. Apart from this the Bank donated seven renewed personal computers to organisations from non-governmental sector;
- The Bank donated complete furniture for defectologist room in Autistic Children Institute, Zemun, the national centre for accommodation of autistic children;
- Upon recommendation of the Ministry of Environment and Spatial Planning, the Bank provided funds to the "Uvac" - Special Nature Reserve d.o.o. Nova Varoš for obtaining fuel for vehicles which carry the slaughter waste to the griffon vulture's (Gyps Fulvus) feeding places. The Bank plans to continue to give support to the "Uvac" Reserve in the forthcoming years.
- Upon recommendation of the same Ministry, the Bank joined the action entitled "Let's Clean Serbia" launched in conformity with the National Sustainable Development and the Waste Management strategies. One of its main targets is separation of paper from the waste for the recycling purposes. JUBMES banka in cooperation with the authorized company bought 500 cardboard boxes for collection of the office paper waste and distributed them to its clients, partners and institutions from non-profit sector in the city of Belgrade and also into its own premises.
- JUBMES banka was the first member of the Global Compact in Serbia to sign the Anti Corruption Combat Declaration (on December 7, 2010).

Bank's strategy to support the CSR concept enabled development of its profile of a responsible business entity which permanently improves its results and business culture. Although it is not an issue of this COP, let it be mentioned that JUBMES banka under its operation efficiency indices stands among the leading banks in Serbia, being concurrently completely prepared for implementation of the "Basel II" recommendations of Basel Committee on Banking Supervision.

IV Future orientation and plans with aim of further promotion of corporate social responsibility principles

In conformity with the Development Strategy of JUBMES banka, the Bank shall implement CSR principle into its business activities. The Bank shall continue to develop a profile of a universal commercial bank offering wide range of various

traditional and modern banking products, with priority focused at corporate banking and support of export operations.

We are convinced that creative synthesis of corporative practice and responsible business is necessary for further improvement of Bank's competitive position on national and regional financial markets as well as for achieving targets of sustainable development which are at the same time development targets of the Republic of Serbia.

JUBMES banka shall keep on with improvement of its business practice and enactments related to implementation of the Global Compact principles, especially the 10th principle – anti-corruption combat.

The Bank shall continue to support all planned activities, initiatives and projects of the UNGC Network on national and global levels, with aim to implement sustainable development, together with all responsible entities from the public, business and non-government sector.



(Milan Stefanović, President)



(Jasna Čupić-Popović, Executive Director)