

REPORT ON THE PROGRESS WITH UNITED NATIONS GLOBAL COMPACT

2009 - 2010



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

We welcome feedback on its contents.



KOMERCIJALNA BANKA

Meni najbliža

About us:

In 2010, Komercijalna Banka celebrated 40th anniversary of successful business operations in the Republic of Serbia and in the region. Besides Komercijalna Banka AD Beograd, the Group also includes Komercijalna Banka AD Budva (Montenegro) and Komercijalna Banka AD Banja Luka (Bosnia and Herzegovina).

Komercijalna Banka provides a complete assortment of banking products and services both to retail and corporate customers. There are over 1.2 million active accounts and over 700,000 satisfied customers.

Our vision:

We are the leading bank in the country and in the region which significantly contributes to the development of the economy, better quality of life of citizens and overall prosperity, conception and acceptance of progressive values in all areas of work and creativeness.

Our mission:

We are strong and reliable financial institution, recognized financial brand, with a leading position in the most important segments of business.

To all our clients we provide support through modern, innovative and tailor made banking products accompanied by the highest quality services.

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

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

The ten Principles of the United Nations Global Compact

United Nations Global Compact tends to improve ten universally accepted principles in the area of human rights and labour relations, environment protection and anti-corruption.

Within the protection of human rights, legal entities should:

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

Principle 2: Make sure that they are not complicit in human rights abuse.

Within the protection of labour rights, legal entities should:

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

Principle 4: Eliminate all forms of forced and compulsory labour,

Principle 5: Prohibit all forms child labour, and

Principle 6: Support elimination of discrimination in respect of employments and the choice of occupation.

Within environment protection, legal entities should:

Principle 7: Support responsibly precautionary approach to environmental challenges,

Principle 8: Promote greater environmental responsibility, and

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

Fight against corruption

Principle 10: Legal entities should fight against all forms of corruption at all levels including extortion and bribery.



Predsednik IO
Ivica Smolić

Introductory Words of the President of the Executive Board of Komercijalna Banka AD for the Report on the Global Compact

Komercijalna Banka belongs to the first generation of signatories of the Global Compact for Serbia. The projects of socially responsible behaviour have had a prominent position in the activities of Komercijalna Banka for a long time. This does not only concern projects which are focused on the employees of Komercijalna Banka but even more than that, projects which have benefits enjoyed by the members of the social environment and all other segments in which the Bank operates.

By joining the Global Compact and by accepting the ten principles of the Global Compact, Komercijalna Banka has gained a new high quality signpost for further development of socially responsible behaviour and the choice of partners who think and act in the same way. The authority of the National Bank of Serbia which is the initiator of gathering around this especially important project is also one of important additional motivations to develop our activities within the Global Compact in the area of human rights, rights of employees, environment protection, assistance to the disabled and in other ways deprived persons and institutions, anti-corruption and many other things which gain special weight in the conditions of the global economic crisis and long lasting problems of the Serbian economy and the society.

Through socially responsible projects, Komercijalna Banka manifests its attitude and understanding in the best possible way that its clients, partners and all other actors from the social milieu with whom it is in contact are the part of the same family, the family of Komercijalna Banka. This is natural outcome and reaction to the perception of our surroundings which experience Komercijalna Banka with maximum thrust as their own with all those values which are the priority in the system of values of socially responsible citizens and companies.

The award of the UEPS (Association of Economic Propagandists of Serbia) is an important evidence for the quality of socially responsible behaviour of Komercijalna Banka for the best quality CSR project in Serbia in 2010.

The activities within the Global Compact give visible results and additionally upgrade and enrich the quality of socially responsible engagements of Komercijalna Banka which will be carefully cultivated and developed in the future.

British Standards Institute (BSI) issued a new ISO 9001:2008 certificate to Komercijalna Banka

ISO (International Organization for Standardization) has published a new version of the standard ISO 9001:2008 in which the largest number of changes refers to: general standard requirements, management in human and infrastructure resources, planning and realization of products, measurements, analyses and improvements in all segments of operations.

During regular verification in Komercijalna Banka at the beginning of July 2009, the BSI checked the compliance with the new version of the standard ISO 9001:2008. The control was done in four branches, in the Human Resources Division and in the Quality Management Systems Department of the Bank. After a two-day control, it was estimated that the quality management system in the Bank was complied with the new version of the standard. This resulted in the issuing of the new certificate ISO 9001:2008 to the Bank by the certification body of the BSI.

The BSI assessor's comments:

- ✱ Since 2005, when the Bank was certified, there have been visible improvements of the quality management systems;
- ✱ It is stated that there are considerable improvements of internal checks which is reflected in presented reports on process controls, observations, non-conformities and application of recommendations for preventive measures;



- ✱ In the Human Resources Division, the BSI has examined training of employees. The assessor has pointed out that this segment records continuous improvements in the last three years which resulted in very good processes;
 - ✱ It is stated, that there are improvements in the branches relevant to the organization and internal communications. There is visible progress regarding the infrastructure, whereas employees have shown excellent knowledge of processes, consistency in tracking documentation and updating relevant to legal regulations.
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In the previous two years, Komercijalna Banka based its activities in line with the Global Compact principles especially to the following principles:

Care for people:

- ✱ Safe and healthy working conditions.

Care for employees:

- ✱ Freedom of associations and full recognition of the right to collective bargaining,
- ✱ Elimination of all forms of forced and compulsory labour,
- ✱ Prohibition of all forms of child labour,
- ✱ Elimination of discrimination in respect of employment and the choice of occupation,
- ✱ Training of employees.

The care for the environment and social community:

- ✱ Higher responsibility towards the environment,
- ✱ Responsibility towards members of the community who are underage,
- ✱ Responsibility towards all members of the community through humanitarian and donors actions.

The fight against corruption:

- ✱ The support for the struggle against all forms of corruption including extortion and bribery.

Protection of human rights

In addition to general enactments which refer the safety and healthy working conditions, Komercijalna Banka has also passed special enactments which govern the area of health and safety at work, the Regulations on Health and Safety at Work and the Risk Assessment Act.

Also, the position of an expert associate for health and safety at work has been systemized. With an external legal entity, an agreement has been signed for the provision of services in this area. The Risk Assessment Act for all our jobs has been prepared in cooperation with this company.

Practical measures of protection include the following:

- ✱ Training of employees is carried out in line with the Training Programme by the Bank's expert associate for health and safety at work and licensed workers of the outsourced firm;
- ✱ Examination of conditions in which the employees work is accompanied by occasional measurements of the working environment which are carried out by authorized firms;
- ✱ Evidence of injuries at work and cooperation with the labour inspection;
- ✱ Initiation of the purchase of protective devices for employees in line with the Risk Assessment Act.

The Risk Assessment Act has not recognized any position with a raised risk level in Komercijalna Banka.

Protection of labour rights of employees

Relevant to the application of labour rights, Komercijalna Banka advocates the Law on Labour of the Republic of Serbia. The Law on Labour is complied with the conventions and recommendations of the International Labour Organization which our country has ratified. This Law contains all standards and norms which ensure rights, protection and working conditions of employees as prescribed in these conventions and recommendations. Also, the Law on labour incorporates European Union's Directives. This has created conditions for employees to fulfil their rights in line with the international rights.

Freedom of association and effective recognition of the right to collective bargaining

In January 2010, the trade union of Komercijalna Banka was registered. In this way, we are supporting the freedom of association and the effective recognition of the right to collective bargaining (Principle 3). The collective rights of employees refer to the following:

- ✱ The right to association,
- ✱ The right to organize trade unions,
- ✱ The right to collective bargaining,
- ✱ The right to conclude collective agreement,

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|--|---|--|
|  <p>ПРАВА РЕПРЕЗЕНТАТИВНИХ СИНДИКАТА</p> <p>Синдикат коме је утврђена репрезентативност има право на:</p> <ul style="list-style-type: none"> • Колективно преговарање; • закључивање колективног уговора на одговарајућем нивоу; • учешће у решавању колективних радних спорова; • учешће у раду трипартићних тела на одговарајућем нивоу; • учешће у раду мултипартићних тела на одговарајућем нивоу; • друга права у складу са законом <p>ПРОТИВ ЧЕГА СЕ БОРИМО:</p> <ul style="list-style-type: none"> • Непоштовања прописа; • Схватања синдиката као реликта комунистичке идеологије; • Ускраћивања права на годишњи одмор; • „Загрљавања“ радника новим пословима за које је сасвим извесно да се не могу обратити у редовном радном времену; • Невидећег и неплаћеног прекореног рада који води до такозваног „burn out“ синдрома или | <ul style="list-style-type: none"> • синдрома изгарења; • Сваке врсте дискриминације на радном месту; • Нарушавања приватности на радном месту; • Повреде достојанства на радном месту; • Било каквог облика мобинга на послу; • Пропуштених шанси за напредак у професији услед непознавања елементарних радних права; • Неоформисаности... <p>ТРАЖИМО:</p> <ul style="list-style-type: none"> • Једнак третман за све приликом запошљавања, добре услове рада, здравствену заштиту и сигурност на радном месту, могућност личног развоја. • Заштиту радничких права кроз слободу организовања и изражавања, слободу од сваке врсте дискриминације на радном месту и правну помоћ. • Социјалну заштиту; заштиту од губитка или смањења прихода услед незапослености, повреде, материнства, родитељства или старости. • Квалитетан социјални дијалог. <p>ПРИСТУПИТЕ СИНДИКАТУ КОМЕРЦИЈАЛНЕ БАНКЕ – ПОЧНИМО ПРЕГОВАРАТИ!</p> <p><i>Популарне приступнице пошљите на контакт адресу синдиката Банке.</i></p> |  <p>СИНДИКАТ КОМЕРЦИЈАЛНЕ БАНКЕ</p> <p>Телефон: 022/618-448 и 022/618-449</p> <p>Моб: 065/956-2070 – Младен Поповић 065/956-2083 – Снежана Бојер 065/956-2082 – Силвија Суботић 065/956-1880 – Зоранка Сандић</p> <p>Контакт адреса: Трг Тире Милекића бр. 2, 22000 Сремска Митровица</p> <p>E-Mail: sindikatk@kmbank.com sindikatk@komercijalnebanke@gmail.com</p> <p>Портал страница Синдиката: http://sindikatk.com</p> <p>Контакт поштом БОФОС-а: Назив: Самостални синдикат запослених у банкама, осигуравачним друштвима и другим финансијским организацијама Србије.</p> <p>Телефон: 011 33 35 193; 064 8960027; 025 420 2 96</p> <p>E-Mail: bofos@sindikatk.rs www.bofos.org.rs</p> |
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- ✱ The right to be informed,
- ✱ The right to express own attitudes toward essential matters in the area of labour relations,
- ✱ The right to counselling ,
- ✱ The right to participation
- ✱ The right to peaceful resolution of collective and individual labour disputes,
- ✱ The right to collective action.

Elimination of all forms of forced and compulsory work

Komercijalna Banka remains devoted to the Principle 4 not to apply any sort of forced or compulsory labour. The Bank has never been sued, convicted or fined for forced or compulsory labour.



KOMERCIJALNA BANKA

Datum:18394

Broj: 17.09.2010.godine

Na osnovu člana 7. stav 1. i člana 37. Zakona o sprečavanju zlostavljanja na radu (Sl.glasnik RS¹, br.36/10), a u vezi sa čl.4.-5. Pravilnika o pravilima ponašanja poslodavca i zaposlenih u vezi sa prevencijom i zaštitom od zlostavljanja na radu (Službeni glasnik RS, br.62/10), Komercijalna banka AD Beograd dostavlja zaposlenom

OBAVEŠTENJE

Zakonom o sprečavanju zlostavljanja na radu (u daljem tekstu: Zakon) zabranjeno je i sankcionisano vršenje zlostavljanja, seksualnog uznemiravanja, kao i zloupotreba prava na zaštitu od zlostavljanja.

Svi pojmovi upotrebljeni u ovom obaveštenju u muškom rodu podrazumevaju iste pojmove u ženskom rodu.

Zaposleni znači zaposleni koji je u radnom odnosu u Banci, kao i lica angažovana van radnog odnosa kao i svako drugo lice koje po bilo kom drugom osnovu učestvuje u radu u Komercijalnoj banci AD Beograd (u daljem tekstu: Banka), u skladu sa Zakonom.

Zlostavljanjem se smatra svako aktivno ili pasivno ponašanje prema zaposlenom ili grupi zaposlenih u Banci koje se ponavlja, a koje za cilj ima ili predstavlja povredu dostojanstva, ugleda, ličnog i profesionalnog integriteta, zdravlja, položaja zaposlenog i koje izaziva strah ili stvara neprijateljsko, ponižavajuće ili uvredljivo okruženje, pogoršava uslove rada ili dovodi do toga da se zaposleni izoluje ili navede da na sopstvenu inicijativu raskine radni odnos ili otkáže ugovor o radu ili drugi ugovor, kao i podsticanje ili navođenje drugih na takvo ponašanje.

Seksualno uznemiravanje je svako verbalno, neverbalno ili fizičko ponašanje koje ima za cilj ili predstavlja povredu dostojanstva lica koje traži zaposlenje, kao i zaposlenog u sferi polnog života, a koje izaziva strah ili stvara neprijateljsko, ponižavajuće ili uvredljivo okruženje.

Zloupotrebu prava na zaštitu od zlostavljanja čini zaposleni koji je svestan ili je morao biti svestan da ne postoje osnovani razlozi za pokretanje postupka za zaštitu od zlostavljanja, a pokrene ili inicira pokretanje tog postupka sa ciljem da za sebe ili drugog pribavi materijalnu ili nematerijalnu korist ili da nanese štetu drugom licu.

Prava, obaveze i odgovornosti Banke:

- da pismenim putem obavesti zaposlenog o zabrani vršenja zlostavljanja i pravima, obavezama i odgovornostima zaposlenog i Banke u vezi sa zabranom zlostavljanja, u skladu sa zakonom.
- da, u cilju prepoznavanja, prevencije i sprečavanja zlostavljanja, sprovodi mere obaveštavanja i osposobljavanja zaposlenih i njihovih predstavnika da prepoznaju uzroke, oblike i posledice vršenja zlostavljanja
- da zaposlenog zaštiti od zlostavljanja, u skladu sa Zakonom.
- da odgovara za štetu koju odgovorno lice ili zaposleni vršeći zlostavljanje prouzrokuje drugom zaposlenom u Banci, u skladu sa Zakonom.
- ukoliko je Banka naknadila štetu koju je prouzrokovalo odgovorno lice ili zaposleni, Banka ima pravo da od tog lica ili zaposlenog zahteva naknadu iznosa isplaćene štete.

Prava, obaveze i odgovornosti zaposlenog:

- da pismenim putem bude upoznat sa zabranom vršenja zlostavljanja i pravima, obavezama i odgovornostima zaposlenog i Banke u vezi sa zabranom zlostavljanja
- pravo da u Banci ostvari zaštitu od ponašanja koje predstavlja zlostavljanje
- da se uzdrži od ponašanja koje predstavlja zlostavljanje i ponašanja koje predstavlja zloupotrebu prava na zaštitu od zlostavljanja

In compliance with the Law on the Prevention of Workplace Harassment, it is both prohibited and sanctioned to perform any sort of harassment, sexual harassment and to abuse the right to the prevention of harassment. All the employees have been familiarized with the Bank's rules, obligations and responsibility. All necessary data are constantly available at the Bank's Portal and every employee has received this information in a written form.

Prohibition of all forms of child labour

Komercijalna Banka is fully committed to the prohibition of all forms of child labour (Principle 5) and does not hire persons younger than 18 years of age (although the Law on Labour allows employment of persons younger than 18 years of age in certain cases), and also does not cooperate with companies which employs workers younger than 18 years of age.

The following Table shows the age structure of employees in Komercijalna Banka in 2009 and 2010:

| Overview of Employees in Komercijalna Banka according to the Age Structure | | | | | | |
|--|----------|-----------|-----------|-----------|---------|-------|
| Intervals of Age | Up to 30 | 31-40 god | 41-50 god | 51-60 god | Over 60 | Total |
| 31.12.2009. | 672 | 914 | 962 | 589 | 18 | 3155 |
| 31.12.2010. | 541 | 969 | 908 | 661 | 22 | 3101 |

Elimination of discrimination in respect of employment and the choice of occupation

Komercijalna Banka is combating discrimination relevant to employment and the choice of occupation (Principle 6) in such a way to proceed in compliance with the following provisions:

- ✱ The Law on Labour, prohibiting discrimination on the occasion of recruiting for jobs or during employment, which are harmonized with international standards related to the dignity at work, that is, discrimination in employment and at work;
- ✱ The Law on Gender Equality;
- ✱ The Law on the Prohibition of Discrimination.

The following Table shows the structure of employees in Komercijalna Banka according to gender in 2009 and 2010:

| Overview of Employees in Komercijalna Banka according to Gender | | | | | |
|---|-------|--------|-----|--------|--------------|
| 2009/2010 | Women | | Men | | Total |
| 31.12.2009. | 2303 | 73% | 852 | 27% | 3155 100,00% |
| 31.12.2010. | 2271 | 73,23% | 830 | 26,77% | 3101 100,00% |

Out of the 5 members of the Executive Board, which is the highest executive body in the Bank, 3 members (or 60%) are women.

Training of employees

In spite of the crisis which has hit not only Serbia but the whole world, we have continued with trainings and professional education of employees. We believe that training of employees represents a very important strategic element for the development of the Bank and the best investment.

Training of Employees in 2009 and 2010:

| Type of Training / Year | | Number of Employees Attending Trainings | Average Number of Training per employee |
|-------------------------|------|---|---|
| External Trainings | 2009 | 626 | 0.198 |
| | 2010 | 1072 | 0.346 |
| Internal Trainings | 2009 | 3118 | 0.988 |
| | 2010 | 3320 | 1.071 |

Environment protection

Responsibility towards the environment

In 2009, the action aimed at educating children relevant to the environment protection was continued through the project 'Safe House for Birds'. This educational and amusement manifestation enabled a large number of children to actively participate in the preservation of the environment by putting up bird houses at the top of trees which surround their schools and by planting decorative flowers in schoolyards. A certain number of bird houses was conferred to the Belgrade Greenery.



In 2010, we joined the action of the City of Belgrade "One plane tree - a symbol that you love Belgrade" in which money was collected for the purchase of 415 plane trees for making the city core green. By purchasing 40 plane trees, the Bank showed symbolically its responsibility towards the environment in which it operates and gave its contribution to the preservation of nature.

All over the country, we organized promotions for larger responsibility towards the environment:

- ✳ In Kraljevo, a part of the park in the Gerontology Centre in Mataruška Spa was redecorated. Apart from the work in the park, the employees

consorted with the users of the old people's home and thus showed them that they were the important part of the social community and that they were not forgotten;



- ✳ The employees in the Branch Užice accompanied by the Bank's pensioners, planted 400 juniper trees in Jelova Forest near Užice;



- ✳ In Zrenjanin, we organized planting of pine trees, cedar trees and plum trees and thus cultivated the park of the Cultural Centre in Zrenjanin;
- ✳ In the Branch Vršac, we decided to join the action "Cleanup of Serbia" and assisted in cleaning the banks of rivers. This action concerned

cleaning of the banks of the river Danube on the part where the river Nera and the Canal Danube-Tisa-Danube flow into the Danube. This area is known under the name “Labudovo okno - The Swan’s Pane” and belongs to the protected nature;



- ✳ In Požarevac, we planted with trees and arranged the popular resort “Čačalica”.

Responsibility towards all members of the community

In the previous two years we continued with projects of socially responsible behaviour of which we would like to emphasize the following:

- ✳ The project for employing 40 people in Vranje District. In cooperation with the non-governmental organization “Life Assistance” from Vranje, the pupils’ kitchen was opened in the Secondary School of Medicine in which permanent employment was provided for ten women mostly single mothers and women whose lives were characterized by suffering and anguish. In this kitchen, over thousand meals of healthy organic food are prepared and thus jobs were provided for another thirty people - subcontractors who deal with growing healthy food at the territory of the Municipality of Vranje. A lot of delivery vehicles were bought for the requirements of the kitchen and they are used for the distribution of healthy meals to village elementary schools in the vicinity of Vranje;



- ✳ Cleaning and arranging the home for mentally handicapped children “Cradle”. The employees of the Bank cleaned and dusted the rooms of the home, arranged flowers and awarded gifts to 170 children who live in this institution;
- ✳ The action of voluntary blood donation “Your five minutes, someone’s whole life”;



- ✳ Equipping of elementary schools from least developed municipalities with sets of informatics equipment consisting of personal computers, multifunctional printers and monitors;
- ✳ Awarding the best pupils in secondary schools of economics in Serbia who were given laptops.
- ✳ Financial support for the Belgrade Children’s Philharmonic Orchestra based on which, among other things, the best quality instruments were purchased for the most prosperous musical talents;
- ✳ Sponsorships and donations were provided for numerous cultural, artistic and sports activities at the local level.

The fight against corruption

The fight against corruption (Principle 10) in Komercijalna Banka is regulated first of all by the Code of Conduct (Rules of Behaviour and Professional Ethics). In March 2010, the new Code of Conduct (Rules of Behaviour and Professional Ethics) was adopted as recommended by the EBRD. One of the principles which is explicitly determined in the Code of Conduct concerns the prohibition of corruption and fraud.

The issues of corruption are regulated by the Procedure on the Manner of Dealing with Fraudulent Actions since giving and receiving bribes is prescribed as one type of fraud. In this way, the Bank's internal control is regulated in the part related to revealing and processing of fraudulent actions and the Procedure is applied in all organizational parts of the Bank and in subsidiaries, members of the banking group.

In 2009 and 2010, there were no reported cases of corruption.